

**KIRLOSKAR CORROCOAT  
PRIVATE LIMITED**

A Kirloskar Group Company

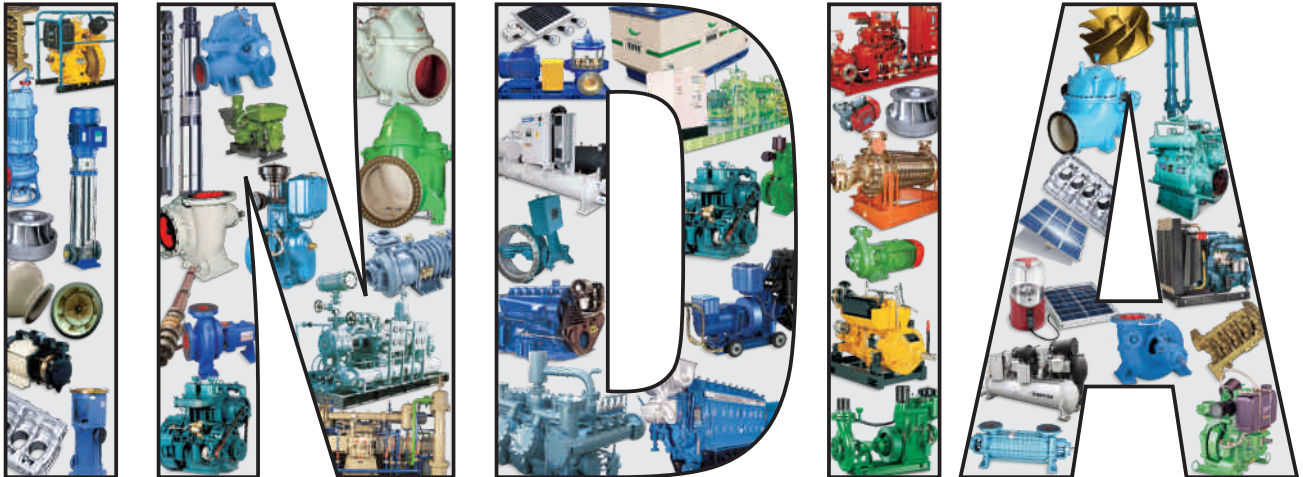
(An ISO 9001:2008, 14001:2004 & BS OHSAS 18001:2007 Certified Company)

9<sup>th</sup> ANNUAL REPORT 2014 - 2015



Enriching Lives

MAKING IN



SINCE 1910

It has always been a matter of great pride for us to be able to serve the world relentlessly through critical engineering solutions - made right here in India, since 1910. And with the 'Make in India' programme gaining momentum, there is greater emphasis on reforms, new initiatives and best-in-class manufacturing infrastructure.

With the winds of change blowing in India's favour, there's never been a better time for us to put it in the league of global champions. With innovative, indigenous offerings, we will ensure that the world continues to look at India with awe and admiration.



## Your company is poised to make India proud by:

- Providing reliable and cost-effective products and services for corrosion protection.
- Reducing life cycle cost by protecting assets of the energy and power industry from corrosion.
- Reducing energy consumption with energy-efficient improvement coatings.
- Implementing best practices for safety of employees and environment.
- Creating happiness and satisfaction for our employees and customers.

**Board of Directors**

J. R. Sapre  
(DIN 00155251)

Chairman

C. A. Harper  
(DIN 06700160)

Director

R. P. Ulangwar  
(DIN 06695939)

Director

**Company Secretary/  
Manager**

: S. S. Mandke  
(Manager till 14.04.2015)  
(Company Secretary till 16.04.2015)  
  
Anuja Laturkar  
(Company Secretary w. e. f. 17.04.2015)

**Auditors**

: M/s P. G. Bhagwat  
Chartered Accountants

**Bankers**

: Bank of India  
: HDFC Bank Ltd.

**Registered & Corporate  
Office**

: Udyog Bhavan, Tilak Road,  
Pune 411 002

**Works**

: Kirloskarvadi

## NOTICE

Notice is hereby given that the 9th Annual General Meeting of the Members of Kirloskar Corrocoat Private Limited will be held at Udyog Bhavan, Tilak Road, Pune 411 002 on 16th day of April, 2015 at 2.00 pm to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Board's Report, Audited Balance Sheet as at March 31, 2015 and Profit and Loss Statement of the Company for the year ended on that date and the Auditors' Report thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr. R. P. Ulangwar, who retires by rotation and being eligible, offers him-self for re-appointment.
4. To ratify the appointment of Auditors and to fix their remuneration.

By order of the Board of Directors

For **KIRLOSKAR CORROCOAT PRIVATE LIMITED**

Siddhesh Mandke  
Company Secretary

Place: Pune  
Date : 16th April 2015

**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. The meeting is held at shorter notice with the consent of the all shareholders.

By order of the Board of Directors

For **KIRLOSKAR CORROCOAT PRIVATE LIMITED**

Siddhesh Mandke  
Company Secretary

Place: Pune  
Date : 16th April 2015

## BOARD'S REPORT

The Members of the Company,

Your Directors present the 9th Annual Report and Audited Accounts of the Company for the year ended March 31, 2015.

### FINANCIAL PERFORMANCE:

The financial results of the Company for the year 2014-15 as compared with the previous year are as under:-

Particulars	Current Year ended on March 31, 2015 (Amount in Rs.)	Previous year ended on March 31, 2014 (Amount in Rs.)
Sales	712,958,555.00	365,704,808.00
Other Income	2,622,013.00	1,989,550.00
Total	715,580,568.00	367,694,358.00
Profit Before Tax	162,884,655.00	82,190,573.00
Provision for Tax	54,925,819.00	26,867,187.00
Net Profit (Loss) After Tax For the Year	107,958,836.00	55,323,386.00
Surplus in Profit & Loss Account brought Forward from Previous year	46,162,098.00	54,482,301.00
Available Surplus	153,348,638.00	109,805,687.00

### DIVIDEND AND RESERVES:

The Directors of the Company recommend 200% Dividend and proposes to transfer 10% of the Net Profit of the Company to General Reserves for the year ended 31st March, 2015.

### APPROPRIATIONS:

Your Directors propose to appropriate the available surplus as under:

Particulars	Current Year ended on March 31, 2015 (Amount in Rs.)	Previous year ended on March 31, 2014 (Amount in Rs.)
Dividend @ 200% on 5,000,000 equity shares of Rs.10/- each	100,000,000.00	50,000,000.00
Tax on Dividend	19,994,000.00	8,111,250.00
Transferred to General Reserve	10,795,884.00	5,532,339.00
Balance carried to Balance Sheet	21,672,754.00	46,162,098.00

### STATEMENT OF AFFAIRS:

The Company has scaled a new peak by achieving Sales of Rs. 713 M and profit of Rs. 163 M. The new payment policies under guidance from Directors have continued showing encouraging results by improving receivables, liquidity and settling creditors in time.

The Company has registered 94% increase in Sales and 91% increase in Recovery over last year.

The Company has registered 98% increase in PBT over last year i.e. from Rs. 82 Million to Rs. 163 Million.

We have manufactured 849 Metric Tons of coating material. This is highest quantity of coating manufactured since inception of the Company. The Company has completed coating of approx. 4,70,000 m<sup>2</sup> surface area of customer equipments.

Reliance Industries Ltd. has decided to do away with bitumin base paints and coatings in line with their GREEN POLICY. Our Polyglass product was chosen as Greener alternative for protecting buried pipelines. Order from Reliance Industries Ltd., J3 project was originally for value of Rs. 230 Million, has now touched Rs. 500 Million. The experience of executing this project has placed the Company as a major contender in the huge market of external pipe coating.

The Company has successfully completed its first export order from M/s. Kiroloskar Brothers (Thailand) Limited for Sri Lanka project for coating of Roof of Oil storage tank.

We continue our efforts to steer away from dependence on project business, by introducing new applications as listed below:

- Successful trial of external pipeline coating for sweating pipeline in BPCL Mahul refinery.
- Completed 1st order for coating of silencer using 'Flare stack Nano paint' product at Petronet LNG terminal Dahej, Gujarat.
- Successful trial of 'Heatbloacka' product completed on Chiller machine external surface.

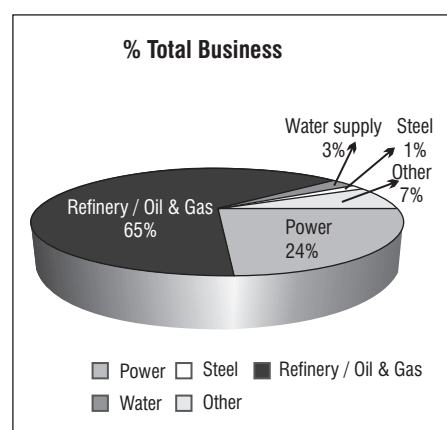
We have continued to do well in the priority sectors like Power & Refinery. These two sectors are expected to propel our growth in a major way in FY 2015-16 also.

The Company continued to generate approx. 13 MW GREEN POWER for its customer in 2014-15 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.

The sector wise performance is as under:

Sector	Pump		Coating		Total	
	Pump (Rs. in Million)	% age	Coating (Rs. in Million)	% age	Total (Rs. in Million)	% age
Power	4.66	11%	165.07	25%	169.74	24%
Refinery/ Oil and Gas	0.83	2%	464.32	69%	465.14	65%
Water Supply	18.82	46%	0.28	0%	19.10	3%
Steel	0.00	0%	7.24	1%	7.24	1%
Others	16.64	41%	34.74	5%	51.37	7%
Total	40.95	100%	671.65	100%	712.59	100%



**MATERIALS CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND DATE OF THE REPORT : NIL**

#### 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:

Dates of Board Meeting	Number of Board Meetings
16/04/2014	4
15/07/2014	
13/10/2014	
21/01/2015	

##### 3. DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

During the financial year under review, there is no qualification, reservation or adverse remarks or disclaimer made by the auditors in their report.

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

Nature of Transaction	Date of making Loan	Name & Address of the body corporate to whom loan is given	Amount of Loan	Time for which loan is given	Date of Passing Board Resolution	Rate of Interest	Date of maturity
Loan	24/11/2014	Kirloskar Brothers Limited Udyog Bhavan, Tilak Road, Pune - 411002	1 Crore	4 Months & 6 days	13/10/2014	10% pa.	31/03/2015
Loan	30/12/2014	Kirloskar Brothers Limited Udyog Bhavan, Tilak Road, Pune - 411002	50 Lacs	3 Months & 1 day	13/10/2014	10% pa.	31/03/2015
Loan	10/01/2015	Kirloskar Brothers Limited Udyog Bhavan, Tilak Road, Pune - 411002	50 Lacs	2 Months & 21 days	13/10/2014	10% pa.	31/03/2015
Loan	29/01/2015	Kirloskar Brothers Limited Udyog Bhavan, Tilak Road, Pune - 411002	50 Lacs	2 Months & 2 days	21/01/2015	10% pa.	31/03/2015
Loan	25/02/2015	Kirloskar Brothers Limited Udyog Bhavan, Tilak Road, Pune - 411002	50 Lacs	1 Month & 6 days	21/01/2015	10% pa.	31/03/2015

#### 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 is as below:

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

- Details of contracts or arrangements or transactions not at arm's length basis: All the transactions with related parties are at arm's length.
- Details of material contracts or arrangement or transactions at arm's length basis: No contracts or arrangements or transaction with any of the related parties were material.

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

Steps taken or impact on conservation of energy:

- 6 Nos of 72W LED lamp used with replacement of 250W Halogen lamp for conservation of 4677kWh electrical energy per year.
- Dust extraction system up gradation to reduce specific energy consumption from 9.5 to 7 kWh/Sq.mtr.
- 5W LED bulb distribution to worker of KCPL KOV for saving electrical energy.
- Water jet machine installation for pump cleaning for the conservation of water.
- Foam type tap replaced in canteen for the conservation of water.
- No vehicle day celebration in ENCON week to conserve Petrol of all KCPL KOV staff & worker.

Steps taken by the Company for utilizing alternate sources of energy:

Last 2-3 years, solar panel system utilized for street light.



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

Sr. No.	Name of Equipment	Amount (in Rs.)
1.	Water Jet machine	84,000.00
2.	Electrical forklift	13,25,000.00
3.	Small blasting chamber	8,50,000.00

**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:**

Foreign Exchange earned in terms of actual inflows during the year: Rs. 420,713.00

Foreign Exchange outgo during the year in terms of actual outflows: Rs. 89,300,533.00

**8. 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:**

Currently, there are no such elements of risk which may threaten the existence of the Company. No such Risk Management Policy is in place.

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

- (i) Financial summary/highlights are already included at the beginning of the Report;
- (ii) There has been no change in the nature of the business during the year under review;

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

We have appointed Mr. S.S. Mandke - Company Secretary of the Company as Key Managerial Personnel of the Company pursuant to provisions of Section 2 (51) and 203 of the Companies Act, 2013 and Rule 8 and 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**(iv) Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year: None**

**(v) Details relating to Deposits**

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

**(vi) Significant and material orders passed by the Regulators or court or tribunals impacting the going concern status and company's operations in future: None**

**(vii) Details in respect of adequacy of internal financial controls with reference to the Financial Statement:**

Internal Audit is being conducted at periodic intervals and report is being presented to the management.

**HOLDING COMPANY:**

Kirloskar Brothers Limited is the holding company.

**CASH FLOW:**

A cash flow statement for the year ended March 31, 2015 is attached to the Balance Sheet.

**AUDITORS:**

M/s P.G. Bhagwat, Chartered Accountant whose appointment has been made from the financial year 2014-15 to 2015-16 i.e. up to the conclusion of 10th Annual General Meeting needs to be ratified. The requisite certificate pursuant to Section 139 of the Companies Act, 2013 has been received.

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

**CORPORATE SOCIAL RESPONSIBILITY:**

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

**ACKNOWLEDGMENTS:**

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,

Place: Pune  
Date : 16 April 2015

**J.R.SAPRE**  
CHAIRMAN  
DIN 00155251

Annexure I

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on 31.03.2015  
[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 PVT. LTD
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/ Service	% To Total Turnover Of The Company
1	Manufacture of Anti-corrosive Coatings	20221	72.36
2	Application of Anti-corrosive Coatings	25920	27.46

**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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
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
<b>Sub-total (A) (1):-</b>	0	3250000	3250000	65.00	0	3250000	3250000	65.00	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>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	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
<b>Sub-total (A) (2):-</b>	0	1750000	1750000	35.00	0	1750000	1750000	35.00	0
<b>Total shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	0	5000000	5000000	100.00	0	5000000	5000000	100.00	0
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
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) FIs	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
<b>Sub-total (B)(1):-</b>	0	0	0	0	0	0	0	0	0
<b>2. Non-Institutions</b>									
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
<b>Sub-total (B)(2):-</b>	0	0	0	0	0	0	0	0	0
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	0	0	0	0	0	0	0	0	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	0	5000000	5000000	100.00	0	5000000	5000000	100.00	0

(ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Kirloskar Brothers Limited	3250000	65.00	0	3250000	65.00	0	0
2.	Corrocoat Ltd.UK	1750000	35.00	0	1750000	35.00	0	0
	<b>Total</b>	5000000	100.00	0	5000000	100.00	0	0

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

SI 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	5000000	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
	At the End of the year	5000000	100	5000000	100

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

SI 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 Directors and KMP	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 Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0

#### V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0
<b>Change in Indebtedness during the financial year</b>				
• Addition	0	0	0	0
• Reduction	0	0	0	0
Net Change	0	0	0	0
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars	Siddhesh S. Mandke- Manager & Company Secretary	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1131660.00	1131660.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission	0	0
	- as % of profit	0	0
	- others, specify	0	0
5	Others, please specify	0	0
	Total (A)	1131660.00	1131660.00
	Ceiling as per the Act	8209376.00	8209376.00

B.	<b>Remuneration to other directors</b>						
	Independent Directors	NA	NA	NA			
	<b>Name of the Directors</b>	NA	NA	NA			
	Fee for attending board / committee meetings	NA	NA	NA			
	Commission	NA	NA	NA			
	Others, please specify	NA	NA	NA			
	<b>Total (1)</b>	NA	NA	NA			
	Other Non- Executive Directors						
	<b>Name of the Directors</b>	<b>J.R. Sapre</b>	<b>R.P. Ulangwar</b>	<b>C.A. Harper</b>	<b>Total</b>		
	Fee for attending board / committee meetings	30000	30000	*30000	90000		
	Commission	0	0	0			
	Others, please specify	0	0	0			
	<b>Total (2)</b>	30000	30000	30000	90000		
	<b>Total (B)=(1+2)</b>	30000	30000	30000	90000		
	<b>Total Managerial Remuneration</b>						<b>Nil</b>
	<b>Overall Ceiling as per the Act</b>						<b>1641875.00</b>

\* As per provisions of Articles of Association one meeting attended by his alternative.

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

Sr. No.	Particulars of Remuneration		
	<b>Company Secretary is appointed as Key Managerial Personnel w.e.f. 09.06.2014 who is the Manager. The salary details for the year are given in VI (A) above.</b>	<b>Company Secretary</b>	<b>Total</b>
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	-As % of profit		
	-Others		
5	Others		
	Total		

**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.	<b>COMPANY</b>					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL
B.	<b>DIRECTORS</b>					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL
C.	<b>OTHER OFFICERS IN DEFAULT</b>					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL



## ANNEXURE- II

### 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:

The Company has developed its Corporate Social Responsibility Policy. We, the Company enjoy making a positive difference in the areas of socio - economic development of the less privileged communities and other stakeholders, by being a responsible business house through adoption of appropriate business processes and strategies and by carrying out various initiatives towards its social obligations for the society in the vicinity of our manufacturing location i.e. Kirloskarvadi. The focus of CSR activities of KCPL primarily has been Education including employment enhancing skills and Health. The intention of integrating these objectives with the operations and growth of each entity in the Company is to pursue a higher level of performance in the CSR, which will create sound systems for purposeful contribution to societal causes.

The driving forces for CSR at KCPL are:

--At KCPL, we believe that serving society is our prime purpose. We conduct our business responsibly and execute strategies that take technology, product and services to help generate sustainable livelihood for the underprivileged. We are voluntarily meeting obligations towards serving the nation at large in line with KCPL's tradition and heritage.

--KCPL's social programmes are intended to bring about a perceivable improvement in attitude, culture and values amongst our employees and community in order to improve the quality of their life.

--Conservation of natural resources and commitment to Green Environment.

--Developing business processes which are environmentally and socially sustainable by giving importance to societal and environmental attributes.

--As a part of social obligation towards the society, the focus of CSR activities will be in the field of Education including employment enhancing skills and Health.

A detailed CSR policy of the Company and projects undertaken by the Company during the year under consideration is displayed on the Company website i.e. [www.kicopl.com](http://www.kicopl.com).

Under the following heads, CSR activities of the Company are carried out;

-Health

-Education including employment enhancing skills

Out of the total eligible funds viz. Rs. 0.886 Million, 50% of the amount i.e. Rs.0.443 Million spent on education including employment enhancing skills' activities administered through the implementing agency namely, Vikas Charitable Trust (VCT), Kirloskarvadi.

Out of the total eligible funds viz. Rs. 0.886 Million, balance 50% of the said eligible amount i.e. Rs. 0.443 Million spent on the Health activities administered through implementing agency namely, Radhabai Memorial Trust (RMT), Kirloskarvadi.

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

The Board of Directors of the Company has constituted a CSR committee as well as formulated functions of the Committee. The CSR activities of the Company will be monitored by the CSR Committee of the Board of Directors which consists of following members:

1. Mr. J.R. Sapre-Chairman
2. Mr. R.P. Ulangwar-Member
3. Mr. C.A. Harper-Member

3. Average net profit of the company for last three financial years: Rs. 44 Million

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : Rs. 0.886 Million

5. Details of CSR amount spent during the year:

- a) Total amount to be spent for the financial year 2014-15-Rs. 0.886 Million given as per above mentioned details, which will be spent in the year 2015-16 by the implementing agency.
- b) Amount unspent - NIL

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 Director through implementing agency
1.	All round Development and career guidance for Secondary School	Promoting education (including employment enhancing skills	Palus, Kadegaon, Tasgaon, Walwa, Khanapur & Miraj in Sangli, Maharashtra	Rs. 22,75,000	Rs.4,43,000 will be spend during the year 2015-16 by VCT	NA	Implementing Agency:  Vikas Charitable Trust
2.	Health	Promoting health care including preventive health care	Kirloskarvadi, Palus, Kundal and its nearby areas	Rs. 35,00,000	Rs.4,43,000 will be spend during the year 2015-16 by RMT	NA	Implementing Agency:  Radhabai Memorial Trust

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.

**J R Sapre**  
Chairman of CSR  
DIN 00155251

Pune 16 April 2015

**R P Ulangwar**  
Director  
DIN 06695939

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

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of KIRLOSKAR CORROCOAT PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) There are no observations and comments on financial transactions or other matters which have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) There are no qualifications, reservations or adverse remarks relating to maintenance of accounts and other matters connected therewith.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company does not have any long-term contracts including derivative contracts, having any material foreseeable losses, for which provision was required;
  - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**For M/s P G Bhagwat**

Chartered Accountants

Firm's Registration No.: 101118W

**Abhijeet Bhagwat**

Partner

Membership No.: 136835

Pune 16<sup>th</sup> April, 2015

## ANNEXURE

### Re: Kirloskar Corrocoat Private Limited

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 been 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.
- (ii) (a) Physical verification of inventory has been conducted by the management during the current year. In our opinion, the interval of such verification is reasonable.
- (b) In our opinion the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. 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 granted unsecured loan to its holding Company covered in the register maintained under section 189 of the Companies Act.

Name	Opening Balance Balance	Loan Given Rs.	Year End Balance Rs.	Maximum Balance Rs.
Kirloskar Brothers Limited	1,50,00,000/-	3,00,00,000/-	Nil	3,00,00,000/-

- (a) According to information and explanation given to us, receipt of the principal amount and interest are also regular; and
- (b) According to information and explanation given to us there is no amount that is overdue.
- (iv) In our opinion and according to information and explanation given to us there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit we have not observed any major weaknesses or continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion and according to information and explanation given 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 given to us no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) 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 (I) 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, wealth 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 given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2015, for a period more than six months from the date they became payable.

- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of any dispute.
- (c) According to the information and explanation given to us, there are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company has no accumulated losses at the end of 31st March, 2015. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) Based on our audit procedures and according to the information and explanation given to us the Company has not defaulted in repayment of dues to a financial institution or bank. The Company does not have any debenture holders.
- (x) According to the information and explanation given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company does not have any term loans.
- (xii) Based upon the audit procedures performed by us and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

**Abhijeet Bhagwat**  
Partner  
Membership No.: 136835  
Pune:  
16th April, 2015

Balance Sheet as at 31st March, 2015

Rupees

Particulars	Note No.	Figures as at the end of current reporting Period ending on March 31, 2015	Figures as at the end of previous reporting Period ending on March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	A-1	50,000,000	50,000,000
(b) Reserves and surplus	A-2	54,225,316	67,918,776
(c) Money received against share warrants		-	-
		<b>104,225,316</b>	<b>117,918,776</b>
<b>2 Share application money pending allotment</b>		-	-
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)	A-3	-	2,297,321
(c) Other long term liabilities	A-4	517,281	717,281
(d) Long-term provisions	A-5	5,628,467	3,192,904
		<b>6,145,748</b>	<b>6,207,506</b>
<b>4 Current liabilities</b>			
(a) Trade payables	C-10	68,675,770	65,549,543
(b) Other current liabilities	A-6	13,431,862	29,564,516
(c) Short-term provisions	A-7	121,268,235	59,822,449
		<b>203,375,867</b>	<b>154,936,508</b>
		<b>313,746,931</b>	<b>279,062,790</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	A-8	79,024,109	81,191,769
(ii) Intangible assets	A-8	5,088	7,752
(iii) Capital work-in-progress		1,353,382	-
(iv) Intangible assets under development		-	-
(b) Non-Current Investments		-	-
(c) Deferred tax assets (net)	A-3	274,532	-
(d) Long-term loans and advances	A-9	20,066,161	11,408,657
(e) Other non-current assets	A-10	15,471,963	9,162,956
		<b>116,195,235</b>	<b>101,771,134</b>
<b>2 Current assets</b>			
(a) Current investments		-	-
(b) Inventories	A-11	22,960,519	22,930,236
(c) Trade receivables	A-12	119,801,576	97,101,266
(d) Cash and bank balances	A-13	25,611,670	16,538,318
(e) Short-term loans and advances	A-14	14,517,621	31,791,101
(f) Other current assets	A-15	14,660,310	8,930,735
		<b>197,551,696</b>	<b>177,291,656</b>
		<b>313,746,931</b>	<b>279,062,790</b>

Notes to accounts

**Part- B & C**

The notes referred to above and accompanying notes form an integral part of the Balance Sheet.

As per our report of even date attached

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

**ABHIJEET BHAGWAT**  
Partner

**J R Sapre**  
Chairman  
(DIN 00155251)

**C A Harper**  
Director  
(DIN 06700160)

**R P Ulangwar**  
Director  
(DIN 06695939)

PUNE  
Date: 16 April 2015

**Siddhesh Mandke**  
Company Secretary

PUNE  
Date: 16 April 2015



**Profit and Loss Statement for the year ended 31st March, 2015**

**Rupees**

Particulars	Note No.	Figures for current reporting Period ending on March 31, 2015	Figures for previous reporting Period ending on March 31, 2014
I. Revenue from operations	A-16	765,463,644	385,268,214
Less : Excise Duty		52,505,089	19,563,406
		712,958,555	365,704,808
II. Other income	A-17	2,622,013	1,989,550
III. <b>Total Revenue (I + II)</b>		<b>715,580,568</b>	<b>367,694,358</b>
IV. Expenses:			
Cost of materials consumed	A-18	414,632,364	192,697,192
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods			
work-in-progress and Stock-in-Trade	A-19	1,958,115	-4,062,833
Employee benefits expense	A-20	44,148,412	31,812,776
Finance costs	A-21	2,341,304	1,855,493
Depreciation and amortization expense		13,030,097	7,156,058
Other expenses	A-22	76,585,621	56,045,099
Total expenses		552,695,913	285,503,785
V. Profit before exceptional and extraordinary items and tax (III-IV)		162,884,655	82,190,573
VI. Exceptional items		-	-
VII. <b>Profit before extraordinary items and tax (V - VI)</b>		<b>162,884,655</b>	<b>82,190,573</b>
VIII. Extraordinary Items		-	-
IX. <b>Profit before tax (VII- VIII)</b>		<b>162,884,655</b>	<b>82,190,573</b>
X. Tax expense:			
(1) Current tax		57,100,000	26,100,000
(2) Deferred tax		(2,174,181)	767,187
		54,925,819	26,867,187
XI. Profit/(Loss) for the period from continuing operations (IX-X)		107,958,836	55,323,386
XII. Profit/(loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(loss) from Discontinuing operations (after tax) (XIII-XIV)		-	-
XV. <b>Profit (Loss) for the period (XI -XII + XV)</b>		<b>107,958,836</b>	<b>55,323,386</b>
XVI. Earnings per equity share having nominal value of Rs.10/- per share			
(1) Basic	C-5	22	11
(2) Diluted	C-5	22	11

Notes to accounts

**Part- B & C**

The notes referred to above and accompanying notes form an integral part of the Balance Sheet.

As per our report of even date attached

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

**ABHIJEET BHAGWAT**  
Partner

**J R Sapre**  
Chairman  
(DIN 00155251)

**C A Harper**  
Director  
(DIN 06700160)

**R P Ulangwar**  
Director  
(DIN 06695939)

PUNE  
Date: 16 April 2015

**Siddhesh Mandke**  
Company Secretary

PUNE  
Date: 16 April 2015

## Cash flow statement for the year ended March 31, 2015

Rupees

Particulars	Figures for current reporting Period ending on March 31, 2015	Figures for previous reporting Period ending on March 31, 2014
<b>A Cash flows from Operating Activities</b>		
Net Profit before Taxes and Extraordinary Items	162,884,655	82,190,573
Adjustments for :-		
1 Depreciation / Amortization	13,030,097	7,156,058
2 (Profit)/Loss on sale of Tangible Assets	-	246,636
3 Provision for Doubtful Debts/Advances	1,212,867	3,156,196
4 Unrealized exchange (gain)/ Loss - Others	(4,176)	(4,803)
5 Interest Received on Investment (gain)/ Loss	(1,835,979)	(856,595)
6 Interest Expenses (gain)/ Loss	662,462	968,617
<b>Operating Profit Before Working capital changes</b>	<b>175,949,925</b>	<b>92,856,682</b>
Adjustments for :-		
1 (Increase)/ decrease in Trade Receivables	(40,025,896)	(46,355,165)
2 (Increase)/ decrease in Inventories	(30,283)	(2,126,629)
3 Increase/ (decrease) in Trade payables & Liabilities	(8,827,518)	30,540,267
4 Cash Generated from Operations	127,066,228	74,915,155
5 Income Tax (Paid) / Refunded	(56,654,118)	(30,808,164)
<b>Net Cash from Operating Activities</b>	<b>70,412,110</b>	<b>44,106,991</b>
<b>B Cash flows from Investing Activities</b>		
1 Purchase of Tangible Assets	(18,362,136)	(4,600,301)
2 Sale of Tangible Assets	-	8,797
3 Interest Received	1,683,090	750,565
4 Loans & advance to Holding Company	15,000,000	(15,000,000)
<b>Net Cash from Investment Activities</b>	<b>(1,679,046)</b>	<b>(18,840,939)</b>
<b>C Cash Flows from Financing Activities</b>		
1 Proceeds of other borrowing	-	(4,462,869)
2 Interest Paid	(662,462)	(1,063,779)
3 Dividend Paid	(50,000,000)	(5,000,000)
4 Tax on Dividend	(8,111,250)	(811,125)
<b>Net Cash used in Financing Activities</b>	<b>(58,773,712)</b>	<b>(11,337,773)</b>
<b>D CSR Spend</b>	<b>(886,000)</b>	<b>-</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>9,073,352</b>	<b>13,928,279</b>
1 Cash & Cash Equivalents at beginning of period	16,538,318	2,610,039
2 Cash & Cash Equivalents at end of period (Refer Note : A-13)	25,611,670	16,538,318

As per our report of even date attached

For M/s P.G. Bhagwat  
Chartered Accountants

ABHIJEET BHAGWAT  
Partner

J R Sapre  
Chairman  
(DIN 00155251)

C A Harper  
Director  
(DIN 06700160)

R P Ulangwar  
Director  
(DIN 06695939)

PUNE  
Date: 16 April 2015

Siddhesh Mandke  
Company Secretary

PUNE  
Date: 16 April 2015

**Notes to Accounts - Part A**

**Rupees**

Particulars	Figures as at the end of current reporting Period ending on March 31, 2015	Figures as at the end of previous reporting Period ending on March 31, 2014
<b>Note : A-1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
6,000,000 (6,000,000) equity shares of Rs.10/- each (Rs.10/-) each	60,000,000.00	60,000,000.00
<b>Issued, Subscribed &amp; fully Paid up</b>		
5,000,000 (5,000,000) equity shares of Rs.10/- each (Rs.10/-) each	50,000,000.00	50,000,000.00
<b>Total</b>	<b>50,000,000.00</b>	<b>50,000,000.00</b>

**a) Reconciliation of share capital**

**Rupees**

Particulars	Figures as at the end of current reporting Period ending on March 31, 2015		Figures as at the end of previous reporting Period ending on March 31, 2014	
	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	5,000,000	50,000,000.00	5,000,000	50,000,000.00
Shares outstanding at the end of the year	5,000,000	50,000,000.00	5,000,000	50,000,000.00

**b) Rights of equity shareholder:**

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.

For the year ended March 31, 2015 the board of directors has proposed dividend of Rs. 20/- (Re.10/-) per share.

**c) Details of share holders holding more than 5% shares**

Name of the shareholder	Figures as at the end of current reporting Period ending on March 31, 2015		Figures as at the end of previous reporting Period ending on March 31, 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Brothers Ltd. - Holding Company	3,250,000	65%	3,250,000	65%
Corrocoat Ltd.UK	1,750,000	35%	1,750,000	35%

## Notes to Accounts - Part A

Rupees

Particulars	Figures as at the end of current reporting Period ending on March 31, 2015	Figures as at the end of previous reporting Period ending on March 31, 2014
<b>Note : A-2</b>		
<b>Reserves &amp; Surplus</b>		
<b>(a) General Reserve</b>		
Opening Balance	21,756,678	16,224,339
Add Current Year Transfer	10,795,884	5,532,339
Closing Balance	32,552,562	21,756,678
<b>(b) Surplus</b>		
Opening Balance	46,162,098	54,482,301
Less Effect of change in Useful Life of Asset (Refer Note C-15)	772,296	-
Add Net Profit for the current year	107,958,836	55,323,386
Balance available for appropriation	153,348,638	109,805,687
Less Appropriations :		
CSR Spend - Refer Note C-14	886,000	
Proposed Dividend	100,000,000	50,000,000
Tax on Dividend	19,994,000	8,111,250
Transfer to Reserves	10,795,884	5,532,339
Sub total	131,675,884	63,643,589
Closing Balance	21,672,754	46,162,098
<b>TOTAL</b>	<b>54,225,316</b>	<b>67,918,776</b>
<b>Note : A- 3</b>		
<b>Deferred Tax Liabilities / (Asset) - Net</b>		
<b>(a) Deferred Tax Liabilities</b>		
i) On depreciation / amortization of fixed assets	4,852,530	6,406,193
ii) Other timing differences	-	-
	4,852,530	6,406,193
<b>(b) Deferred Tax Assets</b>		
i) Provision for doubtful debts / advances	3,925,477	3,353,532
ii) Provision for employee benefits	1,201,585	755,340
	5,127,062	4,108,872
<b>TOTAL</b>	<b>(274,532)</b>	<b>2,297,321</b>
<b>Note : A-4</b>		
<b>Other Long Term Liabilities</b>		
<b>(a) Others</b>		
(i) Deposits received from Customers	517,281	717,281
<b>TOTAL</b>	<b>517,281</b>	<b>717,281</b>
<b>Note : A-5</b>		
<b>Long Term Provisions</b>		
<b>(a) Provision for employee benefits</b>		
(i) Leave Encashment (unfunded) (Refer Note C-13)	3,808,730	2,560,650
(ii) Gratuity (Refer Note C-6)	259,801	-
<b>(b) Others</b>		
(i) Provision for Product Warranty (Refer Note C-13)	1,559,936	632,254
<b>TOTAL</b>	<b>5,628,467</b>	<b>3,192,904</b>

**Notes to Accounts - Part A**

**Rupees**

Particulars	Figures as at the end of current reporting Period ending on March 31, 2015	Figures as at the end of previous reporting Period ending on March 31, 2014
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**Note : A-6**

**Other Current Liabilities**

**(a) Other payables**

(i) Advances from customers	6,592,694	22,947,418
(ii) Salary & Reimbursements	3,014,173	329,050
(iii) Contribution to PF & Superannuation	469,149	386,292
(iv) Statutory Dues	2,208,730	4,659,639
(v) Provision for expenses	1,147,116	1,242,117

<b>TOTAL</b>	<b>13,431,862</b>	<b>29,564,516</b>
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**Note : A-7**

**Short Term Provisions**

**(a) Provision for employee benefits**

(i) Leave Encashment (unfunded) (Refer Note C-13)	947,564	988,593
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**(b) Others**

(i) Proposed Dividend	100,000,000	50,000,000
(ii) Dividend Distribution Tax	19,994,000	8,111,250
(iii) Provision for Product Warranty (Refer Note C-13)	326,671	722,606

<b>TOTAL</b>	<b>121,268,235</b>	<b>59,822,449</b>
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**Kirloskar Corrocoat Private Limited**  
**Note 8 : Tangible and Intangible Assets**

Note 8 : Tangible and Intangible Assets											Rupees
Particulars	Tangible Assets							Intangible Assets	Computer Softwares		
	Land Free Hold	Buildings	Plant & Machinery	Furniture & Fittings	Office equipments	Vehicles	Railway Siding			Total	
<b>Gross Block</b>											
At 01.04.2013	12,030,000	46,925,771	52,617,837	1,773,855	400,059	-	135,440	113,882,962		1,114,069	
Additions	-	-	4,784,666	-	6,912	1,601,967	-	6,393,545		8,000	
Acquired through business combinations	-	-	-	-	-	-	-	-		-	
Other adjustments	-	-	-	-	-	-	-	-		-	
- exchange difference	-	-	-	-	-	-	-	-		-	
- borrowing costs	-	-	-	-	-	-	-	-		-	
Disposals	-	-	547,483	-	14,225	-	17,363	579,071		-	
Disposals through demerger	-	-	-	-	-	-	-	-		-	
Revaluation / Impairments	-	-	-	-	-	-	-	-		-	
<b>As at 31.03.2014</b>	12,030,000	46,925,771	56,855,020	1,773,855	392,746	1,601,967	118,077	119,697,436		1,122,069	
Additions	-	-	10,560,172	1,239,288	140,562	-	89,720	12,029,741		-	
Acquired through business combinations	-	-	-	-	-	-	-	-		-	
Other adjustments	-	-	-	-	-	-	-	-		-	
- exchange difference	-	-	-	-	-	-	-	-		-	
- borrowing costs	-	-	-	-	-	-	-	-		-	
Disposals	-	-	-	-	-	-	-	-		-	
Disposals through demerger	-	-	-	-	-	-	-	-		-	
Revaluation / Impairments	-	-	-	-	-	-	-	-		-	
<b>As at 31.03.2015</b>	12,030,000	46,925,771	67,415,192	3,013,142	533,308	1,601,967	207,797	131,727,177		1,122,069	
<b>Depreciation/ Amortisation</b>											
At 01.04.2014	-	7,985,055	22,837,939	642,695	143,650	-	73,777	31,683,116		1,104,449	
Charge for the year	-	1,539,933	5,471,983	101,757	15,393	3,183	13,941	7,146,190		9,868	
Acquired through business combinations	-	-	-	-	-	-	-	-		-	
Depreciation on disposal	-	-	299,528	-	10,316	-	13,794	323,638		-	
At 31.03.2014	-	9,524,988	28,010,393	744,452	148,727	3,183	73,924	38,505,668		1,114,317	
Charge for the year	-	1,522,925	11,991,103	262,028	213,007	200,246	8,092	14,197,401		2,664	
Acquired through business combinations	-	-	-	-	-	-	-	-		-	
Transferred to retained earnings - Refer Note C-16	-	-	1,012,931	-	157,038	-	-	1,169,968		-	
Depreciation on disposal	-	-	-	-	-	-	-	-		-	
<b>As at 31.03.2015</b>	-	11,047,913	40,001,496	1,006,480	361,735	203,429	82,015	52,703,069		1,116,981	
<b>Net Block</b>											
At 31.03.2014	12,030,000	37,400,782	28,844,627	1,029,403	244,019	1,598,784	44,154	81,191,768		7,752	
<b>As at 31.03.2015</b>	12,030,000	35,877,858	27,413,696	2,006,662	171,573	1,398,538	125,782	79,024,109		5,088	

**Notes to Accounts - Part A**

**Rupees**

Particulars	Figures as at the end of current reporting Period ending on March 31, 2015	Figures as at the end of previous reporting Period ending on March 31, 2014
<b>Note : A-9</b>		
<b>Long Term Loans and Advances</b>		
(a) <b>Capital Advance</b>		
Unsecured, considered good	2,756,313	-
(b) <b>Security Deposits</b>		
Unsecured, considered good	5,192,359	5,813,303
(c) <b>Other Loans and advances</b>		
Unsecured, considered good		
(i) Advance Income tax net of provision	12,117,489	5,595,354
<b>TOTAL</b>	<b>20,066,161</b>	<b>11,408,657</b>
<b>Note : A-10</b>		
<b>Other Non Current Assets</b>		
(a) <b>Long Term Trade Receivables</b>		
Unsecured, considered good	15,471,963	2,778,239
Considered Doubtful	11,548,918	10,336,052
Less Provision for doubtful debts	11,548,918	10,336,052
<b>subtotal</b>	<b>15,471,963</b>	<b>2,778,239</b>
(b) <b>Others</b>		
Unsecured, considered good		
(i) Fixed deposits having maturity of more than 12 months	-	6,384,717
<b>TOTAL</b>	<b>15,471,963</b>	<b>9,162,956</b>
<b>Note : A -11</b>		
<b>Inventories</b>		
(a) Raw Materials	16,837,043	15,600,053
(b) Finished goods (Refer Note C-7)	4,487,424	6,445,539
(c) Stores and spares	925,060	437,571
(d) Packing Materials	710,992	447,073
For basis of valuation Refer Note B-3		
<b>TOTAL</b>	<b>22,960,519</b>	<b>22,930,236</b>
<b>Note : A-12</b>		
<b>Trade receivables</b>		
(i) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	22,760,938	29,148,373
	<b>22,760,938</b>	<b>29,148,373</b>
(ii) Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	97,040,638	67,952,893
	<b>97,040,638</b>	<b>67,952,893</b>
<b>TOTAL</b>	<b>119,801,576</b>	<b>97,101,266</b>



## Notes to Accounts - Part A

Rupees

Particulars	Figures as at the end of current reporting Period ending on March 31, 2015	Figures as at the end of previous reporting Period ending on March 31, 2014
<b>Note : A-13</b>		
<b>Cash &amp; Bank Balances</b>		
<b>(a) Cash &amp; Cash Equivalents</b>		
(i) Cash on hand	89,036	133,700
(ii) Balances with banks	25,522,634	16,404,618
<b>TOTAL</b>	<b>25,611,670</b>	<b>16,538,318</b>
<b>Note : A-14</b>		
<b>Short term loans and advances</b>		
<b>(a) Others</b>		
Unsecured, considered good		
(i) Advances to Employees / Vendors	897,777	1,132,053
(ii) Prepaid Expenses	153,798	110,857
(iii) Loans & Advance to Related Party (Refer C-11)	-	15,000,000
(iv) Security Deposits	4,885,872	-
(vi) Advance Income tax net of provision	8,580,174	15,548,191
<b>TOTAL</b>	<b>14,517,621</b>	<b>31,791,101</b>
<b>Note : A-15</b>		
<b>Other current assets</b>		
Unsecured considered good		
(i) Interest Accrued on Deposits	531,950	379,061
(ii) Claims Receivables		
a) Excise & Service Tax	11,404,803	6,508,016
b) Sales Tax	2,723,557	1,886,049
(iii) Gratuity	-	157,609
<b>TOTAL</b>	<b>14,660,310</b>	<b>8,930,735</b>
<b>Note : A-16</b>		
<b>Revenue from operations - (Refer Note C - 7 )</b>		
Sale of products	553,898,193	220,480,232
<b>Less Excise duty</b>	<b>52,505,089</b>	<b>19,563,406</b>
	<b>501,393,104</b>	<b>200,916,826</b>
Sale of services	210,211,018	163,479,832
Other operating revenues	1,354,433	1,308,150
<b>TOTAL</b>	<b>712,958,555</b>	<b>365,704,808</b>

**Notes to Accounts - Part A**

**Rupees**

Particulars	Figures as at the end of current reporting Period ending on March 31, 2015	Figures as at the end of previous reporting Period ending on March 31, 2014
<b>Note : A-17</b>		
<b>Other Income</b>		
<b>(a) Interest Income</b>		
(i) on fixed deposits	1,740,007	586,732
(ii) from others	95,972	365,026
<b>(b) Other non-operating income</b>		
(i) Unclaimed Credit Balance written back	121,330	1,010,446
(ii) Misc. Income	408,535	27,346
(iii) Foreign Exchange Gain (Net)	256,169	-
<b>TOTAL</b>	<b>2,622,013</b>	<b>1,989,550</b>
<b>Note : A-18</b>		
<b>Material Consumed</b>		
Raw Material Consumed (Refer Note C-8 & C-9)	224,299,896	91,124,657
Stores and Spares Consumed	49,932,868	28,435,308
<b>subtotal</b>	<b>274,232,764</b>	<b>119,559,965</b>
Processing Charges (Application Charges)	140,399,600	73,137,227
	<b>414,632,364</b>	<b>192,697,192</b>
<b>Note : A-19</b>		
<b>Changes in inventories of finished goods &amp; work-in-progress</b> (Refer Note C-7)		
<b>Opening Stock</b>		
Work-In- Progress	-	-
Finished Goods	6,445,539	2,382,706
	<b>6,445,539</b>	<b>2,382,706</b>
<b>Closing Stock</b>		
Work-In- Progress	-	-
Finished Goods	4,487,424	6,445,539
	<b>4,487,424</b>	<b>6,445,539</b>
<b>TOTAL</b>	<b>1,958,115</b>	<b>-4,062,833</b>
<b>Note : A-20</b>		
<b>Employee benefits expense</b>		
Salaries, wages and bonus	40,978,086	29,167,273
Contribution to provident fund and E.S.I.	1,503,838	1,657,721
Gratuity	417,410	235,422
Welfare expenses	779,929	366,068
Super Annuation	469,149	386,292
<b>TOTAL</b>	<b>44,148,412</b>	<b>31,812,776</b>
<b>Note : A-21</b>		
<b>Finance Cost</b>		
Interest expense	662,462	1,063,779
Other borrowing costs	1,678,842	791,714
<b>TOTAL</b>	<b>2,341,304</b>	<b>1,855,493</b>

## Notes to Accounts - Part A

Rupees

Particulars	Figures as at the end of current reporting Period ending on March 31, 2015	Figures as at the end of previous reporting Period ending on March 31, 2014
<b>Note : A-22</b>		
<b>Other expenses</b>		
Power & fuel	3,157,728	2,469,912
Repairs and maintenance		
Plant and machinery	11,053,862	5,225,504
Buildings	878,631	77,981
Others	1,283,207	641,838
Rent	1,964,517	871,645
Rates and taxes	3,218,590	3,867,428
Travel and conveyance	12,279,044	11,506,312
Postage and telephone	1,160,026	821,099
Bank Charges	718,146	360,527
Insurance	1,992,885	1,639,880
Directors sitting fees	90,000	92,500
Provision for Product Warranty (Expenses)	531,748	39,093
Outside Jobwork	14,883,497	14,323,124
Freight and forwarding charges	7,072,265	3,512,067
Brokerage and commission	714,958	542,405
Advertisements and publicity	7,295,148	94,501
Prov. for Doubtful Debts/Adv.	1,212,867	3,156,196
Loss on sale/disposal of fixed assets	-	246,636
Bad debts written off	1,799,096	968,041
Foreign Exchange loss - net	-	436,843
Remuneration to Auditors (Refer Note C-2)	309,471	277,197
Watch & Ward Expenses	959,199	843,300
Legal Exp and Consulting Fees	1,690,459	631,467
Stationery and Printing Exp	895,000	685,147
Training Course External Program Fees	1,272,163	158,086
Other miscellaneous expenses	153,114	2,556,370
<b>TOTAL</b>	<b>76,585,621</b>	<b>56,045,099</b>

## **Part B: Notes forming part of accounts**

### **Significant Accounting Policies**

#### **1. Basis of preparation of financial statements**

- a) The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India, including the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- b) The financial statements have been prepared under the historical cost convention on an accrual basis.
- c) The accounting policies applied by the Company are consistent with those used in the previous year.

#### **2. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumption 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 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 amount of assets or liabilities in future periods.

#### **3. Inventories**

- a) Inventories are valued at the lower of cost and net realizable value.
- b) The cost is calculated on weighted average method.
- c) Cost comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### **4. Cash and cash equivalents:**

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

#### **5. Depreciation**

Depreciation on fixed assets has been provided in a manner that amortizes the cost of the assets over their estimated useful lives on straight line method as per the useful life prescribed under Schedule-II to the Companies Act, 2013.

#### **6. Revenue Recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- a) Sale of products and services are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and when services are rendered.
- b) Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of raising any claim, revenue recognition is postponed to the extent of uncertainty involved. In such cases revenue is recognized only when it is reasonably certain that the ultimate collection will be made.
- c) Interest: Accrues on the time basis determined by the amount outstanding and the rate applicable.

#### **7. Tangible Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment (if any). The cost of a fixed asset comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs attributable to construction or acquisition of qualifying fixed assets for the period up to the completion of construction or acquisition of such fixed assets are also included in the gross book value of the asset to which they relate.

## 8. Foreign Currency Transactions

- a) Initial Recognition: A foreign currency transaction is recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- b) Conversion: At the year end, monetary items denominated in foreign currencies are converted into rupee equivalents at the year-end exchange rates.
- c) Exchange Differences: All exchange differences arising on settlement/conversion on foreign currency transactions are included in the Profit and Loss Account.

## 9. Employee Benefits

Short term compensated absence benefits (both vesting and non-vesting) are accounted for on the basis of the actual valuation of the leave entitlement as on the balance sheet date.

The actuarial valuations in respect of post-employment defined benefit plans and long term employee benefits as at the balance sheet date are measured using Projected Unit Credit Method.

### I. Short Term Employee Benefits:

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

### II. Post-employment Benefits:

- a. Defined Contribution Plans: The Company's Superannuation scheme and state governed Provident Fund scheme are defined contribution plans. The contributions paid or payable are charged to the Profit & Loss Account of the year when the employee renders the related service.
- b. Defined Benefit Plans: The employee's gratuity fund scheme managed by the Life Insurance Corporation of India (LIC) is the Company's Defined Benefit Plan. The present value of the obligation under such Defined Benefit plan is determined based on the 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.

Actuarial gains and losses are recognized immediately in the Profit & Loss Account.

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.

### III. Long Term Employee Benefits:

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 mentioned in II (b) above.

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

## 11. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

## **12. Earnings per share**

### **Basic earnings per share**

For the purpose of calculating basic earnings per share, the net profit or loss for the period attributable to equity shareholders after any attributable tax thereto for the period is divided by weighted number of equity shares outstanding during the period.

### **Diluted earnings per share**

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.

## **13. Taxes on Income**

- a) Tax on income for the current period is determined on the basis of taxable income after considering the various deductions available under The Income Tax Act, 1961.
- b) Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or subsequently enacted regulations.
- c) Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. At each reporting date the company reassesses the unrecognized deferred tax assets and reviews the deferred tax assets recognized.

## **14. Intangible Assets**

The company has only computer software as acquired intangible asset. It is amortized over a period of 5 years on straight line method.

## **15. Impairment Policy:**

The company assess 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.

## **16. Provisions**

A Provision is recognized when an enterprise 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Warranty provision: Provision for warranty related costs are recognized when the product is sold. Provision is based on historical experience. The estimate of such warranty related costs is revised annually.

**NOTES TO ACCOUNTS**  
**OTHER NOTES - Part C**

	2015 Rupees	2014 Rupees
<b>C-1 Contingent Liabilities and commitments (to the extent not provided for)</b>		
a) Contingent Liabilities	-	-
b) Estimated amount of contracts remaining to be executed on capital Account (Net of Advance paid)	10,218,352	-
<b>C-2 Remuneration to Auditors</b>		
Statutory Auditors :		
a) Audit Fees	160,000	160,000
b) Tax Audit Fees	30,000	30,000
c) VAT Audit Fees	75,000	40,000
d) Certification Fees	40,003	45,201
e) Reimbursement of Expenses	4,469	1,996
	309,471	277,197
<b>C-3 Expenditure in foreign currencies</b>		
i) Professional Fees	100,000	100,000
ii) Other Matters	2,245,070	1,395,082
iii) Dividend paid to Corrocoat Ltd., UK On 17,50,000 shares held by Corrocoat Limited, UK for FY 14-15 (13-14)	35,000,000	17,500,000
<b>C-3 Earnings in foreign currencies</b>		
i) FOB value of Goods exported	284,628	-
ii) Services Rendered / Others	136,085	-
<b>C-4 C.I.F. Value of Imports</b>		
i) Raw Materials Spares & components	86,955,463	29,844,945
ii) Capital Goods	-	1,263,511
<b>C-5 Earning per Share ( Basic and diluted )</b>		
<b>I - Basic</b>		
a) Profit for the year before tax	162,884,655	82,190,573
Less : Attributable Tax thereto	54,925,819	26,867,187
Profit after Tax	107,958,836	55,323,386
b) Weighted average number of equity shares used as denominator	5,000,000	5,000,000
c) Basic earning per share of nominal value of Rs 10/- each	21.59	11.06



**NOTES TO ACCOUNTS**  
**OTHER NOTES - Part C**

**C-6 Employee Benefits :**

**i Defined Contribution Plans:**

Amount of Rs.1,972,987/- (Rs. 20,44,013/-); is recognised as an expense and included in "Employee Benefits Expenses" (Note A- 20) in the Profit and Loss Statement.

**ii Defined Benefit Plans:**

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

**Amount - Rupees**

Particulars	As at 31-03-2015	As at 31-03-2014
	Gratuity Plan	Gratuity Plan
	(Funded)	(Funded)
A. Amount to be recognised in Balance Sheet Present Value of Defined Benefit Obligation	<b>5,691,992</b>	5,336,398
Less: Fair Value of Plan Assets	<b>5,432,191</b>	5,494,007
Amount to be recognised as liability or (asset)	<b>259,801</b>	(157,609)
B. Amounts reflected in the Balance Sheet		
Liabilities		
Assets	<b>259,801</b>	(157,609)
Net Liability/(Assets)	<b>259,801</b>	(157,609)

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

**Amount - Rupees**

Particulars	As at 31-03-2015	As at 31-03-2014
	Gratuity Plan	Gratuity Plan
	(Funded)	(Funded)
1 Current Service Cost	<b>547,500</b>	437,592
2 Interest Cost	<b>458,952</b>	384,878
3 Expected Return on Plan Assets	<b>(473,137)</b>	(473,842)
4 Actuarial Losses/(Gains)	<b>(115,905)</b>	(113,206)
5 Past Service Cost	-	-
6 Effect of any curtailment or settlement	-	-
7 Actuarial Gain not recognised in books	-	-
8 Adjustment for earlier years	-	-
Total included in Note A-21 "Employee Benefit Expense"	<b>417,410</b>	235,422
Actual Return on Plan Assets	<b>9.00%</b>	9.00%

## NOTES TO ACCOUNTS

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

Particulars	Amount - Rupees	
	As at 31-03-2015	As at 31-03-2014
	Gratuity Plan (Funded)	Gratuity Plan (Funded)
1 Balance of the present value of Defined benefit Obligation as at 01-04-2014	5,336,398	5,114,844
2 Add: Current Service Cost	547,500	437,592
Add: Interest Cost	458,952	384,878
3 Add/(less): Actuarial losses / (gains)	(176,991)	(114,985)
4 Less: Benefits paid	(473,867)	(485,931)
5 Balance of the present value of Defined Benefit Obligation as at 31-03-2015	5,691,992	5,336,398

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

Particulars	Amount - Rupees	
	Gratuity Plan	Gratuity Plan
	(Funded)	(Funded)
	31.03.2015	31.03.2014
1 Opening balance of the fair value of the plan assets as at 01-04-2014 transferred from KBL	5,494,007	5,507,875
2 Add: Expected Return on plan assets	473,137	473,842
3 Add/(less) : Actuarial gains/(losses)	(61,086)	(1,779)
4 Add: Contribution by the employer	-	-
5 Less: Benefits paid	(473,867)	(485,931)
Closing balance of the plan assets as at 31-03-2015	5,432,191	5,494,007

e) The broad categories of plan assets as a percentage of total plan assets as at 31-03-2015 of Employee's Gratuity Scheme are as under.

Sr. No.	DESCRIPTION	Percentage	Percentage
		2015	2014
1	Government of India Securities	0.00%	0.00%
2	High quality Corporate Bonds	0.00%	0.00%
3	Equity shares of listed companies	0.00%	0.00%
4	Property	0.00%	0.00%
5	Special deposit scheme	0.00%	0.00%
6	Funds managed by Insurer	100.00%	100.00%
7	Others	0.00%	0.00%
	Grand Total	100%	100%

**NOTES TO ACCOUNTS**  
**OTHER NOTES - Part C**

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

Life Insurance Corporation (LIC) manages the investments of Employee Gratuity Scheme. Expected rate of return on investments is determined based on the assessment made by the LIC at the beginning of the year on the return expected on its existing portfolio.

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

- 1 Discount rate as at 31-03-2015 - 7.90%
- 2 Expected return on plan assets as at 31-03-2015 - 9.00%
- 3 Salary growth rate : For Gratuity Scheme - 10%
- 4 Attrition rate: For gratuity scheme 10 %
- 5 The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

**Amount - Rupees**

Particulars	Gratuity Plan	Gratuity Plan
	(Funded)	(Funded)
	31-03-2015	As at 31-03-2014
Defined Benefit Obligation	5,691,992	5,336,398
Plan Assets	5,432,191	5,494,007
Surplus/(Deficit)	(259,801)	157,609

**h) 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.

**C-7 Information in respect of Sales of Manufactured Products :**

Particulars	Sales Value Rupees	Closing Inventory of Finished Goods Rupees	Opening Inventory of Finished Goods Rupees
Anti-Corrosion products (inclusive of other resale articles)	501,393,104 (200,916,826)	4,487,424 (6,445,539)	6,445,539
Application services (inclusive of material)	210,211,018 (163,479,831)	-	-
<b>TOTAL</b>	<b>711,604,122</b>	<b>4,487,424</b>	<b>6,445,539</b>
	(364,396,657)	(6,445,539)	-

**NOTES TO ACCOUNTS**  
**OTHER NOTES - Part C**

**C-8 Consumption of Raw Materials, Components and Spare Parts:**

Particulars	2014-15		2013-14	
	Rupees	Percentage	Rupees	Percentage
Imported	85,160,837	37.97	32,543,878	35.71
Indigenous	139,139,059	62.03	58,580,779	64.29
<b>TOTAL</b>	<b>224,299,896</b>	<b>100.00</b>	<b>91,124,657</b>	<b>100.00</b>

**C-9 Details of Raw Materials Consumption :**

Particulars	2014-15	2013-14
	Value in Rupees	Value in Rupees
MILLED GLASS FLAKE	54,631,549	17,855,210
Reichhold's PolyLite PI 9128 resin	32,192,583	15,641,179
C POL - 731 (LOW VISCOSITY SUPERIOR VIN)	19,201,162	10,999,017
C POL 301 - ISOPHTHALIC POLYESTER RESIN	41,806,091	8,357,672
AROPOL IN 7730 LR	12,074,453	6,163,464
Other Raw Material	64,394,056	32,108,115
<b>TOTAL :</b>	<b>224,299,896</b>	<b>91,124,657</b>

**C-10** 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.

**NOTES TO ACCOUNTS**  
**OTHER NOTES - Part C**

**C-11 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	Effective Date
1	Kirloskar Brothers Limited	Holding Company	12th Nov.2009
2	Corrocoat Ltd. UK	Substantial Interest	

**(B) Related Party Transactions:**

Nature of Transaction				
	2014-2015	Major Parties	2013-2014	Major Parties
<b>1) Sale of Goods</b>	<b>1,098,479</b>		8,749,028	-
1 Kirloskar Brothers Ltd.		<b>745,081</b>		8,749,028
2 Kirloskar Brothers (Thailand) Ltd.		<b>353,398</b>		
<b>2) Services Provided</b>	<b>20,561,716</b>		28,945,512	-
1 Kirloskar Brothers Ltd.		<b>20,327,015</b>		28,895,803
2 Karad Projects & Motors Ltd.		<b>98,616</b>		49,709
3 Kirloskar Brothers (Thailand) Ltd.		<b>136,085</b>		
<b>3) Purchase of Goods</b>	<b>20,585,258</b>		9,797,966	
1 Kirloskar Brothers Ltd.				6,912
2 Corrocoat Ltd., UK		<b>20,006,181</b>		9,791,054
<b>4) Receiving of Services</b>	<b>21,347,276</b>		14,681,043	
1 Kirloskar Brothers Ltd.		<b>21,247,276</b>		14,351,057
2 Corrocoat Ltd., UK		<b>100,000</b>		100,000
3 Kirloskar Systech Ltd.		-		229,986
<b>6) Reimbursement of Expenses</b>	<b>1,060,636</b>		1,320,257	
1 Kirloskar Brothers Ltd.		<b>374,936</b>		399,856
2 Corrocoat Ltd., UK		<b>685,700</b>		920,401
<b>7) Dividend Paid</b>	<b>100,000,000</b>		50,000,000	
1 Kirloskar Brothers Ltd.		65,000,000		32,500,000
2 Corrocoat Ltd., UK		35,000,000		17,500,000
<b>8) Fixed Deposit with Related Party</b>	-		15,000,000	
1 Kirloskar Brothers Ltd.		-		15,000,000
<b>9) Interest Received</b>	<b>823,288</b>		269,863	
1 Kirloskar Brothers Ltd.		<b>823,288</b>		269,863
<b>10) Payment Received towards repayment of Loan</b>	<b>15,000,000</b>		-	
1 Kirloskar Brothers Ltd.		<b>15,000,000</b>		-
<b>11) Remuneration to paid</b>	<b>6,704,226</b>			
Mr. Jackie J. Dias (Chief Executive)		<b>5,572,566</b>		
Mr. Siddhesh S. Mandke (Company Secretary)		<b>1,131,660</b>		
<b>12) Balance Outstanding Dr (Cr)</b>				
1 Kirloskar Brothers Limited		<b>Cr. 74,83,058.48</b>		Dr 51,89,494.26
2 Corrocoat Ltd. UK		<b>Cr 15,14,502.92</b>		Cr 1,00,000.00
3 Kirloskar Brothers (Thailand) Ltd.		<b>NIL</b>		NIL
4 Karad Projects & Motors Ltd.		<b>Dr. 5,616.46</b>		NIL
5 Kirloskar Systech Ltd.		<b>NIL</b>		Cr 229,985.82

**NOTES TO ACCOUNTS**  
**OTHER NOTES - Part C**

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

Sr No	Name of the related party	Nature of relationship
1	Kirloskar Brothers (Thailand) Ltd.	Fellow Subsidiary
2	Karad Projects & Motors Ltd.	Fellow Subsidiary
3	Kirloskar Systech Ltd.	Fellow Subsidiary
4	Mr. Jackie J. Dias	Chief Executive
5	Mr. Siddhesh S. Mandke	Company Secretary

**C-12 a) Details of Derivative Instruments (for hedging)** 2015 - 2014 -  
**b) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise**

Particulars	Amount in FCY		Equivalent amount In INR
<b>Liability</b>			
Trade Payable	16,255.76 (999.93)	GBP GBP	1,514,503 (100,000)
<b>Asset</b>			
Advances to Suppliers	10,512.00	EUR	723,015

**C-13 Details of provisions and movements in each class of provisions.**

Particulars	As at 31st March, 2015 (Rs.)	As at 31st March, 2014 (Rs.)	As at 31st March, 2015 (Rs.)	As at 31st March, 2014 (Rs.)
	Leave Encashment	Leave Encashment	Warranty	Warranty
Carrying amount at the beginning of the year	3,549,243	8,589,120	1,354,861	1,408,439
Provision for current year	1,548,385	-	531,748	39,093
Amount used / paid during the year	341,334	5,039,877	-	92,671
Unused amounts reversed during the year	-	-	-	-
Carrying amount at the end of the year	4,756,294	3,549,243	1,886,608	1,354,861

**C-14 CSR Transactions :**

The company as per its policy on Corporate Social Responsibility and recommendation and approval of the CSR committee has contributed Rs. 4,43,000/- towards Education through its implementing agency Vikas Charitable Trust and Rs. 4,43,000/- towards Health Care through its implementing agency Radhabai Memorial Trust in the current financial year as CSR spend.

**C-15** 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.

**C-16** Figures of the previous year have been regrouped wherever necessary. Figures in bracket relates to the previous year.





External coating done for large diameter pipe bend to prevent corrosion under buried conditions in Refinery



Internal chemical resistant lining done for Chemical storage tank



Structural coating for a Coastal Fertilizer Plant



External surface coating done on exhaust pipes to withstand thermal cyclic shocks and prevent corrosion for a LNG regassification Terminal



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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