# KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

CORROCOAT

Enriching Lives

11th ANNUAL REPORT 2016 - 2017

# PARTNERING THE WORLD

*Energy Management & Long Term Asset Protection against corrosion for a Better Tomorrow*

Trust & Reliability are the building blocks of long term relationship. Kirloskar Corrocoat Private Limited (KCPL) being the pioneers in glass flake coating technology in India providing long term corrosion protection and energy conservation solutions, has many successful relationships with its customers, suppliers & service providers. KCPL plays a key role in its customers being competitive & successful in the global arena.

Since inception, KCPL has been working in tandem with customers to understand their needs and offering innovative solutions to customer's problems. Over the last 10 years, KCPL has become a preferred choice to customers for tailor made solutions for corrosion protection. There have been quite a few global firsts & globally largest applications which have been made possible by Adaptive Application Ability **"AAA"** – a practice initiated by KCPL way back in 2009.

KCPL has projects running across the coastline of India. The project basket comprises of small, medium, large projects, Annual Rate Contracts & cover a wide gamut of industry from Power, water supply, Oli & Gas, Metals, Marine, Chemical etc. KCPL's solutions & results have at its heart an effective partnership between its suppliers & service vendors. Be it our relationship with customers or suppliers or service vendors, there is one thing that keeps us going – Trust & Reliability. Over the decade, customers have always placed their trust on KCPL's solutions.

**Your company is partnering the country by:**

- Providing large scale reliable solutions against corrosion to various Industries including the world's largest petrochemicals complex.
- Saving energy costs & reducing global carbon foot print by means of efficiency improvement coatings for Pumps to a wide range of customers.
- Deploying KCPL's Adaptive Application Ability to develop workable solution for Asset protection of critical equipments against corrosion.

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

**BOARD OF DIRECTORS**

| | | | |
|---|---|---|---|
| Mr. Alok S. Kirloskar | (DIN 05324745) | – | Chairman (Additional Director w.e.f. 26.05.2016) |
| Mr. Sanjay M. Wadnerkar | (DIN 07443390) | – | Additional Director w.e.f. 09.06.2016 |
| Mr. Clive A. Harper | (DIN 06700160) | – | Director |
| Mr. Graham Greenwood-Sole | (DIN 07317840) | – | Alternate Director to Mr. C. A. Harper (from 25.01.2017 to 10.04.2017) |
| Mr. Jayant R. Sapre | (DIN 00155251) | – | Director upto 26.05.2016 |
| Mr. Ravindra P. Ulangwar | (DIN 06695939) | – | Director upto 09.06.2016 |

**COMPANY SECRETARY**

Ms. Anuja Laturkar

**AUDITORS**

M/s P. G. Bhagwat
Chartered Accountant,
Suites 101-102, 'Orchard', Dr. Pai Marg, Baner,
Pune - 411 045

**BANKERS**

ICICI Bank Limited

**REGISTERED OFFICE**

Udyog Bhavan, Tilak Road,
Pune - 411 002, INDIA.
Tel: +91 (20) 2444 0770
Fax : +91 (20) 2444 0156
E-mail: enquiry@kicopl.com

**WORKS**

Kirloskarvadi, Maharashtra, INDIA

11th Annual General Meeting

| | | |
|---|---|---|
| Day & Date | : | Tuesday, 16 May 2017 |
| Time | : | 03.00 p.m. |
| Venue | : | Kirloskar Brothers Limited, 'Yamuna', S.No. 98 (3-7), Baner, Pune 411 045 |

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# NOTICE

Notice is hereby given that the 11th Annual General Meeting of the Members of Kirloskar Corrocoat Private Limited will be held at the Kirloskar Brothers Limited, 'Yamuna', S. No. 98 (3-7), Baner, Pune 411 045 on Tuesday, the 16th day of May, 2017 at 03.00 p.m. to transact the following business:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements as at March 31, 2017, Board's Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Clive Harper (DIN 06700160), who retires by rotation and being eligible, offers himself for re-appointment.
3. To ratify the appointment of Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

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

"**RESOLVED THAT** Mr. Alok Kirloskar (DIN 05324745), who was co-opted as Additional Director with effect from 26th May 2016 and whose tenure expires in the Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** any Director or the Company Secretary be and is hereby authorised to file all such forms and returns with Ministry of Corporate Affairs as may be required in this connection."

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

"**RESOLVED THAT** Mr. Sanjay Wadnerkar (DIN 07443390), who was co-opted as Additional Director with effect from 9th June 2016 and whose tenure expires in the Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** any Director or the Company Secretary be and is hereby authorised to file all such forms and returns with Ministry of Corporate Affairs as may be required in this connection."

By order of the Board of Directors

For **KIRLOSKAR CORROCOAT PRIVATE LIMITED**

**Anuja Laturkar**
Company Secretary

Place: Pune
Date: 24 April 2017

**NOTES:**

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

2. Statement of material facts pursuant to Section 102 of the Companies Act, 2013 and details of Directors pursuant to Secretarial Standards on General Meetings (SS-2) are annexed herewith.

**Details of Director retiring by rotation as required under Secretarial Standards (SS-2)**

**Item No. 2**

Mr. Clive Anthony Harper (age 59) (DIN 06700160) is a Non-Executive Director on the Board of the Company appointed with effect from 5th August, 2013 and retires by rotation and being eligible, offers himself for re-appointment. The appointment is without any remuneration (except payment of sitting fees) and no remuneration has been drawn by him in the past.

Mr. Harper is a BA (Hons), Accounting & Finance, FCA, Fellow of the Institute of Chartered Accountants in England & Wales and FPC, Certificate in Financial Planning, Chartered Insurance Institute. He is the Group Financial Director of Corrosioneering Group Limited, the holding company of Corrocoat worldwide business and heads the financial management function, IT function, Company Secretarial duties, personnel management and legal. He is with the organization since 1987. Before joining Corrosioneering Group, he was with Coopers & Lybrand from 1979 where he progressed from Trainee to Senior Manager.

He is also director of several of the Corrosioneering Group's operations worldwide viz. Corrocoat Limited, Corrocoat Corrosioneering Limited, Corrocoat SA (Pty) Ltd, Corrocoat Benelux BV, Corrosioneering Technologies (Pty) Limited, Saccabulla Properties (Pty) Limited, Corrocoat Asia Limited, Corrocoat Insurance (HK) Limited, Corrocoat USA, Inc., Corrosioneering USA, Inc., 6525 Greenland Road LLC, Glassflake Limited, Glassflake Australia Pty Limited and Glassflake International, Inc. He does not hold any other Directorships, Membership or Chairmanship of Committees of other Boards.

He does not hold any shares in the Company. He has attended 3 (Three) Board Meetings during the year 2016-17. He is a Member of the Corporate Social Responsibility Committee of the Company.

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

**Statement of material facts pursuant to the provisions of Section 102 of the Companies Act, 2013 and details of Directors pursuant to SS-2**

**Item No. 4**

The Board appointed Mr. Alok Kirloskar (DIN 05324745) as Additional Director of the Company with effect from 26th May, 2016, pursuant to provisions of Section 161 of the Companies Act, 2013. He holds office upto the date of ensuing Annual General Meeting.

The Company has received a notice proposing his candidature as Director, liable to retire by rotation, in terms of provisions of Section 160 of Companies Act 2013, along with a deposit of Rs. 1 Lac from a Member of the Company. The notice is available for inspection by Members at the Registered Office during working days (Monday - Friday) between 11.00 a.m. to 3.00 p.m.

Mr. Alok Sanjay Kirloskar (aged 33 years) has done his Bachelor of Science in Business Administration with concentration in Finance from Carnegie Mellon University, Pittsburgh, PA, USA. He had the honor to be on the Dean's list for his academic excellence-throughout-the-course.

He is a Non-Executive Director on the Board of Kirloskar Brothers Limited (KBL). He is associated with KBL from September, 2007. He was first entrusted with responsibilities of international marketing business and acquainted himself with the functioning of various departments / sectors. Later, he was head of the Industry sector of KBL, before he became a director. Before joining KBL, he had worked with Sonasoft Corporation (Microsoft GPC) at San Jose, California, USA as Business Development Manager. He has also interned at Nasa Girvan Institute of Technology, Santa Clara, USA and Toyota Motor Corporation, Torrance, USA in the summers of 2003 and 2004.

He is presently the Managing Director of SPP Pumps Limited, a subsidiary of KBL and on the Boards of Kirloskar Brothers International B.V., Kirloskar Pompen B.V., Kirloskar Brothers (Thailand) Limited, Kirloskar Brothers International Pty. Limited, SPP Pumps Inc., Micawber 784 (Proprietary) Limited, Braybar Pumps (Proprietary) Limited, Syncroflo Inc., SPP Pumps MENA LLC, SPP Pumps Real Estate LLC, Rodelta Pumps International B.V., Rotaserve Overhaul B.V., SPP Pumps (South Africa Pty.) Limited, SPP Pumps (Asia) Company Limited. He does not hold any other Directorships, Membership or Chairmanship of Committees of other Boards.

He does not hold any shares in the Company. He has attended all 3 (Three) Board Meetings during the year 2016-17 since his appointment. He is the Chairman of the Corporate Social Responsibility Committee of the Company.

The Board recommends passing of the resolution for approval by the Members of the Company. None of the Directors of the Company, Key Managerial Personnel and their relatives is concerned or interested, financially or otherwise, in the resolution except Mr. Alok Kirloskar.

**Item No. 5**

The Board appointed Mr. Sanjay Wadnerkar (DIN 07443390) as Additional Director of the Company with effect from 9th June, 2016, pursuant to provisions of Section 161 of the Companies Act, 2013. He holds office upto the date of ensuing Annual General Meeting.

The Company has received a notice proposing his candidature as Director, liable to retire by rotation, in terms of provisions of Section 160 of Companies Act 2013, along with a deposit of Rs. 1 Lac from a Member of the Company. The notice is available for inspection by Members at the Registered Office during working days (Monday - Friday) between 11.00 a.m. to 3.00 p.m.

Mr. Wadnerkar (aged 55 years) holds Masters Degree in Automotive Engineering and has total rich experience of 28 years in the Japanese & western manufacturing work culture with large scale manufacturing setups, setting up Engineering Service business, Manufacturing set-up, Product development & Technology center proprietary precision products & assemblies like Engines, Transmissions, Turbochargers and related parts used in Automotive Industries and Construction / Mining equipments. He is working with Kirloskar Brothers Limited as Vice President, in charge of Kirloskarvadi Operations.

He is a Director of The Kolhapur Steel Limited, subsidiary of Kirloskar Brothers Limited and does not hold any other Directorships, Memberships or Chairmanship of Committees of other Boards. He does not hold any shares in the Company. He has attended all 3 (Three) Board Meetings during the year 2016-17 since his appointment. He is a Member of the Corporate Social Responsibility Committee of the Company.

The Board recommends passing of the resolution for approval by the Members of the Company. None of the Directors of the Company, Key Managerial Personnel and their relatives is concerned or interested, financially or otherwise, in the resolution except Mr. Sanjay Wadnerkar.

By order of the Board of Directors

For **KIRLOSKAR CORROCOAT PRIVATE LIMITED**

**Anuja Laturkar**
Company Secretary

Place: Pune
Date: 24 April 2017

## BOARD'S REPORT

The Members of the Company,

Your Directors present the 11th Annual Report and Audited Accounts of the Company for the year ended March 31, 2017.

### FINANCIAL PERFORMANCE

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

(Rs. in Lakhs)

| **Particulars** | **Current Year ended 31 March 2017** | Previous Year ended 31 March 2016 |
|---|---|---|
| Revenue from Operations | **2,997.18** | 4,819.16 |
| Other Income | **11.29** | 9.82 |
| Total Income | **3,008.47** | 4,828.97 |
| Profit (Loss) Before Tax | **(83.45)** | 481.29 |
| Provision for Tax | **(13.62)** | 167.79 |
| Net Profit (Loss) for the period | **(69.82)** | 313.50 |
| Other Comprehensive Income | **0.51** | (2.16) |
| Total Comprehensive Income for the period | **(69.32)** | 311.34 |

### DIVIDEND AND RESERVES

In view of the loss incurred in the current financial year, no dividend is recommended by the Board of Directors of the Company. No transfer to General Reserve is proposed.

### APPROPRIATIONS

(Rs. in Lakhs)

| **Particulars** | **Current Year ended 31 March 2017** | Previous Year ended 31 March 2016 |
|---|---|---|
| Opening Balance of Surplus | **74.73** | 1,414.67 |
| Net Profit for the current year | **(69.32)** | 311.34 |
| Balance for appropriation | **5.41** | 1,726.01 |
| Dividend<br>(PY: Interim Dividend @ 75% for FY 2015-16 and Final Dividend @ 200% for FY 14-15 on Equity Shares of Rs. 10/- each) | **0.00** | 1,375.00 |
| Tax on Dividend | **0.00** | 276.28 |
| Transfer to General Reserve | **0.00** | 0.00 |
| Closing Balance of Surplus | **5.41** | 74.73 |

### STATEMENT OF AFFAIRS

We are happy to inform that your Company has completed its 11th year of operations since inception in 2006. The Kirloskar- Corrocoat association has completed 25 successful years in India.

Over the two & a half decades, your Company has been regarded as a reliable provider of quality turnkey solutions by most Indian blue chip corporates for delivering services on time without any compromise on safety & quality. Your Company has continued to enjoy the status of preferred vendor from some of its existing customers who have contributed to 78% of total business in the form of repeat orders. We are thankful to our customers for their trust in us.

The year under review, has been tough for the Indian Industry in general, due to various social, political as well as financial issues. Your Company's performance too has been hit. For the year under review, the Company has achieved Sales of Rs. 2997.18 Lakhs and Loss before Tax of Rs. 83.45 Lakhs.

There has been a 37% reduction in turnover over the previous year. The prime reason has been the reduced availability of jobs. Some of the proposed major new projects got delayed during the year and the expected orders could not materialize. Orders to the tune of Rs. 800 Lakhs. were shifted from this FY to next FY due to various reasons.

The lower availability of jobs has increased competition, thereby bringing prices down and putting a strain on margins. Both the above factors have affected the top & bottom lines of our business.

In line with the previous year's performance, the maximum contribution of sale with respect to equipments is from pipe coatings & with respect to Industry is from Power and Refinery. This indicates that your Company continues to mop up most available opportunities in Power as well as Refinery sector & its performance is directly linked to the performance of these core industry sectors.

**Power Sector:**

The power sector took an unexpected & drastic downturn this year with many projects being put on hold / proceeding cautiously.

**Power Sector Outlook 2017-2018:**

Recent legislation by Government of India makes it mandatory for all Power plants in India (Existing or Upcoming) to install Flue Gas Desulphurization (FGD) units in stipulated time. This has brought in many new players into the FGD business & has opened a new segment in Power sector for your Company. In order to take a head start advantage, the Business Development team has made intensive efforts in getting approvals for FGD & chimney lining specifications with Owners and Consultants. We are expecting orders of Rs. 600 Lakhs during FY17-18 for chimney coating.

**Refinery, Oil & Gas Sector:**

In the refinery, oil & gas sectors, postponements of various tenders, increased competition from Gulf based mechanical contractors focusing on India due to downturn in the Gulf have resulted in reduced availability of orders, margins etc.

However, your Company has managed to increase the client base served in this sector in the year under review through bookings from various new customers in the sector while maintaining leading position with existing customers.

**Refinery, Oil & Gas sectors Outlook 2017-2018:**

Some of the PSUs (refineries) are planning expansion and we expect good share of business in FY 2017-18 for coating of Pipeline as well as Valves.

**Significant Orders & Technology:**

In the last 3 years, Project business has contributed an average of 70% of annual revenues. Every year your Company has been taking new measures to steer away from the dependency on Project market. Though significant & consistent results are yet to happen, the effort nevertheless continues. The Business Development Team has successfully commercialized new applications.

**Environment:**

In the year under review, your Company has contributed towards energy saving by way of coating of customer's various pumps. Approximately total 3229 MW units saved during the year at customer's end.

**Management Systems & Business Excellence:**

In line with international requirements, your Company is planning to implement the Integrated Management systems bringing the EMS & OHSAS under one unified umbrella and has begun activities this year to migrate from ISO 9001:2008 to 2015 version.We have taken various actions for improvement which were identified during LAKAKI assessment last year.

**Resource Utilization & Deployment:**

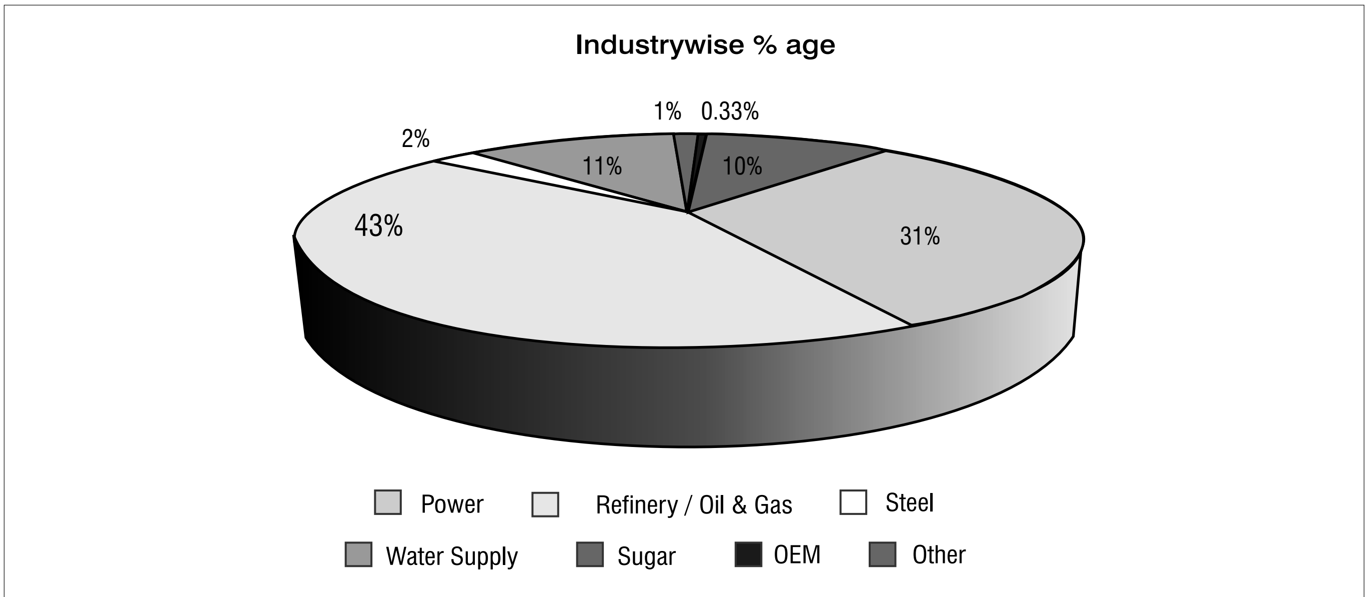
| Description | Value Rs. Lakhs | % total Sale |
|---|---|---|
| New Customers | 750.00 | 25.00 % |
| Repeat Customers | 2247.18 | 75.00 % |
| | **2997.18** | **100.00 %** |

**Business based on type of equipment lined:**

| Description | Value Rs. Lakhs | % total Sale |
|---|---|---|
| Pipes | 2098.00 | 70.00 % |
| Pumps | 480.00 | 16.00 % |
| Tanks | 90.00 | 3.00 % |
| Other Equipment | 329.18 | 11.00 % |
| | **2997.18** | **100.00 %** |

**Business based on type of Industry served:**

| Description | Value Rs. Lakhs | % total Sale |
|---|---|---|
| Power | 930.00 | 31.00 % |
| Refinery/ Oil & Gas | 1300.00 | 43.00 % |
| Steel | 70.00 | 2.00 % |
| Water Supply | 340.00 | 11.00 % |
| Sugar | 40.00 | 1.00 % |
| OEM (Solar) | 10.00 | 0.33 % |
| Others | 307.18 | 10.00 % |
| | **2997.18** | **100.00 %** |




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

**STATUTORY DISCLOSURES**

**1. EXTRACT OF THE ANNUAL RETURN:**

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

**2. BOARD MEETINGS:**

Four Board Meetings were held during the year, on April 15, 2016, July 18, 2016, October 25, 2016 and January 25, 2017.

**3. DIRECTORS' RESPONSIBILITY STATEMENT:**

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

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

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

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

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

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

**4. REPORT OF AUDITORS:**

There are no qualifications, reservations or adverse remarks or disclaimer made by the Auditors in their Report.

Appointment of M/s P.G. Bhagwat, Chartered Accountants as auditors, for a period of 5 years was made in the previous Annual General Meeting. Their appointment is subject to ratification by shareholders at every Annual General Meeting. The requisite certificate pursuant to Section 139 of the Companies Act, 2013 has been received. The matter has been included in the notice of the Meeting for ratification.

During the year under review, there were no frauds reported by Auditors' under Section 143 (12) of the Companies Act, 2013.

**5. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:** Nil

**6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

Disclosure relating to the particulars of contract or arrangement with related parties referred in sub-section (1) of Section 188 in Form AOC-2 including certain arm's length transactions under third proviso thereto:

i. Details of contracts or arrangements or transactions not at arm's length basis: All transactions with related parties were in the ordinary course of business and on arm's length basis.

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

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

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

The Company continued to generate approx. 3229 MW GREEN POWER for its customers in 2016-17 through the power saving route i.e. by application of energy efficient coatings.

The Company has continued to revamp its internal process and has taken various measures to reduce costs.

**Steps taken or impact on conservation of energy:**

Some new steps taken in FY 2016-17: Electronic timer fitted for Exhaust Fan at AU bathroom (In FY 2016-17, 268.8 kWh saved).

Apart from above, same projects of last year are continued and their conservation are monitored and details are as follows:

- 80 W LED lamp, 05 Nos, replaced for 150 W HPML lamp for conservation of 70 W energy (In FY 2016-17, 1405.25 kWh saved)
- 100 W LED lamp, 09 Nos, replaced for 200 W HPML lamp for conservation of 150 W energy (In FY 2016-17, 1744.20 kWh saved)
- Installation of Small Blasting chamber to reduce specific energy consumption (In FY 2016-17, 47059 kWh saved)
- No vehicle day celebration in ENCON week to conserve fuel of all the factory staff & worker (In FY 2016-17, 80 lit petrol saved)

**The steps taken by the Company for utilizing alternate sources of energy:** From last 2-3 years, solar panel system utilized for street light.

**The capital investment on energy conservation equipments:** NIL

**Technology absorption:**

i. the efforts made towards technology absorption : NIL

ii. the benefits derived like product improvement, cost reduction, product development or import substitution : NIL

iii. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year): NIL

a. Details of technology imported : NIL

b. Year of import : NIL

c. Whether technology been fully absorbed : NIL

d. If not fully absorbed, areas where absorption has not taken place and reasons thereof : NIL

iv. The expenditure incurred on Research and Development: NIL

**Foreign Exchange Earnings And Outgo:**

(Rs.)

| | |
|---|---|
| Foreign Exchange earned in terms of actual inflows during the year | 0.00 |
| Foreign Exchange outgo during the year in terms of actual outflows | 20,678,715.55 |

**STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY FOR THE COMPANY INCLUDING IDENTIFICATION THEREIN OF ELEMENTS OF RISK, IF ANY, WHICH IN THE OPINION OF THE BOARD MAY THREATEN THE EXISTENCE OF THE COMPANY:**

Risk Management Policy is in place for identification of risks, analysis thereof and monitoring the action plan for mitigating the risks.

As per the opinion of the Board, there are no elements of risks which may threaten the existence of the Company.

## CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, Mr. Jayant R. Sapre (DIN 00155251) and Mr. Ravindra P. Ulangwar (DIN 06695939) resigned as Directors of the Company with effect from May 26, 2016 and June 9, 2016, respectively. The Board wishes to place on record its sincere gratitude to them for their guidance and expertise provided to the Company from time to time.

Mr. Alok S. Kirloskar (DIN 05324745) and Mr. Sanjay M. Wadnerkar (DIN 07443390) were appointed as Additional Directors with effect from May 26, 2016 and June 9, 2016, respectively, pursuant to provisions of Articles of Association of the Company and Section 161 of the Companies Act, 2013.

During the year, Mr. Graham Greenwood-Sole,who was appointed as Alternate Director to Mr. Clive Harper on October 21, 2015 automatically ceased on arrival of Mr. Harper in India on April 12, 2016. His appointment, again, as Alternate Director to Mr. Clive Harper on January 25, 2017 automatically ceased on arrival of Mr. Clive Harper in India on April 10, 2017.

Mr. Clive A. Harper (DIN 06700160) being eligible for retirement by rotation, has offered himself for re-appointment. The same has been included in the Notice convening Annual General Meeting.

## HOLDING COMPANY

Kirloskar Brothers Limited is the holding company.

## CASH FLOW

A cash flow statement for the year ended March 31, 2017 is attached to the Balance Sheet.

## DEPOSITS

Your Company has not accepted any deposit within the meaning of Section 2(31) of the Companies Act, 2013 and Rules made thereunder.

**No significant or material orders were passed by the Regulators or courts or tribunals impacting the going concern status and Company's operations in future.**

## DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has adequate internal financial controls in place operating effectively during the year.

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

In terms of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the report for the year ended March 31, 2017:

| | |
|---|---|
| No. of complaints received in the year | 0 |
| No. of complaints disposed off in the year | NA |
| Cases pending for more than 90 days | 0 |
| No. of workshops and awareness programs conducted in the year | 1 |
| Nature of action by employer or District Collector, if any | NA |

## CORPORATE SOCIAL RESPONSIBILITY

The annual report on Corporate Social Responsibility activities pursuant to Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is disclosed in an Annexure-II of this report which shall form part and parcel of this report.

## ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the unstinted support and co-operation given by Banks. Your Directors would further like to record their appreciation of the efforts of every employee for the results achieved during the year.

For and on behalf of the Board of Directors,

**Alok Kirloskar**
Chairman
DIN 05324745

Place: Reading, England
Date: 19 April 2017

Annexure - I

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

## I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| i) | CIN | **U28920PN2006PTC022240** |
| ii) | Registration Date | **28 March, 2006** |
| iii) | Name of the Company | **Kirloskar Corrocoat Private Limited** |
| iv) | Category / Sub-Category of the Company | **Company limited by shares** |
| v) | Address of the Registered office and contact details | **Udyog Bhavan, Tilak Road, Pune-411 002, Tel.: 020-24440770** |
| vi) | Whether listed company | **No** |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | **NA** |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ services | % to total turnover of the company |
|---|---|---|---|
| 1 | Manufacture of Anti-Corrosive Coatings | 20221 | 45.00% |
| 2 | Application of Anti-Corrosive Coatings | 25920 | 55.00% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sl.no. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Kirloskar Brothers Limited Udyog Bhavan, Tilak Road, Pune 411002 | L29113PN1920PLC000670 | Holding | 65 | 2(46) |

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

### (I) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| (1) **Indian** | | | | | | | | | |
| a) Individual/HUF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt (s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corp. | 0 | 3250000 | 3250000 | 65.00 | 0 | 3250000 | 3250000 | 65.00 | 0 |
| e) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any Other…. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Sub-total (A) (1):-** | 0 | 3250000 | 3250000 | 65.00 | 0 | 3250000 | 3250000 | 65.00 | 0 |
| | | | | | | | | | |
| (2) **Foreign** | | | | | | | | | |
| a) NRIs - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| 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 | |
| b) Other - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | 0 | 1750000 | 1750000 | 35.00 | 0 | 1750000 | 1750000 | 35.00 | 0 |
| d) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any Other…. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | | 0 |
| Sub-total (A) (2):- | 0 | 1750000 | 1750000 | 35.00 | 0 | 1750000 | 1750000 | 35.00 | 0 |
| **Total shareholding of Promoter (A)=(A) (1)+(A) (2)** | 0 | 5000000 | 5000000 | 100.00 | 0 | 5000000 | 5000000 | 100.00 | 0 |
| **B.Public Shareholding** | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Sub-total (B)(1):-** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Indian | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Sub-total (B)(2):-** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | | 0 |
| **Total Public Shareholding (B)=(B)(1)+(B)(2)** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **C. Shares held by Custodian for GDRs & ADRs** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Grand Total (A+B+C)** | 0 | 5000000 | 5000000 | 100.00 | 0 | 5000000 | 5000000 | 100.00 | 0 |

**(ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of Total Shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | |
| 1. | Kirloskar Brothers Limited | 3250000 | 65.00 | 0 | 3250000 | 65.00 | 0 | 0 |
| 2. | Corrocoat Limited | 1750000 | 35.00 | 0 | 1750000 | 35.00 | 0 | 0 |
| | Total | 5000000 | 100.00 | 0 | 5000000 | 100.00 | 0 | 0 |

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

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| | At the beginning of the year | 5000000 | 100.00 | 5000000 | 100.00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | No Change | No Change | No Change | No Change |
| | At the End of the year | 5000000 | 100.00 | 5000000 | 100.00 |

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

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| | At the beginning of the year | NA | NA | NA | NA |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | NA | NA | NA | NA |
| | At the End of the year (or on the date of separation, if separated during the year) | NA | NA | NA | NA |

(v) **Shareholding of Directors and Key Managerial Personnel: None of the Directors or KMP hold any shares of the Company**

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | 0 | 0 | 0 | 0 |
| | At the End of the year | 0 | 0 | 0 | 0 |

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount Rs. in Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 470.05 | 0 | 0 | 470.05 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 470.05 | 0 | 0 | 470.05 |
| **Change in Indebtedness during the financial year** | | | | |
| • Addition | 0 | 0 | 0 | 0 |
| • Reduction | 68.25 | 0 | 0 | 68.25 |
| Net Change | (68.25) | 0 | 0 | (68.25) |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 401.80 | 0 | 0 | 401.80 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 401.80 | 0 | 0 | 401.80 |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **Nil**

| Sr. No. A. | Particulars<br>**Remuneration to Managing Director, Whole-time Directors and/or Manager:** | Total |
|---|---|---|
| 1. | Gross salary | 0.00 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0.00 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.00 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 0.00 |
| 2. | Stock Option | 0.00 |
| 3. | Sweat Equity | 0.00 |
| 4. | Commission | 0.00 |
| | - as % of profit | 0.00 |
| | - others, specify | 0.00 |
| 5. | Others - Leave Encashment | 0.00 |
| | Total (A) | 0.00 |
| | Ceiling as per the Act | N.A. |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| B. | **Remuneration to other directors** | | | | | | | |
| | Independent Directors | NA | NA | NA | | | | |
| | **Name of the Directors** | NA | NA | NA | | | | |
| | Fee for attending board / | | | | | | | |
| | committee meetings | NA | NA | NA | | | | |
| | Commission | NA | NA | NA | | | | |
| | Others, please specify | NA | NA | NA | | | | |
| | **Total (1)** | NA | NA | NA | | | | |
| | **Other Non- Executive Directors** | | | | | | | |
| | **Name of the Directors** | **J.R. Sapre** | **R.P. Ulangwar** | **C.A. Harper** | **A.S. Kirloskar** | **S. M. Wadnerkar** | **Graham Greenwood-Sole*** | **Total Rs.** |
| | Fee for attending board / committee meetings | 7500 | 7500 | 22500 | 22500 | 22500 | 7500 | 90000 |
| | Commission | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Others, please specify | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Total (2)** | 7500 | 7500 | 22500 | 22500 | 22500 | 7500 | 90000 |
| | **Total (B)=(1+2)** | 7500 | 7500 | 22500 | 22500 | 22500 | 7500 | **90000** |
| | **Total Managerial Remuneration** | | | | | | | **Nil** |
| | **Overall Ceiling as per the Act** | | | | | | | **Nil** |

* Alternate Director to Mr. C.A. Harper

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

(Amount Rs. in Lakhs)

| Sr. No. | Particulars of Remuneration | Mrs. Anuja Laturkar, Company Secretary |
|---|---|---|
| 1. | Gross salary | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 9.94 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.00 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 0.00 |
| 2. | Stock Option | 0.00 |
| 3. | Sweat Equity | 0.00 |
| 4. | Commission | 0.00 |
| | - As % of profit | |
| | - Others | |
| 5. | Others | 0.00 |
| | **Total** | **9.94** |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

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

For **Kirloskar Corrocoat Private Limited**

**Alok Kirloskar**
Chairman
DIN 05324745

19th April, 2017, Reading, England

**Annexure - II**

## ANNUAL REPORT ON CSR ACTIVITIES OF THE COMPANY

1. **A brief outline of the company's 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:**

   During the current financial year, the Company amended its CSR Policy to focus on Education including employment enhancing skills. The Company is committed in making a positive difference by carrying out various initiatives towards its social obligations for the stakeholders and society in the vicinity of manufacturing location i.e. Kirloskarvadi and in surrounding areas by contributing towards activities of Education including employment enhancement skills and other permitted activities under the Companies Act, 2013 directly or through implementing agencies.

   The CSR policy of the Company is displayed on the Company website www.kicopl.com. The link is http://www.kicopl.com/CSR%20Policy_revised.pdf

2. **The Composition of the CSR Committee:**

   During the year, due to changes in the composition of the Board, the CSR Committee's composition was changed as:

   Mr. Alok S. Kirloskar-Chairman
   Mr. Sanjay M. Wadnerkar-Member
   Mr. Clive A. Harper-Member

3. **Average net profit of the company for last three financial years:** Rs. 998.00 Lakhs

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above) :** Rs. 19.96 Lakhs

5. **Details of CSR amount spent during the year:**

   a) Total amount to be spent for the financial year 2016-17 - Rs. 14.64 Lakhs
      Rs. 8.982 Lakhs through Vikas Charitable Trust
      Rs. 1.996 Lakhs through Radhabai Memorial Trust
      Rs. 3.66 Lakhs given to Kundal Gram Panchayat

   b) Amount unspent - Rs. 5.322 Lakhs

c) Manner in which the amount spent during the financial year is detailed as below:

| Sr. No | CSR Project/activity identified | Sector in which project is covered | Projects /Programs i)Local area or other ii)Specify State, District where projects or programs was undertaken | Amount Outlay (budget) project or programs wise | Amount spent on projects or programs Sub Heads 1) Direct expenditure on projects or programs 2) Overheads | Cumulative expenditure upto the reporting period | Amount Spent Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1. | All round development of students, guidance for girls, overall development of school, infrastructure and training for teachers & Coaching for sports | Promotion of education & Sports | 6 Tehsils in Sangli District in Maharashtra | 12,89,000 | 8,50,317 | 8,50,317 | Vikas Charitable Trust |
| 2. | Anemia eradication and diseases prevention programs, AIDS and de-addiction awareness programs, Skill development for school dropout and under privileged & Tree plantation | Promoting health care including preventive health care, Education including employment enhancing skill & Environment | Punadi, Nagrale, Dudhondi, Ramanandnagar, Kirloskarvadi & vicinity area, Vasantnagar, Kundal and Palus in Sangli District, Maharashtra | 3,15,000 | 3,15,000 | 3,15,000 | Radhabai Memorial Trust |
| 3. | Development of school infrastructure, Building toilets and drains and maintenance of drainage system & Save girl child initiative and women education | Promoting education, Health care and Sanitation & Women and child development initiatives | Kundal Village in Sangli District, Maharashtra | 3,66,000 | Amount will be spent in the year 17-18 | NA | Kundal Gram Panchayat |

The implementing agencies will spent the balance unspent amount from contributions made in current & previous years in due course.

**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 report:**

Although the Company is committed towards its Corporate Social Responsibility Policy, the Company could not spend the entire amount due to liquidity pressure because of which Rs. 5.32 Lakhs remained unspent.

7. Corporate Social Responsibility Committee hereby state that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

| **Clive Harper** | **Alok Kirloskar** |
|---|---|
| Member of Committee | Chairman of Committee |

Reading, England, 19 April, 2017

## INDEPENDENT AUDITORS' REPORT
## TO THE MEMBERS OF KIRLOSKAR CORROCOAT PRIVATE LIMITED

**Report on the Ind AS Financial Statements**

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

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, cash flow sand changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Account) Rules, 2014 and amendments thereof.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10)of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March 2017 and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the 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 Statement, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014 and amendments thereof.

(e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

i. The Company has disclosed pending litigations and the impact on its financial position - refer note 26 to the Ind AS 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.

iv. The company has provided the disclosure regarding Specified Bank Notes (SBN) in Note 40 to theInd AS financial statements as per notification no. G.S.R. 308(E), dated 30th March 2017 issued by the Ministry of Corporate Affairs and these are in accordance with the books of account maintained by the Company.

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

**Abhijeet Bhagwat**
Partner
Membership No. 136835
Pune
24th April 2017

## Annexure A to the Independent Auditors' Report

Referred to in paragraph 1 under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are being physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. During the current year, no physical verification of assets was undertaken.

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

(ii) Physical verification of inventory has been conducted by the management during the current year. In our opinion, the interval of such verification is reasonable. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.

(iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause (iii) a, b and c of the Order are not applicable to the Company.

(iv) According to information and explanation provided to us, the Company has no transactions covered under the sections 185 and section 186 of the Companies Act, 2013.

(v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation provided 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) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March 2017, for a period more than six months from the date they became payable.

(b) According to the information and explanation provided to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited because any dispute except the following

| Name of Statute | Nature of Dues | Amount (Rs lakhs) | Period to which it relates | Forum where dispute is pending |
|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Taxes | 71.58 | 2006 - 07 | ITAT |
| | | 5.12 | 2007 - 08 | CIT Appeal |
| | | 5.31 | 2008 - 09 | CIT Appeal |
| | | 0.20 | 2009 - 10 | ITAT |
| | | 74.18 | 2010 - 11 | CIT Appeal |

(viii) Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company does not have any debenture holders.

(ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The Company did not have any term loans.

(x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported to us during the year.

(xi) According to the information and explanation provided to us, the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company.

(xii) The Company is not a Nidhi Company and accordingly, Clause (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Ind AS financial statements as required by the Indian accounting standards.

(xiv) According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions withdirectors or persons connected with him.

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

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

**Abhijeet Bhagwat**
Partner
Membership No. 136835
Pune
24th April 2017

## Annexure B to the Independent Auditors' Report

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

**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 Corrocoat Private Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Abhijeet Bhagwat**
Partner
Membership No. 136835
Pune
24th April 2017

## Balance Sheet as at 31 March 2017

**(Amount in Rs. Lakhs)**

| Particulars | Notes | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **(1) Non-current assets** | | | | |
| (a) Property, Plant and Equipment | 3 | **720.22** | 822.75 | 790.24 |
| (b) Capital work-in-progress | | **-** | - | 13.53 |
| (c) Investment Property | | **-** | - | - |
| (d) Goodwill | | **-** | - | - |
| (e) Other Intangible assets | 3 | **0.18** | 0.31 | 0.05 |
| (f) Intangible assets under development | | **-** | - | - |
| (g) Biological Asset other than bearer plants | | **-** | - | - |
| (h) Financial Assets | | | | |
| (I) Investments | | **-** | - | - |
| (ii) Trade receivables | 4 | **18.95** | 44.15 | 150.50 |
| (iii) Loans | 5 | **43.85** | 63.15 | 51.92 |
| (iv) Others | | **-** | - | - |
| (i) Deferred tax assets (net) | 7 | **64.78** | 59.95 | 53.66 |
| (j) Other non-current assets | 8 | **355.66** | 295.55 | 148.74 |
| **Total non-current assets** | | **1,203.64** | 1,285.85 | 1,208.64 |
| **(2) Current assets** | | | | |
| (a) Inventories | 9 | **195.83** | 266.89 | 229.61 |
| (b) Financial Assets | | **-** | - | - |
| (I) Investments | | - | **-** | - |
| (ii) Trade receivables | 4 | **862.24** | 1,023.02 | 1,198.02 |
| (iii) Cash and cash equivalents | 10 | **2.82** | 13.42 | 256.12 |
| (iv) Bank balance other than Cash and cash equivalents | | **-** | - | - |
| (v) Loans | 5 | **1.30** | 0.83 | 48.91 |
| (vi) Others | 6 | **1.12** | 0.00 | 5.32 |
| (c) Current Tax Assets (net) | 7 | **-** | - | 85.80 |
| (d) Other current assets | 8 | **73.18** | 94.02 | 151.75 |
| **Total current assets** | | **1,136.49** | 1,398.18 | 1,975.52 |
| **TOTAL ASSETS** | | **2,340.14** | 2,684.04 | 3,184.16 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| (a) Equity Share Capital | 11 | **500.00** | 500.00 | 500.00 |
| (b) Other Equity | 12 | **330.94** | 400.25 | 1,740.20 |
| **Total Equity** | | **830.94** | 900.25 | 2,240.20 |
| **LIABILITIES** | | | | |
| **(1) Non-current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (I) Borrowings | | **-** | - | - |
| (ii) Trade payables | | **-** | - | - |
| (iii) Other financial liabilities | | **-** | - | - |
| (b) Provisions | 17 | **38.64** | 50.66 | 55.08 |
| (c) Deferred tax liabilities (net) | 7 | **45.94** | 54.73 | 49.90 |
| (d) Other non-current liabilities | | **-** | - | - |
| **Total non-current liabilities** | | **84.58** | 105.39 | 104.98 |
| **(2) Current Liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 13 | **401.80** | 470.05 | - |
| (ii) Trade payables | 14 | | | |
| - total outstanding dues of Micro Enterprises & Small Enterprises | | **-** | - | - |
| - total outstanding dues of creditors other than Micro Enterprises & Small Enterprises | | **807.71** | 923.44 | 686.76 |
| (iii) Other financial liabilities | 15 | **82.93** | 143.98 | 46.79 |
| (b) Other current liabilities | 16 | **98.32** | 111.11 | 92.71 |
| (c) Provisions | 17 | **33.85** | 29.82 | 12.74 |
| (d) Current tax liabilities (net) | | **-** | - | - |
| **Total current liabilities** | | **1,424.62** | 1,678.39 | 838.99 |
| **Total liabilities** | | **1,509.20** | 1,783.78 | 943.97 |
| **TOTAL EQUITY AND LIABILITIES** | | **2,340.14** | 2,684.03 | 3,184.16 |
| Summary of significant accounting policies | 2 | | | |
| See accompanying notes to financial statements | 3-43 | | | |
| The notes referred to above form an integral part of the financial statements | | | | |

As per our report of even date attached

**For M/s P.G. Bhagwat**
Chartered Accountants

**Abhijeet Bhagwat**
Partner

24 April, 2017, Pune

**A.S. Kirloskar**
Chairman
DIN 05324745

**C A Harper**
Director
DIN 06700160

19 April, 2017, Reading, England

**Anuja Laturkar**
Company Secretary

24 April, 2017, Pune

**Statement of profit and loss for the period ended 31 March 2017** **(Amount in Rs. Lakhs)**

| | Particulars | Notes | 2016-17 | 2015-16 |
|---|---|---|---|---|
| I | Revenue from Operations | 18 | **2,997.18** | 4,819.16 |
| II | Other Income | 19 | **11.29** | 9.82 |
| III | **Total Income** | | **3,008.47** | 4,828.97 |
| IV | **Expenses** | | | |
| | Cost of materials consumed | 20 | **684.57** | 1,115.97 |
| | Purchases of Stock-in-Trade | | | |
| | Changes in inventories of finished goods | 20 | **7.26** | 8.05 |
| | Employee benefits expense | 21 | **453.96** | 453.78 |
| | Finance costs | 22 | **60.13** | 46.33 |
| | Depreciation and amortization expense | 23 | **97.36** | 102.74 |
| | Other expenses | 24 | **1,788.64** | 2,620.82 |
| | **Total expenses (IV)** | | **3,091.91** | 4,347.69 |
| V | Profit/(loss) before exceptional items and tax (III-IV) | | **(83.45)** | 481.29 |
| VI | Exceptional items | | **-** | - |
| VII | **Profit / (loss) before tax (V-VI)** | | **(83.45)** | 481.29 |
| VIII | **Tax expenses** | | | |
| | (1) Current tax | 7 | **-** | 169.24 |
| | (2) Deferred tax | 7 | **(13.62)** | (1.45) |
| IX | **Profit (Loss) for the period from continuing operations (VII-VIII)** | | **(69.82)** | 313.50 |
| X | Profit/(loss) from discontinued operations | | **-** | - |
| XI | Tax expenses of discontinued operations | | **-** | - |
| XII | **Profit/(loss) from discontinued operations (after tax) (X-XI)** | | **-** | - |
| XIII | **Profit/(loss) for the period (IX+XII)** | | **(69.82)** | 313.50 |
| **XIV** | **Other Comprehensive Income** | | | |
| | Items that will not be reclassified to profit or loss | 25 | **0.51** | (3.22) |
| | Income tax relating to items that will not be reclassified to profit or loss | 25 | **-** | 1.07 |
| | Items that will be reclassified to profit or loss | | **-** | - |
| | Income tax relating to items that will be reclassified to profit or loss | | **-** | - |
| | Sub total | | **0.51** | (2.16) |
| XV | **Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)** | | **(69.32)** | 311.34 |
| XVI | **Earnings per equity share (for continuing operations)** | | | |
| | (1) Basic | 29 | **(1.40)** | 6.27 |
| | (2) Diluted | | **(1.40)** | 6.27 |
| XVII | **Earnings per equity share (for discontinued operations)** | | | |
| | (1) Basic | | **-** | - |
| | (2) Diluted | | **-** | - |
| XVIII | **Earnings per equity share (for discontinued and continuing operations)** | | | |
| | (1) Basic | 29 | **(1.40)** | 6.27 |
| | (2) Diluted | | **(1.40)** | 6.27 |

| | | |
|---|---|---|
| Summary of significant accounting policies | 2 |
| See accompanying notes to financial statements | 3-43 |
| The notes referred to above form an integral part of the financial statements | |

As per our report of even date attached

**For M/s P.G. Bhagwat**
Chartered Accountants
**Abhijeet Bhagwat**
Partner
24 April, 2017, Pune

**A.S. Kirloskar**
Chairman
DIN 05324745

**C A Harper**
Director
DIN 06700160

19 April, 2017, Reading, England

**Anuja Laturkar**
Company Secretary
24 April, 2017, Pune

## Cash flow statement for the year ended 31 March 2017

(Amount in Rs. Lakhs)

| Particulars | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **Cash flows from Operating Activities** | | |
| Net Profit before Taxes and Extraordinary Items | (83.45) | 481.29 |
| Adjustments for :- | | |
| Depreciation / Amortization | 97.36 | 102.74 |
| (Profit)/Loss on sale of Tangible Assets | 3.65 | - |
| Provision for Doubtful Debts/Advances | 8.41 | 23.14 |
| CSR Spend | 14.64 | 18.23 |
| Unrealized exchange (gain)/ Loss - Others | (0.02) | 0.33 |
| Interest Received on Investment (gain)/ Loss | (1.18) | (1.80) |
| Interest Expenses (gain)/ Loss | 48.01 | 27.65 |
| **Operating Profit Before Working capital changes** | 87.43 | 651.58 |
| Adjustments for :- | | |
| (Increase)/ decrease in Inventories | 71.06 | (37.28) |
| (Increase)/ decrease in Trade Receivables | 177.56 | 258.20 |
| (Increase)/ decrease in Other financial asset | 18.82 | 36.85 |
| (Increase)/ decrease in Other non-financial asset | 20.84 | 57.73 |
| Increase/ (decrease) in Trade payables | (115.71) | 236.35 |
| Increase/ (decrease) in other financial liabilities | (61.04) | 97.19 |
| Increase/ (decrease) in other non- financial liabilities | (12.79) | 18.40 |
| Increase/ (decrease) in Provision | (7.47) | 9.43 |
| **Cash Generated from Operations** | 178.69 | 1,328.47 |
| Income Tax (Paid ) / Refunded | (60.11) | (256.75) |
| **Net Cash from Operating Activities** | 118.58 | 1,071.72 |
| **Cash flows from Investing Activities** | | |
| Purchase of Tangible Assets | - | (94.42) |
| Sale of Tangible Assets | 1.66 | - |
| Interest Received | 0.05 | 7.12 |
| Loans & advance to Holding Company | - | - |
| **Net Cash from Investment Activities** | 1.71 | (87.30) |
| **Cash Flows from Financing Activities** | | |
| Proceeds of other borrowing | (68.25) | 470.05 |
| Interest Paid | (48.01) | (27.65) |
| Dividend Paid | - | (1,375.00) |
| Tax on Dividend | - | (276.28) |
| **Net Cash used in Financing Activities** | (116.26) | (1,208.88) |
| CSR Spend | (14.64) | (18.23) |
| **Net Increase in Cash and Cash Equivalents** | (10.61) | (242.69) |
| Cash & Cash Equivalents at beginning of period | 13.42 | 256.12 |
| **Cash & Cash Equivalents at end of period (Refer Note : 10)** | 2.82 | 13.42 |

As per our report of even date attached

| | | | |
|---|---|---|---|
| **For M/s P.G. Bhagwat**<br>Chartered Accountants | **A.S. Kirloskar**<br>Chairman<br>DIN 05324745 | **C A Harper**<br>Director<br>DIN 06700160 | **Anuja Laturkar**<br>Company Secretary |

**Abhijeet Bhagwat**
Partner
24 April, 2017, Pune

19 April, 2017, Reading, England

24 April, 2017, Pune

**Statement of Changes in Equity for the period ended 31 March 2017** **(Amount in Rs. Lakhs)**

A. Equity Share Capital

| Balance as on 1 April 2015 | Changes in equity share capital during the year | Balance as on 31 March 2016 |
|---|---|---|
| 500.00 | - | 500.00 |
| **Balance as on 31 March 2016** | **Changes in equity share capital during the year** | **Balance as on 31 March 2017** |
| **500.00** | **-** | **500.00** |

B. Other Equity

| Particulars | Reserves and Surplus | | Total |
|---|---|---|---|
| | General reserve | Retained Earnings | |
| **Balance as on 1 April 2015** | 325.53 | 216.73 | 542.25 |
| Impact of transition to Ind AS | - | 1,197.94 | 1,197.94 |
| **Restated balance at the beginning of the reporting period** | **325.53** | **1,414.67** | **1,740.20** |
| Total Comprehensive Income for the year | - | 311.34 | 311.34 |
| Dividends | - | (1,651.28) | (1,651.28) |
| Transfer to retained earnings | - | - | - |
| Any other change | - | - | - |
| **Balance as on 31 March 2016** | **325.53** | **74.73** | **400.25** |
| Changes in accounting policy or prior period errors | - | - | - |
| Restated balance at the beginning of the reporting period | - | - | - |
| Total Comprehensive Income for the year | - | (69.32) | (69.32) |
| Dividends | - | - | - |
| Transfer to retained earnings | - | - | - |
| Any other change | - | - | - |
| **Balance as on 31 March 2017** | **325.53** | **5.41** | **330.94** |

## Notes of Accounts

### 1. Corporate information

Kirloskar Corrocoat Private Limited (KCPL) is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. KCPL is a joint venture company between Kirloskar Brothers Limited (KBL), India and Corrocoat Limited UK; with KBL holding 65% equity. The company manufactures glass flake filled technology coatings in a state of the art plant at Kirloskarvadi, Maharashtra. It undertakes turnkey projects for supply and application of coatings on variety of equipments.

### 2. Significant accounting policies

#### i. Basis of preparation

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

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

These are the Company's first financial statements prepared in accordance with Ind AS and Ind AS 101 First-time Adoption of Indian Accounting Standards (Ind AS 101) has been applied. The transition has been carried out from Indian GAAP which is considered as the Previous GAAP, as defined in Ind AS 101. An explanation of how the transition to Ind AS has affected the reported balance sheet, profit or loss and cash flows of the Company is provided in note 43.

The financial statements were approved for issue by the Board of Directors on 19th April, 2017.

#### ii. Basis of measurement

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

| Items | Measurement basis |
|---|---|
| Defined benefit plan assets | Fair value |

**Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information is presented in INR rounded to the lakhs Rupee, unless otherwise stated.

#### iii. Significant accounting judgements, estimates and assumptions

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

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

**Critical estimates and judgements**

The areas involving critical estimates or judgements are:
-Estimation of defined benefit obligation
-Estimation for Warranty expenses

#### iv. Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition comprises of the purchase price, import duties and other taxes (except those are subsequently recoverable from government authorities) and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. The cost of conversion of inventories include costs directly related to the units of production, such as direct labor and a systemic allocation of fixed and variable production overheads. The fixed production overheads are allocated to the inventory based on normal capacity.

The company uses moving weighted average to measure costs.

#### v. Cash and cash equivalents

Cash at banks, cash on hand and short-term deposits with an original maturity of three months or less and which are subject to an insignificant risk of changes in value are classified as cash and cash equivalents.

**vi. Property, plant and equipment**

Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs such as interest expenses directly attributable to the construction of a qualifying asset are capitalised as part of the cost.

Parts of an item of property, plant and equipment having different useful lives,(if any) are accounted for as separate items (major components) of property, plant and equipment.

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

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

- **Subsequent costs**

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

- **Disposal**

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

- **Depreciation**

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

**vii. Intangible assets and amortisation**

- **Recognition and measurement**

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

  Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

- **Subsequent measurement**

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

- **Amortisation**

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

| Sr. No | Particulars | Life |
|---|---|---|
| 1 | Computer Software | 5 years |

**viii. Revenue recognition**

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

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

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

**Sale of goods and rendering of services**

Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and when services are rendered. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

**Other income**

Interest income is recognised as it accrues in the statement of profit and loss, using the effective interest method.

**ix. Finance costs**

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

**x. Foreign currencies transactions**

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

**Transactions and balances**

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

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

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

**xi. Employee Benefits**

**Short Term Employee Benefits**

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

**Post-Employment Benefits**

**Defined Contribution Plans**

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

**Defined Benefit Plans**

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

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

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

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 recognize the obligation on net basis.

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

**Long Term Employee Benefit**

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

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

**xii. Taxes**

**Current income tax**

Tax on income for the current period is determined based on taxable income after considering various provisions of the Income Tax Act, 1961 and based on the enacted rate.

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

**Deferred tax**

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

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 utilized.

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

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

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

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

**xiii. Provisions**

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

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

Provision for warranty is recognizedwhen the product is sold. Provision is made on historical experience. The estimate of such warranty related costs is revised annually.

Contingent liability is disclosed in case of

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

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

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

Contingent assets are neither recognized, nor disclosed.

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

**xiv. Leases**

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

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

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

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

**xv. Impairment of non-financial assets**

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

**xvi. Fair value measurement**

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

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

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

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

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

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

**xvii. Financial instruments**

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

**Financial assets**

**Initial recognition and measurement**

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

**Subsequent measurement**

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

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

**Derecognition**

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

**Impairment of financial asset**

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

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

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

c. Lease receivables

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

e. Loan commitments which are not measured as at FVTPL

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

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

a. Trade receivables or contract revenue receivables; and

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

The application of simplified approach does not require the 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.

**Financial liabilities**

**Initial recognition and measurement**

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

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

**Derecognition**

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

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

**xvii. Earnings per share**

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

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

Notes to Accounts
Note 3: Property, Plant and Equipment

(Amount in Rs. Lakhs)

| Particulars | Tangible assets | | | | | | | | Intangible Assets |
|---|---|---|---|---|---|---|---|---|---|
| | Land Lease hold | Buildings | Plant & Equipment | Furniture & Fixtures | Office equipment | Vehicles | Railway Siding | Total | Computer Software |
| **Gross Block** | | | | | | | | | |
| **As at 1 April 2015** | 120.30 | 469.26 | 674.15 | 30.13 | 5.33 | 16.02 | 2.08 | 1,317.27 | 11.22 |
| Additions | - | - | 120.00 | - | - | 15.19 | - | 135.19 | 0.33 |
| Disposals | - | - | - | - | - | - | - | - | - |
| **As at 31 March 2016** | **120.30** | **469.26** | **794.15** | **30.13** | **5.33** | **31.21** | **2.08** | **1,452.46** | **11.55** |
| Additions | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | 30.96 | 0.04 | 0.05 | - | 0.12 | 31.17 | - |
| **As at 31 March 2017** | **120.30** | **469.26** | **763.20** | **30.09** | **5.28** | **31.21** | **1.96** | **1,421.29** | **11.55** |
| **Depreciation/ Amortisation** | | | | | | | | | |
| **As at 1 April 2015** | - | 110.48 | 400.01 | 10.06 | 3.62 | 2.03 | 0.82 | 527.03 | 11.17 |
| Charge for the year | - | 15.23 | 79.44 | 3.71 | 0.66 | 3.53 | 0.11 | 102.68 | 0.06 |
| Depreciation on disposal | - | - | - | - | - | - | - | - | - |
| **As at 31 March 2016** | **-** | **125.71** | **479.45** | **13.78** | **4.28** | **5.57** | **0.93** | **629.71** | **11.23** |
| Charge for the year | - | 15.23 | 73.91 | 3.71 | 0.37 | 3.90 | 0.10 | 97.23 | 0.13 |
| Depreciation on disposal | - | - | 25.67 | 0.04 | 0.05 | - | 0.10 | 25.87 | - |
| **As at 31 March 2017** | **-** | **140.94** | **527.69** | **17.45** | **4.59** | **9.47** | **0.93** | **701.07** | **11.37** |
| **Net block** | | | | | | | | | |
| **At 31 March 2017** | **120.30** | **328.32** | **235.50** | **12.64** | **0.69** | **21.74** | **1.03** | **720.22** | **0.18** |
| **At 31 March 2016** | 120.30 | 343.55 | 314.70 | 16.35 | 1.06 | 25.64 | 1.15 | 822.75 | 0.31 |
| **At 1 April 2015** | 120.30 | 358.78 | 274.14 | 20.07 | 1.72 | 13.99 | 1.26 | 790.24 | 0.05 |

Notes to Accounts (Amount in Rs. Lakhs)

Note 4: Trade Receivable

| Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| From related parties<br>Unsecured, considered good | 43.11 | - | 0.06 |
| From Others | | | |
| Unsecured, considered good | 838.08 | 1,067.16 | 1,348.46 |
| Doubtful | 147.05 | 138.63 | 115.49 |
| | 1,028.24 | 1,205.80 | 1,464.00 |
| Less: Provision for doubtful receivables | 147.05 | 138.63 | 115.49 |
| | 881.19 | 1,067.16 | 1,348.51 |
| Total Non - Current | 18.95 | 44.15 | 150.50 |
| Total Current | 862.24 | 1,023.02 | 1,198.02 |

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

**Note 5: Loans**

| Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| (a) Security deposits | | | |
| Unsecured, considered good | 44.39 | 63.67 | 100.78 |
| Doubtful | - | - | - |
| | 44.39 | 63.67 | 100.78 |
| Less: Provision for doubtful receivables | - | - | - |
| | 44.39 | 63.67 | 100.78 |
| Non-current | 43.85 | 63.15 | 51.92 |
| Current | 0.54 | 0.52 | 48.86 |
| (b) Other loans | 0.76 | 0.31 | 0.05 |
| Non-current | - | - | - |
| Current | 0.76 | 0.31 | 0.05 |
| Total Non-current | 43.85 | 63.15 | 51.92 |
| Total Current | 1.30 | 0.83 | 48.91 |

Note 6: Other Financial Assests

| Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| (a) Interest accrued | 1.12 | 0.00 | 5.32 |
| Total Non-current | - | - | - |
| Total Current | 1.12 | 0.00 | 5.32 |

## Notes to Accounts
## Note 7: Deferred tax

**(Amount in Rs. Lakhs)**

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

**Profit or loss**

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| **Current income tax:** | | |
| Current income tax charge | - | 169.24 |
| Adjustments in respect of current income tax of previous year | - | - |
| **Deferred tax:** | - | - |
| Relating to origination and reversal of temporary differences | **(13.62)** | (1.45) |
| **Income tax expense reported in the statement of profit or loss** | **(13.62)** | 167.79 |

**Other Comprehensive Income**

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

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Net loss/(gain) on remeasurements | - | 1.07 |
| **Income tax charged to OCI** | - | 1.07 |

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

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Accounting profit before tax | **(83.45)** | 481.29 |
| **At statutory income tax rate of 33.06% (a)** | **(27.59)** | 159.13 |
| **Adjustments** | | |
| **Add: Exempt income** | | |
| Dividend | **-** | - |
| **Subtotal (b)** | **-** | - |
| **Add: Accelerated deduction** | | |
| Research and development expenses | **-** | - |
| 80 IA | **-** | - |
| **Subtotal (c)** | **-** | - |
| **Less : Non deductible expenses** | | |
| Expenses disallowed u/s 14A | **-** | - |
| Penalties and fines | **-** | 0.48 |
| Provision for Advances | **-** | - |
| Provision for Deposits | **-** | - |
| Advance written off | **-** | - |
| Wealth Tax debited to P&L | **-** | - |
| Interest on Tax Deducted at Source | **-** | - |
| Donation | **14.64** | 13.67 |
| Other items | **-** | 0.05 |
| **Subtotal (d)** | **14.64** | 14.20 |
| | **-** | - |
| **Subtotal (e) = (a+b-c)** | **(14.64)** | (14.20) |
| Tax impact of above adjustments | **(4.84)** | (4.70) |
| Adjustment in opening deferred tax working- PPE | **-** | 3.98 |
| Rate difference on opening DTA/ DTL | **-** | (0.03) |
| Other items | **-** | 0.75 |
| DTL Fair valuation of preference shares | **-** | - |
| Share based payment | **-** | - |
| Carry forward losses on which DTA is not recognised | **(32.43)** | - |
| **Total (f)** | **(27.59)** | (0.00) |
| **Tax expenses at effective rate (a-f)** | **(27.59)** | 159.13 |
| **Tax expenses recorded in books** | **-** | 167.79 |

Notes to Accounts (Amount in Rs. Lakhs)

Deferred tax

| Deferred tax relates to the following: DTL/ (DTA) | Balance Sheet | | | Statement of profit and loss | |
|---|---|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 01 April 2015 | 2016-17 | 2015-16 |
| Property, plant and equipment (Depreciation) | **45.82** | 54.36 | 49.48 | (8.54) | 4.88 |
| Employee benefits - compensated absences | **(16.17)** | (14.11) | (12.23) | (2.06) | (1.88) |
| Employee benefits - Pension to employees | **-** | - | - | - | - |
| Provision for doubtful debts and advances | **(48.61)** | (45.83) | (39.97) | (2.78) | (5.86) |
| Other items- DTL | **0.12** | 0.37 | 0.42 | (0.25) | (0.05) |
| Other items - DTA | **-** | - | (1.46) | - | 1.46 |
| **Deferred tax expense/(income)** | **-** | - | - | (13.62) | (1.45) |
| **Net deferred tax assets/(liabilities)** | **(18.84)** | (5.22) | (3.77) | - | - |

**Reflected in balance sheet as**

**1) Deferred tax**

| Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| Deferred tax asset | **(64.78)** | (59.95) | (53.66) |
| Deferred tax liability | **45.94** | 54.73 | 49.90 |
| **Net Deferred tax asset** | **(18.84)** | (5.22) | (3.77) |

**2) Current tax**

| Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| Current tax asset | **-** | - | 85.80 |

During the previous year ended 31 March 2016, the company has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. Company believes that dividend distribution tax represents additional payment to taxation authority on behalf of the shareholders. Hence dividend distribution tax paid is charged to equity.

## Note 8: Other non-financial assets

| Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| (a) **Capital advances** | | | |
| Unsecured, considered good | **-** | - | 27.56 |
| Non-current | **-** | - | 27.56 |
| Current | **-** | - | - |
| (b) **Other loans and advances** | | | |
| (i) **Advances to supplier and others** | | | |
| Unsecured, considered good | **15.53** | 11.82 | 8.93 |
| Doubtful | **-** | - | - |
| | **15.53** | 11.82 | 8.93 |
| Less:Provision for doubtful advances | **-** | - | - |
| | **15.53** | 11.82 | 8.93 |
| Non-current | **-** | - | - |
| Current | **15.53** | 11.82 | 8.93 |
| (ii) **Prepaid expenses** | **4.48** | 2.62 | 1.54 |
| Non-current | **-** | - | - |
| Current | **4.48** | 2.62 | 1.54 |
| (iii) **Advance income tax (Net of provision for tax)** | **355.66** | 295.55 | 121.17 |
| Non-current | **355.66** | 295.55 | 121.17 |
| Current | **-** | - | - |
| (iv) **Claims receivables** | | | |
| Excise and service tax | **36.17** | 54.65 | 114.12 |
| Sales tax | **17.01** | 24.93 | 27.17 |
| | **53.18** | 79.57 | 141.28 |
| Non-current | **-** | - | - |
| Current | **53.18** | 79.57 | 141.28 |
| **Total Non-current** | **355.66** | 295.55 | 148.74 |
| **Total Current** | **73.18** | 94.02 | 151.75 |

Notes to Accounts (Amount in Rs. Lakhs)

Note 9: Inventories

| Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| (a) Raw Materials *<br>* include goods in transit Rs.Nil (2016 : Rs.2.46 Lakh, 2015 : Rs.9.60 Lakh) | **144.97** | 203.76 | 168.37 |
| (b) Finished goods | **29.57** | 36.82 | 44.87 |
| (c) Stores and spares | **17.27** | 20.23 | 9.25 |
| (d) Packing material | **4.03** | 6.07 | 7.11 |
| (Refer Note 2 (iv) for mode of valuation) | **195.83** | 266.89 | 229.61 |

**Amounts recognised in profit or loss**

Provision for write-down of inventories to net realisable value amounted to Rs. 0.73 Lakh (31 March 2016: Rs. 0.75 Lakh, 31 March 2015: Rs. 9.55 Lakh). These were recognised as cost of material consumed during the year.

## Note 10: Cash and cash equivalents

| Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| (a) Balances with bank | **1.99** | 13.05 | 255.23 |
| (b) Cash on hand | **0.82** | 0.37 | 0.89 |
| | **2.82** | 13.42 | 256.12 |

## Note 11: Share Capital

| Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| **Authorised** | | | |
| 60.00 Lakhs (60.00 Lakhs) equity shares of Rs.10/- each (Rs.10/-) each | **600.00** | 600.00 | 600.00 |
| **Issued, subscribed & fully paid up** | | | |
| 50.00 Lakhs (50.00 Lakhs) equity shares of Rs.10/- each (Rs.10/-) each | **500.00** | 500.00 | 500.00 |
| | **500.00** | 500.00 | 500.00 |

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

The company has only one class of equity shares, having par value of Rs. 10/- per share. Each holder of equity share is entitled for one vote per share and have a right to receive dividend as recommended by the board of directors subject to the necessary approval from the shareholders. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distributing of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The board of directors have declared Interim Dividend of Rs.Nil (2015-16 : Rs.7.5/-) per share.

**b) Reconciliation of share capital**

| Particulars | 31 March 2017 | | 31 March 2016 | | 01 April 2015 | |
|---|---|---|---|---|---|---|
| | Number | (Rs) | Number | (Rs) | Number | (Rs) |
| Shares outstanding at the beginning of the year | **50.00** | **500.00** | 50.00 | 500.00 | 50.00 | 500.00 |
| Shares outstanding at the end of the year | **50.00** | **500.00** | 50.00 | 500.00 | 50.00 | 500.00 |

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

| Particulars | 31 March 2017 | | 31 March 2016 | | 01 April 2015 | |
|---|---|---|---|---|---|---|
| | No. of Shares | % of Holding | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Kirloskar Brothers Ltd. - Holding Company | **32.50** | **65.00%** | 32.50 | 65.00% | 32.50 | 65.00% |
| Corrocoat Ltd. UK | **17.50** | **35.00%** | 17.50 | 35.00% | 17.50 | 35.00% |

Notes to Accounts (Amount in Rs. Lakhs)

Note 12: Other Equity

| | Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|---|
| (a) | **General reserves** | | | |
| | Opening balance | **325.53** | 325.53 | 217.57 |
| | Add: Transfer from any surplus | **-** | - | 107.96 |
| | | **325.53** | 325.53 | 325.53 |
| (b) | **Surplus (Retained Earning)** | | | |
| | Opening balance | **74.73** | 1,414.67 | 461.62 |
| Less: | Effect of change in Useful Life of Asset - Refer Note 41 | **-** | - | 7.72 |
| Add: | Net Profit for the current year | **(69.32)** | 311.34 | 1,079.59 |
| | Impact of Ind AS adjustments on transition to Ind AS | **-** | - | (2.00) |
| | Balance available for appropriation | **5.41** | 1,726.01 | 1,531.49 |
| Less: | Appropriations : | | | |
| | CSR Spend - Refer Note 39 | **-** | - | 8.86 |
| | Dividend | **-** | 1,375.00 | - |
| | Tax on Dividend | **-** | 276.28 | - |
| | Transfer to Reserves | **-** | - | 107.96 |
| | Sub total | **-** | 1,651.28 | 116.82 |
| | **Closing balance** | **5.41** | 74.73 | 1,414.67 |
| | | **330.94** | 400.25 | 1,740.20 |

Note 13 : Borrowings

| | Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|---|
| (a) | **Secured** | | | |
| | **Loans repayable on demand from bank** | | | |
| (i) | Cash Credit facilities | **401.80** | 470.05 | - |
| | [Secured by Hypothecation of tangible movable assets, Stock of Raw Material, FG and Book Debts of the Company, Cash credit facilities carries floating rate of interest of 10.4% p.a.] | **401.80** | 470.05 | - |
| | **Total Non-current** | **-** | - | - |
| | **Total Current** | **401.80** | 470.05 | - |

## Notes to Accounts

(Amount in Rs. Lakhs)

### Note 14: Trade Payables

| Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| From related parties | **54.84** | 106.24 | 89.98 |
| From others | **752.87** | 817.20 | 596.78 |
| | **807.71** | 923.44 | 686.76 |
| Non-current | **-** | - | - |
| Current | **807.71** | 923.44 | 686.76 |

**Terms and conditions of the above Trade payables:**

Trade payables including related parties are non-interest bearing and having average term of 6 months

### Note 15: Other Financial liabilities

| | Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|---|
| (a) | **Dealers deposit** | **7.92** | 7.92 | 5.17 |
| | Non-current | **-** | - | - |
| | Current | **7.92** | 7.92 | 5.17 |
| (b) | **Salary & Reimbursements** | **44.91** | 54.14 | 30.14 |
| | Non-current | **-** | - | - |
| | Current | **44.91** | 54.14 | 30.14 |
| (c) | **Provision for expenses** | **28.10** | 81.91 | 11.47 |
| | Non-current | **-** | - | - |
| | Current | **28.10** | 81.91 | 11.47 |
| (d) | **Other Deposits** | **2.00** | - | - |
| | Non-current | **-** | - | - |
| | Current | **2.00** | - | - |
| | | **82.93** | 143.98 | 46.79 |
| | **Total Non-current** | **-** | - | - |
| | **Total Current** | **82.93** | 143.98 | 46.79 |

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

1) Other financial liabilities are non-interest bearing and have an average term of six months
2) For explanations on the financial risk management policies, refer to Note 34.

Notes to Accounts (Amount in Rs. Lakhs)

Note 16: Other non-financial liabilities

| | Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|---|
| (a) | **Contribution to PF and superannuation** | **-** | 5.82 | 4.69 |
| | Non-current | **-** | - | - |
| | Current | - | 5.82 | 4.69 |
| (b) | **Statutory dues** | **25.80** | 23.14 | 22.09 |
| | Non-current | **-** | - | - |
| | Current | **25.80** | 23.14 | 22.09 |
| (c) | **Advances from customer** | **72.52** | 82.15 | 65.93 |
| | Non-current | **-** | - | - |
| | Current | **72.52** | 82.15 | 65.93 |
| | | **98.32** | 111.11 | 92.71 |
| | **Total Non-current** | **-** | - | - |
| | **Total Current** | **98.32** | 111.11 | 92.71 |

Note 17: Provisions

| | Particulars | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|---|
| (a) | **Provision for employee benefits** | | | |
| | (i) Leave encashment (Refer Note - 31) | **61.12** | 54.90 | 47.56 |
| | (ii) Gratuity (Refer Note - 33) | **6.16** | 8.84 | 2.60 |
| | | **67.28** | 63.74 | 50.16 |
| | Non-current | **36.09** | 41.15 | 40.69 |
| | Current | **31.19** | 22.59 | 9.48 |
| (b) | **Others** | | | |
| | (i) Provision for product warranty (Refer Note - 31) | **5.21** | 16.74 | 17.66 |
| | Non-current | **2.55** | 9.51 | 14.40 |
| | Current | **2.66** | 7.23 | 3.27 |
| | | **72.50** | 80.48 | 67.82 |
| | **Total Non-current** | **38.64** | 50.66 | 55.08 |
| | **Total Current** | **33.85** | 29.82 | 12.74 |

Notes to Accounts (Amount in Rs. Lakhs)

Note 17: Revenue from operations

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Sale of Anti Corrosive Products | **1,342.08** | 2,571.16 |
| Sale of Services | **1,650.87** | 2,241.12 |
| | **2,992.95** | 4,812.28 |
| Other Operating Revenues | **4.23** | 6.88 |
| | **2,997.18** | 4,819.16 |

Note 19: Other Income

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| (a) **Interest Income** | | |
| (i) On fixed deposits | **0.02** | 1.69 |
| (ii) From others | **1.16** | 0.11 |
| | **1.18** | 1.80 |
| (b) **Finance income** | | |
| (i) Unwinding of discount and effect of changes in discount rate on retention money (refer note-43) | **0.15** | 4.22 |
| (ii) Net interest income on defined benefit gratuity plan obligation | **-** | 0.29 |
| | **0.15** | 4.51 |
| (c) **Other non-operating income** | | |
| (i) Unclaimed Credit Balance written back | **0.54** | 0.06 |
| (ii) Provision no longer required written back | **7.23** | 3.27 |
| (iii) Foreign Exchange gain (net) | **0.55** | - |
| (iv) Profit on Sale of Assets | **1.65** | - |
| (v) Miscellaneous Income | **-** | 0.18 |
| | **9.96** | 3.51 |
| | **11.28** | 9.82 |

Note 20: Cost of material consumed

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Raw material consumed | **684.57** | 1,115.97 |
| | **684.57** | 1,115.97 |
| **Changes in inventories of finished goods** | | |
| **Opening Stock** | | |
| Finished goods | **36.82** | 44.87 |
| | **36.82** | 44.87 |
| **Closing Stock** | | |
| Finished goods | **29.57** | 36.82 |
| | **29.57** | 36.82 |
| | **7.26** | 8.05 |

Note 21: Employee benefits expense

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Salaries, wages and bonus | **419.65** | 419.07 |
| Contribution to provident fund and E.S.I | **17.52** | 17.01 |
| Super Annuation | **6.25** | 5.82 |
| Gratuity (Refer Note - 33) | **6.32** | 5.90 |
| Welfare expenses | **4.21** | 5.96 |
| | **453.96** | 453.78 |

### Note 22: Finance cost

**(Amount in Rs. Lakhs)**

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Interest expense | **47.60** | 27.14 |
| Other borrowing costs | **11.77** | 18.68 |
| **Total interest expenses** | **59.37** | 45.83 |
| Unwinding of discount and effect of changes in discount rate on warranty provisions (Refer Note-43) | **0.41** | 0.50 |
| Net interest expense on defined benefit gratuity plan obligation | **0.35** | - |
| **Total finance cost** | **60.13** | 46.33 |

### Note 23: Depreciation and amortisation

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Depreciation on tangible assets | **97.23** | 102.68 |
| Depreciation on intangible assets | **0.13** | 0.06 |
| | **97.36** | 102.74 |

### Note 24: Other Expenses

| | Particulars | 2016-17 | 2015-16 |
|---|---|---|---|
| (a) | **Other Manufacturing Expenses** | | |
| | Stores and spares consumed | **239.05** | 331.82 |
| | Processing charges ( Application Charges) | **798.29** | 1,211.81 |
| | Power & fuel | **28.18** | 30.37 |
| | Repairs and maintenance | | |
| | Plant and machinery | **58.49** | 103.62 |
| | Buildings | **0.05** | 6.85 |
| | Other | **1.41** | 4.52 |
| | Insurance | **17.19** | 18.66 |
| | Security Services | **12.43** | 12.04 |
| | Excise duty | **147.00** | 264.13 |
| | Rates and taxes | **41.85** | 61.17 |
| (b) | **Sales & Distribution Expenses** | | |
| | Freight and forwarding charges | **47.48** | 57.42 |
| | Brokerage and commission | **4.53** | 4.94 |
| | Advertisements and publicity | **20.51** | 34.07 |
| | Travel and conveyance | **130.59** | 195.17 |
| (c) | **Other Administrative Expenses** | | |
| | Rent | **46.29** | 52.09 |
| | Postage and telephone | **7.90** | 11.92 |
| | Bank Charges | **0.77** | 5.91 |
| | Directors sitting fees | **0.90** | 0.90 |
| | Provision for Product Warranty | **1.69** | 1.84 |
| | Outside Service Charges | **70.04** | 61.28 |
| | Provision for Doubtful Debts & Advances | **8.41** | 23.14 |
| | Bad debts written off | **5.55** | 10.83 |
| | Remuneration to Auditors (Refer Note - 28) | **4.20** | 4.41 |
| | Professional, Consultancy & Legal Expenses | **21.22** | 19.55 |
| | Stationery and Printing | **5.15** | 9.55 |
| | Foreign Exchange loss | **-** | 4.23 |
| | Loss on Sale Scrapping of Fixed Assets | **5.30** | - |
| | Training Course Expenses | **2.55** | 4.27 |
| | Computer Services | **42.14** | 46.32 |
| | Corporate social responsibility expenses (Refer Note - 39) | **14.64** | 18.23 |
| | Other Miscellaneous Expenses | **4.86** | 9.74 |
| | | **1,788.64** | 2,620.82 |

## Notes to Accounts

(Amount in Rs. Lakhs)

### Note 25: Other Comprehensive Income

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| Remeasurements gains and losses on post employments benefits | **0.51** | (3.22) |
| Tax on remeasurements gains and losses | **-** | 1.07 |
| | **0.51** | (2.16) |

| Particulars | 2016-17 | 2015-16 | 2014-15 |
|---|---|---|---|
| **Note 26: Contingent liabilities** | | | |
| (a) Claims against the company not acknowledged as debt<br>i) Income Tax (Matter Subjudice) | 156.39 | - | - |
| **Note 27: Commitments** | | | |
| i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) | - | - | 102.18 |
| | - | - | 102.18 |

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| **Note 28: Remuneration to Auditors** | | |
| a) Audit Fees | **2.50** | 2.50 |
| b) Taxation matters | **0.75** | 0.75 |
| c) VAT Audit Fees | **0.75** | 0.75 |
| d) For other services: Certification fees | **0.16** | 0.38 |
| e) Expenses reimbursed | **0.04** | 0.03 |
| | **4.20** | 4.41 |

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| **Note 29: Earning per Share ( Basic and diluted )** | | |
| a) Profit for the year before tax | **(83.45)** | 481.29 |
| Less : Attributable Tax thereto | **(13.62)** | 167.79 |
| Profit after Tax | **(69.82)** | 313.50 |
| b) Weighted average number of equity shares used as denominator | **50.00** | 50.00 |
| c) Basic earning per share of nominal value of Rs 10/- each | **(1.40)** | 6.27 |

Notes to Accounts **(Amount in Rs. Lakhs)**

**Note 30: Related party disclosures**

**(A) Names of the related party and nature of relationship where control exists**

| Sr. No. | Name of the related party | Nature of relationship |
|---|---|---|
| 1 | Kirloskar Brothers Limited | Holding Company |

**(B) Names of the related parties with whom transactions have been entered into**

| Sr. No. | Name of the related party | Nature of relationship |
|---|---|---|
| 1 | Corrocoat Ltd. UK | Significant Influence |
| 2 | Karad Projects & Motors Limited | Fellow subsidiary |
| 3 | Kirloskar Systech Limited (Merged to KBL from 1st October 2016) | |
| 4 | Kirloskar Ebara Pumps Limited | Joint Venture of Holding Company |
| 5 | Mr. Alok Kirloskar | Key Management Personnel |
| 6 | Mr. Sanjay Wadnerkar | |
| 7 | Mr. Clive Harper | |
| 8 | Mr. J R Sapre (Up to 26th May 2016) | |
| 9 | Mr. R P Ulangwar (Up to 9th June 2016) | |

**(C) Disclosure of related parties transactions**

| Sr No | Nature of transaction/relationship/major parties | 2016-17 | | 2015-16 | |
|---|---|---|---|---|---|
| | | Amount | Amount for Major parties | Amount | Amount for Major parties |
| 1 | **Purchase of goods** | 96.10 | | 175.26 | |
| | Corrocoat Limited, UK | | 96.10 | | 175.26 |
| 2 | **Sale of goods/contract revenue** | 19.39 | | 1.42 | |
| | Kirloskar Brothers Limited | | 19.39 | | 1.42 |
| 3 | **Rendering Services** | 300.97 | | 174.38 | |
| | Kirloskar Brothers Limited | | 300.13 | | 174.09 |
| | Karad Projects & Motors Limited | | 0.24 | | 0.29 |
| | Kirloskar Ebara Pumps Limited | | 0.60 | | 6.81 |
| 4 | **Receiving Services** | 158.21 | | 176.48 | |
| | Kirloskar Brothers Limited | | 146.90 | | 162.15 |
| | Corrocoat Limited, UK | | 11.31 | | 5.75 |
| | Kirloskar Systech Limited (Merged to KBL from 1st Oct 2016) | | - | | 8.58 |
| 5 | **Reimbursement of Expenses** | 8.93 | | 9.83 | |
| | Kirloskar Brothers Limited | | 3.15 | | 3.68 |
| | Corrocoat Limited, UK | | 5.77 | | 6.16 |
| 6 | **Dividend Paid** | - | | 1,375.00 | |
| | Kirloskar Brothers Limited | | - | | 893.75 |
| | Corrocoat Limited, UK | | - | | 481.25 |
| 7 | **Interest Paid** | 0.29 | | - | |
| | Kirloskar Brothers Limited | | 0.29 | | - |
| 8 | **Remuneration Paid to Key Management Personnel** | | | | |
| | **Sitting Fees** | 0.83 | | 0.75 | |
| | Mr. Alok Kirloskar | | 0.23 | | - |
| | Mr. Sanjay Wadnerkar | | 0.23 | | - |
| | Mr. Clive Harper | | 0.23 | | 0.15 |
| | Mr. J R Sapre | | 0.08 | | 0.30 |
| | Mr. R P Ulangwar | | 0.08 | | 0.30 |

## Notes to Accounts

**(Amount in Rs. Lakhs)**

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

| Sr. No. | Nature of transaction/relationship/major parties | As at 31 March 2017 | | As at 31 March 2016 | | As at 01 April 2015 | |
|---|---|---|---|---|---|---|---|
| | | Amount | Amount for Major parties | Amount | Amount for Major parties | Amount | Amount for Major parties |
| 1 | **Amount Due** | | | | | | |
| | Kirloskar Brothers Limited | | **18.85** | | 96.69 | | 74.83 |
| | Corrocoat Ltd. UK | | **35.99** | | 7.67 | | 15.15 |
| | Kirloskar Systech Limited | | **-** | | 1.88 | | - |
| | **TOTAL** | **54.84** | | 106.24 | | 89.98 | |
| 2 | **Accounts receivable** | | | | | | |
| | Kirloskar Brothers Limited | | **42.98** | | - | | - |
| | Karad Projects & Motors Limited | | **0.13** | | - | | 0.06 |
| | **TOTAL** | **43.11** | | - | | 0.06 | |

## Note 31: Movement in provision

| Particulars | Leave encashment | Product Warranty |
|---|---|---|
| Carrying amount as at 01 April 2015 | 47.56 | 17.66 |
| Additional provision recognised during year | 10.68 | 1.84 |
| Amount utilised during the year | 3.34 | - |
| Unused amounts reversed during the year | - | 3.27 |
| Unwinding of provision during the year | - | 0.50 |
| Carrying amount as at 31 March 2016 | 54.90 | 16.74 |
| Additional provision recognised during year | **7.84** | **2.32** |
| Amount utilised during the year | **1.62** | **6.40** |
| Unused amounts reversed during the year | **-** | **7.23** |
| Unwinding of provision during the year | **-** | **(0.21)** |
| Carrying amount as at 31 March 2017 | **61.12** | **5.21** |

**Notes to Accounts** **(Amount in Rs. Lakhs)**

**Note 32 Fair Value Measurements**

As per assessments made by the management fair values of all financial instruments carried at amortised costs (except as specified below) are not materially different from their carrying amounts since they are either short term nature or the interest rates applicable are equal to the current market rate of interest.

| Sr.No | Particulars | Carrying value | | |
|---|---|---|---|---|
| | | 31 March 2017 | 31 March 2016 | 01 April 2015 |
| | **Levelled at Level 2** | | | |
| | **Financial Asset** | | | |
| a) | **Carried at amortised cost** | | | |
| | Trade receivable | **881.19** | 1,067.16 | 1,348.51 |
| | Loans | **45.16** | 63.98 | 100.83 |
| | Other financial assets | **1.12** | 0.00 | 5.32 |
| | Cash and cash equivalent | **2.82** | 13.42 | 256.12 |
| | **Levelled at Level 2** | | | |
| | **Financial Liabilities** | | | |
| a) | **Carried at amortised cost** | | | |
| | Current borrowings at fixed rate of interest | **401.80** | 470.05 | - |
| | Trade payable | **807.71** | 923.44 | 686.76 |
| | Other current financial liabilities | **82.93** | 143.98 | 46.79 |

## Note 33: Employee Benefits :

i **Defined Contribution Plans:**
Amount of Rs. 23.77 Lakh (Rs. 22.83 Lakh) is recognised as an expense and included in "Employees benefits expense" (Note 21) in the Profit and Loss Statement.

ii **Defined Benefit Plans:**
a) **The amounts recognised in Balance Sheet are as follows:**

| | Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| | | Gratutity Plan | Gratutity Plan |
| | | (Funded) | (Funded) |
| A. | Amount to be recognised in Balance Sheet | | |
| | Present Value of Defined Benefit Obligation | **77.22** | 67.23 |
| | Less: Fair Value of Plan Assets | **(71.06)** | (58.40) |
| | Amount to be recognised as liability or (asset) | **6.16** | 8.84 |
| B. | Amounts reflected in the Balance Sheet | | |
| | Liabilities | **6.16** | 8.84 |
| | Assets | **-** | - |
| | Net Liability/(Assets) | **6.16** | 8.84 |

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

| | Particulars | 2016-17 | 2015-16 |
|---|---|---|---|
| | | Gratutity Plan | Gratutity Plan |
| | | (Funded) | (Funded) |
| 1 | Current Service Cost | **6.32** | 5.90 |
| 2 | Acquisition (gain)/ loss | **-** | - |
| 3 | Past Service Cost | **-** | - |
| 4 | Net Interest (income)/expenses | **0.35** | (0.29) |
| 5 | Actuarial Losses/(Gains) | **-** | - |
| 6 | Curtailment (Gain)/ loss | **-** | - |
| 7 | Settlement (Gain)/loss | **-** | - |
| 8 | Others | **-** | (3.25) |
| | Net periodic benefit cost recognised in the statement of profit & loss-(Employee benefit expenses - Note 21) | **6.67** | 2.36 |
| | Actual Return on Plan Assets | **7.90%** | 8.50% |

c) **The amounts recognised in the statement of other comprehensive income (OCI)** **(Amount in Rs. Lakhs)**

| | Particulars | 2016-17 | 2015-16 |
|---|---|---|---|
| | | Gratutity Plan | Gratutity Plan |
| | | (Funded) | (Funded) |
| 1 | Opening amount recognised in OCI outside profit and loss account | **-** | - |
| 2 | Remeasurements for the year - Obligation (Gain)/loss | **(0.62)** | (0.03) |
| 3 | Remeasurement for the year - Plan assets (Gain) / Loss | **0.11** | 3.25 |
| 4 | Total Remeasurements Cost / (Credit ) for the year recognised in OCI | **(0.51)** | 3.22 |
| 5 | Less: Accumulated balances transferred to retained earnings | **(0.51)** | 3.22 |
| | Closing balances (remeasurement (gain)/loss recognised OCI | **-** | - |

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

| | Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|---|
| | | Gratutity Plan | Gratutity Plan |
| | | (Funded) | (Funded) |
| 1 | Balance of the present value of Defined benefit Obligation as at 01-04-2016 | **67.23** | 56.92 |
| 2 | Acquisition adjustment | **-** | - |
| 3 | Transfer in/ (out) | **-** | - |
| 4 | Interest expenses | **5.27** | 4.44 |
| 5 | Past Service Cost | **-** | - |
| 6 | Current Service Cost | **6.32** | 5.90 |
| 7 | Curtailment Cost / (credit) | **-** | - |
| 8 | Settlement Cost/ (credit) | **-** | - |
| 9 | Benefits paid | **(0.99)** | - |
| 10 | Remeasurements on obligation - (Gain) / Loss | **(0.62)** | (0.03) |
| | Present value of obligation as at the end of the period 31-03-2017 | **77.22** | 67.23 |

e) **Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:**

| | Particulars | Gratutity Plan (Funded) | Gratutity Plan (Funded) |
|---|---|---|---|
| | | As at 31 March 2017 | As at 31 March 2016 |
| 1 | Fair value of the plan assets as at beginning of the period 01-04-2016 | **58.40** | 54.32 |
| 2 | Acquition adjustment | **-** | - |
| 3 | Transfer in/(out) | **-** | - |
| 4 | Interest income | **4.92** | 4.73 |
| 5 | Contributions | **8.84** | 2.60 |
| 6 | Benefits paid | **(0.99)** | - |
| 7 | Amount paid on settlement | **-** | - |
| 8 | Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss) | **(0.11)** | (3.25) |
| 9 | Fair value of plan assets as at the end of the period 31-03-2017 | **-** | - |
| 10 | Actual return on plan assets | **71.06** | 58.40 |

f) **Net interest (Income) /expenses**

| | Particulars | Gratutity Plan (Funded) | Gratutity Plan (Funded) |
|---|---|---|---|
| | | As at 31 March 2017 | As at 31 March 2016 |
| 1 | Interest ( Income) / Expense – Obligation | **5.27** | 4.44 |
| 2 | Interest (Income) / Expense – Plan assets | **4.92** | 4.73 |
| 3 | Net Interest (Income) / Expense for the year | **0.35** | (0.29) |

**(Amount in Rs. Lakhs)**

**g) The broad categories of plan assets as a percentage of total plan assets of Employee's Gratuity Scheme are as under:**

| | Particulars | Gratutity Plan (Funded) | Gratutity Plan (Funded) |
|---|---|---|---|
| | | As at 31 March 2017 | As at 31 March 2016 |
| 1 | Central Government Securities | 0.00% | 0.00% |
| 2 | State Government Securities | 0.00% | 0.00% |
| 3 | Other Approved Securities (Government Guraranted Securities) | 0.00% | 0.00% |
| 4 | Bonds and Debentures etc. | 0.00% | 0.00% |
| 5 | Fixed Deposits | 0.00% | 0.00% |
| 6 | Equity Shares | 0.00% | 0.00% |
| 7 | Money Market Instrument | 100% | 100% |
| | Grand Total | 100% | 100% |

**Basis used to determine the overall expected return:**

The net interest approach effectively aasumes an expected rate of return on plan assets equal to the beginning of the year Discount Rate. Expected return of 7.90% has been used for the valuation purpose.

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

1 Discount rate as at 31-03-2017 - 7.30%
2 Expected return on plan assets as at 31-03-2017 - 7.90%
3 Salary growth rate : For Gratuity Scheme - 10%
4 Attrition rate: For gratuity scheme the attrition rate is taken at 10%
5 The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

| Particulars | Gratutity Plan (Funded) | Gratutity Plan (Funded) |
|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 |
| Defined Benefit Obligation | 77.22 | 67.23 |
| Plan Assets | (71.06) | 58.40 |
| Surplus/(Deficit) | 148.29 | 8.84 |

**j) General descriptions of defined plans:**

**1 Gratuity Plan:**

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

k) The Company expects to fund Rs.6.16 Lakh (Rs. 8.84 Lakh) towards its gratuity plan in the year 2017-18.

**l) Sensitivity analysis**

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

| | Change in assumption | Effect on gratuity obligation | |
|---|---|---|---|
| | | Gratutity Plan (Funded) | Gratutity Plan (Funded) |
| | | As at 31 March 2017 | As at 31 March 2016 |
| **1** | **Discount rate** | | |
| | Decrease by 1% to 6.3% | 81.53 | 70.99 |
| | Increase by 1% to 8.3% | 73.42 | 63.92 |
| **2** | **Salary increase rate** | | |
| | Decrease by 1% to 9.0% | 73.91 | 64.35 |
| | Increase by 1% to 11.0% | 80.87 | 70.41 |
| **3** | **Withdrawal rate** | | |
| | Decrease by 1% to 9.0% | 77.85 | 67.78 |
| | Increase by 1% to 11.0% | 76.65 | 66.74 |

## Notes to Accounts
## Note 34 Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance company's operations. Company's principal financial assets include trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations. In order to minimise any adverse effects on the financial performance of the company, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

| Risk | Exposure arising from | Measurment | Management |
|---|---|---|---|
| Credit | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost. | Aging analysis, External credit rating (wherever available) | Diversification of bank deposits, credit limits and letters of credit |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Foreign Currency Risk | Recognised financial assets and liabilities not denominated in Indian rupee (INR) | Sensitivity Analysis | Management follows established risk management policies, including use of derivatives like foreign exchange forward contracts, where the economic conditions match the company's policy |

The company's risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

### (A) Credit Risk

Credit risk in case of the Company arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

#### Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The company considers the probability of default upon intial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

(i) Actual or expected significant adverse changes in business,
(ii) Actual or expected significant changes in the operating results of the counterparty,
(iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,
(iv) Significant increases in credit risk on other financial instruments of the same counterparty,
(v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

The company provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. The company categorises a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 1 year past due. The amount of provision depends on certain parameters set by the Company in its provisioning policy where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

(B) Liquidity risk

(Amount in Rs. Lakhs)

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the Company. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

| Exposure to Risk | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| **Interest bearing borrowings** | | | |
| On demand | **401.80** | 470.05 | - |
| Less than 180 days | **-** | - | - |
| 181 - 365 days | **-** | - | - |
| More than 365 days | **-** | - | - |
| **Total** | **401.80** | 470.05 | - |
| **Other liabilities** | | | |
| On demand | **7.92** | 7.92 | 5.17 |
| Less than 180 days | **62.38** | 129.03 | 40.23 |
| 181 - 365 days | **12.63** | 7.02 | 1.38 |
| More than 365 days | **-** | - | - |
| **Total** | **82.93** | 143.98 | 46.79 |
| **Trade & other payables** | | | |
| On demand | **-** | - | 0.00 |
| Less than 180 days | **776.51** | 913.44 | 680.38 |
| 181 - 365 days | **31.20** | 10.01 | 6.37 |
| More than 365 days | **-** | - | - |
| **Total** | **807.71** | 923.44 | 686.76 |

**The company has access to following undrawn facilities at the end of the reporting period (Interest rates 10.40% - 11.50%)**

| | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| Expiring within one year | 401.80 | 470.05 | - |
| Expiring beyond one year | - | - | - |

(C) Foreign Currency Risk

The company is exposed to foreign exchange risk mainly through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies.

The company evaluates exchange rate exposure arising from foreign currency transactions and the company follows established risk management policies, including use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk, where the economic conditions match the company's policy.

**Foreign currency exposure :**

| Financial Liabilities | Currency | Amount in Foreign Currency | | | Amount in INR | | |
|---|---|---|---|---|---|---|---|
| | | 31 March 2017 | 31 March 2016 | 01 April 2015 | 31 March 2017 | 31 March 2016 | 01 April 2015 |
| Trade Payables | GBP | **0.66** | 0.48 | 0.16 | **53.03** | 45.37 | 15.03 |

**Currency wise net exposure ( assets -liabilities )** **(Amount in Rs. Lakhs)**

| Particulars | Amount in Foreign Currency | | | Amount in INR | | |
|---|---|---|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 01 April 2015 | 31 March 2017 | 31 March 2016 | 01 April 2015 |
| GBP | **0.66** | 0.48 | 0.16 | **53.03** | 45.37 | 15.03 |

**Sensitivity Analysis**

| Currency | Amount in INR | | Sensitivity % |
|---|---|---|---|
| | **2016-17** | 2015-16 | |
| GBP | **53.03** | 45.37 | 1.24% |
| **Total** | **53.03** | 45.37 | |

| Currency | Impact on profit (strengthen) | | Impact on profit (weakening) | |
|---|---|---|---|---|
| | **2016-17** | 2015-16 | **2016-17** | 2015-16 |
| GBP | **(0.66)** | (0.56) | **0.66** | 0.56 |
| **Total** | **(0.66)** | (0.56) | **0.66** | 0.56 |

(GBP - Great Britain Pound)

## Note 35 Provision for expected credit loss

Financial assets for which loss allowance is measured using Lifetime Expected Credit Losses (ECL)

| Exposure to Risk | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| Trade Receivables | **315.16** | 265.43 | 139.32 |
| Less : Expected Loss | **147.05** | 138.63 | 115.49 |
| | **168.11** | 126.79 | 23.83 |

| | 31 March 2017 | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| **Trade Receivables** | | | |
| Neither past due nor impaired | **232.71** | 386.85 | 782.57 |
| Past due but not impaired | | | |
| Less than 180 days | **369.63** | 468.62 | 477.54 |
| 181 - 365 days | **110.73** | 84.90 | 64.58 |
| More than 365 days | **168.11** | 126.79 | 23.83 |
| **Total** | **881.19** | 1,067.16 | 1,348.52 |

**Reconciliation of loss provision**

| | Trade receivables | Others |
|---|---|---|
| Loss allowance as at 1 April 2015 | 115.49 | - |
| Changes in loss allowance | 23.14 | - |
| Loss allowance as at 31 March 2016 | 138.63 | - |
| Changes in loss allowance | 8.41 | - |
| Loss allowance as at 31 March 2017 | 147.05 | - |

Notes to Accounts (Amount in Rs. Lakhs)

## Note 36 Capital management

(a) Risk management

The company's objectives when managing capital are to

-safeguard it's ability to continue as a going concern, so that it 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 company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet, including non-controlling interests).

The company's strategy is to maintain a gearing ratio within 40%. The gearing ratios were as follows:

| | **31 March 2017** | 31 March 2016 |
|---|---|---|
| Loans and borrowings | **401.80** | 470.05 |
| Less: Cash and cash equivalents | **2.82** | 13.42 |
| Net debt | **398.98** | 456.62 |
| Equity | **830.94** | 900.25 |
| Capital and net debt | **1,229.92** | 1,356.87 |
| **Gearing ratio** | **32%** | 34% |

(b) Dividend

| | | **31 March 2017** | 31 March 2016 |
|---|---|---|---|
| (i) | Equity Shares | | |
| | Final dividend for the year ended March 31, 2016 is Nil (March 31, 2015 - INR 20) per fully paid share | **Nil** | 1000.00 |
| | Interim dividend for the year ended March 31,2016 of INR 7.50 per fully paid share (March 31,2015 - Nil ) per fully paid share | **Nil** | 375.00 |
| (ii) | Dividends not recognised at the end of the reporting period | **Nil** | Nil |

## Note 37: Segment reporting

Company operates in single operating segment of manufacture and supply of Anti-corrosive Coatings.

## Note 38: Dues from Micro, Small, Medium Enterprises

As per the information available with the Company till date none of the suppliers have informed the company about their having registered themselves under the " Micro, Small and Medium Enterprises Development Act, 2006 ". As such, information as required under this Act, cannot be compiled and therefore, not disclosed for the year.

## Note 39 : Corporate social responsibility expenses

(a) Amount required to be spent by the Company during the year is Rs. 19.96 Lakh

(b) Amount spent by the Company during the year is Rs. 14.64 Lakh

The company as per its policy on Corporate Social Responsibility (CSR) and recommendation and approval of the CSR committee has contributed Rs. 8.98 Lakh ( Rs 9.11 Lakh) towards Education through its implementing agency Vikas Charitable Trust and Rs 1.99 Lakh (Rs. 9.11 Lakh) towards Health Care through its implementing agency Radhabai Memorial Trust and Rs. 3.66 Lakh towards Health Care & Education through Grampanchayat Kundal in the current financial year as CSR spend.

In the Previous Year 2014-15, the company based on the 'Frequently Asked Questions' on the provisions of Corporate Social Responsibility under Section 135 of the Companies Act 2013 and Rules thereon issued by the Corporate Laws & Corporate Governance Committee of Institute of Chartered Accountants of India (ICAI) had appropriated CSR spend from Surplus. On 15th May 2015 ICAI came out with Guidance Note (34) changing the accounting treatment and therefore in the current year CSR spend have been expensed our in the Profit and Loss account and disclosed under Other expenses.

**Notes to Accounts** **(Amount in Rs. Lakhs)**

**Note : 40**

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016

| Particulars | SBNs | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on 08th Novemeber 2016 | 0.24 | 0.07 | **0.31** |
| (+) Permitted receipts | 0.01 | 0.34 | **0.35** |
| (-) Permitted payments | - | 0.17 | **0.17** |
| (-) Amount deposited in Banks | 0.25 | - | **0.25** |
| Closing cash in hand as on 30th December 2016 | - | 0.25 | **0.25** |

**Note : 41**

Effective from April 1, 2014 the Company has charged depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Due to above, depreciation charge for the year ended March 31, 2015 is higher by Rs.47,74,340.19. Further, an amount of Rs.11,69,968/- (net of tax of Rs.7,72,296/-) representing the carrying amount of assets with revised useful life as nil, has been charged to the opening reserves as on April 01, 2014 pursuant to the Companies Act, 2013.

**Note : 42**

Figures of the previous have been regrouped wherever necessary. Figures in bracket relates to the previous year.

## Notes to Accounts
## Note 43: First Time Adoption of Ind AS

**Explanation of transition to Ind AS**

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

**Exemptions and exceptions availed**

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

**Ind AS optional exemptions**

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

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

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

2. **Business Combination**

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

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

3. **Arrangement containing lease**

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

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

**Ind AS mandatory exceptions**

1. **Estimates**

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

   Ind AS estimates as at 1 April 2015 are consistent with estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required by Indian GAAP: -
   - Impairment of financial assets based on expected credit loss model
   - Investment in equity instruments carried at FVTPL

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

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

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

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

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

**Explanation of transition to Ind AS**

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

– equity reconciliation as at 1 April 2015;

- equity reconciliation as at 31 March 2016;

- profit reconciliation for the year ended 31 March 2016; and

- cash flow reconciliation for the year ended 31 March 2016

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

## Reconciliations between Indian GAAP and Ind AS

**(Amount in Rs. Lakhs)**

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

**Reconciliation of Equity**

| Particulars | Note No | As at 01 April 2015 | | | As at 31 March 2016 | | |
|---|---|---|---|---|---|---|---|
| | | Indian GAAP | Ind AS Adjustments | Ind AS | Indian GAAP | Ind AS Adjustments | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| (a) Property, Plant and Equipment | | 790.24 | - | 790.24 | 822.75 | - | 822.75 |
| (b) Capital work-in-progress | | 13.53 | - | 13.53 | - | - | - |
| (c) Investment Property | | - | - | - | - | - | - |
| (d) Goodwill | | - | - | - | - | - | - |
| (e) Other Intangible assets | | 0.05 | - | 0.05 | 0.31 | - | 0.31 |
| (f) Intangible assets under development | | - | - | - | - | - | - |
| (g) Biological Asset other than bearer plants | | - | - | - | - | - | - |
| (h) Financial Assets | | - | - | - | - | - | - |
| (i) Investments | | - | - | - | - | - | - |
| (ii) Trade receivables | g,i | 154.72 | (4.22) | 150.50 | 140.83 | (140.83) | (0.00) |
| (iii) Loans | | 51.92 | - | 51.92 | 63.15 | - | 63.15 |
| (iv) Others | | - | - | - | - | - | - |
| (i) Deferred tax assets (net) | h | 51.27 | 2.39 | 53.66 | 59.95 | (0.00) | 59.95 |
| (j) Other non-current assets | | 148.74 | - | 148.74 | 295.55 | - | 295.55 |
| **Total non-current assets** | | **1,210.48** | **(1.83)** | **1,208.65** | **1,382.53** | **(140.83)** | **1,241.70** |
| **Current assets** | | | | | | | |
| (a) Inventories | | 229.61 | - | 229.61 | 266.89 | - | 266.89 |
| (b) Financial Assets | | - | - | - | - | - | - |
| (i) Investments | | - | - | - | - | - | - |
| (ii) Trade receivables | | 1,198.02 | - | 1,198.02 | 926.34 | 140.83 | 1,067.16 |
| (iii) Cash and cash equivalents | | 256.12 | - | 256.12 | 13.42 | - | 13.42 |
| (iv) Bank balance other than (iii) above | | - | - | - | - | - | - |
| (v) Loans | | 48.91 | - | 48.91 | 0.83 | - | 0.83 |
| (vi) Others | | 5.32 | - | 5.32 | 0.00 | - | 0.00 |
| (c) Current Tax Assets (net) | | 85.80 | - | 85.80 | - | - | - |
| (d) Other current assets | | 151.75 | - | 151.75 | 94.02 | - | 94.02 |
| **Total current assets** | | **1,975.52** | **-** | **1,975.52** | **1,301.51** | **140.83** | **1,442.33** |
| **TOTAL ASSETS** | | **3,185.99** | **(1.83)** | **3,184.16** | **2,684.03** | **-** | **2,684.03** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| (a) Equity share capital | | 500.00 | - | 500.00 | 500.00 | - | 500.00 |
| (b) Other equity | e.f.g | 542.25 | 1,197.94 | 1,740.20 | 399.51 | 0.75 | 400.25 |
| **Total equity** | | **1,042.25** | **1,197.94** | **2,240.20** | **899.51** | **0.75** | **900.25** |
| **LIABILITIES** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| (a) Financial Liabilities | | - | - | - | - | - | - |
| (i) Borrowings | | - | - | - | - | - | - |
| (ii) Trade payables | | - | - | - | - | - | - |
| (iii) Other financial liabilities | i | 5.17 | (5.17) | - | 7.92 | (7.92) | - |
| (b) Provisions | e | 56.28 | (1.20) | 55.08 | 51.77 | (1.12) | 50.66 |
| (c ) Deferred tax liabilities (net) | h | 48.53 | 1.37 | 49.90 | 54.36 | 0.37 | 54.73 |
| (d) Other non-current liabilities | | - | - | - | - | - | - |
| **Total non-current liabilities** | | **109.98** | **(5.01)** | **104.98** | **114.06** | **(8.67)** | **105.39** |
| **Current liabilities** | | | | | | | |
| (a) Financial liabilities | | - | - | - | - | - | - |
| (i) Borrowings | | - | - | - | 470.05 | - | 470.05 |
| (ii) Trade payables | | 686.76 | - | 686.76 | 923.44 | - | 923.44 |
| (iii) Other financial liabilities | i | 41.61 | 5.17 | 46.79 | 136.05 | 7.92 | 143.98 |
| (b) Other current liabilities | | 92.71 | - | 92.71 | 111.11 | - | 111.11 |
| (c) Provisions | e | 1,212.68 | (1,199.94) | 12.74 | 29.82 | - | 29.82 |
| (d) Current tax liabilities (net) | | - | - | - | - | - | - |
| **Total current liabilities** | | **2,033.76** | **(1,194.77)** | **838.99** | **1,670.47** | **7.92** | **1,678.39** |
| **Total liabilities** | | **2,143.74** | **(1,199.77)** | **943.97** | **1,784.53** | **(0.75)** | **1,783.78** |
| **TOTAL EQUITY AND LIABILITIES** | | **3,185.99** | **(1.83)** | **3,184.16** | **2,684.03** | **(0.00)** | **2,684.03** |

Reconciliation of statement profit and loss and other comprehensive income

(Amount in Rs. Lakhs)

| Particulars | Note No | Year ended 31 March 2016 | | |
|---|---|---|---|---|
| | | Indian GAAP | Ind AS Adjustments | Ind AS |
| Revenue from Operations | a,b | 4,556.83 | 262.33 | 4,819.16 |
| Other Income | d,e,g | 3.05 | 6.76 | 9.82 |
| **Total Income** | | **4,559.88** | **269.09** | **4,828.97** |
| **Expenses** | | | | |
| Cost of materials consumed | | 2,658.84 | - | 2,658.84 |
| Purchases of Stock-in-Trade | | - | - | - |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress | | 8.05 | - | 8.05 |
| Employee benefits expense | c,d | 456.71 | (2.94) | 453.78 |
| Finance costs | e | 45.83 | 0.50 | 46.33 |
| Depreciation and amortization expense | | 102.74 | - | 102.74 |
| Other expenses | a,b,e | 813.77 | 264.17 | 1,077.94 |
| **Total expenses** | | **4,085.95** | **261.73** | **4,347.69** |
| Profit/(loss)before exceptional items and tax | | 473.93 | 7.36 | 481.29 |
| Exceptional Items | | | | |
| **Profit / (loss) before tax** | | **473.93** | **7.36** | **481.29** |
| (1) Current tax | c | 168.18 | 1.07 | 169.24 |
| (2) Deferred tax | h | (2.84) | 1.39 | (1.45) |
| **Profit (Loss) for the period from continuing operations** | | **308.59** | **4.90** | **313.50** |
| Profit/(loss) from discontinued operations | | | | |
| Tax expenses of discontinued operations | | | | |
| **Profit/(loss) from discontinued operations (after tax)** | | | | |
| **Profit/(loss) for the period** | | 308.59 | 4.90 | 313.50 |
| **Other Comprehensive Income** | | | | |
| Items that will not be reclassified to profit or loss | c | - | (3.22) | (3.22) |
| Income tax relating to items that will not be reclassified to profit or loss | c | - | 1.07 | 1.07 |
| Items that will be reclassified to profit or loss | | | | |
| Income tax relating to items that will be reclassified to profit or loss | | | | |
| **Total Comprehensive income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]** | | 308.59 | 2.74 | 311.34 |
| **Earnings Per Share (after extraordinary items)** | | | | |
| (a) Basic | | 6.17 | 0.10 | 6.27 |
| (b) Diluted | | 6.17 | 0.10 | 6.27 |

a) Excise duty

(Amount in Rs. Lakhs)

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

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

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

| **Statement of profit and loss** | **Year ended 31 March 2016** |
|---|---|
| **Revenue from Operations** | |
| Add: Excise duty | 264.13 |
| **Other expenses - excise duty** | |
| Add: Excise duty on sales | 264.13 |

b) Variable consideration

Under Indian GAAP, cash discounts are reported separately as an expenditure in statement of profit and loss.

Under Ind AS, revenue is measured at the fair value of consideration received or receivable taking into account the amount of any cash discounts allowed by the entity.

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

| **Statement of profit and loss** | **Year ended 31 March 2016** |
|---|---|
| **Revenue from Operations** | |
| Add / (Less): Cash discount | (1.80) |
| | **(1.80)** |
| **Other expenses:** | |
| (Less): Cash discount | (1.80) |
| | **(1.80)** |

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

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

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

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

| **Statement of profit and loss** | **Year ended 31 March 2016** |
|---|---|
| **Employee benefit expenses** | |
| Add / (loss): Actuarial gain / loss | (3.22) |
| **Tax expenses** | |
| Add / (Less): Income tax impact of above | 1.07 |
| **Other comprehensive income** | **Year ended 31 March 2016** |
| **Items that will not be classified to P/L** | |
| Add / (loss): Actuarial gain / loss | (3.22) |
| Add / (Less): Income tax impact of above | 1.07 |

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

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

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

**The impact on profitability arising from this change is summarised as follows:** (Amount in Rs. Lakhs)

| Statement of profit and loss | Year ended 31 March 2016 |
|---|---|
| **Other income** | |
| Add / (Less): net interest on net defined benefit obligation | 0.29 |
| **Employee benefit expenses** | |
| Add / (Less): net interest on net defined benefit obligation | 0.29 |

e) **Warranty provision**

Under Indian GAAP, provision for warranty is recorded at transaction price.

Under Ind AS, warranty provision is discounted to its present value where the effect of time value of money is material. The imputed interest on the provision is subsequently recognised in statement of profit and loss.

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

| Statement of profit and loss | Year ended 31 March 2016 |
|---|---|
| **Finance cost** | |
| Add: Unwinding of warranty provision | 0.50 |
| **Other expenses** | |
| Add: present value of warranty provision | 1.84 |
| **Other Income** | |
| Add: reversal of excess warranty provision | 2.25 |

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

| Balance sheet | 01 April 2015 | 31 March 2016 |
|---|---|---|
| **Non- current provisions** | | |
| (Less): Provision for warranty | (1.20) | (1.20) |
| **Impact on retained earnings on transition date** | 1.20 | |

f) **Proposed dividend**

Under Indian GAAP, dividend proposed after the date of the financial statements but prior to the approval of financial statements is considered as an adjusting event, and a provision for dividend is recognised in the financial statements of the period to which the dividend relates.

Under Ind AS, dividend declaration is considered as a non-adjusting event and provision for dividend is recognised only in the period when the dividend is approved by the shareholders in annual general meeting.

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

| Balance sheet | 01 April 2015 | 31 March 2016 |
|---|---|---|
| **Current provision** | | |
| (Less): Provision for dividend and tax on that | (1,199.94) | - |
| Impact on retained earnings on transition date | 1,199.94 | |

g) **Retention money**

Under Indian GAAP retention money is recorded at transaction value.

Under Ind AS retention money, which are receivable without any specific condition is treated as financial asset and recorded at fair value at inception and subsequently at amortised cost.

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

| Statement of profit and loss | Year ended 31 March 2016 |
|---|---|
| **Other income** | |
| Add: Unwinding of retention deposits | 4.22 |

**The impact on equity arising from this change is summarised as follows:** **(Amount in Rs. Lakhs)**

| Balance sheet | 01 April 2015 | 31 March 2016 |
|---|---|---|
| **Trade receivable** | | |
| (Less): discounting of retention money | (4.22) | - |
| **Impact on retained earnings on transition date** | (4.22) | - |

h) **Deferred tax**

Under Indian GAAP, the deferred tax is recognised using the income statement / balance sheet approach i.e. reflecting the tax effects of timing differences between accounting income and taxable income for the period.

Under Ind AS, the Company has recognised deferred taxes using the balance sheet approach i.e. reflecting the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Also, deferred taxes is recognised on account of the above mentioned changes explained in notes (a) to (k)

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

| Statement of profit and loss | Year ended 31 March 2016 |
|---|---|
| Add/ (Less): Deferred tax | 1.39 |

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

| Balance sheet | 01 April 2015 | 31 March 2016 |
|---|---|---|
| **Deferred tax asset** | 2.39 | - |
| | - | - |
| **Deferred tax liability** | 1.37 | 0.37 |
| | - | - |
| **Impact on retained earnings on transition date** | 1.02 | - |

i) **Reclassification adjustments**

Following reclassification adjustments, are equity neutral.

Retention money receivable is classified as current trade receivables, as expected to receive within year from reporting date.

| Balance sheet | 01 April 2015 | 31 March 2016 |
|---|---|---|
| **Current financial assets** | | |
| Trade receivable | 154.72 | 140.83 |
| **Non-current finacial assets** | | |
| Trade receivable | (154.72) | (140.83) |

Dealers deposits accepted, being repayable on demand are classified as current financial liability.

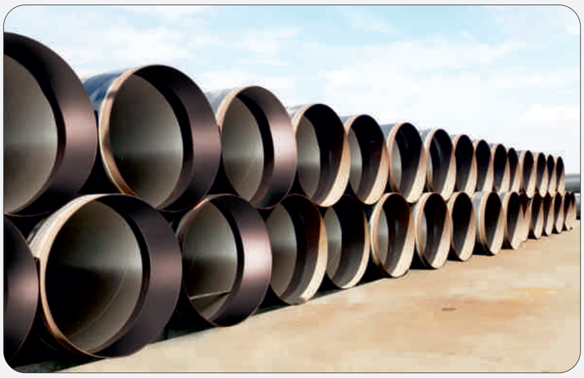
| Balance sheet | 01-Apr-15 | 31-Mar-16 |
|---|---|---|
| **Current financial liabilities** | | |
| Dealer deposit | 5.17 | 7.92 |
| **Non-current financial liabilities** | | |
| Dealer deposit | 5.17 | 7.92 |

Pump refurbished & coated with Fluglide coating for efficiency improvement

Internally - Polyglass 100 & externally - Plasmet ZE coated pipe

Coated pipeline under installation

Internal coated pipes at Refinery



Enriching Lives

# KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

(An ISO 9001:2008, 14001:2004 & BS OHSAS 18001:2007 Certified Company)

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