

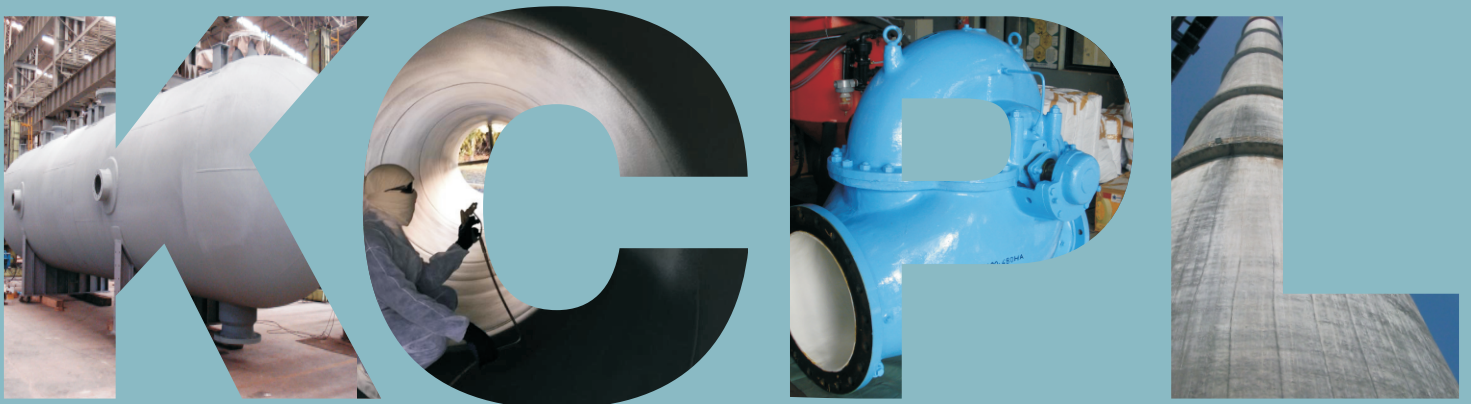


Enriching Lives

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

ANNUAL REPORT 2018-2019



KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

Annual Report for the financial year ended on 31st March 2019**BOARD OF DIRECTORS**

Mr. Alok S. Kirloskar	(DIN 05324745)	–	Chairman
Mr. Clive A. Harper	(DIN 06700160)	–	Director
Mr. Chittaranjan M. Mate	(DIN 07399559)	–	Director
Mr. Graham Greenwood-Sole	(DIN 07317840)	–	Alternate Director to Mr. C. A. Harper (from 23.10.2018 to 17.04.2019)

COMPANY SECRETARY

Ms. Anuja Laturkar

AUDITORS

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

BANKERS

ICICI Bank Limited

REGISTERED OFFICE

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

WORKS

Kirloskarvadi, Maharashtra, INDIA

13th Annual General Meeting
Day & Date : Thursday, 16 May 2019
Time : 05.00 p.m.
Venue : Kirloskar Brothers Limited,
'Yamuna', S.No. 98 (3-7),
Baner, Pune 411 045

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NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of Kirloskar Corrocoat Private Limited will be held at 05.00 p.m. on Thursday, the 16th day of May, 2019 at Kirloskar Brothers Limited, 'Yamuna', S. No. 98(3-7), Baner, Pune 411 045 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements as at March 31, 2019, Board's Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Clive Harper (DIN 06700160), who retires by rotation and being eligible, offers himself for re-appointment.

By order of the Board of Directors

For **KIRLOSKAR CORROCOAT PRIVATE LIMITED**

Anuja Laturkar
Company Secretary

Place: Pune
Date: 19 April 2019

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. Details of Director pursuant to Secretarial Standards on General Meetings (SS-2) are annexed herewith.

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

Item No. 2

Mr. Clive Anthony Harper (age 61) (DIN 06700160) is a Non-Executive Director on the Board of the Company appointed with effect from 5th August, 2013 and retires by rotation and being eligible, offers himself for re-appointment. The appointment is without any remuneration (except payment of sitting fees) and no remuneration has been drawn by him in the past.

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

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

He does not hold any shares in the Company. He has attended 2 (Two) Board Meetings during the year 2018-19. He is the Member of the Corporate Social Responsibility Committee.

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

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

BOARD'S REPORT

The Members of the Company,

Your Directors present the 13th Annual Report and Audited Accounts of the Company for the year ended March 31, 2019.

1. FINANCIAL PERFORMANCE:

The financial results of the Company for the year 2018 -19 as compared with the previous year are as under:-

(Rs. in Lakhs)

Particulars	Current Year ended 31 March 2019	Previous Year ended 31 March 2018
Revenue from Operations	2776.22	3,455.45
Other Income	34.29	16.19
Total Income	2810.51	3,471.64
Profit (Loss) Before Tax	(133.09)	226.08
Tax Expenses	(25.09)	64.21
Profit (Loss) for the period	(108.00)	161.87
Total Comprehensive Income for the period	(102.94)	166.08

2. DIVIDEND AND RESERVES:

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

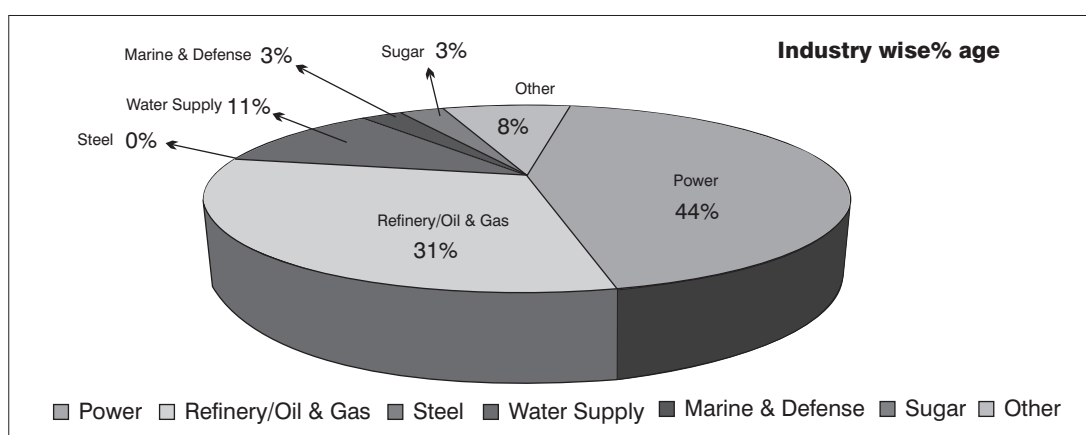
3. STATEMENT OF AFFAIRS:

The year under review was very tough as project opportunities had been reduced drastically resulting in fierce competition in the market. Some of the major proposed new projects especially in Power sector have been delayed during the year and the expected orders could not materialize as planned. Also during the year we faced fierce competition in pipeline jobs, which strained the margins. Projects contribute to almost 45% of our business revenues. The Company is taking measures to steer from the dependency on project market.

We are thankful to our existing customers for reposing their trust in us, which helped us to generate 68% of our total orders. Pipe coating contributed bulk of our revenues. The Company continued to generate approx. 2521 MW Green Power for its customers through application of energy efficient coatings.

The Company continuously strives to develop applications catering to the diverse coating market by offering value creation proposition to its customers by providing cost effective solution.

The industry wise breakup of the sales is:



STATUTORY DISCLOSURES

4. ANNUAL RETURN:

The Annual Return referred to in sub-section (3) of Section 92 of the Companies Act, 2013 has been placed on the website of the Company at www.kicopl.com and attached as Annexure I.

5. BOARD MEETINGS:

Four Board Meetings were held during the year on: April 18, 2018, July 23, 2018, October 23, 2018 and January 28, 2019.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a) 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) 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) 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) the directors had prepared the annual accounts on a going concern basis; and
- f) 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.

7. AUDITORS & AUDITORS' REPORT:

Appointment of M/s P.G. Bhagwat, Chartered Accountants as Auditors, for a period of 5 years was made in the 10th Annual General Meeting.

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

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

8. The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the Company.

9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186: Nil**10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

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

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

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

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

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**(A) Conservation of energy**

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

(i) Steps taken or impact on conservation of energy:

Following new steps taken in FY 2018-19 apart from continuing with the measures taken in previous years for conservation of energy:

Use of air Blower instead of Compressed air for ETP aeration tank which saved 11250 kWh

Replaced:

- 1000 W - 1 Halogen lamp fitting with 50 W LED fitting resulting in net saving of 1822 kWh
- 16 CFL 18 W Lamps with 9 W LED Lamp resulting in energy saving of 449 kWh

- 3 Sodium Vapor Lamp 125 W with 28 W LED Lamp resulting in energy saving of 624 kWh

Installed 2 BLDC fans 38 W instead of 80 W AC induction fan resulting into energy saving of 266 kWh

- (ii) **The steps taken by the Company for utilizing alternate sources of energy:** From last 4-5 years, solar panel system utilized for one street light.

- (iii) **The capital investment on energy conservation equipment:** NIL

(B) Technology absorption:

- The efforts made towards technology absorption: Obtained Composite Structural Rehabilitation System Technology for manufacture of new products and training for application of the same from JV partners
- the benefits derived like product improvement, cost reduction, product development or import substitution: New products development
- In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):
 - Details of technology imported : Composite Structural Rehabilitation System Technology
 - Year of import : FY 2018-19
 - Whether technology been fully absorbed : For manufacturing products, it is fully absorbed. For application, it is being absorbed
 - If not fully absorbed, areas where absorption has not taken place and reasons thereof : After successful completion of 2-3 application orders, it will fully absorbed
- The expenditure incurred on Research and Development: NIL

(A) 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	2,41,20,248.95

13. Statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company:

Risk Management Policy is in place for identification of risks, analysis thereof and monitoring the action plan for mitigating the risks. The Board reviews the risks during the Board meetings. As per the opinion of the Board, there are no elements of risks which may threaten the existence of the Company.

14. There has been no change in the nature of the business during the year under review.

15. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. Graham Greenwood-Sole (DIN 07317840), appointed as Alternate Director to Mr. Clive Harper (DIN 06700160) on November 9, 2017 automatically ceased on arrival of Mr. Harper in India on April 16, 2018. His appointment, again, as Alternate Director on October 23, 2018 automatically ceased on arrival of Mr. Clive Harper in India on April 17, 2019.

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

16. CORPORATE SOCIAL RESPONSIBILITY:

The provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder are not applicable to the Company for the year.

During the year, the Company made voluntary contribution of Rs. 1,83,000 to Kundal Gram Panchayat for their CSR initiatives towards health and education.

17. HOLDING COMPANY:

Kirloskar Brothers Limited is the holding company.

18. CASH FLOW:

A cash flow statement for the year ended March 31, 2019 is attached to the Balance Sheet.

19. DEPOSITS:

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

20. Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year : N.A.

21. Particulars of Employees: The information as prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to unlisted companies.

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

23. The Secretarial Standards issued by The Institute of Company Secretaries of India pursuant to Section 118(10) of the Companies Act, 2013, have been duly complied.

24. Details in respect of adequacy of internal financial controls with reference to financial statements:

The Company has adequate internal financial controls in place operating effectively during the year. The controls are reviewed by the Auditors of the Company every year.

25. Disclosure under the "Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013":

The Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been constituted by the Company. In terms of Section 22 of that Act read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the report for the year ended March 31, 2019:

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Alok Kirloskar

Chairman

DIN 05324745

Place:Pune

Date: 19 April 2019

KIRLOSKAR CORROCOAT PRIVATE LIMITED

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Annexure - I

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

[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-411002 Tel.: 020-24440770
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	BIGSHARE SERVICES PRIVATE LIMITED 1st Floor, Bharat Tin Works, Opp Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai-400059 Tel.: 022-62638200

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ services	% to total turnover of the company
1	Manufacture and application of Anti-Corrosive Coatings	25920	100 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

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

(I) Category-wise Share Holding

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	1750000	1750000	35.00	0	1750000	1750000	35.00	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
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
									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

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(ii) Shareholding of Promoters

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

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

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year	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	NA	NA	NA	NA

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	366.66	0	0	366.66
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i + ii + iii)	366.66	0	0	366.66
Change in Indebtedness during the financial year				
• Addition	0	0	0	0
• Reduction	36.99	0	0	36.99
Net Change	(36.99)	0	0	(36.99)
Indebtedness at the end of the financial year				
i) Principal Amount	329.67	0	0	329.67
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i + ii + iii)	329.67	0	0	329.67

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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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		
	Name of the Directors	Alok Kirloskar	Clive Harper	Chittaranjan Mate	Graham Greenwood-Sole*	Total Rs.
	Fee for attending board / committee meetings	22500	15000	30000	15000	82500
	Commission	0	0	0	0	0
	Others, please specify	0	0	0	0	0
	Total (2)	22500	15000	30000	15000	82500
	Total (B) = (1+2)	22500	15000	30000	15000	82500
	Total Managerial Remuneration					Nil
	Overall Ceiling as per the Act					NA

* Alternate Director to Mr. C.A. Harper

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

(Amount Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Mrs. Anuja Laturkar, Company Secretary
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12.125
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00
2.	Stock Option	0.00
3.	Sweat Equity	0.00
4.	Commission	0.00
	- As % of profit	
	- Others	
5.	Others	0.00
	Total	12.125

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

For Kirloskar Corrocoat Private Limited

Alok Kirloskar

Chairman

DIN 05324745

Place: Pune

Date: 19 April 2019

INDEPENDENT AUDITORS' REPORT

To the Members of **KIRLOSKAR CORROCOAT PRIVATE LIMITED**

Report on the Indian Accounting Standards (Ind AS) Financial Statements**Opinion**

We have audited the Ind AS Financial Statements of Kirloskar Corrocoat Private Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information herein after referred to as, 'the Ind AS Financial Statements'.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 March 31, 2019, its loss, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report included in the Annual Report, but does not include the Ind AS Financial Statements and our Auditor's Report thereon. Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 (including other comprehensive income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014 as amended.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements Refer Note 26 to the Ind AS Financial Statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For M/s P. G. Bhagwat

Chartered Accountants

Firm's Registration Number:101118W

Abhijeet Bhagwat

Partner

Membership Number:136835

Pune

April 19, 2019

Annexure A to the Independent Auditors' Report

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (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 Act. 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 186 of the Act.
- (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 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 (l) of section 148 of the Act, 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 generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and service 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 March 31, 2019, for a period more than six month 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, goods and service tax or cess which have not been deposited because any dispute except the following

Name of Statute	Nature of Dues	Amount (Rs lakhs)	Period to which it relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Taxes (various)	70.84	2006 - 07	Commissioner of Income Tax (CIT) Appeals
		5.12	2007 - 08	CIT Appeals
		5.31	2008 - 09	CIT Appeals
		0.20	2009 - 10	Income Tax Appellate Tribunal
		72.37	2010 - 11	CIT Appeals
		3.28	2014 - 15	Assessing Officer

- (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 Act, 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 the Act, wherever applicable and the details have been disclosed in the Ind AS Ind AS Financial Statements as required by the Indian Accounting Standards.
- (xiv) According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the current year.
- (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 Number: 101118W

Abhijeet Bhagwat

Partner

Membership Number: 136835

Pune
April 19, 2019

Annexure B to the Independent Auditors' Report

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

**Report on the Internal Financial Controls
under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Kirloskar Corrocoat Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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 Ind AS 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 Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s P.G. Bhagwat

Chartered Accountants

Firm's Registration Number: 101118W

Abhijeet Bhagwat

Partner

Membership Number: 136835

Pune

April 19, 2019

Balance Sheet as at 31 March 2019**(Amount in Rs. Lakhs)**

Particulars	Notes	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	571.40	642.41
Capital work-in-progress		-	-
Other Intangible assets	3	-	0.07
Financial Assets			
Loans	5	14.44	49.27
Trade receivables	4	0.37	5.92
Deferred tax assets (net)	7	44.28	21.13
Other non-current assets	8	166.81	248.80
Total non-current assets		797.30	967.60
Current assets			
Inventories	9	236.02	253.44
Financial Assets			
Trade receivables	4	612.76	887.98
Cash and cash equivalents	10	2.68	3.19
Loans	5	26.59	0.31
Others	6	1.14	1.07
Current Tax Assets (net)		83.93	59.90
Other current assets	8	68.78	56.41
Total current assets		1,031.90	1,262.30
TOTAL ASSETS		1,829.20	2,229.90
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	500.00	500.00
Other equity	12	333.80	497.02
Total equity		833.80	997.02
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings		-	-
Trade payables -			
- Dues of micro enterprises & small enterprises		-	-
- Others	14	14.61	15.44
Other financial liabilities		-	-
Provisions	17	68.43	50.94
Total non-current liabilities		83.04	66.38
Current liabilities			
Financial liabilities			
Borrowings	13	329.67	366.66
Trade payables	14		
- Dues of micro enterprises & small enterprises		-	-
- Others		452.45	605.21
Other financial liabilities	15	69.31	104.68
Other liabilities	16	30.75	65.01
Provisions	17	30.18	24.94
Current tax liabilities (net)			
Total current liabilities		912.36	1,166.50
Total liabilities		995.40	1,232.88
TOTAL EQUITY AND LIABILITIES		1,829.20	2,229.90

Corporate information 1
Summary of significant accounting policies 2
See accompanying notes to financial statements
The notes referred to above form an integral part of the financial statements

For M/s P.G. Bhagwat

Chartered Accountants
Firm's Registration No.: 101118W

Abhijeet Bhagwat

Partner
Membership No. 136835
Pune: 19 April, 2019

For and on behalf of the Board Directors**A S Kirloskar**

Chairman
DIN 05324745

C A Harper

Director
DIN 06700160

C M Mate

Director
DIN 07399559

A K Laturkar

Company Secretary

Pune: 19 April, 2019

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

Statement of profit and loss for the period ended 31 March 2019

(Amount in Rs. Lakhs)

Particulars	Notes	2018-19	2017-18
Revenue from Operations	18	2,776.22	3,455.45
Other Income	19	34.29	16.19
Total Income		<u>2,810.51</u>	<u>3,471.64</u>
Expenses			
Cost of materials consumed	20	767.15	785.32
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods	20	2.68	(29.79)
Employee benefits expense	21	447.56	424.41
Finance costs	22	93.45	52.82
Depreciation and amortization expense	23	76.21	86.63
Other expenses	24	1,556.55	1,926.17
Total expenses		<u>2,943.60</u>	<u>3,245.56</u>
Profit/(loss) before exceptional items and tax		(133.09)	226.08
Exceptional items		-	-
Profit / (loss) before tax		<u>(133.09)</u>	<u>226.08</u>
Tax expenses			
(1) Current tax			66.50
(2) Deferred tax	7	(25.09)	(2.29)
(3) Short provision of earlier years		-	-
Total Tax expenses		<u>(25.09)</u>	<u>64.21</u>
Profit/(loss) for the period		<u>(108.00)</u>	<u>161.87</u>
Other Comprehensive Income			
Items that will not be reclassified to profit or loss	25	(7.01)	(5.81)
Income tax relating to items that will not be reclassified to profit or loss		1.95	1.60
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)		<u>(102.94)</u>	<u>166.08</u>
Earnings per equity share			
(1) Basic	29	(2.16)	3.24
(2) Diluted	29	(2.16)	3.24
Corporate information	1		
Summary of significant accounting policies	2		
See accompanying notes to financial statements			
The notes referred to above form an integral part of the financial statements			

As per our report of even date attached

For M/s P.G. Bhagwat

Chartered Accountants
Firm's Registration No.: 101118W

Abhijeet Bhagwat

Partner
Membership No. 136835
Pune: 19 April, 2019

For and on behalf of the Board Directors

A S Kirloskar

Chairman
DIN 05324745

C A Harper

Director
DIN 06700160

C M Mate

Director
DIN 07399559

A K Laturkar
Company Secretary

Pune: 19 April, 2019

Cash flow statement for the year ended 31 March 2019**(Amount in Rs. Lakhs)**

Particulars	2018-19	2017-18
A Cashflows from Operating Activities		
Net Profit before taxation and extraordinary items	(133.10)	226.08
Adjustments for :-		
1 Depreciation / Amortization	76.22	86.63
2 Loss on sale of Fixed Assets	3.74	2.83
3 Profit on sale of Fixed Assets	(2.03)	(0.20)
4 CSR Spend	1.83	13.78
5 Provision for doubtful debts, advances and claims	31.51	58.75
6 Bad debts	69.23	69.55
7 Reversal of provision for doubtful debts	(69.23)	(63.69)
8 Interest Income	(23.04)	(13.02)
9 Deferred Income	-	-
10 Dividend Income	-	-
11 Interest Expenses	83.51	42.18
12 Unrealised exchange (gain)/ Loss - Others	-	-
Operating Profit Before Working capital changes	38.64	422.89
Adjustments for :-		
1 (Increase)/ decrease in inventories	17.42	(57.61)
2 (Increase)/ decrease in trade receivables	249.25	(77.32)
3 (Increase)/ decrease in financial assets	8.55	(5.18)
4 (Increase)/ decrease in non-financial assets	(13.94)	(3.92)
5 Increase/ (decrease) in trade payable	(153.58)	(187.07)
6 Increase/ (decrease) in financial liabilities	(35.37)	24.29
7 Increase/ (decrease) in non-financial liabilities	(34.26)	(18.37)
8 Increase/ (decrease) in provisions	6.86	3.80
Cash Generated from Operations	83.57	101.51
9 Income Tax (Paid)/ Refunded	84.98	(11.77)
Net Cash from Operating Activities	168.55	89.74
B Cashflows from Investing Activities		
1 Purchase of Fixed Assets	(15.34)	(13.84)
2 Sale of Fixed Assets	8.49	2.49
3 Capital advance	(2.56)	-
4 Sale of Investments	-	-
5 Interest Received	22.97	13.08
6 Dividend Received	-	-
Net Cash from Investment Activities	13.56	1.73
C Cash Flows from Financing Activities		
1 Proceeds from borrowing	-	(35.14)
2 Repayment of borrowings	(36.99)	-
3 Interest Paid	(83.52)	(42.18)
4 Dividend Paid	(50.00)	-
5 Tax on Dividend	(10.28)	-
Net Cash used in Financing Activities	(180.79)	(77.32)
CSR Spend	(1.83)	(13.78)
Net Increase in Cash and Cash Equivalents	(0.51)	0.37
1 Cash & Cash Equivalents at beginning of period	3.19	2.82
2 Cash & Cash Equivalents at end of period (refer note 10)	2.68	3.19

Note :-

1. Previous year's figures are regrouped wherever necessary to make them comparable with the Current Year.
2. Cash flow is prepared using indirect method.

As per our report of even date attached**For M/s P.G. Bhagwat**

Chartered Accountants

Firm's Registration No.: 101118W

Abhijeet Bhagwat

Partner

Membership No.: 136835

Pune: 19 April, 2019

For and on behalf of the Board Directors**A S Kirloskar**

Chairman

DIN 05324745

C A Harper

Director

DIN 06700160

C M Mate

Director

DIN 07399559

A K Laturkar

Company Secretary

Pune: 19 April, 2019

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

Statement of Changes in Equity for the period ended 31 March 2019

(Amount in Rs. Lakhs)

A. Equity Share Capital

Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
50.00	-	50.00
Balance as at 1 April 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
50.00	-	50.00

B. Other Equity

	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Balance as at 1 April 2017	325.53	5.41	330.94
Profit for the year	-	161.87	161.87
Other comprehensive income	-	4.21	4.21
Balance as at 31 March 2018	325.53	171.49	497.02
Profit for the year	-	(108.00)	(108.00)
Other comprehensive income	-	5.06	5.06
Less: Final dividend paid including tax	-	60.28	60.28
Balance as at 31 March 2019	325.53	8.27	333.80

As per our report of even date attached**For M/s P.G. Bhagwat**

Chartered Accountants

Firm's Registration No.: 101118W

Abhijeet Bhagwat

Partner

Membership No.: 136835

Pune: 19 April, 2019

For and on behalf of the Board Directors**A S Kirloskar**

Chairman

DIN 05324745

C A Harper

Director

DIN 06700160

C M Mate

Director

DIN 07399559

A K Laturkar

Company Secretary

Pune: 19 April, 2019

Notes to Accounts**Significant Accounting Policies****1. Corporate information**

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

2. Significant accounting policies**i. Basis of preparation**

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act, 2013 (The Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the act.

The financial statements were authorised for issue by the Board of Directors on 19th April, 2019.

ii. Basis of measurement

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

Items	Measurement basis
Defined benefit plan assets	Fair value

iii. a) New and amended standards adopted by the company

The company has applied the following standards and amendments for the first time for their reporting period commencing from 1 April 2018:

- i) Ind AS 115, Revenue from contracts with customers
- ii) Appendix B, foreign currency transactions and advance consideration to Ind AS 21, The effects of changes in foreign exchange rates
- iii) Amendment to Ind AS 12, Income Taxes

Functional and presentation currency

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

iii. b) Significant accounting judgements, estimates and assumptions

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

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

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation
- Estimation for Warranty expenses
- Estimation for trade receivable impairment
- Recognition of revenue
- Creation of deferred tax asset on carry forward losses

iv. Inventories

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

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

The company uses moving weighted average to measure costs.

v. Cash and cash equivalents

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

vi. Property, plant and equipment

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

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

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

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

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

● **Subsequent costs**

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

● **Disposal**

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

● **Depreciation**

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

vii. Intangible assets and amortisation

● **Recognition and measurement**

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

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

● **Subsequent measurement**

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

● **Amortisation**

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

Sr. No	Particulars	Life
1	Computer Software	5 years

viii. Revenue recognition

The company is in the business of application of anti-corrosive paint on various equipments. It undertakes turnkey projects for supply and application of coatings on variety of equipment.

It enters into two contracts with customers, one for supply of paint and second for its application. Under Ind AS 115, the company has combined these contracts (consequently making it a single transaction price) as one since the conditions set out in Ind AS 115 are fulfilled and in substance the customer approaches the company for application of anti-corrosive paint.

The company has identified a single performance obligation which gets completed over a period of time. The company has identified, supply of paint as the first milestone and recognizes revenue relating to it on transfer of control. Application of paint is identified as the second milestone and revenue from application of paint is recognized based on completion of area surface on a periodic basis.

Company has assumed that recovery of excise duty flows to the Company on its own account. Accordingly, it is the liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty (up to 30th June 2017)*.

However, sales tax/value added tax (VAT) & Goods and Service Tax (GST applicable from 1st July 2017)* is not received by the Company on its own account. Accordingly, it is excluded from revenue.

*Goods and Service Tax was introduced from 1st July 2017. Indirect taxes like excise duty, service tax and sales tax/VAT have been subsumed into the new Act.

Other income

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

ix. Finance costs

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

x. Foreign currencies transactions

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

Transactions and balances

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

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

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

xi. Employee Benefits

Short Term Employee Benefits

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

Post-Employment Benefits

Defined Contribution Plans

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

Defined Benefit Plans

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

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

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

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

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

Long Term Employee Benefit

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

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

xii. Taxes**Current income tax**

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

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

Deferred tax

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

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

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

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

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

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

xiii. Provisions

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

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

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

Contingent liability is disclosed in case of

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) present obligation arising from past events, when no reliable estimate is possible
- c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognized, nor disclosed.

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

xiv. Leases

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

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

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

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

xv. Impairment of non-financial assets

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

xvi. Fair value measurement

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

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

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

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

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

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

xvii. Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Derecognition

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

Impairment of financial asset

Company applies expected credit loss model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b. Financial assets that are debt instruments and are measured as at FVTOCI
- c. Lease receivables
- d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- e. Loan commitments which are not measured as at FVTPL
- f. Financial guarantee contracts which are not measured as at FVTPL

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

- a. Trade receivables or contract revenue receivables; and
- b. All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on Expected Lifetime Losses at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime Expected lifetime losses is used.

Financial liabilities**Initial recognition and measurement**

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

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

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xviii. Earnings per share

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

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

Standards issued but not yet effective:

Standards issued but not yet effective up to the date of issuance of the company's financial statements are listed below. This listing is of standards and interpretations issued, which the company reasonably expects to be applicable at a future date. The company intends to adopt those standards when they become effective.

Ind AS 116 was notified by Ministry of Corporate Affairs in March 2019 and Ind AS 116 will come in force from financial year beginning from 1 April 2019. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Company is currently evaluating the requirements of Ind AS 116 and its impact on the financial statements.

Notes to Accounts
Note 3: Property, Plant and Equipment and Other Intangible assets (Amount in Rs. Lakhs)

Particulars	Tangible assets							Intangible Assets	
	Free hold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Office equipment	Vehicles	Railway Siding	Total	Computer Software
Gross Block									
As at 1 April 2017	120.30	469.26	763.20	30.09	5.28	31.21	1.96	1,421.30	11.55
Additions	-	-	13.71	-	-	-	0.12	13.83	-
Disposals	-	-	(5.88)	(1.75)	(0.42)	(7.04)	-	(15.09)	-
As at 31 March 2018	120.30	469.26	771.03	28.34	4.86	24.17	2.08	1,420.05	11.55
Additions	-	-	14.26	-	1.08	-	-	15.34	-
Disposals	-	-	(22.64)	(1.57)	(1.14)	(15.19)	(0.22)	(40.76)	-
As at 31 March 2019	120.30	469.26	762.65	26.77	4.80	8.98	1.86	1,394.63	11.55
Depreciation/ Amortisation									
As at 1 April 2017	-	140.94	527.69	17.45	4.59	9.47	0.93	701.07	11.37
Charge for the year	-	15.23	64.56	2.85	0.30	3.48	0.10	86.52	0.11
Depreciation on disposal	-	-	(5.66)	(0.76)	(0.42)	(3.12)	-	(9.96)	-
As at 31 March 2018	-	156.17	586.59	19.54	4.47	9.83	1.03	777.63	11.48
Charge for the year	-	15.23	56.65	1.69	0.49	1.99	0.10	76.15	0.07
Depreciation on disposal	-	-	(21.54)	(1.55)	(1.14)	(6.20)	(0.13)	(30.56)	-
As at 31 March 2019	-	171.40	621.70	19.68	3.82	5.62	1.00	823.22	11.55
Net block									
As at 31 March 2018	120.30	313.09	184.44	8.80	0.39	14.34	1.05	642.41	0.07
As at 31 March 2019	120.30	297.86	140.95	7.09	0.98	3.36	0.86	571.40	-

The banks providing cash credit facilities to the company have first charge on all its movable assets. Also refer note 13.

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

Notes to Accounts

(Amount in Rs. Lakhs)

Note 4: Financial Assets : Trade Receivables

Particulars	31 March 2019	31 March 2018
Non-Current		
Unsecured, considered good	0.37	5.92
Receivables which have significant increase in credit risk	-	-
Credit impaired	-	-
	0.37	5.92
Current		
Unsecured, considered good		
From related parties	48.32	89.87
Others	564.44	798.11
Receivables which have significant increase in credit risk	-	-
Credit impaired	-	-
Doubtful	104.39	142.11
	717.15	1,030.09
Less: Loss Allowance	104.39	142.11
	612.76	887.98
Total trade receivables	613.13	893.90

Note 5 : Financial Assets: Loans

Particulars	31 March 2019	31 March 2018
Non-current		
(a) Security deposits		
Unsecured, considered good	14.44	49.27
Loans which have significant increase in credit risk	-	-
Credit impaired	-	-
	14.44	49.27
Current		
(a) Security deposits		
Unsecured, considered good	26.59	0.31
Loans which have significant increase in credit risk	-	-
Credit impaired	-	-
	26.59	0.31
Total loans	41.03	49.58

Note 6 : Financial Assets: Others

Particulars	31 March 2019	31 March 2018
Current		
(a) Interest accrued on Security Deposits		
Unsecured, considered good	1.14	1.07
	1.14	1.07
Total other financial asset	1.14	1.07

Notes to Accounts
Note 7: Income tax

(Amount in Rs. Lakhs)

(1) The major components of income tax expense for the period ended 31 March 2019 and 31 March 2018 are:

(a) Profit or loss

Particulars	2018-19	2017-18
Current income tax:		
Current income tax charge	-	66.50
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(25.09)	(2.29)
Income tax expense reported in the statement of profit or loss	(25.09)	64.21

(b) Other Comprehensive Income

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

Particulars	2018-19	2017-18
Income tax charged to OCI	1.95	1.60

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2019

Particulars	2018-19	2017-18
Accounting profit before tax	(133.10)	226.08
At statutory income tax rate of 27.82% (a)	(37.03)	62.29
Adjustments		
Add: Exempt income		
Dividend	-	-
Subtotal (b)	-	-
Add: Accelerated deduction		
Research and development expenses	-	-
Subtotal (c)	-	-
Less : Non deductible expenses		
Interest on Income Tax	42.86	0.67
Donation	1.83	7.81
Subtotal (d)	44.69	8.48
	-	-
Sub total (e) = (b+c-d)	(44.69)	(8.48)
Tax impact of above adjustments	(12.31)	(2.34)
Adjustment in opening deferred tax working- PPE	-	-
Rate difference on opening DTA/ DTL	-	(2.98)
Tax Rate difference	-	0.05
Tax impact on brought forward loss	-	4.05
Other items	0.38	(0.70)
Share based payment	-	-
Carry forward losses on which DTA is not recognised	-	-
Total (f)	(11.93)	(1.92)
Tax expenses at effective rate (a-f)	(25.09)	64.21
Tax expenses recorded in books	(25.09)	64.21

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(2) Movement in deferred tax

(Amount in Rs. Lakhs)

(a) Deferred tax relates to the following: DTL/ (DTA)	31 March 2019	31 March 2018
Property, plant and equipment (Depreciation)	25.47	31.57
Employee benefits - compensated absences	(10.92)	(12.99)
Provision for doubtful debts and advances	(29.04)	(39.53)
Carry Forward Loss	(33.84)	-
Others - (DTA)/DTL	4.05	(0.18)
Net deferred tax liabilities/(assets)	(44.28)	(21.13)
Particulars	2018-19	2017-18
Property, plant and equipment (Depreciation)	(6.10)	(14.24)
Employee benefits - compensated absences	2.07	3.17
Employee benefits - pension to employees	-	-
Provision for doubtful debts and advances	10.49	9.08
MAT credit creation	-	-
Carry Forward Loss	(33.84)	-
Others - (DTA)/DTL	4.24	(0.30)
Deferred tax expense/(income)	(23.14)	(2.29)
(b) Reflected in balance sheet as	31 March 2019	31 March 2018
Deferred tax asset	(73.80)	(52.71)
Deferred tax liability	29.52	31.58
Net Deferred tax asset	(44.28)	(21.13)
(3) Movement in current tax	31 March 2019	31 March 2018
Non Current tax (asset)/ liability as at beginning of period	(299.33)	(355.66)
Add: Additional provision during the year - Statement of Profit and loss account	-	66.50
Add: Provision for Interest on income tax of earlier made during the year	42.86	-
Add: Additional provision during the year - Other comprehensive income	-	1.60
Refund Received during the year	97.26	66.30
Less : TDS credit of previous year (FY 2017-18)	(10.27)	(11.33)
Less: Current tax paid during the year	(44.87)	(66.74)
Current and Non Current tax (asset)/ liability as at end of period	(214.35)	(299.33)
Reflected in balance sheet as	31 March 2019	31 March 2018
Provision for income tax	29.64	6.75
Current advance tax	(83.92)	(59.90)
Non- current advance tax	(160.07)	(246.18)
	(214.35)	(299.33)

Note 8 : Other assets

Particulars	31 March 2019	31 March 2018
Non-current		
(a) Prepaid expenses		
Unsecured, considered good	2.56	1.00
(b) Claims receivable		
Unsecured, considered good	1.62	1.62
(Indirect taxes)		
(c) Advance income tax (net of provision)	160.07	246.18
(d) Capital advances		
Unsecured, considered good	2.56	-
	166.81	248.80
Current		
(a) Advances to supplier and others		
Unsecured, considered good	5.27	6.14
(b) Prepaid expenses		
Unsecured, considered good	1.68	4.63
(c) Prepaid Gratuity		
Gratuity (refer note 30)	2.14	0.48
(d) Claims receivable (indirect taxes)	59.69	45.16
	68.78	56.41
Total other asset	235.59	305.21

Notes to Accounts**(Amount in Rs. Lakhs)****Note 9 : Inventories**

Particulars	31 March 2019	31 March 2018
(a) Raw Materials * * includes goods in transit of Rs.NIL (2018 : Rs.8.39 Lakhs)	130.72	151.04
(b) Finished goods	56.68	59.36
(c) Packing Material	8.80	4.54
(d) Stores and spares	39.82	38.50
(Refer Note 2 (iv) for Mode of valuation)	236.02	253.44

Amounts recognised in profit or loss

Provision / write-down of inventories to net realisable value amounted to Rs.2.79 Lakhs (31 March 2018: Rs. 12.46 Lakhs). These were recognised as cost of material consumed during the year.

Note 10 : Cash and cash equivalents

Particulars	31 March 2019	31 March 2018
(a) Balances with bank In current account	2.16	2.13
(b) Cash on hand	0.52	1.06
	2.68	3.19

Note 11: Equity share capital

Particulars	31 March 2019	31 March 2018
Authorised		
60.00 Lakhs (60.00 Lakhs) equity shares of Rs.10/- each (Rs.10/-) each	600.00	600.00
Issued, subscribed & fully paid up		
50.00 Lakhs (50.00 Lakhs) equity shares of Rs.10/- each (Rs.10/-) each	500.00	500.00
	500.00	500.00

a) Terms/rights attached to equity shares

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

The board of directors have recommended dividend of Rs. Nil (2017-18 : Rs.1/-) per share.

b) Reconciliation of share capital**(In Lakhs)**

	31 March 2019		31 March 2018	
	Number	Amount (Rs.)	Number	Amount (Rs.)
Shares outstanding at the beginning of the year	50.00	500.00	50.00	500.00
Shares outstanding at the end of the year	50.00	500.00	50.00	500.00

c) Details of shareholder holding more than 5% shares

	31 March 2019		31 March 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Brothers Ltd. - Holding Company	32.50	65%	32.50	65%
Corrocoat Ltd. UK	17.50	35%	17.50	35%

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Note 12: Other Equity

(Amount in Rs. Lakhs)

Particulars	31 March 2019	31 March 2018
(a) General reserves		
Opening balance	325.53	325.53
Add: Transfer from retained earnings	-	-
	325.53	325.53
(b) Retained Earnings		
Opening balance	171.49	5.41
Add: Total comprehensive income for the year	(102.94)	166.08
Balance available for appropriation	68.55	171.49
Less: Appropriations :		
Final dividend paid including tax	60.28	-
Transfer to general reserve	-	-
Sub total	60.28	-
Closing balance	8.27	171.49
Total other equity	333.80	497.02

Note 13 : Financial Liabilities: Borrowings

Particulars	31 March 2019	31 March 2018
Current Secured		
Loans repayable on demand from bank		
(i) Cash Credit facilities	329.67	366.66
[Secured by First charge by way of hypothecation of the Borrower's entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other movable assets including book-debts and first charge on all movable fixed assets.]		
[Cash credit facilities carries floating rate of interest of 10.4% p.a.]		
Total borrowings	329.67	366.66

Note 14: Financial Liabilities: Trade Payables

Particulars	31 March 2019	31 March 2018
Non Current		
Retention money payable		
i) Total outstanding dues of micro enterprises & small enterprises (refer note 38)	-	-
ii) Total outstanding dues of creditors other than micro enterprises & small enterprises	14.61	15.44
	14.61	15.44
Current		
i) Total outstanding dues of micro enterprises & small enterprises (refer note 38)	-	-
ii) Total outstanding dues of creditors other than micro enterprises & small enterprises	452.45	605.21
	452.45	605.21
Total trade payable	467.06	620.65

Terms and conditions of the above Trade payables:

Trade payables including related parties are non-interest bearing and having average term of 6 months except retention money payable.

Notes to Accounts**(Amount in Rs. Lakhs)****Note 15: Other financial liabilities**

Particulars	31 March 2019	31 March 2018
Current		
(a) Others		
i) Salary & Reimbursements	45.93	46.80
ii) Dealer Deposit	7.92	7.42
iii) Provision for expenses	15.46	50.46
	69.31	104.68

Terms and conditions of the above financial liabilities:

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

Note 16: Other liabilities

Particulars	31 March 2019	31 March 2018
Current		
(a) Advance from customer	22.76	53.49
(b) Contribution to Provident Fund	2.68	2.82
(c) Statutory dues	5.31	8.70
Total other liabilities	30.75	65.01

Note 17: Provisions

Particulars	31 March 2019	31 March 2018
Non-current		
a) Provision for employee benefits Compensated absences (refer note 32)	25.16	34.36
b) Provision for tax (net of advance tax)	29.64	6.75
c) Other provision Provision for product warranty (refer note 32)	13.63	9.83
	68.43	50.94
Current		
a) Provision for employee benefits Compensated absences (refer note 32)	24.86	24.55
	24.86	24.55
b) Other provision Provision for product warranty (refer note 32)	5.32	0.39
	30.18	24.94
Total provisions	98.61	75.88

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Note 18: Revenue from Operations

(Amount in Rs. Lakhs)

Particulars	2018-19	2017-18
(a) Revenue from contracts with Customers	2,765.59	3,452.16
(b) Other operating revenues		
i) Sale of scrap	6.97	3.29
ii) Bad debts recovered	3.66	-
	2,776.22	3,455.45

Note 19: Other Income

Particulars	2018-19	2017-18
(a) Interest Income		
i) From customers and others	1.50	1.33
ii) On income tax refund	21.54	11.69
iii) Unwinding of discount & effect of changes in discount rate on retention money	1.00	0.15
iv) Discounting of retention (Trade Payable)	3.94	-
v) On defined benefit gratuity plan obligation net	0.04	-
(b) Other non-operating income		
i) Sales Tax Refund	3.48	-
ii) Unclaimed credit balance written back	-	0.16
iii) Provision no longer required written back	-	2.66
iv) Profit on sale of assets	2.03	0.20
v) Other Miscellaneous Income	0.76	-
	34.29	16.19

Note 20: Cost of materials consumed and changes in inventories of finished goods

Particulars	2018-19	2017-18
(a) Raw materials including packaging materials consumed	767.15	785.32
(b) Changes in inventories of finished goods		
Opening Stock		
Finished goods	59.36	29.57
Closing Stock		
Finished goods	56.68	59.36
	2.68	(29.79)

Note 21: Employee benefits expense

Particulars	2018-19	2017-18
(a) Salaries, wages and bonus	413.74	391.02
(b) Defined contribution plans		
Contribution to provident fund, super annuation fund and employees state insurance scheme	24.96	24.18
(c) Defined benefit plans		
Gratuity (refer note 30)	5.38	5.13
(d) Welfare expenses	3.48	4.08
	447.56	424.41

Notes to Accounts**(Amount in Rs. Lakhs)****Note 22: Finance cost**

Particulars	2018-19	2017-18
(a) Interest expense		
i Interest on borrowings from bank & others	82.05	40.86
ii Unwinding of discount & effect of changes in discount rate on warranty	1.46	1.32
iii Interest expenses on defined benefit gratuity plan obligation net	-	0.21
(b) Other borrowing costs (includes bank guarantee commission, LC charges, loan processing charges)	9.94	10.43
	93.45	52.82

Note 23: Depreciation and amortization expense

Particulars	2018-19	2017-18
(a) Depreciation on property, plant and equipment	76.14	86.52
(b) Amortization of intangible assets	0.07	0.11
	76.21	86.63

Note 24: Other expenses

Particulars	2018-19	2017-18
Stores and spares consumed	239.07	272.47
Processing charges (Application charges)	760.66	944.32
Power & fuel	30.37	29.10
Repairs and maintenance	-	-
Plant and machinery	47.49	37.66
Buildings	0.74	3.75
Other	0.59	1.72
Rent	49.53	47.98
Rates and taxes	2.52	15.72
Travel and conveyance	134.57	129.92
Communication expenses	4.43	6.39
Insurance	15.60	22.71
Directors' sitting fees	0.83	0.75
Freight and forwarding charges	51.75	54.31
Brokerage and commission	4.69	30.90
Advertisements and publicity	2.05	19.10
Provision for product warranty	15.97	6.47
Loss on sale/disposal of fixed assets	3.74	2.83
Provision for doubtful debts (Net off reversal of provision to bad debts Rs.69,23,119/-, FY 2017-18 Rs. 63,68,753/-)	31.51	58.75
Bad debts written off	-	5.86
Auditor's remuneration (refer note 28)	5.22	4.21
Professional, consultancy and legal expenses	19.64	31.99
Security services	11.76	11.08
Computer services	32.47	35.67
Stationery & Printing	5.27	5.58
Training course expenses	2.72	8.20
Outside labour charges	71.36	68.63
Foreign exchange loss (net)	4.32	10.24
Corporate social responsibility expenses(refer note 39)	1.83	13.78
Excise duty (refer note 40)	-	38.63
Bank Charges	0.85	1.09
Other miscellaneous expenses	5.00	6.36
	1,556.55	1,926.17

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(Amount in Rs. Lakhs)

Note 25: Items that will not be reclassified to profit or loss

Particulars	2018-19	2017-18
Remeasurements (gains) and losses on post employments benefits	(7.01)	(5.81)
Tax on remeasurements gains and losses	1.95	1.60
	(5.06)	(4.21)

Note 26: Contingent liabilities

Particulars	2018-19	2017-18
(a) Other money for which the company is contingently liable for		
Income Tax (Matter Subjudice)	157.12	153.84
	157.12	153.84

Note 27: Commitments

Particulars	2018-19	2017-18
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	14.72	9.74
	14.72	9.74

Note 28: Remuneration to Auditors

Particulars	2018-19	2017-18
Statutory Auditors :		
a) Audit Fees	3.25	2.50
b) Tax Audit Fees	0.75	0.75
c) VAT Audit Fees	0.75	0.75
d) Certification services	0.23	0.14
e) Expenses reimbursed	0.24	0.07
Sub total	5.22	4.21

Note 29: Earning per Share (Basic and diluted)

Particulars	2018-19	2017-18
a) Profit for the year before tax	(133.10)	226.08
Less : Attributable Tax thereto	25.09	(64.21)
Profit after Tax	(108.01)	161.87
b) Weighted average number of equity shares used as denominator	50.00	50.00
c) Basic earning per share of nominal value of Rs 10/- each	(2.16)	3.24

Note: The company does not have any potential equity shares that will have a dilutive effect on the earnings per share

Notes to Accounts**(Amount in Rs. Lakhs)****Note 30: Employee Benefits****i. Defined Contribution Plans:**

Amount of Rs.24.96 Lakhs (Rs. 24.18 Lakhs) is recognised as an expense and included in Employees benefits expense (Note-21 in the Statement of Profit and Loss)

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

Particulars	31 March 2019 Gratuity Plan (Funded)	31 March 2018 Gratuity Plan (Funded)
A. Amount to be recognised in Balance Sheet		
Present Value of Defined Benefit Obligation	67.54	79.91
Less: Fair Value of Plan Assets	(69.68)	(80.38)
Amount to be recognised as liability or (asset)	(2.14)	(0.47)
B. Amounts reflected in the Balance Sheet		
Liabilities	-	-
Assets	(2.14)	(0.47)
Net Liability/(Assets)	(2.14)	(0.47)

b) The amounts recognised in the Statement of Profit and Loss are as follows: Funded Plan

Particulars	2018-2019 Gratuity Plan (Funded)	2017-2018 Gratuity Plan (Funded)
1 Current Service Cost (refer note 21)	5.38	5.67
2 Acquisition (gain)/ loss	-	-
3 Past Service Cost	-	-
4 Net Interest (income)/expenses (refer note 19 & 22)	(0.04)	0.21
5 Actuarial Losses/(Gains)	-	-
6 Curtailment (Gain)/ loss	-	-
7 Settlement (Gain)/loss	-	-
8 Others	-	-
Net periodic benefit cost recognised in the statement of profit & loss	5.34	5.88

c) The amounts recognised in the statement of other comprehensive income (OCI) : Funded Plan

Particulars	31 March 2019 Gratuity Plan (Funded)	31 March 2018 Gratuity Plan (Funded)
1 Opening amount recognised in OCI outside profit and loss account	(6.32)	(0.51)
2 Remeasurements for the year - Obligation (Gain)/loss	(6.60)	(5.65)
3 Remeasurement for the year - Plan assets (Gain) / Loss	(0.41)	(0.16)
4 Total Remeasurements Cost / (Credit) for the year recognised in OCI	(7.01)	(5.81)
Closing balances (remeasurement (gain)/loss recognised OCI)	(13.33)	(6.32)

Notes to Accounts
(Amount in Rs. Lakhs)
d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows: Funded Plan

Particulars	31 March 2019 Gratuity Plan (Funded)	31 March 2018 Gratuity Plan (Funded)
1 Balance of the present value of Defined benefit Obligation at the beginning period	79.91	77.22
2 Acquisition adjustment	-	-
3 Transfer in/ (out)	-	-
4 Interest expenses	5.58	5.54
5 Past Service Cost	-	-
6 Current Service Cost	5.38	5.67
7 Curtailment Cost / (credit)	-	-
8 Settlement Cost/ (credit)	-	-
9 Benefits paid	(16.73)	(2.87)
10 Remeasurements on obligation - (Gain) / Loss	(6.60)	(5.65)
Present value of obligation as at the end of the period	67.54	79.91

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

Particulars	31 March 2019 Gratuity Plan (Funded)	31 March 2018 Gratuity Plan (Funded)
1 Fair value of the plan assets as at beginning of the period 01.04.2018	80.38	71.05
2 Acquisition adjustment	-	-
3 Transfer in/(out)	-	-
4 Interest income	5.62	5.33
5 Contributions	-	6.16
6 Benefits paid	(16.73)	(2.32)
7 Amount paid on settlement	-	-
8 Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	0.41	0.16
9 Fair value of plan assets as at the end of the period 31.03.2019	69.68	80.38

f) Net interest (Income) /expenses: Funded Plan

Particulars	2018-19 Gratuity Plan (Funded)	2017-18 Gratuity Plan (Funded)
1 Interest (Income) / Expense – Obligation	5.58	5.54
2 Interest (Income) / Expense – Plan assets	(5.62)	(5.33)
3 Net Interest (Income) / Expense for the year	(0.04)	0.21

Notes to Accounts**(Amount in Rs. Lakhs)****g) The broad categories of plan assets as a percentage of total plan assets of Employee's Gratuity Scheme are as under:**

Particulars	Percentage 2018-19	Percentage 2017-18
1 Central Government Securities	0.00%	0.00%
2 State Government Securities	0.00%	0.00%
3 Other Approved Securities (Government Guraranted Securities)	0.00%	0.00%
4 Bonds and Debentures etc.	0.00%	0.00%
5 Fixed Deposits	0.00%	0.00%
6 Equity Shares	0.00%	0.00%
7 Fund managed by insurer	100.00%	100.00%
Grand Total	100%	100%

Basis used to determine the overall expected return

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year discount rate. Expected return of 7.80% has been used for the valuation purpose.

h) The amounts pertaining to defined benefit plans are as follows:Funded Plan

Particulars	31 March 2019 Gratuity Plan (Funded)	31 March 2018 Gratuity Plan (Funded)
Defined Benefit Obligation	67.54	79.91
Plan Assets	69.68	80.38
Surplus/(Deficit)	2.14	0.48

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

- Discount rate as at 31-03-2019- 7.60%
- Expected return on plan assets as at 31-03-2019 - 7.80%
- Salary growth rate : For Gratuity Scheme - 8.00%
- Attrition rate: For gratuity scheme the attrition rate is taken at 10.00%
- The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

j) General descriptions of defined plans:**1 Gratuity Plan:**

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

2 Company's Pension Plan:

The company operates a Pension Scheme for specified ex-employees wherein the beneficiaries are entitled to defined monthly pension.

k) The Company expects to fund Rs Nil (Rs. Nil) towards its gratuity plan in the year 2019-20.**l) Sensitivity analysis**

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation (PVO). Sensitivity analysis is done by varying (increasing/ decreasing) one parameter at a time and studying its impact

Change in assumption	Effect on Gratuity obligation	
	As at 31 March 2019	As at 31 March 2018
1 Discount rate		
Increase by 1% to 8.6%	64.90	76.23
Decrease by 1% to 6.6%	70.51	84.05
2 Salary increase rate		
Increase by 1% to 9.0%	70.09	83.41
Decrease by 1% to 7.0%	65.22	76.72
3 Withdrawal rate		
Increase by 1% to 11.0%	67.48	79.47
Decrease by 1% to 9.0%	67.61	80.39

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(Amount in Rs. Lakhs)

Note 31: Related party disclosures

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

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

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

Sr. No.	Name of the related party	Nature of relationship
1	Corrocoat Limited, UK	Significant Influence
2	Karad Projects & Motors Limited	Fellow subsidiary
3	Kirloskar Ebara Pumps Limited	Joint Venture of Holding Company
4	Mr. Alok Kirloskar	Key Management Personnel
5	Mr. Clive Harper	
6	Mr. Graham Greenwood Sole	
7	Mr. C. M. Mate	

(C) Disclosure of related parties transactions

Sr No	Nature of transaction/relationship/major parties	2018-19		2017-18	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
1	Purchase of goods Parent / Associates / Fellow subsidiary Companies / Joint Venture Kirloskar Brothers Limited Corrocoat Limited, UK	67.76	- 67.76	187.26	- 187.26
2	Revenue from contracts with Customers Parent / Associates / Fellow subsidiary Companies / Joint Venture Kirloskar Brothers Limited Karad Projects & Motors Limited Kirloskar Ebara Pumps Limited	294.01	293.54 0.20 0.27	420.20	416.86 0.15 3.19
3	Receiving Services Parent / Associates / Fellow subsidiary Companies / Joint Venture Kirloskar Brothers Limited Corrocoat Limited, UK	158.19	141.60 16.59	173.46	169.70 3.76
4	Reimbursement of Expenses Parent / Associates / Fellow subsidiary Companies / Joint Venture Kirloskar Brothers Limited Corrocoat Limited, UK	5.90	0.97 4.93	5.85	0.84 5.01
5	Remuneration Paid to Key Management Personnel Sitting Fees Mr. Alok Kirloskar Mr. Clive Harper Mr. C M Mate Mr. Graham Greenwood	0.83	0.23 0.15 0.30 0.15	0.75	0.30 0.15 0.15 0.15

* The above transactions have been entered at arms length price.

Notes to Accounts**(Amount in Rs. Lakhs)****Note 31: Related party disclosures****(D) Amount due to/from related parties**

Sr No	Nature of transaction/relationship/major parties	31 March 2019		31 March 2018	
		Amount	Amount for Major parties	Amount	Amount for Major parties
1	Accounts receivable				
	Kirloskar Brothers Limited		48.32		89.87
	Kirloskar Ebara Pumps Limited		0.26		-
	Karad Projects & Motors Limited		-		0.02
	TOTAL	48.58		89.89	
2	Amount Due				
	Kirloskar Brothers Limited		-		-
	Corrocoat Limited, UK		15.89		14.89
	TOTAL	15.89		14.89	

Note 32: Details of provisions and movements in each class of provisions

Particulars	Compensated Absences	Product Warranty
Carrying amount as at 1 April 2017	61.12	5.21
Add: Provision during the year 2017-18	-	6.47
Add: Unwinding of discounts	-	1.32
Less: Amount utilised during the year 2017-18	(2.17)	(0.13)
Less: Amount reversed during the year 2017-18	(0.04)	(2.66)
Carrying amount as at 31 March 2018	58.91	10.21
Add: Provision during the year 2018-19	-	15.97
Add: Unwinding of discounts	-	1.46
Less: Amount utilised during the year 2018-19	(6.10)	(8.70)
Less: Amount reversed during the year 2018-19	(2.78)	-
Carrying amount as at 31 March 2019	50.03	18.94

Note 33: Fair Value Measurements

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

Particulars	Carrying value	
	31 March 2019	31 March 2018
Levelled at Level 2		
Financial Asset		
a) Carried at amortised cost		
Trade receivable	613.14	893.90
Loans	41.03	49.58
Other financial assets	1.14	1.07
Cash and cash equivalent	2.68	3.19
Levelled at Level 2		
Financial Liabilities		
a) Carried at amortised cost		
Current borrowings at fixed rate of interest	329.67	366.66
Trade payable	467.06	620.64
Other current financial liabilities	69.31	104.69

Notes to Accounts

(Amounts in Rs. Lakhs)

Note 34: Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance company's operations and to provide guarantees to support its operations. Company's principal financial assets include advances to vendors, trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

In order to minimise any adverse effects on the financial performance of the company, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

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

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

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

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

(A) Credit Risk

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

Credit risk management

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

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

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

The company provides for expected lifetime losses in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. The company categorises a receivable for provision for doubtful debts/write off based on payment profile of sale over a period of 36 months before the reporting date and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The amount of provision depends on certain parameters set by the Company in its provisioning policy Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Notes to Accounts**(Amount in Rs. Lakhs)****Note 34: Financial risk management policy and objectives****B) Liquidity risk**

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

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

Exposure to Risk	31 March 2019	31 March 2018
Interest bearing borrowings		
On demand	329.67	366.66
Less than 180 days	-	-
181 - 365 days	-	-
More than 365 days	-	-
Total	329.67	366.66
Other liabilities		
On demand	7.92	7.42
Less than 180 days	49.80	83.62
181 - 365 days	11.59	13.64
More than 365 days	-	-
Total	69.31	104.68
Trade & other payables		
On demand		
Less than 180 days	439.45	619.73
181 - 365 days	5.13	0.51
More than 365 days	22.48	0.41
Total	467.06	620.64

The company has access to following undrawn facilities at the end of the reporting period (Interest rates 10.4% - 11.5%)

Exposure to Risk	31 March 2019	31 March 2018
Expiring within one year	329.87	366.66
Expiring beyond one year	-	-

(C) Foreign Currency Risk

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

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

Foreign currency exposure :

Financial Liabilities	Currency	Amount in Foreign Currency		Amount in INR	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade Payables	EUR	-	0.02	-	1.56
	GBP	0.17	0.24	15.89	22.00

Currency wise net exposure (assets - liabilities)

Particulars	Amount in Foreign Currency		Amount in INR	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
EUR	-	0.02	-	1.56
GBP	0.17	0.24	15.89	22.00

Sensitivity Analysis

Currency	Amount in INR		Sensitivity %	Sensitivity %
	2018-19	2017-18	2018-19	2017-18
EUR	-	1.56	1.83%	0.72%
GBP	15.89	22.00	2.22%	1.21%
Total	15.89	23.56		

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

Notes to Accounts

(Amount in Rs. Lakhs)

Currency	Impact on profit (strengthen)		Impact on profit (weakening)	
	2018-19	2017-18	2018-19	2017-18
EUR	-	-	-	-
GBP	(0.004)	(0.003)	0.004	0.003
Total	(0.004)	(0.003)	0.004	0.003

GBP - Great Britain Pound, EUR- Euro

Note 35 Provision for Expected lifetime losses

Financial assets for which loss allowance is measured using Expected Lifetime Losses

Exposure to Risk	31 March 2019	31 March 2018
Trade Receivables	717.52	1,036.01
Less : Loss Allowance	104.39	142.11
	613.14	893.90

Trade Receivables	31 March 2019	31 March 2018
Neither past due nor impaired	235.18	427.32
Past due but not impaired	-	-
Less than 180 days	243.50	213.06
181 - 365 days	84.39	45.05
More than 365 days	50.06	208.46
Total	613.14	893.90

Reconciliation of loss provision	Trade receivables
Loss allowance as at 1 April 2017	147.05
Changes in loss allowance	(4.94)
Loss allowance as at 31 March 2018	142.11
Changes in loss allowance	(37.72)
Loss allowance as at 31 March 2019	104.39

Note 36: Capital management

(a) Risk management

The company's objective when managing capital are to

-safeguard it's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

-Maintain an optimal capital structure to reduce the cost of capital.

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

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

	31 March 2019	31 March 2018
Loans and borrowings	329.67	366.66
Less: Cash and cash equivalents	2.68	3.19
Net debt	326.99	363.47
Equity	833.80	997.02
Capital and net debt	1,160.79	1,360.49
Gearing ratio	39.22%	36.46%

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

	31 March 2019	31 March 2018
(i) Equity Shares	50.00	50.00
Final dividend for the year ended 31 March 2019 is INR Nil (31 March 2018 Rs.1) per fully paid share	NIL	50.00
Interim dividend for the year ended 31 March 2019 of INR Nil per fully paid share (31 March 2018- Nil) per fully paid share	NIL	NIL
(ii) Dividends not recognised at the end of the reporting period	NIL	50.00

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR Nil per fully paid equity share (31 March 2018 - Rs.1/-). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

Note 37: Segment reporting

Company operates in single operating segment of application of Anti-corrosive Coatings.

Note 38: Dues from Micro, Small, Medium Enterprises

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

Note 39 : Corporate social responsibility expenditures

(a) Amount required to be spent by the Company during the year is Rs.NIL/-

(b) Amount spent by the Company during the year is Rs. 1.83 Lakhs

The company as per its policy on Corporate Social Responsibility(CSR) and recommendation and approval of the CSR committee has contributed Rs. 1.83 Lakhs (Rs. 1.83 Lakhs) towards Health Care & Education through Grampanchayat Kundal in the current financial year as CSR spend.

Note 40:

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

As per our report of even date attached**For M/s P.G. Bhagwat**

Chartered Accountants
Firm's Registration No.: 101118W

Abhijeet Bhagwat

Partner

Membership No.: 136835

Pune: 19 April, 2019

For and on behalf of the Board Directors

A S Kirloskar

Chairman
DIN 05324745

C A Harper

Director
DIN 06700160

C M Mate

Director
DIN 07399559

A K Laturkar

Company Secretary

Pune: 19 April, 2019



Enriching Lives

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

(An ISO 9001:2015, 14001:2015 & BS OHSAS 18001:2007 Certified Company)

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Pune-411002. Tel: +91 (20) 24440770,
Email: enquiry@kicopl.com, Website: www.kicopl.com,
CIN No.: U28920PN2006PTCO22240

OUR GROUP COMPANIES

				
United Kingdom	U.S.A.	South Africa	India	The Netherlands