

KIRLOSKAR CORROCOAT PRIVATE LIMITED

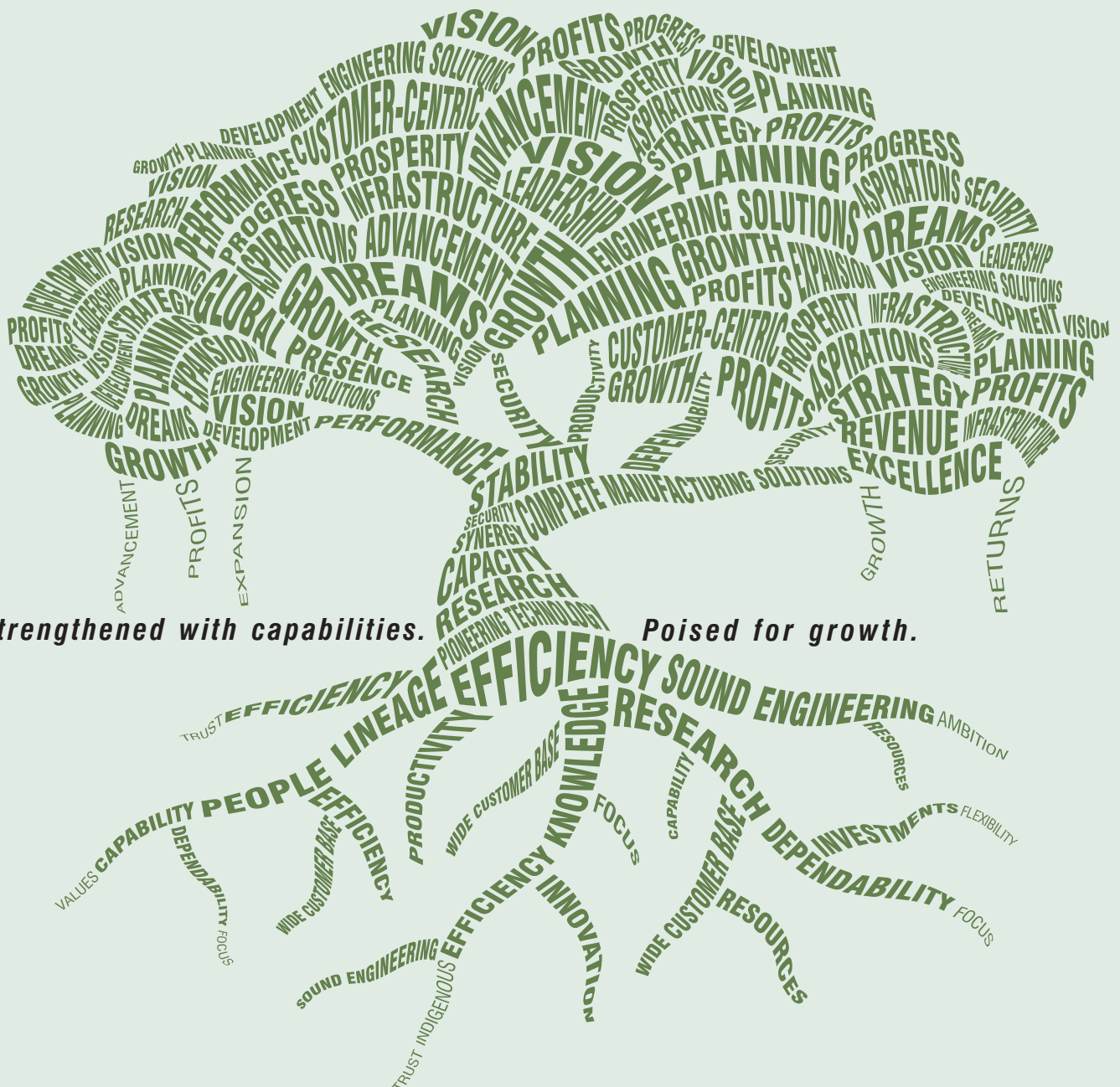
A Kirloskar Group Company

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

10th ANNUAL REPORT 2015 - 2016



Enriching Lives



Strengthened with capabilities.

Poised for growth.

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

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

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



Your company is poised for growth by:

- ▶ Harnessing coating manufacturing and project execution capability
- ▶ Leveraging proven track record of successfully completed projects
- ▶ Expanding business in Power, Refinery & Petrochemicals, Steel and Water segments
- ▶ Gaining market share in new potential applications in the Maritime and OEM industry
- ▶ Adapting to the changing competitive environment



Annual Report for the financial year ended on 31st March 2016

BOARD OF DIRECTORS

| | | |
|---------------------------|----------------|---|
| Mr. Jayant R. Sapre | (DIN 00155251) | - Chairman |
| Mr. Clive A. Harper | (DIN 06700160) | - Director |
| Mr. Ravindra P. Ulangwar | (DIN 06695939) | - Director |
| Mr. Graham Greenwood-Sole | (DIN 07317840) | - Alternate Director to Mr. C. A. Harper (from 21.10.2015 to 12.04.2016) |

COMPANY SECRETARY

Ms. Anuja Laturkar (w. e. f. 17.04.2015)

AUDITORS

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

BANKERS

ICICI Bank Limited
Bank of India
HDFC 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.

| Annual General Meeting | | Contents | Page No. |
|------------------------|---|-------------------------|----------|
| Day & Date | : Friday, 15 th April 2016 | Directors' Report | 04 |
| Time | : 11.45 a.m. | Auditors' Report | 16 |
| Venue | : Kirloskar Brothers Limited, 'Yamuna', Baner, Pune 411 045 | Balance Sheet | 20 |
| | | Profit & Loss Statement | 21 |
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NOTICE

Notice is hereby given that the 10th Annual General Meeting of the Members of Kirloskar Corrocoat Private Limited will be held at 'Yamuna', Baner, Pune 411 0045, India on Friday, 15th day of April, 2016 at 11.45 a.m. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements as at March 31, 2016, Board's Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. R.P Ulangwar (DIN 06695939), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors for a period of 5 years from conclusion of this Annual General Meeting till conclusion of 15th Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and any amendment thereto, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) to borrow, from time to time, such sum/s of money as they may deem requisite for the purpose of business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from the temporary loans obtained/ to be obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which moneys may be borrowed by the Board shall not exceed the sum of Rs. 50 Crores (Rupees Fifty Crores only) at any one time and in aggregate.

RESOLVED FURTHER THAT in supersession of the earlier resolution passed at the Extra Ordinary General Meeting of the Company held on August 17, 2015 and pursuant to the provision of Section 180(1)(a) and any other applicable provision under the Companies Act, 2013 and the rules made thereunder and any amendment thereto, consent of the Members be and is hereby accorded for the creation by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution), from time to time, of such mortgages, charges, lien, hypothecation and or other securities created by the Company on such terms and conditions as the Board may deem fit, of Company's assets, properties whether movable or immovable including the whole or substantially the whole of the Company's undertaking or undertakings, both present and future, in favour of the banks, financial institutions or such other lenders as may be agreed by the Board, for the purpose of securing the repayment of any loans, borrowings, financial assistance (whether in rupees or in foreign currency), hire purchase, working capital facilities and other credit facilities or other instruments subject to the maximum of Rs. 50 Crores (Rupees Fifty Crores only)."

By order of the Board of Directors

For **KIRLOSKAR CORROCOAT PRIVATE LIMITED**

Anuja Laturkar

Company Secretary

Place: Pune

Date: 15th April 2016

**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 all the shareholders.
3. Statement of material facts pursuant to Section 102 of the Companies Act, 2013 is annexed herewith.

Statement of material facts pursuant to the provisions of Section 102 of the Companies Act, 2013**Item No.4**

The provisions of the Section 180 (1)(c) of the Companies Act, 2013 provides that the Board of Directors of a Company shall exercise the powers to borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of its paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business only with the consent of the Company by way of a special resolution. It is, therefore, proposed to seek the approval of the shareholders to borrow (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) up to a limit of Rs. 50 Crores by way of special resolution.

Similarly, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and the rules laid there under, consent of the shareholders by way of special resolution is required to create a security by charge on whole or substantially the whole of undertaking of the Company by way of mortgages, lien, hypothecation and/or creation of other securities on its assets, properties whether movable or immovable. It is, therefore, proposed to seek the approval of the shareholders for creation of charge on properties of the Company up to a limit of Rs. 50 Crores by way of special resolution.

The Board recommends passing of the resolutions 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 resolutions.

By order of the Board of Directors

For **KIRLOSKAR CORROCOAT PRIVATE LIMITED**

Anuja Laturkar

Company Secretary

Place: Pune

Date: 15th April 2016

BOARD'S REPORT

The Members of the Company,

Your Directors present the 10th Annual Report and Audited Accounts of the Company for the year ended March 31, 2016.

FINANCIAL PERFORMANCE:

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

| Particulars | Current Year ended March 31, 2016 (Amount in Rs.) | Previous year ended March 31, 2015 (Amount in Rs.) |
|--|---|--|
| Sales | 455,682,828.00 | 712,958,555.00 |
| Other Income | 305,222.00 | 2,622,013.00 |
| Total | 455,988,050.00 | 715,580,568.00 |
| Profit Before Tax | 47,392,916.00 | 162,884,655.00 |
| Provision for Tax | 16,533,443.00 | 54,925,819.00 |
| Net Profit (Loss) After Tax For the Year | 30,859,473.00 | 107,958,836.00 |
| Surplus in Profit & Loss Account brought Forward from Previous year | 21,672,754.00 | 46,162,098.00 |
| Balance available for appropriation | 52,532,227.00 | 153,348,638.00 |

DIVIDEND AND RESERVES:

The Directors of the Company had declared interim dividend @75% on Paid up Equity Share Capital (i.e. Rs. 7.5 on every Equity Share of Rs.10 each) for the year ended on March 31, 2016. The interim dividend declared on March 22, 2016 was paid on March 23, 2016. No final dividend has been recommended by the Board.

The amount to be transferred to General Reserves is Nil for the year.

APPROPRIATIONS:

| Particulars | Current Year ended March 31, 2016 (Amount in Rs.) | Previous year ended March 31, 2015 (Amount in Rs.) |
|--|---|--|
| Interim Dividend @ 75% on 50,00,000 equity shares of Rs.10/- each (PY: Final Dividend @ 200%) | 37,500,000.00 | 100,000,000.00 |
| Tax on Dividend | 7,634,250.00 | 19,994,000.00 |
| Transferred to General Reserve | 0.00 | 10,795,884.00 |
| Closing Balance of Surplus | 7,397,977.00 | 21,672,754.00 |

STATEMENT OF AFFAIRS:

We are pleased to share that your Company has completed 10 successful years of operations since its incorporation in the year 2006. Over these ten years, the turnover has increased from Rs. 150.61 M. in the year 2006-07 to Rs. 455.68 M. in 2015-16, the highest being, Rs. 712.95 M. in FY 2014-15. The Profit Before Tax has risen from Rs. 28.06 M. to Rs. 47.39 M., highest being, Rs. 162.88 M in FY 2014-15.

Your Company has been able to educate the customers on advantages of use of Glassflake technology based coatings for long term corrosion protection of their assets. More and more customers and major consultants have started specifying these products in their requirements at project stage. The top most authorities like EIL and NTPC have specified our product brand in many Oil & Gas and Power sector projects. Strategic initiatives for Business Development got entry in new market segment of marine applications by winning the tender from Mumbai Port Trust for their jetty pipeline external corrosion protection painting. We have completed major business from Reliance Industries, for pipeline external coating of Jamnagar Refinery project.

We continue to grow business in existing applications and exploring new market segments and new coating applications.

For the year under review, the Company has achieved Sales of Rs. 455.68 M. and Profit before Tax of Rs. 47.39 M. We have manufactured 383.7 Metric tons of coating material and Company has completed coating of 486,580 m² surface area of customer equipments and 1502 no. of pumps.

The reduction in the turnover for the current financial year as compared to previous year was 36%. This was mainly on account of buyers driving the market, availability of jobs being less in the market, continued delay in projects mainly due to inordinate delay



in financial closures and sluggish Power sector scenario. Orders during the year were mainly of maintenance work, which, being less profitable and of low volumes, directly affected the top and bottom lines.

Though the Company continued to get orders from its existing customers, some of the proposed major new projects got delayed during the year due to various social, political as well as financial issues and the expected orders could not materialize.

However, Company continued to enjoy the status of preferred vendor from some of its existing customers which comprised of 90% of total business in the form of repeat orders during the current financial year. We are thankful to our customers, who have entrusted the Company once again by selecting our products on exclusive basis for their various upcoming projects of Power plant, Manufacturing units, Ports etc. Our consistent successful track record in delivery of topmost quality product combined with faultless workmanship was well appreciated by the customers and our products are being used for pipelines handling sea water, RO water as well as treated effluent.

The Company is continuously striving to venture into new sectors and its efforts are getting recognized in the form of orders from new customers. The break-up of total sales on this basis is:

| Description | Value Rs. M | % total Sale |
|------------------|----------------|----------------|
| New Customers | 45.737 | 10.00% |
| Repeat Customers | 408.894 | 90.00% |
| | 454.631 | 100.00% |

During the year, pipeline coating dominated the business with more than 65% share (Supply+Application). The break-up of sales on type of business done during the year is:

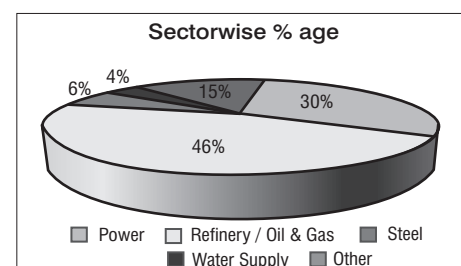
| Description | Value Rs. M | % total Sale |
|-------------------------|----------------|----------------|
| Pipes | 161.002 | 35.41% |
| Pumps | 36.451 | 8.02% |
| Silo's | 2.041 | 0.45% |
| Valves | 2.37 | 0.52% |
| Tanks | 10.184 | 2.24% |
| Stove Domes | 5.845 | 1.29% |
| Structures | 1.66 | 0.37% |
| Coating Material supply | 228.713 | 50.31% |
| Other Equipment | 6.365 | 1.40% |
| | 454.631 | 100.00% |

We continued our efforts to steer away from dependence on Project business by introducing new applications as listed below:

- Established Epoxy Glass Flake coating - ZIP E for internal corrosion protection of Chiller machines;
- Application trial of surface tolerant glass flake epoxy - PLASMET ZF has been proven successfully for external surface of spherical tanks at LPG terminal and on damp surface of tank and pipe externals at Petrochemical plant;
- Our Vinyl ester glass flake coating - POLYGLASS VEF got approved after successful application trial for buried pipeline external surface coating at Oilfield and production terminal;
- We have received 1st order for internal coating of sea water carrying pipeline header and valve from India's biggest upcoming LNG terminal;
- We have got enlisted by EIL and BPCL as approved supplier for glass flake coating for their upcoming tenders.

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 2016-17 also. The break-up of business during 2015-16 is as below.

| | Pump | | Coating | | Total | |
|---------------------|--------------|-------------|---------------|-------------|---------------|--------------|
| Description | Value Rs. M | % Sale | Value Rs. M | % Sale | Rs. M | % total Sale |
| Power | 7.86 | 22% | 127.90 | 31% | 135.75 | 30% |
| Refinery/ Oil & Gas | 1.16 | 3% | 207.73 | 50% | 208.89 | 46% |
| Steel | 1.30 | 4% | 24.91 | 6% | 26.21 | 6% |
| Water Supply | 16.61 | 45% | 0.48 | 0% | 17.09 | 4% |
| Others | 9.58 | 26% | 57.10 | 14% | 66.69 | 15% |
| | 36.51 | 100% | 418.12 | 100% | 454.63 | 100% |



For FY 16-17, the Company has entered into an exclusive dealership agreement for the Bangladesh Territory to cater to the market with our well proven products.

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 :

Four Board Meetings were held during the year on April 16, 2015, July 13, 2015, October 21, 2015 and January 29, 2016.

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

The Auditors have qualified their Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013. Appropriate internal control processes are being framed and systems being implemented in order to ensure effective closure of gaps highlighted by the Auditor.

Other than the above, there are no other qualifications, reservations or adverse remarks or disclaimer made by the Auditors in their Report.

Appointment of M/s P.G. Bhagwat, Chartered Accountants, will be coming to end at the conclusion of this Annual General Meeting. Their appointment for a period of 5 years from conclusion of this Annual General Meeting till conclusion of 15th Annual General Meeting of the Company, subject to ratification at every annual general meeting, has been recommended. The requisite certificate pursuant to Section 139 of the Companies Act, 2013 has been received.

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:

All contracts, arrangements and transactions entered with the related parties during the Financial Year 2015-16, were in the ordinary course of business and on arm's length basis. The Company has not entered into any contracts, arrangement and transactions with related parties which could be considered material.

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

The Company continued to generate approx. 12 MW GREEN POWER for its customers in 2015-16 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 :

- 80 W LED lamp, 05 Nos, replaced for 250 W HPML lamp for conservation of 170 W energy
- 100 W LED lamp, 09 Nos, replaced for 250 W HPML lamp for conservation of 150 W energy
- Installation of Small Blasting chamber to reduce specific energy consumption
- 0.5W X 18 LED bulb Light Box distribution to 70 workers of the factory for saving electrical energy
- No vehicle day celebration in ENCON week to conserve fuel of all the factory staff & worker


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:

| Sr. No. | Name of Equipment | Amount (in Rs.) |
|---------|-------------------------------|-----------------|
| 1. | Small Blasting chamber | 791,674.20 |
| 2. | Manual Floor Cleaning Machine | 19,000.00 |
| | Total | 810,674.20 |

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 | 66,148,178.00 |

(And foreign exchange outgo for the dividend of FY 2014-15 paid during the year is Rs. 35,000,000.00)

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 has been approved during the year 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. Graham Greenwood-Sole was appointed as Alternate Director to Mr. Clive Harper on October 21, 2015. On arrival of Mr. Harper in India on April 12, 2016, the Alternate Director automatically ceased to be the Director pursuant to Section 161 of the Companies Act, 2013.

Mr. S.S. Mandke ceased to be the Manager on April 14, 2015 due to the end of the tenure of his appointment as Manager. He resigned as a Company Secretary of the Company on April 16, 2015. Ms. Anuja Laturkar has been appointed as Company Secretary i.e. Key Managerial Personnel of the Company pursuant to provisions of Section 2 (51) and 203 of the Companies Act, 2013 w.e.f. April 17, 2015.

Mr. R.P. Ulangwar (DIN 06695939) 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, 2016 is attached to the Balance Sheet.

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, 2016:

| | |
|---|----|
| 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 | 0 |
| Nature of action by employer or District Collector, if any | NA |

CORPORATE SOCIAL RESPONSIBILITY:

The annual report on Corporate Social Responsibility activities pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014 is disclosed in 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,

J.R. SAPRE
CHAIRMAN
DIN 00155251

Place: Pune
Date: 15 April 2016



Annexure I

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|--|
| i) | CIN | 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/ Service | % To Total Turnover Of The Company |
|---------|--|----------------------------------|------------------------------------|
| 1 | Manufacture of Anti-corrosive Coatings | 20221 | 51% |
| 2 | Application of Anti-corrosive Coatings | 25920 | 49% |

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 |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | 0 | 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 |
| 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) 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 |
| 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 |
| 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

| 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 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)

| 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 | 100.00 | 5000000 | 100.00 |
| | 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 | 100.00 | 5000000 | 100.00 |

(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

| SI 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 (Amt in Rs.Mn) | Unsecured Loans (Amt in Rs.Mn) | Deposits | Total Indebtedness (Amt in Rs.Mn) |
|--|--|-----------------------------------|----------|--------------------------------------|
| Indebtedness at the beginning of the financial year | | | | |
| 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 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | 47.00 | 0 | 0 | 47.00 |
| • Reduction | 0 | 0 | 0 | 0 |
| Net Change | 47.00 | 0 | 0 | 47.00 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 47.00 | 0 | 0 | 47.00 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i + ii + iii) | 47.00 | 0 | 0 | 47.00 |

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 till 14.04.2015* | Total |
|-----------|---|---|---------------------|
| A. | Remuneration to Managing Director, Whole-time Directors and/or Manager: | | |
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 45,718.00 | 45,718.00 |
| | (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, specify | - | - |
| 5 | Others - Leave Encashment | 274,304.00 | 274,304.00 |
| | Total (A) | 320,022.00 | 320,022.00 |
| | Ceiling as per the Act | 2,489,868.40 | 2,489,868.40 |

* Remuneration details are for period upto 16.04.2015.



| | | | | | |
|---|-------------------|----------------------|--------------------|-----------------------------|--------------|
| 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 | G. Greenwood - Sole* | Total |
| Fee for attending board / | | | | | |
| committee meetings | 30000 | 30000 | 15000 | 15000 | 90000 |
| Commission | 0 | 0 | 0 | 0 | |
| Others, please specify | 0 | 0 | 0 | 0 | |
| Total (2) | 30000 | 30000 | 15000 | 15000 | 90000 |
| Total (B)=(1+2) | 30000 | 30000 | 15000 | 15000 | 90000 |
| Total Managerial Remuneration | Nil | | | | |
| Overall Ceiling as per the Act | 497,973.68 | | | | |

* Alternative Director to Mr. C. A. Harper

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

| Sr. No. | Particulars of Remuneration | Company Secretary | | Total |
|---------|---|--|--|---------------------|
| | | Mr. Siddhesh Mandke (till 16.04.2015) | Mrs. Anuja Laturkar (From 17.04.2015) | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 45,718.00 | 857,325.00 | 903,043.00 |
| | (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 | *274,304.00 | **10,000.00 | 284,304.00 |
| | Total | 320,022.00 | 867,325.00 | 1,187,347.00 |

* Leave Encashment ** Awards

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 | N/A | N/A | N/A | N/A | N/A |
| | Punishment | | | | | |
| | Compounding | | | | | |
| B. DIRECTORS | Penalty | | | | | |
| | Punishment | | | | | |
| | Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | Penalty | | | | | |
| | Punishment | | | | | |
| | Compounding | | | | | |

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:

The Company is committed in 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 the manufacturing location i.e. Kirloskarvadi. The focus of CSR activities primarily has been Health and Education including employment enhancing skills.

The CSR policy of the Company is displayed on the Company website www.kicopl.com.

2. The Composition of the CSR Committee:

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

3. Average net profit of the company for last three financial years: Rs.91.129 M

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs.1.823 M

5. Details of CSR amount spent during the year:

a) Total amount to be spent for the financial year 2015 -16 -

The Company spent Rs. 1,823,000 in the following manner :

50% i.e. Rs. 9,11,500 has been given for Education initiatives to the implementing agency, Vikas Charitable Trust, Kirloskarvadi and 50% i.e. Rs. 9,11,500 has been given for Health initiatives to the implementing agency, Radhabai Memorial Trust, Kirloskarvadi.

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 Direct or through implementing agency |
|--------|---|--|---|---|--|--|---|
| 1. | Overall development, career guidance for Secondary/ Higher Secondary School students, development of hygiene facilities at School | Promoting education and promotion of sanitation | Areas near Kirloskarvadi, Vasantnagar and 6 Tehsils in Sangli District | 14,80,000 | 10,70,153 | 10,70,153 | Implementing Agency: Vikas Charitable Trust |
| 2. | Ambulance service, various medical check-up camps, community health management and stress management activities | Promoting health care including preventive health care | Kirloskarvadi, Palus, Dudhondi, Vasantnagar, Kundal, Ramanandnagar, Punadi, Burli, Nagrale, Sandagewadi, Andhali, Sawantpur and areas in the periphery of Kirloskarvadi | 10,70,000 | 4,20,500 | 4,20,500 | Implementing Agency: Radhabai Memorial Trust |

Amount spent out of contributions made during the current and previous year by implementing agencies. Balance unspent will be utilised in the next financial year.

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 Committee
DIN 00155251

Pune 15 April 2016

R P Ulangwar

Member of Committee
DIN 06695939

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its 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, 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 and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (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 did not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s P. G. BHAGWAT

Chartered Accountants

Firm's Registration No.: 101118W

Abhijeet Bhagwat

Partner

Membership No. 136835

Pune

15th April, 2016

Annexure A

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.
- (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 (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, 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, 2016, 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 on account of any dispute.
- (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 Financial Statements as required by the applicable 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 with directors 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

15th April, 2016

**Annexure B****To the Independent Auditors' Report of even date on the financial statements of Kirloskar Corrocoat Private Limited: Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Kirloskar Corrocoat Private Limited ("the Company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at 31st March, 2016:

- a) The Company did not have an appropriate internal control system for period end closing activities relating to cut off procedures for invoicing, review and scrutiny of general ledgers for errors and book closure checklists, which could potentially lead to misstatements in the financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March, 2016 financial statements of the Company and these material weaknesses do not affect our opinion on the financial statements of the Company.

For M/s P. G. BHAGWAT

Chartered Accountants

Firm's Registration No.: 101118W

Abhijeet Bhagwat

Partner

Membership No. 136835

Pune 15th April, 2016

Balance Sheet as at 31st March, 2016

Rupees

| Particulars | Note No. | As at 31st March 2016 | As at 31st March 2015 |
|--|----------|--------------------------|--------------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | A-1 | 50,000,000 | 50,000,000 |
| (b) Reserves and surplus | A-2 | 39,950,539 | 54,225,316 |
| (c) Money received against share warrants | | | |
| | | <u>89,950,539</u> | <u>104,225,316</u> |
| 2 Share application money pending allotment | | - | - |
| 3 Non-current liabilities | | | |
| (a) Long-term borrowings | | - | - |
| (b) Deferred tax liabilities (Net) | A-3 | - | - |
| (c) Other long term liabilities | A-4 | 792,281 | 517,281 |
| (d) Long-term provisions | A-5 | 5,177,338 | 5,628,467 |
| | | <u>5,969,619</u> | <u>6,145,748</u> |
| 4 Current liabilities | | | |
| (a) Short-term borrowings | A-6 | 47,004,712 | - |
| (b) Trade payables | | | |
| total outstanding dues of Micro Enterprises & Small Enterprises | C -10 | - | - |
| total outstanding dues of creditors other than Micro Enterprises & Small Enterprises | | 92,344,285 | 68,675,770 |
| (b) Other current liabilities | A-7 | 24,716,196 | 13,431,862 |
| (c) Short-term provisions | A-8 | 2,982,001 | 121,268,235 |
| | | <u>167,047,194</u> | <u>203,375,867</u> |
| | | <u>262,967,351</u> | <u>313,746,931</u> |
| II. ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | A-9 | 82,275,082 | 79,024,109 |
| (ii) Intangible assets | A-9 | 31,283 | 5,088 |
| (iii) Capital work-in-progress | | - | 1,353,382 |
| (iv) Intangible assets under development | | - | - |
| (b) Non-Current Investments | | - | - |
| (c) Deferred tax assets (net) | A-3 | 558,689 | 274,532 |
| (d) Long-term loans and advances | A-10 | 35,869,232 | 20,066,161 |
| (e) Other non-current assets | A-11 | 14,082,537 | 15,471,963 |
| | | <u>132,816,823</u> | <u>116,195,235</u> |
| 2 Current assets | | | |
| (a) Current investments | | - | - |
| (b) Inventories | A-12 | 26,688,852 | 22,960,519 |
| (c) Trade receivables | A-13 | 92,633,752 | 119,801,576 |
| (d) Cash and bank balances | A-14 | 1,342,440 | 25,611,670 |
| (e) Short-term loans and advances | A-15 | 1,527,892 | 14,517,621 |
| (f) Other current assets | A-16 | 7,957,592 | 14,660,310 |
| | | <u>130,150,528</u> | <u>197,551,696</u> |
| | | <u>262,967,351</u> | <u>313,746,931</u> |

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

C A Harper

Director

R P Ulangwar

Director

PUNE

Date: 15 April 2016

Anuja Laturkar

Company Secretary



Profit and Loss Statement for the year ended 31st March, 2016

Rupees

| Particulars | Note No. | 2015-16 | 2014-15 |
|--|----------|-------------|-------------|
| I. Revenue from operations | A-17 | 482,096,146 | 765,463,644 |
| Less : Excise Duty | | 26,413,318 | 52,505,089 |
| | | 455,682,828 | 712,958,555 |
| II. Other income | A-18 | 305,222 | 2,622,013 |
| III. Total Revenue (I + II) | | 455,988,050 | 715,580,568 |
| IV. Expenses: | | | |
| Cost of materials consumed | A-19 | 265,884,455 | 408,811,190 |
| Purchases of Stock-in-Trade | | - | - |
| Changes in inventories of finished goods work-in-progress and Stock-in-Trade | A-20 | 805,043 | 1,958,115 |
| Employee benefits expense | A-21 | 45,671,340 | 44,148,412 |
| Finance costs | A-22 | 4,582,590 | 2,341,304 |
| Depreciation and amortization expense | | 10,274,382 | 13,030,097 |
| Other expenses | A-23 | 81,377,324 | 82,406,795 |
| Total expenses | | 408,595,134 | 552,695,913 |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | 47,392,916 | 162,884,655 |
| VI. Exceptional items | | - | - |
| VII. Profit before extraordinary items and tax (V - VI) | | 47,392,916 | 162,884,655 |
| VIII. Extraordinary Items | | - | - |
| IX. Profit before tax (VII- VIII) | | 47,392,916 | 162,884,655 |
| X. Tax expense: | | | |
| (1) Current tax | | 16,817,600 | 57,100,000 |
| (2) Deferred tax | | (284,157) | (2,174,181) |
| | | 16,533,443 | 54,925,819 |
| XI. Profit (Loss) for the period from continuing operations (IX-X) | | 30,859,473 | 107,958,836 |
| XII. Profit/(loss) from discontinuing operations | | - | - |
| XIII. Tax expense of discontinuing operations | | - | - |
| XIV. Profit/(loss) from Discontinuing operations (after tax) (XIII-XIV) | | - | - |
| XV. Profit (Loss) for the period (XI -XII + XV) | | 30,859,473 | 107,958,836 |
| XVI. Earnings per equity share having nominal value of Rs. 10/- per share | | | |
| (1) Basic | C-5 | 6.17 | 21.59 |
| (2) Diluted | C-5 | 6.17 | 21.59 |

Notes to accounts

Part- B & C

The notes referred to above and accompanying notes form an integral form part of the Profit & Loss Statement.

As per our report of even date attached

For M/s P. G. Bhagwat

Chartered Accountants

ABHIJEET BHAGWAT
PartnerJ R Sapre
ChairmanC A Harper
DirectorR P Ulangwar
DirectorPUNE
Date: 15 April 2016Anuja Laturkar
Company Secretary

Cash flow statement for the year ended March 31, 2016

Rupees

| Particulars | Note No. | As at 31st March 2016 | As at 31st March 2015 |
|--|----------|--------------------------|--------------------------|
| A Cash flows from Operating Activities | | | |
| Net Profit before Taxes and Extraordinary Items | | 47,392,916 | 162,884,655 |
| Adjustments for :- | | | |
| 1 Depreciation / Amortization | | 10,274,382 | 13,030,097 |
| 2 (Profit)/Loss on sale of Tangible Assets | | - | - |
| 3 Provision for Doubtful Debts/Advances | | 2,314,452 | 1,212,867 |
| 4 CSR Spend | | 1,823,000 | - |
| 5 Unrealized exchange (gain)/ Loss - Others | | 33,099 | (4,176) |
| 6 Interest Received on Investment (gain)/ Loss | | (179,942) | (1,835,979) |
| 7 Interest Expenses (gain)/ Loss | | 2,714,267 | 662,462 |
| Operating Profit Before Working capital changes | | 64,372,174 | 175,949,925 |
| Adjustments for :- | | | |
| 1 (Increase)/ decrease in Trade Receivables | | 35,701,115 | (40,025,896) |
| 2 (Increase)/ decrease in Inventories | | (3,728,333) | (30,283) |
| 3 Increase/ (decrease) in Trade payables & Liabilities | | 36,451,386 | (8,827,518) |
| 4 Cash Generated from Operations | | 132,796,342 | 127,066,228 |
| 5 Income Tax (Paid) / Refunded | | (25,674,669) | (56,654,118) |
| Net Cash from Operating Activities | | 107,121,673 | 70,412,110 |
| B Cash flows from Investing Activities | | | |
| 1 Purchase of Tangible Assets | | (9,441,856) | (18,362,136) |
| 2 Sale of Tangible Assets | | - | - |
| 3 Interest Received | | 711,758 | 1,683,090 |
| 4 Loans & advance to Holding Company | | - | 15,000,000 |
| Net Cash from Investment Activities | | (8,730,098) | (1,679,046) |
| C Cash Flows from Financing Activities | | | |
| 1 Proceeds of other borrowing | | 47,004,712 | - |
| 2 Interest Paid | | (2,714,267) | (662,462) |
| 3 Dividend Paid | | (137,500,000) | (50,000,000) |
| 4 Tax on Dividend | | (27,628,250) | (8,111,250) |
| Net Cash used in Financing Activities | | (120,837,805) | (58,773,712) |
| D CSR Spend | | (1,823,000) | (886,000) |
| Net Increase in Cash and Cash Equivalents | | (24,269,230) | 9,073,352 |
| 1 Cash & Cash Equivalents at beginning of period | | 25,611,670 | 16,538,318 |
| 2 Cash & Cash Equivalents at end of period (Refer Note : A-14) | | 1,342,440 | 25,611,670 |

As per our report of even date attached

For M/s P. G. Bhagwat
Chartered Accountants

ABHIJEET BHAGWAT
Partner

J R Sapre
Chairman

C A Harper
Director

R P Ulangwar
Director

PUNE
Date: 15 April 2016

Anuja Laturkar
Company Secretary



Notes to Accounts - Part A

Rupees

| Particulars | Note No. | As at 31st March 2016 | As at 31st March 2015 |
|---|--------------|--------------------------|--------------------------|
| Note : A-1 | | | |
| Share Capital | | | |
| Authorised | | | |
| 6,000,000 (6,000,000) equity shares of Rs.10/- each (Rs.10/-) each | | 60,000,000.00 | 60,000,000.00 |
| Issued, Subscribed & fully Paid up | | | |
| 5,000,000 (5,000,000) equity shares of Rs.10/- each (Rs.10/-) each | | 50,000,000.00 | 50,000,000.00 |
| | Total | 50,000,000.00 | 50,000,000.00 |

a) Reconciliation of share capital:

Rupees

| Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|--|-----------------------|---------------|-----------------------|---------------|
| | 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, 2016 the board of directors have recommended Final Dividend of Rs.0/- (Rs.20/-) per share.

The board of directors have declared Interim Dividend of Rs.7.5/- per share on the 22nd of March 2016, (Rs.0/-).

c) Details of shareholders holding more than 5% shares:

| Name of the shareholder | As at 31st March 2016 | | As at 31st March 2015 | |
|--|-----------------------|--------------|-----------------------|--------------|
| | 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 | Note No. | As at 31st March 2016 | As at 31st March 2015 |
|---|----------|--------------------------|--------------------------|
| Note : A-2 | | | |
| Reserves & Surplus | | | |
| (a) General Reserve | | | |
| Opening Balance | | 32,552,562 | 21,756,678 |
| Add Current Year Transfer | | - | 10,795,884 |
| Closing Balance | | 32,552,562 | 32,552,562 |
| (b) Surplus | | | |
| Opening Balance | | 21,672,754 | 46,162,098 |
| Less Effect of change in Useful Life of Asset (Refer Note C-15) | | - | 772,296 |
| Add Net Profit for the current year | | 30,859,473 | 107,958,836 |
| Balance available for appropriation | | 52,532,227 | 153,348,638 |
| Less Appropriations : | | | |
| CSR Spend - Refer Note C-14 | | - | 886,000 |
| Proposed Dividend | | - | 100,000,000 |
| Interim Dividend | | 37,500,000 | - |
| Tax on Dividend | | 7,634,250 | 19,994,000 |
| Transfer to Reserves | | - | 10,795,884 |
| Sub total | | 45,134,250 | 131,675,884 |
| Closing Balance | | 7,397,977 | 21,672,754 |
| TOTAL | | 39,950,539 | 54,225,316 |

Note : A- 3

Deferred Tax Liabilities / (Asset) - Net

(a) Deferred Tax Liabilities

| | | |
|---|-----------|-----------|
| i) On depreciation / amortization of fixed assets | 5,435,905 | 4,852,530 |
| ii) Other timing differences | - | - |
| | 5,435,905 | 4,852,530 |

(b) Deferred Tax Assets

| | | |
|--|-----------|-----------|
| i) Provision for doubtful debts / advances | 4,583,230 | 3,925,477 |
| ii) Provision for employee benefits | 1,411,364 | 1,201,585 |
| | 5,994,594 | 5,127,062 |
| TOTAL | (558,689) | (274,532) |

Note : A-4

Other Long Term Liabilities

(a) Others

| | | |
|--|---------|---------|
| (i) Trade/ Security deposits received from customers | 792,281 | 517,281 |
| TOTAL | 792,281 | 517,281 |

Note : A-5

Long Term Provisions

(a) Provision for employee benefits

| | | |
|--|-----------|-----------|
| (i) Leave Encashment (unfunded) (Refer Note C-13) | 3,230,884 | 3,808,730 |
| (ii) Gratuity (Refer Note C-6) | 883,884 | 259,801 |

(b) Others

| | | |
|---|-----------|-----------|
| (i) Provision for Product Warranty (Refer Note C-13) | 1,062,570 | 1,559,936 |
| TOTAL | 5,177,338 | 5,628,467 |



Notes to Accounts - Part A

Rupees

| Particulars | Note No. | As at 31st March 2016 | As at 31st March 2015 |
|---|----------|--------------------------|--------------------------|
| Note : A-6 | | | |
| Short Term Borrowings | | | |
| Secured | | | |
| (a) Loans repayable on demand from banks | | | |
| (i) Cash Credit facilities | | 47,004,712 | - |
| [Secured by Hypothecation of stock, book debts, receivables, plant & machinery and movable fixed assets and Equitable mortgage on Factory Land & Building of the Company, cash credit facilities carries floating rate of interest] | | | |
| TOTAL | | 47,004,712 | - |
| Note : A-7 | | | |
| Other Current Liabilities | | | |
| (a) Other payables | | | |
| (i) Advances from customers | | 8,214,937 | 6,592,694 |
| (ii) Salary & Reimbursements | | 5,413,896 | 3,014,173 |
| (iii) Contribution to PF & Superannuation | | 582,197 | 469,149 |
| (iv) Statutory Dues | | 2,313,784 | 2,208,730 |
| (v) Provision for expenses | | 8,191,382 | 1,147,116 |
| TOTAL | | 24,716,196 | 13,431,862 |
| Note : A-8 | | | |
| Short Term Provisions | | | |
| (a) Provision for employee benefits | | | |
| (i) Leave Encashment (unfunded) (Refer Note C-13) | | 2,259,395 | 947,564 |
| (b) Others | | | |
| (i) Proposed Dividend | | - | 100,000,000 |
| (ii) Dividend Distribution Tax | | - | 19,994,000 |
| (iii) Provision for Product Warranty (Refer Note C-13) | | 722,606 | 326,671 |
| TOTAL | | 2,982,001 | 121,268,235 |

Kirloskar Corrocoat Private Limited
Note: A - 9 Tangible and Intangible Assets

| Particulars | Tangible Assets | | | | | | | Intangible Assets | |
|--|-------------------|-------------------|-------------------|----------------------|-------------------|------------------|----------------|--------------------|--------------------|
| | Land Free Hold | Buildings | Plant & Machinery | Furniture & Fittings | Office equipments | Vehicles | Railway Siding | Total | Computer Softwares |
| | | | | | | | | | |
| Gross Block | | | | | | | | | |
| At 01.04.2014 | 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 | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| As at 31.03.2015 | 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 |
| Additions | - | - | 12,000,062 | - | - | 1,518,988 | - | 13,519,050 | 32,500 |
| Disposals | - | - | - | - | - | - | - | - | - |
| As at 31.03.2016 | 12,030,000 | 46,925,771 | 79,415,255 | 3,013,142 | 533,308 | 3,120,955 | 207,797 | 145,246,228 | 1,154,569 |
| Depreciation/ Amortisation | | | | | | | | | |
| At 01.04.2015 | - | 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 |
| Transferred to retained earnings - Refer Note C-16 | | | 1,012,931 | | 157,038 | | | | |
| Depreciation on disposal | - | - | - | - | - | - | - | - | - |
| At 31.03.2015 | - | 11,047,913 | 40,001,496 | 1,006,480 | 361,735 | 203,429 | 82,015 | 52,703,069 | 1,116,981 |
| Charge for the year | - | 1,522,925 | 7,943,983 | 371,329 | 65,919 | 353,286 | 10,635 | 10,268,077 | 6,304 |
| Depreciation on disposal | - | - | - | - | - | - | - | - | - |
| As at 31.03.2016 | - | 12,570,838 | 47,945,480 | 1,377,809 | 427,654 | 556,715 | 92,650 | 62,971,146 | 1,123,286 |
| Net Block | | | | | | | | | |
| At 31.03.2015 | 12,030,000 | 35,877,858 | 27,413,696 | 2,006,662 | 171,573 | 1,398,538 | 125,782 | 79,024,109 | 5,088 |
| As at 31.03.2016 | 12,030,000 | 34,354,933 | 31,469,775 | 1,635,333 | 105,654 | 2,564,240 | 115,147 | 82,275,082 | 31,283 |


Notes to Accounts - Part A
Rupees

| Particulars | Note No. | As at 31st March 2016 | As at 31st March 2015 |
|--|----------|--------------------------|--------------------------|
| Note : A-10 | | | |
| Long Term Loans and Advances | | | |
| Unsecured, considered good | | | |
| (a) Capital Advance | | - | 2,756,313 |
| (b) Security Deposits | | 6,314,500 | 5,192,359 |
| (c) Other Loans and advances | | | |
| Advance Income tax net of provision | | 29,554,732 | 12,117,489 |
| TOTAL | | 35,869,232 | 20,066,161 |
| Note : A-11 | | | |
| Other Non Current Assets | | | |
| (a) Long Term Trade Receivables | | | |
| Unsecured, considered good | | 14,082,537 | 15,471,963 |
| Considered Doubtful | | 13,863,370 | 11,548,918 |
| Less Provision for doubtful debts | | 13,863,370 | 11,548,918 |
| Subtotal | | 14,082,537 | 15,471,963 |
| TOTAL | | 14,082,537 | 15,471,963 |
| Note : A -12 | | | |
| Inventories | | | |
| (a) Raw Materials * | | 20,375,824 | 16,837,043 |
| * Include goods in transit - Rs. 246,621/- (PY Rs. 960,430/-) | | | |
| (b) Finished goods (Refer Note C-7) | | 3,682,381 | 4,487,424 |
| (c) Stores and spares | | 2,023,166 | 925,060 |
| (d) Packing Materials | | 607,481 | 710,992 |
| For basis of valuation Refer Note B-3 | | | |
| TOTAL | | 26,688,852 | 22,960,519 |
| Note : A-13 | | | |
| Trade receivables | | | |
| (i) Trade receivables outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good | | 32,343,956 | 22,760,938 |
| | | 32,343,956 | 22,760,938 |
| (ii) Trade receivables outstanding for a period less than six months from the date they are due for payment Unsecured, considered good | | 60,289,796 | 97,040,638 |
| | | 60,289,796 | 97,040,638 |
| TOTAL | | 92,633,752 | 119,801,576 |

Notes to Accounts - Part A

Rupees

| Particulars | Note No. | As at 31st March 2016 | As at 31st March 2015 |
|--|----------|--------------------------|--------------------------|
| Note : A-14 | | | |
| Cash & Bank Balances | | | |
| (a) Cash & Cash Equivalents | | | |
| (i) Cash on hand | | 37,314 | 89,036 |
| (ii) Balances with banks | | 1,305,126 | 25,522,634 |
| TOTAL | | 1,342,440 | 25,611,670 |
| Note : A-15 | | | |
| Short term loans and advances | | | |
| (a) Others | | | |
| Unsecured, considered good | | | |
| (i) Advances to Suppliers and others | | 1,213,668 | 897,777 |
| (ii) Prepaid Expenses | | 262,077 | 153,798 |
| (iii) Security Deposits | | 52,147 | 4,885,872 |
| (iv) Advance Income tax net of provision | | - | 8,580,174 |
| TOTAL | | 1,527,892 | 14,517,621 |
| Note : A-16 | | | |
| Other current assets | | | |
| Unsecured considered good | | | |
| (i) Interest Accrued on Deposits | | 134 | 531,950 |
| (ii) Claims Receivables | | | |
| a) Excise & Service Tax | | 5,464,833 | 11,411,820 |
| b) Sales Tax | | 2,492,625 | 2,716,540 |
| TOTAL | | 7,957,592 | 14,660,310 |


Notes to Accounts - Part A
Rupees

| Particulars | Note No. | 2015-16 | 2014-15 |
|---|----------|--------------------|--------------------|
| Note : A-17 | | | |
| Revenue from operations | | | |
| Sale of products - (Refer Note C - 7) | | 257,296,245 | 553,898,193 |
| Less Excise duty | | 26,413,318 | 52,505,089 |
| | | 230,882,927 | 501,393,104 |
| Sale of services - (Refer Note C - 7) | | 224,112,154 | 210,211,018 |
| Other operating revenues | | 687,747 | 1,354,433 |
| TOTAL | | 455,682,828 | 712,958,555 |
| Note : A-18 | | | |
| Other Income | | | |
| (a) Interest Income | | | |
| (i) on fixed deposits | | 169,359 | 1,740,007 |
| (ii) from others | | 10,583 | 95,972 |
| (b) Other non-operating income | | | |
| (i) Unclaimed Credit Balance written back | | 6,123 | 121,330 |
| (ii) Provision no longer required written back | | 101,431 | - |
| (iii) Miscellaneous Income | | 17,726 | 408,535 |
| (iv) Foreign Exchange Gain (Net) | | - | 256,169 |
| TOTAL | | 305,222 | 2,622,013 |
| Note : A-19 | | | |
| Material Consumed | | | |
| Raw Material Consumed (Refer Note C-8 & C-9) | | 111,521,312 | 224,299,896 |
| Stores and Spares Consumed | | 33,182,361 | 49,932,868 |
| subtotal | | 144,703,673 | 274,232,764 |
| Processing Charges (Application Charges) | | 121,180,782 | 134,578,426 |
| | | 265,884,455 | 408,811,190 |
| Note : A-20 | | | |
| Changes in inventories of finished goods & work-in-progress (Refer Note C-7) | | | |
| Opening Stock | | | |
| Finished Goods | | 4,487,424 | 6,445,539 |
| | | 4,487,424 | 6,445,539 |
| Closing Stock | | | |
| Finished Goods | | 3,682,381 | 4,487,424 |
| | | 3,682,381 | 4,487,424 |
| TOTAL | | 805,043 | 1,958,115 |
| Note : A-21 | | | |
| Employee benefits expense | | | |
| Salaries, wages and bonus | | 41,907,491 | 40,978,086 |
| Contribution to provident fund and E.S.I. | | 1,701,287 | 1,503,838 |
| Gratuity | | 883,884 | 417,410 |
| Welfare expenses | | 596,481 | 779,929 |
| Super Annuation | | 582,197 | 469,149 |
| TOTAL | | 45,671,340 | 44,148,412 |

Notes to Accounts - Part A

Rupees

| Particulars | Note No. | 2015-16 | 2014-15 |
|--|----------|-------------------|-------------------|
| Note : A-22 | | | |
| Finance Cost | | | |
| Interest expense | | 2,714,267 | 662,462 |
| Other borrowing costs | | 1,868,323 | 1,678,842 |
| TOTAL | | 4,582,590 | 2,341,304 |
| Note : A-23 | | | |
| Other expenses | | | |
| Power & fuel | | 3,036,947 | 3,157,728 |
| Repairs and maintenance | | | |
| Plant and machinery | | 10,361,785 | 11,053,862 |
| Buildings | | 684,567 | 878,631 |
| Others | | 451,742 | 1,283,207 |
| Rent | | 5,209,457 | 5,324,517 |
| Rates and taxes | | 6,116,567 | 3,218,590 |
| Travel and conveyance | | 19,517,110 | 17,502,323 |
| Postage and telephone | | 1,192,462 | 1,160,026 |
| Bank Charges | | 591,442 | 718,146 |
| Insurance | | 1,866,132 | 1,992,885 |
| Directors sitting fees | | 90,000 | 90,000 |
| Provision for Product Warranty | | - | 531,748 |
| Outside Service Charges | | 6,127,974 | 7,683,497 |
| Freight and forwarding charges | | 5,742,360 | 7,072,265 |
| Brokerage and commission | | 494,003 | 714,958 |
| Advertisements and publicity | | 3,406,745 | 7,295,148 |
| Provision for Doubtful Debts & Advances | | 2,314,452 | 1,212,867 |
| Bad debts written off | | 1,083,422 | 1,799,096 |
| Foreign Exchange loss - net | | 422,703 | - |
| Remuneration to Auditors (Refer Note C-2) | | 441,273 | 309,471 |
| Security Services | | 1,203,674 | 1,557,094 |
| Professional, Consultancy & Legal Expenses | | 1,955,462 | 1,690,459 |
| Stationery and Printing | | 954,712 | 895,000 |
| Training Course Expenses | | 427,281 | 1,272,163 |
| Computer Services | | 4,631,942 | 3,889,900 |
| Corporate social responsibility expenses (Refer Note C-14) | | 1,823,000 | - |
| Other Miscellaneous Expenses | | 1,230,111 | 103,214 |
| TOTAL | | 81,377,324 | 82,406,795 |

**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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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

| | 2016 Rupees | 2015 Rupees |
|--|----------------|----------------|
| C-1 Contingent Liabilities and commitments (to the extent not provided for) | | |
| a) Contingent Liabilities | - | - |
| b) Estimated amount of contracts remaining to be executed on capital Account (Net of Advance paid) | - | 10,218,352 |
| C-2 Remuneration to Auditors | | |
| Statutory Auditors : | | |
| a) Audit Fees | 250,000 | 160,000 |
| b) Tax Audit Fees | 75,000 | 30,000 |
| c) VAT Audit Fees | 75,000 | 75,000 |
| d) Certification Fees | 38,254 | 40,003 |
| e) Reimbursement of Expenses | 3,019 | 4,469 |
| | 441,273 | 309,471 |
| C-3 Expenditure in foreign currencies | | |
| i) Professional Fees | 100,000 | 100,000 |
| ii) Other Matters | 2,188,841 | 2,245,070 |
| iii) Dividend paid to Corrocoat Ltd., UK On 17,50,000 shares held by Corrocoat Limited, UK for FY 15-16 (14-15) | 13,125,000 | 35,000,000 |
| C-3 Earnings in foreign currencies | | |
| i) FOB value of Goods exported | - | 284,628 |
| ii) Services Rendered / Others | - | 136,085 |
| C-4 C.I.F. Value of Imports | | |
| i) Raw Materials Spares & components | 49,548,099 | 86,955,463 |
| ii) Capital Goods | 1,186,238 | - |
| C-5 Earning per Share (Basic and diluted) | | |
| I - Basic | | |
| a) Profit for the year before tax | 47,392,916 | 162,884,655 |
| Less : Attributable Tax thereto | 16,533,443 | 54,925,819 |
| Profit after Tax | 30,859,473 | 107,958,836 |
| 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 | 6.17 | 21.59 |



NOTES TO ACCOUNTS

OTHER NOTES - Part C

C-6 Employee Benefits :

i Defined Contribution Plans:

Amount of Rs.22,83,484/-(Rs.19,72,987/-); is recognised as an expense and included in "Employee Benefits Expenses" (Note A- 21) 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 31-03-2016 | As at 31-03-2015 |
|---|------------------|------------------|
| | Gratuity Plan | Gratuity Plan |
| | (Funded) | (Funded) |
| A. Amount to be recognised in Balance Sheet | | |
| Present Value of Defined Benefit Obligation | 6,723,489 | 5,691,992 |
| Less: Fair Value of Plan Assets | 5,839,605 | 5,432,191 |
| Amount to be recognised as liability or (asset) | 883,884 | 259,801 |
| B. Amounts reflected in the Balance Sheet | | |
| Liabilities | 883,884 | 259,801 |
| Assets | | |
| Net Liability/(Assets) | 883,884 | 259,801 |

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

Amount - Rupees

| Particulars | As at 31-03-2016 | As at 31-03-2015 |
|--|------------------|------------------|
| | Gratuity Plan | Gratuity Plan |
| | (Funded) | (Funded) |
| 1 Current Service Cost | 590,205 | 547,500 |
| 2 Interest Cost | 443,975 | 458,952 |
| 3 Expected Return on Plan Assets | (472,778) | (473,137) |
| 4 Actuarial Losses/(Gains) | (325,165) | (115,905) |
| 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-22 "Employee Benefit Expense" | - | 417,410 |
| Actual Return on Plan Assets | 8.50% | 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 31-03-2016 | As at 31-03-2015 |
| | Gratuity Plan (Funded) | Gratuity Plan (Funded) |
| 1 Balance of the present value of Defined benefit Obligation as at 01-04-2015 | 5,691,992 | 5,336,398 |
| 2 Add: Current Service Cost | 590,205 | 547,500 |
| Add: Interest Cost | 443,975 | 458,952 |
| 3 Add/(less): Actuarial losses / (gains) | (2,683) | (176,991) |
| 4 Less: Benefits paid | - | (473,867) |
| 5 Balance of the present value of Defined Benefit Obligation as at 31-03-2016 | 6,723,489 | 5,691,992 |

- 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 (Funded) | Gratuity Plan (Funded) |
| | 31.03.2016 | 31.03.2015 |
| 1 Opening balance of the fair value of the plan assets as at 01-04-2015 transferred from KBL | 5,432,191 | 5,494,007 |
| 2 Add: Expected Return on plan assets | 472,778 | 473,137 |
| 3 Add/(less) : Actuarial gains/(losses) | (325,165) | (61,086) |
| 4 Add: Contribution by the employer | 259,801 | - |
| 5 Less: Benefits paid | - | (473,867) |
| Closing balance of the plan assets as at 31-03-2016 | 5,839,605 | 5,432,191 |

- e) The broad categories of plan assets as a percentage of total plan assets as at 31-03-2016 of Employee's Gratuity Scheme are as under.

| Sr. No. | DESCRIPTION | Percentage | Percentage |
|---------|-----------------------------------|------------|------------|
| | | 2016 | 2015 |
| 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 31-03-2016 - 7.90%
- 2 Expected return on plan assets as at 31-03-2016 - 8.50%
- 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) |
| | 31-03-2016 | As at 31-03-2015 |
| Defined Benefit Obligation | 6,723,489 | 5,691,992 |
| Plan Assets | 5,839,605 | 5,432,191 |
| Surplus/(Deficit) | (883,884) | (259,801) |

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) | 230,882,927 (501,393,104) | 3,682,381 (4,487,424) | 4,487,424 (6,445,539) |
| Application services (inclusive of material) | 224,112,154 (210,211,018) | - | - |
| TOTAL | 454,995,081 (711,604,122) | 3,682,381 (4,487,424) | 4,487,424 (6,445,539) |

NOTES TO ACCOUNTS
OTHER NOTES - Part C

C-8 Consumption of Raw Materials:

| Particulars | 2015-16 | | 2014-15 | |
|--------------|--------------------|---------------|--------------------|---------------|
| | Rupees | Percentage | Rupees | Percentage |
| Imported | 47,211,990 | 42.33 | 85,160,837 | 37.97 |
| Indigenous | 64,309,322 | 57.67 | 139,139,059 | 62.03 |
| TOTAL | 111,521,312 | 100.00 | 224,299,896 | 100.00 |

C-9 Details of Raw Materials Consumption :

| Particulars | 2015-16 | 2014-15 |
|--|--------------------|--------------------|
| | Value in Rupees | Value in Rupees |
| Milled glass flake | 21,511,799 | 54,631,549 |
| Reichhold's Polylite PI 9128 resin | 11,825,425 | 32,192,583 |
| C POL - 731 (Low Viscosity Superior VIN) | 19,340,974 | 19,201,162 |
| C POL 301 - Isophthalic Polyester Resin | 6,783,076 | 41,806,091 |
| Aropol IN 7730 LR | 3,875,184 | 12,074,453 |
| Other Raw Material | 48,184,854 | 64,394,056 |
| TOTAL | 111,521,312 | 224,299,896 |

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.

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 |
|-------|----------------------------|------------------------|
| 1 | Kirloskar Brothers Limited | Holding Company |
| 2 | Corrocoat Ltd. UK | Substantial Interest |



NOTES TO ACCOUNTS

OTHER NOTES - Part C

(B) Related party transactions:

| Nature of Transaction | | | | |
|--|-------------------|-------------------------|-------------|------------------|
| | 2015-2016 | Major Parties | 2014-2015 | Major Parties |
| 1) Sale of Goods | 142,078 | | 1,098,479 | |
| 1 Kirloskar Brothers Limited | | 142,078 | | 745,081 |
| 2 Kirloskar Brothers (Thailand) Limited | | - | | 353,398 |
| 2) Services Provided | 17,438,406 | | 20,561,716 | |
| 1 Kirloskar Brothers Limited | | 17,409,365 | | 20,327,015 |
| 2 Karad Projects & Motors Limited | | 29,041 | | 98,616 |
| 3 Kirloskar Brothers (Thailand) Limited | | - | | 136,085 |
| 3) Purchase of Goods | 17,526,151 | | 20,585,258 | |
| 1 Corrocoat Limited, UK | | 17,526,151 | | 20,006,181 |
| 4) Receiving of Services | 17,648,442 | | 21,347,276 | |
| 1 Kirloskar Brothers Limited | | 16,215,456 | | 21,247,276 |
| 2 Corrocoat Limited, UK | | 575,441 | | 100,000 |
| 3 Kirloskar Systech Limited | | 857,545 | | - |
| 5) Reimbursement of Expenses | 983,464 | | 1,060,636 | |
| 1 Kirloskar Brothers Limited | | 367,796 | | 374,936 |
| 2 Corrocoat Limited, UK | | 615,668 | | 685,700 |
| 6) Dividend Paid | 37,500,000 | | 100,000,000 | |
| 1 Kirloskar Brothers Limited | | 24,375,000 | | 65,000,000 |
| 2 Corrocoat Limited, UK | | 13,125,000 | | 35,000,000 |
| 7) Interest Received | - | | 823,288 | |
| 1 Kirloskar Brothers Limited | | - | | 823,288 |
| 8) Payment Received towards repayment of Loan | - | | 15,000,000 | |
| 1 Kirloskar Brothers Limited | | - | | 15,000,000 |
| 9) Balance Outstanding Dr (Cr) | | | | |
| 1 Kirloskar Brothers Limited | | Cr. 96,68,947.08 | | Cr. 74,83,058.48 |
| 2 Corrocoat Ltd. UK | | Cr. 7,66,879.59 | | Cr. 15,14,502.92 |
| 3 Kirloskar Brothers (Thailand) Limited | | NIL | | NIL |
| 4 Karad Projects & Motors Limited | | NIL | | Dr. 5,616.46 |
| 5 Kirloskar Systech Limited | | Cr. 1,88,100.00 | | NIL |

(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) Limited | Fellow Subsidiary |
| 2 | Karad Projects & Motors Limited | Fellow Subsidiary |
| 3 | Kirloskar Systech Limited | Fellow Subsidiary |

NOTES TO ACCOUNTS
OTHER NOTES - Part C

- C-12 a) Details of Derivative Instruments (for hedging): 2016 - 2015 -
b) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:

| Particulars | Amount in FCY | | Equivalent amount In INR |
|-----------------------|--|--|---|
| Liability | | | |
| Trade Payable | 47,715 (16,256) | GBP GBP | (4,584,867) (1,514,503) |
| Asset | | | |
| Advances to Suppliers | 1,975 (10,512) 6,072 | EUR EUR USD | 149,963 (723,015) 407,856 |

- C-13 Details of provisions and movements in each class of provisions:

| Particulars | As at 31st March, 2016 (Rs.) | As at 31st March, 2015 (Rs.) | As at 31st March, 2016 (Rs.) | As at 31st March, 2015 (Rs.) |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Leave Encashment | Leave Encashment | Warranty | Warranty |
| Carrying amount at the beginning of the year | 4,756,294 | 3,549,243 | 1,886,608 | 1,354,861 |
| Provision for current year | 1,068,299 | 1,548,385 | 225,240 | 531,748 |
| Amount used / paid during the year | 334,314 | 341,334 | - | - |
| Unused amounts reversed during the year | - | - | (326,671) | - |
| Carrying amount at the end of the year | 5,490,279 | 4,756,294 | 1,785,176 | 1,886,607 |

C-14 CSR Transactions :

The company as per its policy on Corporate Social Responsibility(CSR) and recommendation and approval of the CSR committee has contributed the gross amount required to be spent of Rs. 9,11,500/- (Rs. 4,43,000/-) towards Education through its implementing agency Vikas Charitable Trust and Rs. 9,11,500/- (Rs. 4,43,000/-) towards Health Care through its implementing agency Radhabai Memorial Trust in the current financial year as CSR spend. In the Previous Year, 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 out in the Profit and Loss account and disclosed under Other expenses.

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

Coatings for long-term corrosion protection and energy conservation in:



Power Plants



Refinery & Petrochemicals



Steel Plants



Shipping & Ports



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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