

# **ANNUAL REPORT**

**2014-15**

**KIRLOSKAR**

**SYSTECH**

**LIMITED**

PUNE

Date : 16 April 2015



# KIRLOSKAR SYSTECH LIMITED

A Kirloskar Group Company

Enriching Lives

## BOARD'S REPORT TO THE MEMBERS

The Directors present their 5<sup>th</sup> Annual Report and Audited Accounts of the Company for a period from April 1, 2014 to March 31, 2015:

### FINANCIAL PERFORMANCE:

	Period ended on March 31, 2015 (in Rs.)	Period ended on March 31, 2014 (in Rs.)
Revenue from operations	203,066,611	26,303,222
Other income	57,459	417,550
Total Revenue	203,124,070	26,720,772
Total expenses	154,902,048	23,649,425
Net Profit Before Tax	48,222,022	3,071,347
Provision for tax	15,643,269	1,097,324
Profit after tax	32,578,753	1,974,023

### DIVIDEND:

Considering the performance achieved during the year, your directors recommend a dividend of 1000% (Rs. 100/- per equity share) for the year.

### APPROPRIATIONS:

Your Directors propose to appropriate the available surplus as under :

Particulars	Period ended on March 31, 2015 (in Rs.)	Period ended on March 31, 2014 (in Rs.)
Dividend @ 1000% (Rs.100/-) on 9,00,000 equity shares of Rs.10/- each	9,000,000	1,000,000
Tax on dividend	1,799,640	162,225
Transfer to General Reserve	3,257,875	197,402
Balance carried to Balance sheet	20,755,623	2,234,385
<b>Total :</b>	<b>34,813,138</b>	<b>3,109,476</b>



## **KIRLOSKAR SYSTECH LIMITED**

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### **STATE OF COMPANY'S AFFAIRS:**

During the current year your Company acquired the erstwhile IT division of Kirloskar Brothers Limited (KBL). The Company has now two sectors viz, Engineering Services and IT Services. The appropriate MIS system has been put in place to monitor the business of each sector independently.

The revenue for this year has increased to Rs. 203 M as compared to Rs. 2.6 M on account of the transfer of IT division of KBL. The profit has increased from 11% to 24%. The increase in the profits is account of our efforts in securing external orders.

This year our focus was majorly on the external orders and we are happy to inform you that our Engineering Services Sector won a prestigious order worth Rs.10.1 Million from Nagloi Water Services, against stiff competition. The Engineering Sector has been consistent in timely completion of the project tasks and has been rated as 100% SPI (Schedule Performance Index) by KBL sectors. To gear up for the automation business our Engineering sector has also established in-house Automation Test laboratory. To improve the productivity and accuracy of delivery we implemented engineering software, ITAB.

Our IT sector has launched an ERP specifically focused on SME segments under the name of Kirloskar Supply Chain ERP. Our IT sector has also won SAP Implementation orders from KBL overseas subsidiaries namely SPP Inc., US and KBL Pty, South Africa through competitive bidding process.

We are happy to share with you that the Company has entered into the agreement with SAP India as their Authorized SAP Service Partner.

Through rigorous recruitment processes we have ensured that the Company continues to maintain gender diversity.

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

### **STATUTORY DISCLOSURES**

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

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

#### **2. BOARD MEETINGS:**

During the financial year 2014-15, the Board of Directors duly met 5 times on 14 April 2014, 21 July 2014, 13 October 2014, 09 January 2015 and 25 February 2015.



## **KIRLOSKAR SYSTECH LIMITED**

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

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

- a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the directors had prepared the annual accounts on a going concern basis; and
- f) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **4. REPORT OF AUDITORS**

During the financial year under review, there are no qualifications or adverse remarks or disclaimers made by the Statutory Auditor of the Company in their Audit Report which is annexed herewith.

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

There were no Loans, Guarantees and Investments made during the year as covered under the provisions of Section 186 of the Companies Act, 2013.

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

Disclosure relating to the particulars of contract or arrangement with related parties referred in sub-section (1) of section 188 in Form AOC-2 is as below:

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

**KIRLOSKAR SYSTECH LIMITED**

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- i. Details of contracts or arrangements or transactions not at arm's length basis: All the transactions with related parties are at arm's length
- 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 – Systems Engineering services and Information Technology services and receiving of infrastructure facilities and other support services
c	Duration of the contracts / arrangements / transactions	On going basis
d	Salient terms of the contracts or arrangements or transactions including the value, if any;	Salient terms are as per the invoices. System Engineering service rendered amounting to Rs. 38,761,901 Information Technology services rendered amounting to Rs. 144,922,431 Services received amounting to Rs. 79,252,637
e	Date(s) of approval by the Board, if any;	As all the transactions are in ordinary course of business and at arm's length, Board approval is not required
f	Amount paid as advances, if any:	Nil

**7. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

The Company is engaged in system engineering, designing and support services and IT services. The Company, details of conservation of energy and technology absorption, foreign exchange earnings and outgo is given as follows:

**A) Conservation of energy: Nil****B) Technology absorption: Nil****C) Foreign exchange earnings and Outgo:**

Particulars	Current Year	Previous year
Foreign Exchange Earnings	22,430,164.66	1,058,721.00
Foreign Exchange Outgo	1,283,900.78	0.00



## **KIRLOSKAR SYSTECH LIMITED**

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### **8. BUSINESS RISK MANAGEMENT**

Your Company has constituted the Internal Risk Management Committee consisting of key company officials for identification of risks, if any, which can be associated with the business of the company or which can have adverse impact to the existence of the Company.

The committee reports on periodical basis to Board about the risks identified, mitigation plan and its probable impact on the existence of the Company.

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

**(i) Financial summary/highlights are already included elsewhere in the Report;**

**(ii) Change in the nature of the business during the year under review:** The Company has acquired IT division from Kirloskar Brothers Limited, holding company. The company has now two sectors viz, Engineering Services and IT services

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

Mr. Ravindra Ulangwar (DIN 06695939) was appointed as an Additional Director on the Board of Directors of the Company on October 13, 2014 pursuant to the provisions of Section 161 of the Companies Act, 2013 and Articles of Association of the Company and who hold office upto the date of ensuing Annual General Meeting. Mr. Ravindra Ulangwar, being eligible, offers himself for appointment at the ensuing Annual General Meeting.

Mr. Sandeep Phadnis (DIN 06561013) was appointed as an Additional Director on the Board of Directors of the Company on June 2, 2015 pursuant to the provisions of Section 161 of the Companies Act, 2013 and Articles of Association of the Company and who hold office upto the date of ensuing Annual General Meeting. Mr. Sandeep Phadnis, being eligible, offers himself for appointment at the ensuing Annual General Meeting.

Mr. Umesh Ulavi resigned as a Director of the Company w.e.f October 18, 2014. The Board of Directors has placed on records its appreciation for the valuable contribution made by Mr. Umesh Ulavi during his tenure as director.

**(iv) Companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year:** Not Applicable



## KIRLOSKAR SYSTECH LIMITED

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### (v) Details relating to Deposits

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

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

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

Adequate financial controls are in place commensurate with the size of the Company.

## 10. HOLDING COMPANY

Kirloskar Brothers Limited is a holding Company of the Company.

## 11. AUDITORS:

M/s P.G. Bhagwat, Chartered Accountants (Firm Registration No. 101118W) are appointed as auditors for a period of 5 years in the 4th Annual General Meeting held on 6<sup>th</sup> June 2014, subject to ratification of shareholders at each Annual General Meeting.

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

In terms of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rule 2013, we report that there was no complaint received and no case was filled, during the year ended on March 31, 2015. The report as prescribed is as under:

No. of Complaints received in the year	Nil
No. of complaints disposed off in the year;	Nil
Cases pending for more than 90 days;	Nil
No. of workshops and awareness programmes conducted in the year;	One
Nature of action by employer or District Officer, if any	NA



## **KIRLOSKAR SYSTECH LIMITED**

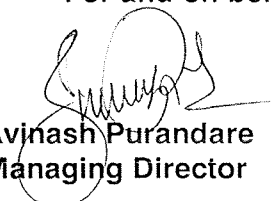
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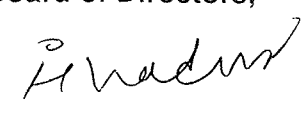
### **ACKNOWLEDGMENTS:**

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

For and on behalf of the Board of Directors,



**Avinash Purandare**  
Managing Director



**Sandeep Phadnis**  
Additional Director

Pune: June 2, 2015



**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on 31.03.2015  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U29220PN2010PLC137071
ii)	Registration Date	9 August 2010
iii)	Name of the Company	Kirloskar Systech Limited
iv)	Category / Sub-Category of the Company	Company limited by shares
v)	Address of the Registered office and contact details	Udyog Bhavan, Tilak Road, Pune 411 002, 020-2444 0770
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	System Engineering	71100	19.09
2	Information Technology	62020	80.91
3			

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

S.No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
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[illegible]

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	
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B) = (B)(1) + (B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	0	0	0	0	0	0	0	0

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year				Share holding 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	No. of Shares	% of Shares Pledged / encumbered to total shares	
1	Kirloskar Brothers Limited	50000	100%	0	90000	100%	0	0	0	0
	Total	50000	100%	0	90000	100%	0	0	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	50000	100	50000	100
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for				

	increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc):				
	14.04.2014 Allotment of 40,000 Equity Shares of Rs. 10/- each at premium	40000	100	90000	100
	At the End of the year			90000	100

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

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
	<b>For Each of the Top 10 Shareholders</b>				
	At the beginning of the year				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	14.04.2015 Allotment of 40,000 Equity Shares of Rs. 10/- each				
	At the End of the year ( or on the date of separation, if separated during the year)				
					Not applicable

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

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
	<b>For Each of the Directors and KMP</b>				
	At the beginning of the year	0	0	0	0

	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0

#### V. INDEBTEDNESS

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

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

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

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

Sr. No.	Particulars	Name of MD/WTD/Manager	
		Avinash Purandare	Total
A.	Remuneration to Managing Director, Whole-time Directors and/or Manager:	On deputation from Holding company, hence no details provided	

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

B.	Remuneration to other directors	Name of Directors	
	Independent Directors		
	<b>Name of the Directors</b>		
	Fee for attending board / committee meetings	NA	
	Commission		
	Others, please specify		
	<b>Total (1)</b>		
	Other Non- Executive Directors		
	<b>Name of the Directors</b>	<b>Umesh Shastry</b>	<b>Total</b>
	Fee for attending board / committee meetings	Nil	Nil
	Commission	Nil	Nil
	Others, please specify	Nil	Nil
	<b>Total (2)</b>	Nil	Nil
	<b>Total (B) = (1+2)</b>	Nil	Nil
	<b>Total Managerial Remuneration</b>	Nil	Nil

B.	Remuneration to other directors	Name of Directors	
	Overall Ceiling as per the Act		

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Sr. No.	Particulars	KSL				
		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					



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF KIRLOSKAR SYSTECH LIMITED**

**Report on the Standalone Financial Statements**

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

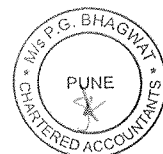
**Management's Responsibility for the Standalone Financial Statements**

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

**Auditors' Responsibility**

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

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



# **M/s P. G. BHAGWAT**

CHARTERED ACCOUNTANTS

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

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

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) There are no observations and comments on financial transactions or other matters which have an adverse effect on the functioning of the Company.
  - (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) There are no qualifications, reservations or adverse remarks relating to maintenance of accounts and other matters connected therewith.



# **M/s P. G. BHAGWAT**

CHARTERED ACCOUNTANTS

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

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company does not have any long-term contracts including derivative contracts, having any material foreseeable losses, for which provision was required;
- iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For M/s P G Bhagwat

Chartered Accountants

Firm's Registration No.: 101118W

*Abhijeet Bhagwat*

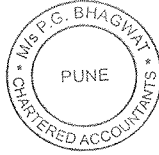
Abhijeet Bhagwat

Partner

Membership No.:136835

Pune

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



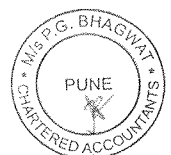
**Annexure**

Re: Kirloskar Systech Limited

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) The fixed assets are been physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. During the current year no physical verification of assets was undertaken.
- (ii) (a) The Company is engaged in providing system engineering, designing and support services and does not have any inventory. Therefore clause 3 (ii) (a), (b) and (c) are not applicable to it.
- (iii) According to the information and explanation given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Therefore clause 3 (iii) (a) and (b) are not applicable to it.
- (iv) In our opinion and according to information and explanation given to us there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit we have not observed any major weaknesses or continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation given to us no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) According to the information and explanation given to us, maintenance of cost records under sub-section (I) of section 148 of the Companies Act, 2013 is not prescribed for the Company.
- (vii) (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31<sup>st</sup> March, 2015, for a period more than six months from the date they became payable.



# **M/s P. G. BHAGWAT**

CHARTERED ACCOUNTANTS

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

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

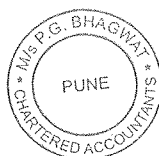
  
Abhijeet Bhagwat

Partner

Membership No.: 136835

Pune:

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



**Kirloskar Systech Limited**  
**Balance Sheet as at March 31, 2015**

			Rupees	
Sr. no.	Particulars	Note No.	Figures at the end of current reporting period ending on March 31, 2015	Figures at the end of previous reporting period ending on March 31, 2014
I.	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' funds</b>			
	(a) Share capital	A-1	900,000	500,000
	(b) Reserves and surplus	A-2	70,128,589	3,109,476
	(c) Money received against share warrants			
			<b>71,028,589</b>	<b>3,609,476</b>
2	<b>Share application money pending allotment</b>		-	-
3	<b>Non-current liabilities</b>			
	(a) Long-term borrowings		-	-
	(b) Deferred tax liabilities (Net)	A-3	3,795,977	501,893
	(c) Other long term liabilities		-	-
	(d) Long-term provisions (leave encashment)	A-4	655,578	620,832
			<b>4,451,555</b>	<b>1,122,725</b>
4	<b>Current liabilities</b>			
	(a) Short-term borrowings		-	-
	(b) Trade payables	C-8	4,198,122	10,035,409
	(c) Other current liabilities	A-5	10,880,946	2,167,525
	(d) Short-term provisions	A-6	10,890,931	1,256,992
			<b>25,969,999</b>	<b>13,459,927</b>
			<b>101,450,143</b>	<b>18,192,127</b>
II.	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	A-7	43,893,605	6,550,060
	(ii) Intangible assets	A-7	535,509	870,028
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(b) Non-Current Investments		-	-
	(c) Deferred tax assets (net)	A-3	-	-
	(d) Long-term loans and advances		-	-
	(e) Other non-current assets		-	-
			<b>44,429,114</b>	<b>7,420,088</b>
2	<b>Current assets</b>			
	(a) Current investments		-	-
	(b) Inventories		-	-
	(c) Trade receivables	A-8	31,418,499	2,565,823
	(d) Cash and bank balances	A-9	8,881,205	1,636,725
	(e) Short-term loans and advances	A-10	16,721,325	6,569,491
	(f) Other current assets		-	-
			<b>57,021,029</b>	<b>10,772,039</b>
			<b>101,450,143</b>	<b>18,192,127</b>

Notes to accounts

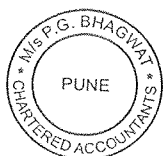
Part- B & C

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

As per our report of even date attached

For M/s P.G. Bhagwat  
Chartered Accountants

ABHIJEET BHAGWAT  
Partner



*(Signature)*

UMESH SHASTRY  
Chairman  
DIN: 03194924

*(Signature)*

AVINASH PURANDARE  
Managing Director  
DIN: 05295477

PUNE  
Date : 16 April 2015

PUNE  
Date : 16 April 2015

Kirloskar Systech Limited  
Profit and Loss statement for the year ended March 31, 2015

Rupees				
Sr. no.	Particulars	Note No.	Figures at the end of current reporting period ending on March 31, 2015	Figures for previous reporting period ending on March 31, 2014
I.	Revenue from operations	A-11	203,066,611	26,303,222
II.	Other income	A-12	57,459	417,550
III.	Total Revenue (I + II)		203,124,070	26,720,772
IV.	Expenses:			
	Cost of materials consumed		-	-
	Purchases of Stock-in-Trade		-	-
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade		-	-
	Employee benefits expense	A-13	66,035,390	14,964,764
	Depreciation and amortization expenses		18,734,328	436,548
	Other expenses	A-14	70,132,330	8,248,113
	Total expenses		154,902,048	23,649,425
V.	Profit before exceptional and extraordinary items and tax (III-IV)		48,222,022	3,071,347
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		48,222,022	3,071,347
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		48,222,022	3,071,347
X.	Tax expense:			
	(1) Current tax		12,450,000	590,000
	(2) Deferred tax		3,294,084	507,324
	(3) Short/ (Excess) provision if Income Tax on account of earlier year		(100,815)	-
			15,643,269	1,097,324
XI.	Profit/(loss) for the period from continuing operations (IX-X)		32,578,753	1,974,023
XII.	Profit/(loss) from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV.	Profit/ (loss) for the period (XI + XIV)		32,578,753	1,974,023
XVI.	Earnings per equity share having nominal value of Rs. 10/- per share	C-2		
	(1) Basic		361.99	39.48
	(2) Diluted		361.99	39.48

Notes to accounts

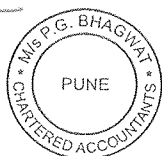
Part- B & C

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

As per our report of even date attached

For M/s P.G. Bhagwat  
Chartered Accountants

ABHIJEET BHAGWAT  
Partner



UMESH SHASTRY  
Chairman  
DIN: 03194924

AVINASH PURANDARE  
Managing Director  
DIN: 05295477

PUNE  
Date : 16 April 2015

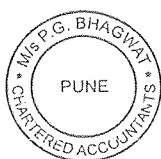
PUNE  
Date : 16 April 2015

Kirloskar Systech Limited  
Cash Flow statement for the year ended March 31, 2015

		Rupees	
Sr. no.	Particulars	Figures at the end of current reporting period ending on March 31, 2015	Figures for previous reporting period ending on March 31, 2014
<b>A</b>	<b>Cash flows from Operating Activities</b>		
	Net Profit before Taxes and Extraordinary Items	48,222,022	3,071,347
	Adjustments for :-		
1	Depreciation / Amortization	18,734,328	436,548
2	Profit on sale of investment	-	(416,110)
	<b>Operating Profit Before Working capital changes</b>	<b>66,956,350</b>	<b>3,091,785</b>
	Adjustments for :-		
1	(Increase)/ decrease in Trade Receivables	(32,524,851)	(4,138,269)
2	Increase/ (decrease) in Trade payables & Liabilities	2,907,404	606,689
	<b>Cash Generated from Operations</b>	<b>37,338,903</b>	<b>5,020,205</b>
3	Income Tax (Paid ) / Refunded	(18,828,842)	(697,031)
	<b>Net Cash from Operating Activities</b>	<b>18,510,061</b>	<b>4,323,174</b>
<b>B</b>	<b>Cash flows from Investing Activities</b>		
1	Purchase of Tangible Assets	(55,743,356)	(6,677,903)
2	(Purchase) / Sale of Investments	-	5,416,110
	<b>Net Cash from Investment Activities</b>	<b>(55,743,356)</b>	<b>(1,261,793)</b>
<b>C</b>	<b>Cash Flows from Financing Activities</b>		
1	Proceeds from issuance of share capital	45,640,000	-
2	Dividend Paid	(1,000,000)	(2,000,000)
3	Tax on Dividend	(162,225)	(324,450)
	<b>Net Cash used in Financing Activities</b>	<b>44,477,775</b>	<b>(2,324,450)</b>
	<b>Net Increase in Cash and Cash Equivalents</b>	<b>7,244,480</b>	<b>736,931</b>
1	Cash & Cash Equivalents at beginning of period	1,636,725	899,794
2	Cash & Cash Equivalents at end of period (Refer Note : A-9)	8,881,205	1,636,725

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

ABHIJEET BHAGWAT  
Partner



*(Signature)*

UMESH SHASTRY  
Chairman  
DIN: 03194924

*(Signature)*

AVINASH PURANDARE  
Managing Director  
DIN: 05295477

PUNE  
Date : 16 April 2015

PUNE  
Date : 16 April 2015



Particulars	Rupees	
	Figures as at the end of current reporting period ending on March 31, 2015	Figures as at the end of current reporting period ending on March 31, 2014
<b>Note : A-1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
2,50,000 (2,50,000) equity shares of Rs.10/- each (Rs.10/-) each	2,500,000	2,500,000
<b>Issued ,Subscribed &amp; fully Paid up</b>		
50,000 (50,000) equity shares of Rs.10/- each (Rs.10/-) each	500,000	500,000
40,000 equity shares of Rs.10/- each	400,000	-
<b>Out of the above</b>		
40,000 equity shares of Rs.10/- each were allotted as fully paid up pursuant to contract for consideration other than cash		
<b>Total</b>	<b>900,000</b>	<b>500,000</b>

a) Reconciliation of share capital

Particulars	Figures as at the end of current reporting period ending on March 31, 2015		Figures as at the end of current reporting period ending on March 31, 2014	
	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	50,000	500,000	50,000	500,000
Issued During the year	40,000	400,000	-	-
Shares outstanding at the end of the year	90,000	900,000	50,000	500,000

b) Rights of equity shareholder:

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

For the year ended March 31, 2015 the board of directors have proposed dividend of Rs.100/- (Rs.10/-) per share.

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

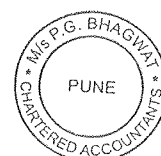
Name of the shareholder	Figures as at the end of current reporting period ending on March 31, 2015		Figures as at the end of current reporting period ending on March 31, 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Brothers Ltd. - Holding Company	90,000	100%	50,000	100%



Rupees

Particulars	Figures at the end of current reporting period ending on March 31, 2015	Figures at the end of previous reporting period ending on March 31, 2014
<b>Note : A-2</b>		
<b>Reserves &amp; Surplus</b>		
(a) General Reserve		
Opening Balance	875,091	677,689
Add Current Year Transfer	3,257,875	197,402
Closing Balance	4,132,966	875,091
(b) Securities Premium Reserve		
Opening Balance	-	-
Add Current Year Transfer	45,240,000	-
Closing Balance	45,240,000	-
(c) Surplus		
Opening Balance	2,234,385	1,619,988
Add Net Profit for the current year	32,578,753	1,974,023
Balance available for appropriation	34,813,138	3,594,012
Less Appropriations :		
Proposed Dividend	9,000,000	1,000,000
Tax on Dividend	1,799,640	162,225
Transfer to Reserves	3,257,875	197,402
Sub total	14,057,515	1,359,627
Closing Balance	20,755,623	2,234,385
<b>TOTAL</b>	<b>70,128,589</b>	<b>3,109,476</b>

<b>Note : A- 3</b>		
<b>Deferred Tax Liabilities (Net)</b>		
(a) Deferred Tax Liabilities		
i) On depreciation / amortization of fixed assets	4,038,299	725,691
ii) Other timing differences	-	-
	4,038,299	725,691
(b) Deferred Tax Assets		
i) Provision for doubtful debts / advances	-	-
ii) Provision for employee benefits	242,322	223,798
	242,322	223,798
<b>TOTAL</b>	<b>3,795,977</b>	<b>501,893</b>

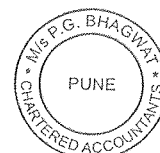


Rupees

Particulars	Figures at the end of current reporting period ending on March 31, 2015	Figures at the end of previous reporting period ending on March 31, 2014
<b>Note : A-4</b>		
<b>Long Term Provisions</b>		
(a) Provision for employee benefits		
(i) Leave Encashment (unfunded) (refer note C-7)	655,578	620,832
<b>TOTAL</b>	<b>655,578</b>	<b>620,832</b>

<b>Note : A-5</b>		
<b>Other Current Liabilities</b>		
(a) Other payables		
(i) Salary & Reimbursements	2,755,543	926,307
(ii) Contribution to PF & Superannuation	357,570	224,847
(iii) Statutory Dues	2,493,294	713,318
(iv) Provision for expenses	5,274,539	303,053
<b>TOTAL</b>	<b>10,880,946</b>	<b>2,167,525</b>

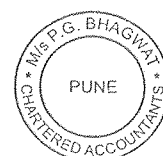
<b>Note : A-6</b>		
<b>Short Term Provisions</b>		
(a) Provision for employee benefits		
(i) Leave Encashment (unfunded) (refer note C-7)	91,291	94,767
(b) Others		
(i) Proposed Dividend	9,000,000	1,000,000
(ii) Dividend Distribution Tax	1,799,640	162,225
<b>TOTAL</b>	<b>10,890,931</b>	<b>1,256,992</b>



**Kirloskar Systech Limited**
**Note A-7 : Tangible and Intangible Assets**

Rupees

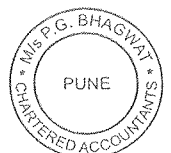
Particulars	Tangible Assets				Intangible Assets
	Furniture & Fittings	Computer	Plant & Machinery	Total	Computer Softwares
<b>Gross Block</b>					
At 01.04.2013	105,401	760,302	-	865,703	409,086
Additions		6,020,090	-	6,020,090	657,813
Acquired through business combinations	-	-	-	-	-
Other adjustments	-	-	-	-	-
- exchange difference	-	-	-	-	-
- borrowing costs	-	-	-	-	-
Disposals		-	-	-	-
Disposals through demerger	-	-	-	-	-
Revaluation / Impairments	-	-	-	-	-
<b>As at 31.03.2014</b>	<b>105,401</b>	<b>6,780,392</b>	<b>-</b>	<b>6,885,793</b>	<b>1,066,899</b>
Additions	<b>35,500</b>	<b>41,269,737</b>	<b>14,438,119</b>	<b>55,743,356</b>	-
Acquired through business combinations	-	-	-	-	-
Other adjustments	-	-	-	-	-
- exchange difference	-	-	-	-	-
- borrowing costs	-	-	-	-	-
Disposals					-
Disposals through demerger	-	-	-	-	-
Revaluation / Impairments	-	-	-	-	-
<b>As at 31.03.2015</b>	<b>140,901</b>	<b>48,050,129</b>	<b>14,438,119</b>	<b>62,629,149</b>	<b>1,066,899</b>
<b>Depreciation/ Amortisation</b>					
At 01.04.2014	9,440	33,733		43,173	52,884
Charge for the year	6,672	285,888		292,560	143,988
Acquired through business combinations	-	-	-	-	-
Depreciation on disposal	-	-	-	-	-
<b>At 31.03.2014</b>	<b>16,112</b>	<b>319,621</b>	<b>-</b>	<b>335,733</b>	<b>196,872</b>
Charge for the year	<b>15,059</b>	<b>14,624,124</b>	<b>3,760,628</b>	<b>18,399,811</b>	<b>334,517</b>
Acquired through business combinations	-	-	-	-	-
Depreciation on disposal	-	-	-	-	-
<b>As at 31.03.2015</b>	<b>31,171</b>	<b>14,943,745</b>	<b>3,760,628</b>	<b>18,735,544</b>	<b>531,390</b>
<b>Net Block</b>					
At 31.03.2014	89,289	6,460,771	-	6,550,060	870,028
As at 31.03.2015	109,730	33,106,384	10,677,491	43,893,605	535,509



Particulars	Rupees	
	Figures at the end of current reporting period ending on March 31, 2015	Figures at the end of previous reporting period ending on March 31, 2014
<b>Note : A-8</b>		
<b>Trade receivables</b>		
(i) Trade receivables outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good	2,825,984	-
	2,825,984	-
(ii) Trade receivables outstanding for a period less than six months Unsecured, considered good	28,592,515	2,565,823
	28,592,515	2,565,823
<b>TOTAL</b>	<b>31,418,499</b>	<b>2,565,823</b>

<b>Note : A-9</b>		
<b>Cash &amp; Bank Balances</b>		
(a) Cash & Cash Equivalents		
(i) Cash on hand	6,111	14,421
(ii) Balances with banks	8,875,094	1,622,304
<b>TOTAL</b>	<b>8,881,205</b>	<b>1,636,725</b>

<b>Note : A-10</b>		
<b>Short term loans and advances</b>		
(a) Others		
Unsecured, considered good		
(i) Advances to Employees	9,888	4,962
(ii) Prepaid Expenses	7,193,753	3,569,504
(iii) Claims Receivables - Service Tax Input	1,784,649	1,489,502
(iv) Gratuity (Refer Note C - 4)	489,388	741,534
(v) Advance Income tax ( net of provision )	7,243,647	763,989
<b>TOTAL</b>	<b>16,721,325</b>	<b>6,569,491</b>



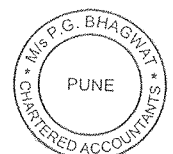
Kirloskar Systech Limited  
Notes to Accounts - Part A

	Rupees	
Particulars	2014-15	2013-14
<b>Note : A-11</b>		
<b>Revenue from operations</b>		
Sale of services (Refer Note C - 3 )	203,066,611	26,303,222
<b>TOTAL</b>	<b>203,066,611</b>	<b>26,303,222</b>

<b>Note : A-12</b>		
<b>Other Income</b>		
(i) Profit on sale of Investments	-	416,110
(ii) Interest on Income tax refund	57,459	-
(iii) Misc. Income	-	1,440
<b>TOTAL</b>	<b>57,459</b>	<b>417,550</b>

<b>Note : A-13</b>		
<b>Employee benefits expense</b>		
Salaries, wages and bonus	63,275,134	14,840,685
Contribution to provident fund	1,040,444	620,966
Gratuity	252,146	-741,534
Welfare expenses	1,231,041	19,800
Super Annuation	236,625	224,847
<b>TOTAL</b>	<b>66,035,390</b>	<b>14,964,764</b>

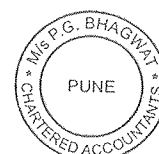
<b>Note : A-14</b>		
<b>Other expenses</b>		
Repairs and maintenance		
Plant and Machinery	315,813	-
Other	6,457,931	27,230
Rates and taxes	2,626,202	44,612
Travel and conveyance	11,632,756	453,624
Postage and telephone	320,174	136,157
Bank Charges	11,062	156
Insurance	182,107	-
Computer Services	7,654,225	158,836
Advertisements and publicity	345,913	-
Royalties and Fees paid	105,000	105,000
Remuneration to Auditors (Refer Note C-1)	280,000	120,000
Foreign Exchange (gain) / loss - net	112,572	-
Professional and Consulting Fees	39,128,931	7,120,854
Stationery and Printing Exp	258,322	35,478
Training Course External Program Fees	333,734	-
Other miscellaneous expenses	367,588	46,166
<b>TOTAL</b>	<b>70,132,330</b>	<b>8,248,113</b>



Part	Particulars	2015	2014
C-1	<b>Remuneration to Auditors</b>		
	Statutory Auditors :		
	a) Audit Fees	250,000	100,000
	b) Tax Audit Fees	30,000	20,000
	c) Reimbursement of Expenses	-	-
	<b>Total</b>	<b>280,000</b>	<b>120,000</b>

Part	Particulars	2015	2014
C-2	<b>Earning per Share ( Basic and diluted )</b>		
	<b>I - Basic</b>		
	a) Profit for the year before tax	48,222,022	3,071,347
	Less : Attributable Tax thereto	15,643,269	1,097,324
	Profit after Tax	32,578,753	1,974,023
	b) Weighted average number of equity shares used as denominator	90,000	50,000
	c) Basic earning per share of nominal value of Rs 10/- each	361.99	39.48

Part	Particulars	2015	2014
C-3	<b>Information in respect of Services rendered :</b>		
	Engineering Consultancy charges	38,761,901	24,020,314
	IT consultancy and support services	164,304,710	2,282,908
	<b>Total</b>	<b>203,066,611</b>	<b>26,303,222</b>



Kirloskar Systech Limited  
NOTES TO ACCOUNTS - Part C

C-4 Employee Benefits :

i Defined Contribution Plans:

Amount of Rs 1,277,069/- (Rs. 845,813/-); is recognised as an expense and included in "Employee benefits expenses" (Part A - 13) in the Profit and Loss Account.

ii Defined Benefit Plans:

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

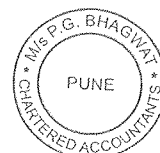
Sr. No.	Particulars	Amount - Rupees	
		As on 31-03-2015	As on 31-03-2014
		Gratuity Plan (Funded)	Gratuity Plan (Funded)
A.	Amount to be recognised in Balance Sheet		
	Present Value of Defined Benefit Obligation	1,556,418	1,161,541
	Less: Fair Value of Plan Assets	2,045,806	1,903,075
	Amount to be recognised as liability or (asset)	(489,388)	(741,534)
B.	Amounts reflected in the Balance Sheet		
	Liabilities	-	-
	Assets	489,388	741,534
	Net Liability/(Assets)	(489,388)	(741,534)

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

Sr. No.	Particulars	Amount - Rupees	
		As on 31-03-2015	As on 31-03-2014
		Gratuity Plan (Funded)	Gratuity Plan (Funded)
1	Current Service Cost	243,021	203,572
2	Interest Cost	105,700	138,073
3	Expected Return on Plan Assets	(171,277)	(148,590)
4	Actuarial Losses/(Gains)	74,702	(934,589)
5	Past Service Cost	-	-
6	Effect of any curtailment or settlement	-	-
7	Actuarial Gain not recognised in books	-	-
8	Adjustment for earlier years	-	-
	Total included in Part A -13 "Employee benefits expense"	252,146	(741,534)
	Actual Return on Plan Assets	9.00%	9.00%

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

Sr. No.	Particulars	Amount - Rupees	
		As on 31-03-2015	As on 31-03-2014
		Gratuity Plan (Funded)	Gratuity Plan (Funded)
1	Balance of the present value of Defined benefit Obligation as at 01-04.2014	1,161,541	1,747,756
2	Add: Current Service Cost	243,021	203,572
	Add: Interest Cost	105,700	138,073
3	Add/(less): Actuarial losses / (gains)	46,156	(927,860)
4	Less: Benefits paid	-	-
5	Balance of the present value of Defined Benefit Obligation as at 31-03-2015	1,556,418	1,161,541





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

Sr. No.	Particulars	Amount - Rupees	
		Gratuity Plan (Funded)	Gratuity Plan (Funded)
		As on 31-03-2015	As on 31-03-2014
1	Opening balance of the fair value of the plan assets as at 01-04-2014	1,903,075	1,554,243
2	Add: Expected Return on plan assets	171,277	148,590
3	Add/(less) : Actuarial gains/(losses)	(28,546)	6,729
4	Add: Contribution by the employer	-	193,513
5	Less: Benefits paid	-	-
6	Closing balance of the plan assets as at 31-03-2015	2,045,806	1,903,075

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

Sr. No.	DESCRIPTION	Percentage	Percentage
		2015	2014
1	Central & State Govt. Securities	42.07	42.07
2	Approved Marketable Securities	1.35	1.35
3	Bonds/Debentures etc.	42.85	42.85
4	Loans	0.00	0.00
5	Equity	5.22	5.22
6	Liquid Fund/Money Market Instrument	8.51	8.51
7	Preference Shares	0.00	0.00
	Grand Total	100.00	100.00

Basis used to determine the overall expected return:

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

- f) Principal actuarial assumptions at the balance sheet (expressed as weighted averages)
- Discount rate as at 31-03-2015 - 7.90%
  - Expected return on plan assets as at 31-03-2014 - 9.00%
  - Salary growth rate : For Gratuity Scheme - 10%
  - Attrition rate: For gratuity scheme 6.34%%
  - The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

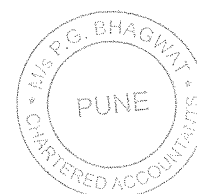
- g) The amounts pertaining to defined benefit plans are as follows:

Particulars	Amount - Rupees	
	Gratuity Plan (Funded)	Gratuity Plan (Funded)
	As on 31-03-2015	As on 31-03-2014
Defined Benefit Obligation	1,556,418	1,161,541
Plan Assets	2,045,806	1,903,075
Surplus/(Deficit)	489,388	741,534

- h) General descriptions of defined plans:

1 Gratuity Plan:

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



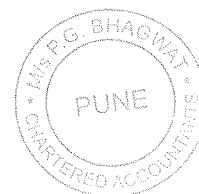
C-5 Related Party Disclosures

(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) Related Party Transactions :

Name of the related party	2015	2014
<b>Kirloskar Brothers Limited (Holding Company)</b>		
Sales	183,684,332	24,774,416
Receipt of share capital	45,640,000	-
Purchase of capital assets	51,345,728	-
Reimbursement of expenses	19,993,607	1,906,040
Services Received	79,252,637	6,000,000
Balance outstanding	16,993,520	1,996,125
<b>Braybar Pumps (Pty) Ltd (Fellow Subsidiary Company)</b>		
Sales	4,757,793	-
Balance outstanding	3,657,487	-
<b>Spp Pumps (South Africa) (Pty) Ltd (Fellow Subsidiary Company)</b>		
Sales	1,346,573	-
Balance outstanding	64,443	-
<b>Spp Pumps Inc (Fellow Subsidiary Company)</b>		
Sales	9,537,782	-
Balance outstanding	429,006	-
<b>Spp Pumps Limited (Fellow Subsidiary Company)</b>		
Sales	7,782,093	-
Balance outstanding	5,992,248	-
<b>Karad Projects and Motors Limited (Fellow Subsidiary Company)</b>		
Sales	-	410,175
Balance outstanding	-	439,195
<b>Kirloskar Corrocoat Pvt Ltd. (Fellow Subsidiary Company)</b>		
Sales	-	229,986
Balance outstanding	-	229,986



C-6

2015	2014
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a ) Details of Derivative Instruments ( for hedging )

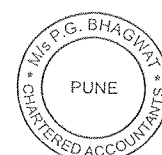
b ) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise

Particulars	Currency	Amount in FCY		Equivalent amount in INR	
		2015	2014	2015	2014
Liability					
Trade Payable	USD	7,507	-	469,194	-

Particulars	Currency	2015	2014	2015	2014
Assets					
Trade Receivable	USD	65,750	-	4,109,046	-
	GBP	52,154	-	4,817,421	-

C-7 Details of provisions and movements in each class of provisions.

Particulars	As at 31.03.2015
	Leave encashment
Carrying amount at the beginning of the year	715,599
	(3,103,727)
Provision made during the year	31,270
	-
Amount used during the year	-
	(340,417)
Unused amounts reversed during the year	-
	(2,047,711)
Carrying amount at the end of the year	746,869
	(715,599)



C-8 As per the information available with the Company till date; none of the suppliers have informed the company about their having registered themselves under the "Micro, Small and Medium Enterprises Development Act, 2006". As such, information as required under this Act, cannot be compiled and therefore, not disclosed for the year.

C-9 Earning in Foreign Currencies

Sr.no	Particulars	2015	2014
i)	Services rendered	22,430,165	1,058,721

C-10 Expenditure in Foreign Currencies

Sr.no	Particulars	2015	2014
i)	Professional Fees	414,016	-
ii)	Other Matters	869,885	-

C-11 Contingent liabilities not provided for in respect of :

Sr.no	Particulars	2015	2014
i)	Guarantees:	-	-
ii)	Other money for which the company is contingently liable for	-	-

C-12 On April 01, 2014, Company has acquired assets as part of business strategy from its holding company Kirloskar Brothers Limited (KBL). With this, company has started providing information technology services to its customers.

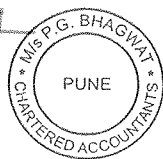
C-13 Effective from April 1, 2014 the Company has charged depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Due to above, depreciation charge for the year ended March 31, 2015 is higher by Rs. 9,589,364/-

C-14 Figures of the previous have been regrouped wherever necessary. Figures in bracket relate to the previous year.

For and on behalf of the Board of Directors

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

ABHIJEET BHAGWAT  
Partner



UMESH SHASTRY  
Chairman  
DIN: 03194924

AVINASH PURANDARE  
Managing Director  
DIN: 05295477

PUNE  
Date : 16 April 2015

PUNE  
Date : 16 April 2015

## **Part B: Notes to Accounts**

### **Significant Accounting Policies**

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

- a) The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India. The financial statements have been prepared to comply in all material respects with The Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.
- b) The financial statements have been prepared under the historical cost convention on an accrual basis.
- c) The accounting policies applied by the Company are consistent with those used in the previous year except for the change in accounting policy explained below.

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

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

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

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

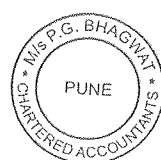
#### **4. Depreciation**

Depreciation on fixed assets has been provided in a manner that amortizes the cost of the assets over their estimated useful lives on straight line basis at the useful life prescribed in Schedule II of the Companies Act, 2013.

#### **5. Revenue Recognition**

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

- a) Sale of products and services are recognize when the significant risks and rewards of ownership of the goods have passed to the buyer and when services are rendered.



- b) Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of raising any claim, revenue recognition is postpone to the extent of uncertainty involved. In such cases revenue is recognized only when it is reasonably certain that the ultimate collection will be made.
- c) Interest: Accrues on the time basis determined by the amount outstanding and the rate applicable.

## 6. Tangible Fixed Assets

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

## 7. Foreign Currency Transactions

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

## 8. Investments

Investments are classified as trade when investment is made in the shares or debentures of another company, not being its subsidiary, for the purpose of promoting the trade or business of the company.

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investment is made are classified as current investments. All other investments are classified as long-term investments.

- a) Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- b) Long-term investments are carried at cost however provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

## 9. Employee Benefits

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

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

### I. Short Term Employee Benefits:

All 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.

### II. Post-Employment Benefits:

#### a) Defined Contribution Plans:

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

#### b) Defined Benefit Plans:

The employees' gratuity fund scheme is the Company's defined benefit plan. The present value of the obligation under such defined benefit plans 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.

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

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

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expenses on a straight-line basis over the average period until the benefits become vested.

### III. Long Term Employee Benefits:

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

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

## 10. Earnings per share

### Basic earnings per share

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

### Diluted earnings per share

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

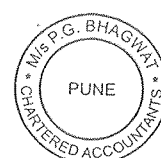
## 11. Taxes on Income

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

## 12. Intangible Assets

The company has computer software as acquired intangible asset. It is amortized over a period of 3 years on straight line method.

The company recognizes expenditure on research or research of an internal project as an expense when it is incurred.





### 13. Provisions

A Provision is recognized when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources is expected to settle the obligation, in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

For M/s P.G. Bhagwat  
Chartered Accountants



**ABHIJEET BHAGWAT**  
Partner



**UMESH SHASTRY**  
Chairman  
DIN: 03194924



**AVINASH PURANDARE**  
Managing Director  
DIN: 05295477

PUNE  
Date: 16 April 2015