KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

ANNUAL REPORT 2017-18

CORROCOAT

Kirloskar

Enriching Lives

INSPIRING TRUST. LEADING INNOVATION.

Being an inspiration is all about delivering consistent reliability in all fairness. It is also about high level of knowledge of the nuances of pain points, understanding the stakeholders' requirements and providing apt solutions.

KCPL to its Indian customers stands for its Long Term Asset Protection Solutions. The “All will be Well” surety that the name evokes in customers’ minds continues to inspire us.

With our effective leadership philosophy and roots, we have been the market leaders in Glass Flake Technology in the Industry since last 25 years from the time Kirloskar Brothers Limited joined hands with Corrocoat Limited, UK to provide corrosion protection solution. We always strive towards bringing improvements with all our endeavors, be it our internal processes, customizing solutions or hassle free project execution capabilities.

KCPL has been able to successfully continue with its rich legacy of single point solution provider for over the years, which makes it one of the most trusted and reliable brand names in the Indian Glass Flake Coating industry. As a trusted and most preferred Long Term Asset Protection Solution provider, we are confident and look forward to a future of immense possibilities.

As we embark on yet another successful journey in 2018-19, we are confident of scaling new horizons and pinnacles with a renewed spirit and vigor.

INSPIRING TRUST. LEADING INNOVATION.

Your Company is inspiring trust & leading the path of innovation by:

- Becoming the pioneer of internal coating of Flue Gas Chimney worldwide
- Continuing to generate green power for its customers through Fluiglide Coatings on Pumps resulting in substantial energy saving
- Long lasting corrosion protection to Internals and Externals of CW Pipeline for various Power Projects across India
- Protecting structures immersed in sea water for major ship lift project

Annual Report for the financial year ended on 31st March 2018

BOARD OF DIRECTORS

Mr. Alok S. Kirloskar	(DIN 05324745)	–	Chairman
Mr. Clive A. Harper	(DIN 06700160)	–	Director
Mr. Chittaranjan M. Mate	(DIN 07399559)	–	Additional Director w. e. f. 22.06.2017
Mr. Graham Greenwood-Sole	(DIN 07317840)	–	Alternate Director to Mr. C. A. Harper (from 09.11.2017 to 16.04.2018)
Mr. Sanjay M. Wadnerkar	(DIN 07443390)	–	Director up to 22.06.2017

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

12th Annual General Meeting

Day & Date	:	Wednesday, 18 April 2018
Time	:	01.30 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 12th Annual General Meeting of the Members of Kirloskar Corrocoat Private Limited will be held at Kirloskar Brothers Limited, 'Yamuna', S. No. 98 (3-7), Baner, Pune 411 045 on Wednesday, the 18th day of April, 2018 at 01.30 p.m. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements as at March 31, 2018, Board's Report and the Auditors' Report thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Alok Kirloskar (DIN 05324745), who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Chittaranjan M. Mate (DIN 07399559), who was co-opted as Additional Director with effect from June 22, 2017 and whose tenure expires in the Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation.

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

By order of the Board of Directors
For **KIRLOSKAR CORROCOAT PRIVATE LIMITED**

Anuja Laturkar
Company Secretary

Place: Pune
Date: 18 April 2018

NOTES:

1. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The meeting is held at shorter notice with the consent of all the shareholders.
3. Statement of material facts pursuant to Section 102 of the Companies Act, 2013 and details of Directors pursuant to Secretarial Standards on General Meetings (SS-2) are annexed herewith.

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

Item No. 3

Mr. Alok Sanjay Kirloskar (aged 34 years) (DIN 05324745) is the Non-Executive Chairman of the Company. He has been a Director of the Company with effect from May 26, 2016. He retires by rotation and being eligible, has offered 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. Alok Kirloskar has done his Bachelor of Science in Business Administration with concentration in Finance from Carnegie Mellon University, Pittsburgh, PA, USA. He had the honor to be on the Dean's list for his academic excellence throughout the course.

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

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

He does not hold any shares in the Company. He has attended all 4 (Four) Board Meetings during the year. He is the Chairman of the Corporate Social Responsibility Committee of the Company.

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

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

Item No.5

The Board appointed Mr. Chittaranjan Madhukar Mate (DIN 07399559) as Additional Director of the Company with effect from June 22, 2017, pursuant to provisions of Section 161 of the Companies Act, 2013. He holds office upto the date of ensuing Annual General Meeting.

The Company has received a notice proposing his candidature as Director, liable to retire by rotation, in terms of provisions of Section 160 of Companies Act 2013. The notice is available for inspection up to the meeting at the Registered office and also at the meeting. The Board of Directors has recommended his appointment. The appointment is without any remuneration (except payment of sitting fees) and no remuneration has been drawn by him in the past.

Mr. Chittaranjan M. Mate (aged 61) holds Bachelor degree in Commerce and is a Chartered Accountant. He has experience of over 37 years in Finance. Currently, he is Vice President (Finance) and Chief Financial Officer of Kirloskar Brothers Limited (KBL). He is working with Kirloskar group since September 1986. Before joining KBL in 2015, he had worked with Kirloskar Ebara Pumps Ltd. a joint venture company of KBL. He has handled various assignments in Finance as well as other departments such as Purchase, Admin, IT etc. Before joining Kirloskar group he had worked in audit firms and some other manufacturing companies.

He is also on the Board of The Kolhapur Steel Limited, a subsidiary of KBL and is a member of their Audit Committee and Stakeholders Relationship Committee. He is also a Nominee and Designated Partner in KBL Synerge LLP. He is also, a member of CII's Direct Tax committee.

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

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

By order of the Board of Directors
For **KIRLOSKAR CORROCOAT PRIVATE LIMITED**

Anuja Laturkar
Company Secretary

Place: Pune
Date: 18 April 2018

BOARD'S REPORT

The Members of the Company,

Your Directors present the 12th Annual Report and Audited Accounts of the Company for the year ended March 31, 2018.

FINANCIAL PERFORMANCE

The financial results of the Company for the year 2017 -18 as compared with the previous year are as under:-

(Rs. in Lakhs)

Particulars	Current Year ended 31 March 2018	Previous Year ended 31 March 2017
Revenue from Operations	**3,455.45**	2,997.18
Other Income	**16.19**	11.29
Total Income	**3,471.64**	3,008.47
Profit (Loss) Before Tax	**226.08**	(83.45)
Tax Expenses	**64.21**	(13.62)
Profit (Loss) for the period	**161.87**	(69.82)
Total Comprehensive Income for the period	**166.08**	(69.32)

DIVIDEND AND RESERVES

The Directors of the Company have recommended dividend @ 10% on Paid up Equity Share Capital (i.e. Re. 1 on every Equity Share of Rs. 10 each) for the year ended on March 31, 2018.

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

STATEMENT OF AFFAIRS

The year under review was tough as project opportunities had been reduced drastically resulting in fierce competition in the market. For the year, the Company has achieved Sales of Rs. 3,455.45 Lakhs and Profit before tax of Rs. 226.08 Lakhs. There has been overall improvement in Sales and Profit compared to previous year. The increase in turnover is by 18% over previous year. The existing client's preference for the Company, which has contributed to 67% of total business in form of repeat orders, was the main reason behind the improved performance. We are thankful to our customers for reposing their trust in us.

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. Orders to the tune of Rs. 300 Lakhs were shifted from this FY to the next FY.

The lower availability of work in market has increased competition, thereby bringing prices down and putting strain on margins. However, the Company's sale of Rs. 584 Lacs in the Pump Coating segment - the highest in our 12 years of business has been instrumental in recording reasonable profits despite the tough market scenario. The Company has also taken steps to develop new applications and also cater to more Pump / refurbishment business to maintain reasonable margins.

Pipe coating contributed bulk of our revenues. Kirloskarvadi operations have recorded its highest Sale in March 2018 (>Rs. 117 lakhs) proving that it is fully capable to handle increased loads.

Power Sector:

Growth in Power Sector was minimal where as the competition was fierce. The Company managed to bag opportunity in 1 of the 2 major Power projects that came up for lining, during the year. Also, the Company got back a sizeable portion of an order that was lost in the previous year from a power plant in South India, owing to the Company's high quality standard.

The Company executed its first coating on Chimney Flue Cannes at the 2x 660 MW Shree Shingaji Thermal Power Project near Khandwa in Madhya Pradesh. We believe that it is world's first coating of a Chimney flue canne. The Company's coatings are cost effective import substitute to Borosilicate & Metal Cladding options that are currently adopted.

Power Sector Outlook 2018-2019:

Two major pipe coating projects are coming up in 2018-19 for which the Company is expecting tough competition.

The FGD & Chimney segment is highly promising as tenders have been awarded to EPC contractors. All these will come up for booking & partial sales in FY18-19. Though, the Company has an early start in this market, the competition is expected to be tough, as new fringe players are enticing the EPC contractors in a bid to make an entry into this opportunity space. The Company has on its part, continuously enhanced technology & is evaluating various cost reduction measures.

Refinery, Oil & Gas Sector& Outlook 2018-19:

The year under review had contributions from 5 major customers. Lot of spadework has been done in the Maintenance Segment & as a result we see a highly robust market in FY18-19. New applications have been identified & tenders bid. The Company is active in all refineries to tap the potential.

Significant Orders & Technology:

Project business has contributed to an average of 55% of annual revenues. Your Company is taking measures to steer from the dependency on Project Market by developing new applications and new customers.

Environment:

In the year under review, your Company has contributed towards energy saving by way of coating of customers' various pumps. Approximately 3642 MW units were saved during the year at customers' end.

Management Systems & Business Excellence:

In line with international requirements, in the current year, your Company has updated its QMS System to new standard of ISO 9001:2015. The Company is also planning to implement the EMS and OHSAS Management systems based on new standards of version 2015 during FY 2018-19. In Business Excellence, we have observed improvement in Enabler areas in LAKAKI Assessment. During the current year, various actions for improvement have been taken which were identified during last year's assessment

Resource Utilization & Deployment:

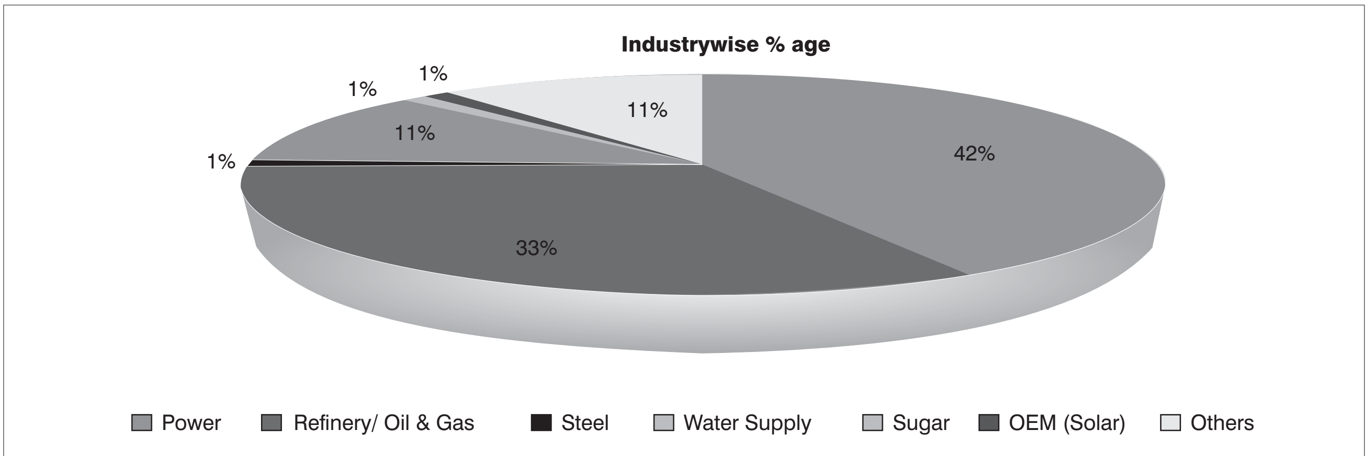
Description	% total Sale
New Customers	33 %
Repeat Customers	67 %
	100 %

Business based on type of equipment lined:

Description	% total Sale
Pipes	57%
Pumps	17%
Tanks	1%
Other Equipment	25%
	100%

Business based on type of Industry served:

Description	% total Sale
Power	42%
Refinery/ Oil & Gas	33%
Steel	1%
Water Supply	11%
Sugar	1%
OEM (Solar)	1%
Others	11%
	100%



STATUTORY DISCLOSURES

1. EXTRACT OF THE ANNUAL RETURN:

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

2. BOARD MEETINGS:

Four Board Meetings were held during the year, on April 19, 2017, July 17, 2017, November 09, 2017 and January 08, 2018.

3. 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.

4. 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. Their appointment is subject to ratification by shareholders at every Annual General Meeting. The requisite certificate pursuant to Section 139 of the Companies Act, 2013 has been received. The matter has been included in the notice of the Meeting for ratification and fixing of their remuneration.

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.

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

6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

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

i. Details of contracts or arrangements or transactions not at arm's length basis:

a	Name(s) of the related party and nature of relationship	Kirloskar Brothers Limited, Holding Company
b	Nature of contracts / arrangements / transactions	Availing of services - Service Facility Management Agreement
c	Duration of the contracts / arrangements / transactions	FY 2017-18
d	Salient terms of the contracts or arrangements or transactions including the value, if any	Availing of services like office space and infrastructure facilities at Registered Office and Area Offices, guest house facilities at Area Offices, infrastructure facilities at Kirloskarvadi, transport facility to Kirloskarvadi, support services like human resource, finance, audit, legal, secretarial, IT etc. for the year at Rs.12,035,532 p.a.
e	Justification of entering into such contracts or arrangements or transactions	The cost of the services mentioned above is incurred by Kirloskar Brothers Limited and shared based on usage of previous year.
f	Date(s) of approval by the Board, if any	9 November 2017
g	Amount paid as advances, if any	Nil
h	Date on which special resolution was passed in general meeting as required under first proviso to section 188	NA

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

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

7. 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.

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

The Company continued to generate approx. 3642 MW GREEN POWER for its customers in 2017-18 through the power saving route i.e. by application of energy efficient coatings.

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

Steps taken or impact on conservation of energy:

Some new steps taken in FY 2017-18: 200W Induction lamp, 02 Nos. replaced for 250W Halogen lamp for conservation of 50W energy (In FY 2017-18, 584.2 kWh saved).

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

- 80 W LED lamp, 05 Nos, replaced for 150 W HPML lamp for conservation of 70 W energy (In FY 2017-18, 1533.6 kWh saved)
- Installation of Small Blasting chamber to reduce specific energy consumption (In FY 2017-18, 37167 kWh saved)

The steps taken by the Company for utilizing alternate sources of energy: From last 3-4 years, solar panel system utilized for street light.

The capital investment on energy conservation equipment: NIL

Technology absorption:

i. the efforts made towards technology absorption : NIL

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

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

a. Details of technology imported : NIL

b. Year of import : NIL

c. Whether technology been fully absorbed : NIL

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

iv. The expenditure incurred on Research and Development: NIL

Foreign Exchange Earnings And Outgo: (Rs.)

Foreign Exchange earned in terms of actual inflows during the year	0.00
Foreign Exchange outgo during the year in terms of actual outflows	368,83,254.40

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

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

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

10. Financial summary/highlights are already included in the Report.

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

12. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. Chittaranjan M. Mate (DIN 07399559) was appointed as Additional Director with effect from June 22, 2017, pursuant to provisions of Articles of Association of the Company and Section 161 of the Companies Act, 2013. His tenure will come to an end in the ensuing Annual General Meeting. His appointment as Director, liable to retire by rotation has been included in the Notice convening Annual General Meeting.

Mr. Sanjay M. Wadnerkar (DIN07443390) resigned as Director of the Company with effect from June 22, 2017. The Board wishes to place on record its sincere gratitude to him for his guidance and expertise provided to the Company from time to time.

Mr. Graham Greenwood-Sole (DIN 07317840), appointed as Alternate Director to Mr. Clive Harper (DIN 06700160) on January 25, 2017 automatically ceased on arrival of Mr. Harper in India on April 10, 2017. His appointment, again, as Alternate Director on November 9, 2017 automatically ceased on arrival of Mr. Clive Harper in India on April 16, 2018.

Mr. Alok S. Kirloskar (DIN 05324745) being liable to retire by rotation, has offered himself for re-appointment. The same has been included in the Notice convening Annual General Meeting.

13. CORPORATE SOCIAL RESPONSIBILITY:

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

14. HOLDING COMPANY:

Kirloskar Brothers Limited is the holding company.

15. CASH FLOW:

A cash flow statement for the year ended March 31, 2018 is attached to the Balance Sheet.

16. DEPOSITS:

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

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

18. 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.

19. 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.

20. 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.

21. 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.

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

In terms of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the report for the year ended March 31, 2018:

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

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: 18 April 2018

Annexure - I

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ services	% to total turnover of the company
1	Manufacture of Anti-Corrosive Coatings	20221	47 %
2	Application of Anti-Corrosive Coatings	25920	53 %

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) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
(2) **Non-Institutions**									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
									0
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	5000000	5000000	100.00	0	5000000	5000000	100.00	0

(ii) Shareholding of Promoters

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

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

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

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

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

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

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

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	401.80	0	0	401.80
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	401.80	0	0	401.80
Change in Indebtedness during the financial year				
• Addition	0	0	0	0
• Reduction	35.14	0	0	35.14
Net Change	(35.14)	0	0	(35.14)
Indebtedness at the end 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

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**

B.	**Remuneration to other directors**						
	Independent Directors	NA	NA	NA			
	Name of the Directors	NA	NA	NA			
	Fee for attending board / committee meetings	NA	NA	NA			
	Commission	NA	NA	NA			
	Others, please specify	NA	NA	NA			
	Total (1)	NA	NA	NA			
	Other Non- Executive Directors						
	Name of the Directors	**Alok Kirloskar**	**Clive Harper**	**Chittaranjan Mate**	**Sanjay Wadnerkar**	**Graham Greenwood-Sole***	**Total Rs.**
	Fee for attending board / committee meetings	30000	15000	15000	0	15000	75000
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	Total (2)	30000	15000	15000	0	15000	75000
	Total (B)=(1+2)	30000	15000	15000	0	15000	**75000**
	Total Managerial Remuneration						**Nil**
	Overall Ceiling as per the Act						**Nil**

* Alternate Director to Mr. C.A. Harper

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

(Amount Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Mrs. Anuja Laturkar, Company Secretary
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.245
	(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	**11.245**

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**	NIL				
	Penalty					
	Punishment					
	Compounding					
B.	**DIRECTORS**					
	Penalty					
	Punishment					
	Compounding					
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty					
	Punishment					
	Compounding					

For **Kirloskar Corrocoat Private Limited**

Alok Kirloskar
Chairman
DIN 05324745

Place: Pune
Date: 18 April 2018

Annexure - II

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES OF THE COMPANY FOR FINANCIAL YEAR 2017-18

1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:	The Company is committed in making a positive difference by carrying out various initiatives towards its social obligations for the stakeholders and society in the vicinity of manufacturing location i.e. Kirloskarvadi and in surrounding areas by contributing towards eligible activities directly or through implementing agency viz. Vikas Charitable Trust, Kirloskarvadi. During the current financial year, the CSR Policy was amended to allow the Company to contribute for all eligible activities mentioned in Schedule VII of the Companies Act, 2013.
	Web-link to the CSR Policy:	http://www.kicopl.com/CSR%20Policy_revised.pdf
2.	Composition of the CSR Committee:	During the year, due to changes in the composition of the Board, the CSR Committee's composition was changed as: Mr. Alok S. Kirloskar - Chairman Mr. Clive A. Harper - Member Mr. Chittaranjan M. Mate - Member
3.	Average net profit of the company for last three financial years:	Rs. 688.89 Lakhs
4.	Prescribed CSR Expenditure (2% of the amount as in item 3 above):	Rs. 13.78 Lakhs
5.	Details of CSR amount spent during the year:	
	Total amount to be spent for the financial year	Rs. 13.78 Lakhs
	Amount unspent	Nil
	Manner in which the amount spent during the financial year is detailed as below:	Details annexed herewith

Sr. No	CSR Project/activity identified	Sector in which project is covered	Projects /Programs i)Local area or other ii)Specify State, District where projects or programs was undertaken	Amount Outlay (budget) project or programs wise	Amount spent on projects or programs Sub Heads 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure upto the reporting period	Amount Spent Direct or through implementing agency
1.	Development of school, development of school infrastructure, all round development of students, coaching in Sports & promotion of Indian Classical Music	Education, Sports & music	Sangli District Maharashtra	1,812,825	*1,195,000	*1,195,000	Vikas Charitable Trust
2.	Development of school infrastructure and primary health care center's Infrastructure	Education and Primary Health Care	Kundal Village, Sangli District, Maharashtra	183,000	183,000	183,000	Kundal gram panchayat

* Spent Rs. 1,202,670 out of contribution from current & previous year.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: N.A.

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

Alok Kirloskar	**Chittaranjan Mate**
Chairman of Committee	Member of Committee

Pune, 18 April, 2018

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

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

We have audited the accompanying Ind AS financial statements of **Kirloskar Corrocoat Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information hereinafter referred to as ("the Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 (financial position) of the Company as at 31st March 2018 and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss Statement, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

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

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Abhijeet Bhagwat
Partner
Membership No. 136835

Pune
18th April 2018

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 Companies Act, 2013. Accordingly, clause (iii) a, b and c of the Order are not applicable to the Company.

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

(v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.

(vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, 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 31st March 2018, 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	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

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

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

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

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

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

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

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

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

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

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

Abhijeet Bhagwat
Partner
Membership No. 136835
Pune
18th April 2018

Annexure B to the Independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of **Kirloskar Corrocoat Private Limited** ("the Company") as of 31st March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Abhijeet Bhagwat
Partner
Membership No. 136835
Pune
18th April 2018

Balance Sheet as at 31 March 2018

(Amount in Rs. Lakhs)

Particulars	Notes	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	**642.42**	720.22
Capital work-in-progress		**-**	-
Other Intangible assets	3	**0.07**	0.18
Financial Assets			
Loans	5	**49.27**	43.85
Others	6	**5.92**	18.95
Deferred tax assets (net)	7	**21.13**	18.84
Other non-current assets	8	**248.80**	361.05
Total non-current assets		**967.60**	1,163.10
Current assets			
Inventories	9	**253.44**	195.83
Financial Assets			
Trade receivables	4	**887.98**	862.24
Cash and cash equivalents	10	**3.19**	2.82
Loans	5	**0.31**	0.54
Others	6	**1.07**	1.12
Current Tax Assets (net)		**59.90**	-
Other current assets	8	**56.40**	56.46
Total current assets		**1,262.30**	1,119.01
TOTAL ASSETS		**2,229.90**	2,282.11
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	**500.00**	500.00
Other equity	12	**497.02**	330.94
Total equity		**997.02**	830.94
LIABILITIES			
Non-current liabilities			
Provisions	17	**50.94**	44.04
Total non-current liabilities		**50.94**	44.04
Current liabilities			
Financial liabilities			
Borrowings	13	**366.66**	401.80
Trade payables	14		
- Dues of micro enterprises & small enterprises		**-**	-
- Others		**620.64**	807.71
Other financial liabilities	15	**104.68**	80.39
Other liabilities	16	**65.01**	83.38
Provisions	17	**24.94**	33.85
Total current liabilities		**1,181.94**	1,407.14
Total liabilities		**1,232.88**	1,451.18
TOTAL EQUITY AND LIABILITIES		**2,229.90**	2,282.11
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: 18 April, 2018

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

Anuja Laturkar
Company Secretary

Pune: 18 April, 2018

Statement of profit and loss for the period ended 31 March 2018 **(Amount in Rs. Lakhs)**

Particulars	Notes	2017-18	2016-17
Revenue from Operations	18	**3,455.45**	2,997.18
Other Income	19	**16.19**	11.28
Total Income		**3,471.64**	3,008.47
Expenses			
Cost of materials consumed	20	**785.32**	684.57
Purchases of Stock-in-Trade		**-**	-
Changes in inventories of finished goods	20	**(29.79)**	7.26
Employee benefits expense	21	**424.42**	453.96
Finance costs	22	**52.81**	60.13
Depreciation and amortization expense	23	**86.63**	97.36
Other expenses	24	**1,926.16**	1,788.64
Total expenses		**3,245.55**	3,091.91
Profit/(loss)before exceptional items and tax		**226.08**	(83.45)
Exceptional items		**-**	-
Profit / (loss) before tax		**226.08**	(83.45)
Tax expenses			
(1) Current tax		**66.50**	-
(2) Deferred tax	7	**(2.29)**	(13.62)
(3) Short provision of earlier years		**-**	-
Total Tax expenses		**64.21**	(13.62)
Profit (Loss) for the period from continuing operations		**161.87**	(69.82)
Profit/(loss) from discontinued operations		**-**	-
Tax expenses of discontinued operations		**-**	-
Profit/(loss) from discontinued operations (after tax)		**-**	-
Profit/(loss) for the period		**161.87**	(69.82)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss	25	**(5.81)**	(0.51)
Income tax relating to items that will not be reclassified to profit or loss		**1.60**	-
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)		**166.08**	(69.32)
Earnings per equity share (for continuing operations)			
(1) Basic	29	**3.24**	(1.40)
(2) Diluted	29	**3.24**	(1.40)
Earnings per equity share (for discontinued operations)			
(1) Basic		**-**	-
(2) Diluted		**-**	-
Earnings per equity share (for discontinued and continuing operations)			
(1) Basic		**3.24**	(1.40)
(2) Diluted		**3.24**	(1.40)

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: 18 April, 2018

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

Anuja Laturkar
Company Secretary

Pune: 18 April, 2018

Cash flow statement for the year ended 31 March 2018

(Amount in Rs. Lakhs)

	Particulars	**2017-18**	2016-17
A	**Cashflows from Operating Activities**		
	Net Profit before taxation and extraordinary items	**226.08**	(83.45)
	Adjustments for :-		
1	Depreciation / Amortization	**86.63**	97.36
2	Loss on sale of Fixed Assets	**2.83**	5.30
3	Profit on sale of Fixed Assets	**(0.20)**	(1.65)
4	CSR Spend	**13.78**	14.64
5	Provision for doubtful debts, advances and claims	**58.75**	8.41
6	Bad debts	**69.55**	-
7	Reversal of provision for doubtful debts	**(63.69)**	-
8	Interest Income	**(13.02)**	(1.18)
9	Deferred Income	**-**	-
10	Dividend Income	**-**	-
11	Interest Expenses	**42.18**	48.01
12	Unrealised exchange (gain)/ Loss - Others	**-**	(0.02)
	Operating Profit Before Working capital changes	**422.90**	87.43
	Adjustments for :-		
1	(Increase)/ decrease in inventories	**(57.61)**	71.06
2	(Increase)/ decrease in trade receivables	**(77.32)**	177.56
3	(Increase)/ decrease in financial assets	**(5.18)**	18.82
4	(Increase)/ decrease in non-financial assets	**(3.92)**	20.84
5	Increase/ (decrease) in trade payable	**(187.07)**	(115.71)
6	Increase/ (decrease) in financial liabilities	**24.29**	(61.04)
7	Increase/ (decrease) in non-financial liabilities	**(18.37)**	(12.79)
8	Increase/ (decrease) in provisions	**3.80**	(7.47)
	Cash Generated from Operations	**101.51**	178.69
9	Income Tax (Paid) / Refunded	**(11.77)**	(60.11)
	Net Cash from Operating Activities	**89.74**	118.58
B	**Cashflows from Investing Activities**		
1	Purchase of Fixed Assets	**(13.84)**	-
2	Sale of Fixed Assets	**2.49**	1.66
3	Purchase of Investments	**-**	-
4	Sale of Investments	**-**	-
5	Interest Received	**13.08**	0.05
6	Dividend Received	**-**	-
	Net Cash from Investment Activities	**1.73**	1.71
C	**Cash Flows from Financing Activities**		
1	Proceeds from borrowing	**(35.14)**	(68.25)
2	Repayment of borrowings	**-**	-
3	Interest Paid	**(42.18)**	(48.01)
4	Dividend Paid	**-**	-
5	Tax on Dividend	**-**	-
	Net Cash used in Financing Activities	**(77.32)**	(116.26)
	CSR Spend	**(13.78)**	(14.64)
	Net Increase in Cash and Cash Equivalents	**0.37**	(10.61)
1	Cash & Cash Equivalents at begining of period	**2.82**	13.42
2	Cash & Cash Equivalents at end of period (refer note 10)	**3.19**	2.82

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: 18 April, 2018

For and on behalf of the Board Directors

A S Kirloskar
Chairman
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Director
DIN 07399559

Anuja Laturkar
Company Secretary

Pune: 18 April, 2018

Statement of Changes in Equity for the period ended 31 March 2018

(Amount in Rs. Lakhs)

A. Equity Share Capital

Balance as at 1 April 2016	Changes in equity share capital during the year	Balance as at 31 March 2017
500.00	-	500.00
Balance as at 1 April 2017	**Changes in equity share capital during the year**	**Balance as at 31 March 2018**
500.00	-	**500.00**

B. Other Equity

	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Balance as at 1 April 2016	325.53	74.73	400.26
Profit for the year	-	(69.83)	(69.83)
Other comprehensive income	-	0.51	0.51
Balance as at 31 March 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**

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

The financial statements were authorised for issue by the Board of Directors on 18th April, 2018.

ii. Basis of measurement

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

Items	Measurement basis
Defined benefit plan assets	Fair value

Functional and presentation currency

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

iii. Significant accounting judgements, estimates and assumptions

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

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

Critical estimates and judgements

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

iv. Inventories

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

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

The company uses moving weighted average to measure costs.

v. Cash and cash equivalents

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

vi. Property, plant and equipment

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

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

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

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

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

- **Subsequent costs**

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

- **Disposal**

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

- **Depreciation**

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

vii. Intangible assets and amortisation

- **Recognition and measurement**

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

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

- **Subsequent measurement**

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

- **Amortisation**

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

Sr. No	Particulars	Life
1	Computer Software	5 years

viii. Revenue recognition

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

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

Sale of goods and rendering of services

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

Other income

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

ix. Finance costs

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

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

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

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

c. Lease receivables

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

e. Loan commitments which are not measured as at FVTPL

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

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

Financial liabilities

Initial recognition and measurement

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

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

Derecognition

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

Offsetting of financial instruments

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

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2018 amending Ind AS 115 Revenue from Contracts with Customers, Appendix D to Ind AS 115 Service Concession Arrangements and Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration (corresponding to IFRIC 22). Ind AS 11 Construction Contracts and Ind AS 18 Revenue will be omitted.

Notes to Accounts

Note 3: Property, Plant and Equipment and Other Intangible assets

(Amount in Rs. Lakhs)

Particulars	Tangible assets								Intangible Assets	
	Land Free hold	Buildings	Plant & Equipment	Furniture & Fixtures	Office equipment	Vehicles	Railway Siding	Total	Computer Software	Total
Gross Block										
As at 1 April 2016	120.30	469.26	794.15	30.13	5.33	31.21	2.08	1,452.46	11.55	11.55
Additions	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(30.96)	(0.04)	(0.05)	-	(0.12)	(31.17)	-	-
As at 31 March 2017	120.30	469.26	763.19	30.09	5.28	31.21	1.96	1,421.29	11.55	11.55
Additions	-	-	13.72	-	-	-	0.12	13.84	-	-
Disposals	-	-	(5.87)	(1.75)	(0.42)	(7.04)	-	(15.08)	-	-
As at 31 March 2018	**120.30**	**469.26**	**771.04**	**28.34**	**4.86**	**24.17**	**2.08**	**1,420.05**	**11.55**	**11.55**
Depreciation/ Amortisation										
As at 1 April 2016	-	125.71	479.45	13.78	4.27	5.57	0.93	629.71	11.23	11.23
Charge for the year	-	15.23	73.91	3.71	0.38	3.90	0.10	97.23	0.14	0.14
Depreciation on disposal	-	-	(25.67)	(0.04)	(0.06)	-	(0.10)	(25.87)	-	-
As at 31 March 2017	**-**	**140.94**	**527.69**	**17.45**	**4.59**	**9.47**	**0.93**	**701.07**	**11.37**	**11.37**
Charge for the year	**-**	**15.23**	**64.56**	**2.85**	**0.30**	**3.48**	**0.10**	**86.52**	**0.11**	**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**	**11.48**
Net block										
As at 31 March 2017	120.30	328.32	235.50	12.64	0.69	21.74	1.03	720.22	0.18	0.18
As at 31 March 2018	**120.30**	**313.09**	**184.45**	**8.80**	**0.39**	**14.34**	**1.05**	**642.42**	**0.07**	**0.07**

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

Notes to Accounts

Note 4: Financial Assets : Trade Receivables

(Amount in Rs. Lakhs)

Particulars	31 March 2018	31 March 2017
Current		
Unsecured, considered good	**887.98**	862.24
Doubtful	**142.12**	147.05
	1,030.10	1,009.29
Less: Provision for doubtful receivables	**142.12**	147.05
Total trade receivables	**887.98**	862.24

Note 5 : Financial Assets: Loans

Particulars	31 March 2018	31 March 2017
Non-current		
(a) **Security deposits**		
Unsecured, considered good	**49.27**	43.85
	49.27	43.85
Current		
(a) **Security deposits**		
Unsecured, considered good	**0.31**	0.54
	0.31	0.54
Total loans	**49.58**	44.39

Note 6 : Financial Assets: Others

Particulars	31 March 2018	31 March 2017
Non-Current		
(a) **Retentions**		
Unsecured, considered good	**5.92**	18.95
	5.92	18.95
Current		
(a) **Interest accrued on Security Deposits**		
Unsecured, considered good	**1.07**	1.12
	1.07	1.12
Total other financial asset	**6.99**	20.07

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 2018 and 31 March 2017 are:

(a) Profit or loss

Particulars	2017-18	2016-17
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	**(2.29)**	(13.62)
Income tax expense reported in the statement of profit or loss	**64.21**	(13.62)

(b) Other Comprehensive Income

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

Particulars	2017-18	2016-17
Income tax charged to OCI	**1.60**	-

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2018

Particulars	2017-18	2016-17
Accounting profit before tax	**226.08**	(83.45)
At statutory income tax rate of 27.5525% (a)	**62.29**	(27.59)
Adjustments		
Add: Exempt income		
Dividend	**-**	-
Subtotal (b)	**-**	-
Add: Accelerated deduction		
Research and development expenses	**-**	-
Subtotal (c)	**-**	-
Less : Non deductible expenses		
Expenses disallowed u/s 14A	**-**	-
Penalties and fines	**0.67**	-
Donation	**7.81**	14.64
Subtotal (d)	**8.48**	14.64
	-	-
Sub total (e) = (b+c-d)	**(8.48)**	(14.64)
Tax impact of above adjustments	**(2.34)**	(4.84)
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	**(0.70)**	-
Share based payment	**-**	-
Carry forward losses on which DTA is not recognised	**-**	(32.43)
Total (f)	**(1.92)**	(27.59)
Tax expenses at effective rate (a-f)	**64.21**	(27.59)
Tax expenses recorded in books	**64.21**	-

(2) Movement in deferred tax **(Amount in Rs. Lakhs)**

	Deferred tax relates to the following: DTL/ (DTA)	**31 March 2018**	31 March 2017
(a)	Property, plant and equipment (Depreciation)	**31.57**	45.82
	Employee benefits - compensated absences	**(12.99)**	(16.17)
	Provision for doubtful debts and advances	**(39.53)**	(48.61)
	Others - (DTA)/DTL	**(0.18)**	0.12
	Net deferred tax liabilities/(assets)	**(21.13)**	(18.84)

Particulars	**2017-18**	2016-17
Property, plant and equipment (Depreciation)	**(14.24)**	(8.54)
Employee benefits - compensated absences	**3.17**	(2.06)
Provision for doubtful debts and advances	**9.08**	(2.78)
Others - (DTA)/DTL	**(0.30)**	(0.25)
Deferred tax expense/(income)	**(2.29)**	(13.62)

	Reflected in balance sheet as	**31 March 2018**	31 March 2017
(b)	Deferred tax asset	**(52.71)**	(64.78)
	Deferred tax liability	**31.58**	45.94
	Net Deferred tax asset	**(21.13)**	(18.84)

	Movement in current tax	**31 March 2018**	31 March 2017
(3)	Non Current tax (asset)/ liability as at beginning of period	**(355.66)**	(295.55)
	Add: Additional provision during the year - Statement of Profit and loss account	**66.50**	-
	Add: Additional provision during the year - Other comprehensive income	**1.60**	-
	Refund Received during the year	**66.30**	-
	Less : TDS credit of previous year (FY 2016-17)	**(11.33)**	(23.05)
	Less: Current tax paid during the year	**(66.74)**	(37.06)
	Current and Non Current tax (asset)/ liability as at end of period	**(299.33)**	(355.66)

Reflected in balance sheet as	**31 March 2018**	31 March 2017
Provision for income tax	**6.75**	5.39
Current advance tax	**(59.90)**	-
Non- current advance tax	**(246.18)**	(361.05)
	(299.33)	(355.66)

Note 8 : Other assets

	Particulars	**31 March 2018**	31 March 2017
	Non-current		
(a)	**Prepaid expenses**		
	Unsecured, considered good	**1.00**	-
(b)	**Claims receivable**		
	Unsecured, considered good (Indirect taxes)	**1.62**	-
(c)	**Advance income tax (net of provision)**	**246.18**	361.05
		248.80	361.05
	Current		
(a)	**Advances to supplier and others**		
	Unsecured, considered good	**6.14**	16.29
(b)	**Prepaid expenses**		
	Unsecured, considered good	**4.63**	4.48
(c)	**Prepaid Gratuity**		
	Gratuity (refer note 30)	**0.48**	-
(d)	**Claims receivable (indirect taxes)**		
	Unsecured, considered good	**45.15**	35.69
		56.40	56.46
	Total other asset	**305.20**	417.51

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

Note 9 : Inventories

Particulars		31 March 2018	31 March 2017
(a)	Raw Materials * * includes goods in transit of Rs.8.39 lakhs (2017 : Nil)	**151.04**	144.97
(b)	Finished goods	**59.36**	29.57
(c)	Packing Material	**4.54**	4.03
(d)	Stores and spares	**38.50**	17.27
	(Refer Note 2 (iv) for Mode of valuation)	**253.44**	195.83

Amounts recognised in profit or loss

Provision for write-down of inventories to net realisable value amounted to Rs. NIL (31 March 2017: Rs. 0.73 Lakh,). These were recognised as cost

Note 10 : Cash and cash equivalents

Particulars		31 March 2018	31 March 2017
(a)	**Balances with bank** In current account	**2.13**	1.99
(b)	**Cash on hand**	**1.06**	0.82
		3.19	2.82

Note 11: Equity share capital

Particulars	31 March 2018	31 March 2017
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 declared dividend of Rs.1/- (2016-17 : Rs.Nil) per share.

b) Reconciliation of share capital

	31 March 2018		31 March 2017	
	Number	**Amount (Rs. Lakhs)**	Number	Amount (Rs. Lakhs)
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 2018		31 March 2017	
	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%

Notes to Accounts

Note 12: Other Equity

(Amount in Rs. Lakhs)

	Particulars	**31 March 2018**	31 March 2017
(a)	**General reserves**		
	Opening balance	**325.53**	325.53
Add:	Transfer from any retained earnings	**-**	-
		325.53	325.53
(b)	**Retained Earnings**		
	Opening balance	**5.41**	74.73
Add:	Total comprehensive income for the year	**166.08**	(69.32)
	Balance available for appropriation	**171.49**	5.41
Less:	Appropriations :		
	Final dividend paid including tax	**-**	-
	Transfer to general reserve	**-**	-
	Sub total	**-**	-
	Closing balance	**171.49**	5.41
	Total other equity	**497.02**	330.94

Note 13 : Financial Liabilities: Borrowings

	Particulars	**31 March 2018**	31 March 2017
	Current		
	Secured		
	Loans repayable on demand from bank		
(i)	Cash Credit facilities [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.]	**366.66**	401.80
	Total borrowings	**366.66**	401.80

Notes to Accounts
Note 14: Financial Liabilities: Trade Payables

(Amount in Rs. Lakhs)

Particulars	31 March 2018	31 March 2017
Current		
Total outstanding dues of micro enterprises & small enterprises (refer note 38)	**-**	-
Total outstanding dues of creditors other than micro enterprises & small enterprises	**620.64**	807.71
Total trade payable	**620.64**	807.71

Terms and conditions of the above Trade payables:
Trade payables including related parties are non-interest bearing and having average term of 6 months

Note 15: Other financial liabilities

	Particulars	31 March 2018	31 March 2017
	Current		
(a)	**Others**		
i)	Trade deposits	**-**	2.00
ii)	Salary & Reimbursements	**46.80**	42.37
iii)	Dealer Deposit	**7.42**	7.92
iv)	Provision for expenses	**50.46**	28.10
	Total other financial liabilities	**104.68**	80.39

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 2018	31 March 2017
	Current		
(a)	Advance from customer	**53.49**	72.52
(b)	Contribution to Provident Fund	**2.82**	2.54
(c)	Statutory dues	**8.70**	8.32
	Total other liabilities	**65.01**	83.38

Note 17: Provisions

	Particulars	31 March 2018	31 March 2017
	Non-current		
a)	**Provision for employee benefits**		
	Compensated absences (refer note 32)	**34.36**	36.09
b)	**Provision for tax (net of advance tax)**	**6.75**	5.39
c)	**Other provision**		
	Provision for product warranty (refer note 32)	**9.83**	2.55
		50.94	44.04
	Current		
a)	**Provision for employee benefits**		
	Compensated absences (refer note 32)	**24.55**	25.03
	Gratuity (refer note 30)	**-**	6.16
		24.55	31.19
b)	**Other provision**		
	Provision for product warranty (refer note 32)	**0.39**	2.66
		24.94	33.85
	Total provisions	**75.88**	77.89

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

Note 18: Revenue from Operations

	Particulars	2017-18	2016-17
(a)	**Sale of products**	**1,613.29**	1,342.08
(b)	**Sale of services**	**1,838.87**	1,650.87
		3,452.16	2,992.95
(c)	**Other operating revenues (majorly includes scrap sales)**	**3.29**	4.23
		3,455.45	2,997.18

Note 19: Other Income

	Particulars	2017-18	2016-17
(a)	**Interest Income**		
i)	From customers and others	**1.33**	0.05
ii)	Interest income on income tax and sales tax refund	**11.69**	1.12
ii)	Unwinding of discount & effect of changes in discount rate on retention money	**0.15**	0.15
(b)	**Other non-operating income**		
i)	Foreign exchange gain (net)	**-**	0.55
ii)	Unclaimed credit balance written back	**0.16**	0.54
iii)	Provision no longer required written back	**2.66**	7.23
iv)	Profit on sale of assets	**0.20**	1.65
		16.19	11.29

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

	Particulars	2017-18	2016-17
(a)	**Raw materials including packaging materials consumed**	**785.32**	684.57
(b)	**Changes in inventories of finished goods**		
	Opening Stock		
	Finished goods	**29.57**	36.82
	Closing Stock		
	Finished goods	**59.36**	29.57
		(29.79)	7.26

Note 21: Employee benefits expense

	Particulars	2017-18	2016-17
(a)	**Salaries, wages and bonus**	**391.03**	419.65
(b)	**Defined contribution plans**		
	Contribution to provident fund, super annuation fund and employees state insurance scheme	**24.18**	23.77
(c)	**Defined benefit plans**		
	Gratuity (refer note 30)	**5.13**	6.32
(d)	**Welfare expenses**	**4.08**	4.21
		424.42	453.96

Notes to Accounts

(Amount in Rs. Lakhs)

Note 22: Finance cost

	Particulars	2017-18	2016-17
(a)	**Interest expense**		
i	Interest on borrowings from bank & others	**40.86**	47.60
ii	Unwinding of discount & effect of changes in discount rate on warranty	**1.32**	0.41
iii	Interest expenses on definded benefit gratuity plan obligation net	**0.21**	0.35
(b)	**Other borrowing costs**		
	(includes bank guarantee commission, LC charges, loan processing charges)	**10.42**	11.77
		52.81	60.13

Note 23: Depreciation and amortization expense

	Particulars	2017-18	2016-17
(a)	Depreciation on property, plant and equipment	**86.52**	97.23
(b)	Amortization of intangible assets	**0.11**	0.13
		86.63	97.36

Note 24: Other expenses

Particulars	2017-18	2016-17
Stores and spares consumed	**272.47**	239.05
Processing charges (Application charges)	**944.32**	798.29
Power & fuel	**29.10**	28.18
Repairs and maintenance	**-**	-
Plant and machinery	**37.66**	58.49
Buildings	**3.75**	0.05
Other	**1.72**	1.41
Rent	**47.98**	46.29
Rates and taxes	**15.72**	41.85
Travel and conveyance	**129.92**	130.59
Communication expenses	**6.39**	7.90
Insurance	**22.71**	17.19
Directors' sitting fees	**0.75**	0.90
Freight and forwarding charges	**54.31**	47.48
Brokerage and commission	**30.90**	4.53
Advertisements and publicity	**19.10**	20.51
Provision for product warranty	**6.47**	1.69
Loss on sale/disposal of fixed assets	**2.83**	5.30
Provision for doubtful debts, advances and claims	**58.75**	8.41
Bad debts written off (Net off reversal of provision for bad debts Rs.63,68,753/-)	**5.86**	5.55
Auditor's remuneration (refer note 28)	**4.21**	4.20
Professional, consultancy and legal expenses	**31.99**	21.22
Security services	**11.08**	12.43
Computer services	**35.67**	42.13
Stationery & Printing	**5.58**	5.15
Training course expenses	**8.20**	2.55
Outside labour charges	**68.63**	70.03
Foreign exchange loss (net)	**10.24**	-
Corporate social responsibility expenses(refer note 39)	**13.78**	14.64
Excise duty (refer note 40)	**38.63**	147.00
Bank Charges	**1.09**	0.77
Other miscellaneous expenses	**6.35**	4.86
	1,926.16	1,788.64

Notes to Accounts

(Amount in Rs. Lakhs)

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

Particulars	2017-18	2016-17
Remeasurements (gains) and losses on post employments benefits	**(5.81)**	(0.51)
Tax on remeasurements gains and losses	**1.60**	-
	(4.21)	(0.51)

Note 26: Contingent liabilities

	Particulars	2017-18	2016-17
(a)	**Other money for which the company is contingently liable for**		
	Income Tax (Matter Subjudice)	**153.84**	156.39
		153.84	156.39

Note 27: Commitments

	Particulars	2017-18	2016-17
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**9.74**	-
		9.74	-

Note 28: Remuneration to Auditors

	Particulars	2017-18	2016-17
	Statutory Auditors :		
a)	Audit Fees	**2.50**	2.50
b)	Tax Audit Fees	**0.75**	0.75
c)	VAT Audit Fees	**0.75**	0.75
d)	Certification services	**0.14**	0.17
e)	Expenses reimbursed	**0.07**	0.04
	Sub total	**4.21**	4.20

Note 29: Earning per Share (Basic and diluted)

	Particulars	2017-18	2016-17
a)	Profit for the year before tax	**226.08**	(83.45)
	Less : Attributable Tax thereto	**(64.21)**	13.62
	Profit after Tax	**161.87**	(69.82)
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	**3.24**	(1.40)

Note: The company does not have any potential ordinary 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. 24.18 Lakhs (Rs. 23.77 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 2018 Gratutity Plan (Funded)	31 March 2017 Gratutity Plan (Funded)
A.	Amount to be recognised in Balance Sheet		
	Present Value of Defined Benefit Obligation	**79.90**	77.22
	Less: Fair Value of Plan Assets	**(80.38)**	(71.06)
	Amount to be recognised as liability or (asset)	**(0.48)**	6.16
B.	Amounts reflected in the Balance Sheet		
	Liabilities	**-**	6.16
	Assets	**(0.48)**	-

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

	Particulars	2017-2018 Gratutity Plan (Funded)	2016-2017 Gratutity Plan (Funded)
1	Current Service Cost (refer note 21)	**5.67**	6.32
2	Acquisition (gain)/ loss	**-**	-
3	Past Service Cost	**-**	-
4	Net Interest (income)/expenses (refer note 22)	**0.21**	0.35
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	**5.88**	6.67

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

	Particulars	31 March 2018 Gratutity Plan (Funded)	31 March 2017 Gratutity Plan (Funded)
1	Opening amount recognised in OCI outside profit and loss account	**(0.51)**	-
2	Remeasurements for the year - Obligation (Gain)/loss	**(5.65)**	(0.62)
3	Remeasurement for the year - Plan assets (Gain) / Loss	**(0.16)**	0.11
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	**(5.81)**	(0.51)
	Closing balances (remeasurement (gain)/loss recognised OCI	**(6.32)**	(0.51)

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 2018 Gratutity Plan (Funded)	31 March 2017 Gratutity Plan (Funded)
1	Balance of the present value of Defined benefit Obligation at the beginning period	**77.22**	67.23
2	Acquisition adjustment	**-**	-
3	Transfer in/ (out)	**-**	-
4	Interest expenses	**5.54**	5.27
5	Past Service Cost	**-**	-
6	Current Service Cost	**5.67**	6.32
7	Curtailment Cost / (credit)	**-**	-
8	Settlement Cost/ (credit)	**-**	-
9	Benefits paid	**(2.87)**	(0.99)
10	Remeasurements on obligation - (Gain) / Loss	**(5.65)**	(0.62)
	Present value of obligation as at the end of the period	**79.91**	77.22

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 2018 Gratutity Plan (Funded)	31 March 2017 Gratutity Plan (Funded)
1	Fair value of the plan assets as at beginning of the period 01.04.2017	**71.05**	58.40
2	Acquition adjustment	**-**	-
3	Transfer in/(out)	**-**	-
4	Interest income	**5.33**	4.92
5	Contributions	**6.16**	8.84
6	Benefits paid	**(2.32)**	(0.99)
7	Amount paid on settlement	**-**	-
8	Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**0.16**	(0.11)
9	Fair value of plan assets as at the end of the period 31.03.2018	**80.38**	71.06

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

	Particulars	2017-18 Gratutity Plan (Funded)	2016-17 Gratutity Plan (Funded)
1	Interest (Income) / Expense – Obligation	**5.54**	5.27
2	Interest (Income) / Expense – Plan assets	**(5.33)**	(4.92)
3	Net Interest (Income) / Expense for the year	**0.21**	0.35

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 2017-18	Percentage 2016-17
1	Central Government Securities	**0.00%**	0.00%
2	State Government Securities	**0.00%**	0.00%
3	Other Approved Securities (Government Guaranteed 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 7.30% has been used for the valuation purpose.

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

Particulars	31 March 2018 Gratutity Plan (Funded)	31 March 2017 Gratutity Plan (Funded)
Defined Benefit Obligation	**79.90**	77.22
Plan Assets	**80.38**	71.06
Surplus/(Deficit)	**0.48**	(6.16)

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

1 Discount rate as at 31-03-2018 - 7.80%
2 Expected return on plan assets as at 31-03-2018 - 7.30%
3 Salary growth rate : For Gratuity Scheme - 10.00%
4 Attrition rate: For gratuity scheme the attrition rate is taken at 10.00%
5 The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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. 6.16 Lakhs) towards its gratuity plan in the year 2018-19.

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 2018	As at 31 March 2017
1	**Discount rate**		
	Increase by 1% to 8.8%	**76.23**	81.53
	Decrease by 1% to 6.8%	**84.05**	73.42
2	**Salary increase rate**		
	Increase by 1% to 11.0%	**83.41**	73.91
	Decrease by 1% to 9.0%	**76.72**	80.87
3	**Withdrawal rate**		
	Increase by 1% to 11.0%	**79.47**	77.85
	Decrease by 1% to 9.0%	**80.39**	76.65

Notes to Accounts **(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 Systech Limited (Merged to KBL from 1st Oct 2016)	
4	Kirloskar Ebara Pumps Limited	Joint Venture of Holding Company
5	Mr. Alok Kirloskar	Key Management Personnel
6	Mr. Sanjay Wadnerkar	
7	Mr. Clive Harper	
8	Mr. J R Sapre (Up to 26th May 2016)	
9	Mr. P R Ulangwar (Up to 9th June 2016)	
10	Mr. Graham Greenwood Sole	
11	Mr. C. M. Mate	

(C) Disclosure of related parties transactions

Sr No	Nature of transaction/relationship/major parties	2017-18		2016-17	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
1	**Purchase of goods & services**	187.54		96.10	
	Kirloskar Brothers Limited		0.28		-
	Corrocoat Limited, UK		187.26		96.10
2	**Sale of goods/contract revenue & services**	20.92		19.39	
	Kirloskar Brothers Limited		20.92		19.39
3	**Rendering Services**	399.28		300.97	
	Kirloskar Brothers Limited		395.94		300.13
	Karad Projects & Motors Limited		0.15		0.24
	Kirloskar Ebara Pumps Limited		3.19		0.60
4	**Receiving Services**	173.46		158.21	
	Kirloskar Brothers Limited		169.70		146.90
	Corrocoat Limited, UK		3.76		11.31
6	**Reimbursement of Expenses**	5.85		8.93	
	Kirloskar Brothers Limited		0.84		3.15
	Corrocoat Limited, UK		5.01		5.77
7	**Interest Paid**	-		0.29	
	Kirloskar Brothers Limited		-		0.29
8	**Remuneration Paid to Key Management Personnel**	0.75		0.90	
	Sitting Fees				
	Mr. Alok Kirloskar		0.30		0.23
	Mr. Sanjay Wadnerkar		-		0.23
	Mr. Clive Harper		0.15		0.23
	Mr. J R Sapre		-		0.08
	Mr. P R Ulangwar		-		0.08
	Mr. C M Mate		0.15		-
	Mr. Graham Greenwood-Sole		0.15		0.08

* Major parties denote entities who account for 10% or more of the aggregate for that category of transaction.

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	2017-18		2016-17	
		Amount	Amount for Major parties	Amount	Amount for Major parties
1	**Accounts receivable**				
	Kirloskar Brothers Limited		**89.88**		42.98
	Karad Projects & Motors Limited		**0.02**		0.13
	TOTAL	**89.90**		43.11	
2	**Amount Due**				
	Kirloskar Brothers Limited		**-**		18.85
	Corrocoat Limited, UK		**14.89**		35.99
	TOTAL	**14.89**		54.84	

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

Particulars	Compensated Absences	Product Warranty
Carrying amount as at 1 April 2016	54.90	16.74
Add: Provision during the year 2016-17	7.84	2.32
Add: Unwinding of discounts	-	(0.21)
Less: Amount utilised during the year 2016-17	(1.62)	(6.40)
Less: Amount reversed during the year 2016-17	-	(7.23)
Carrying amount as at 31 March 2017	61.12	5.21
Add: Provision during the year 2017-18	**(0.04)**	**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	**-**	**(2.66)**
Carrying amount as at 31 March 2018	**58.91**	**10.22**

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 2018	31 March 2017
	Levelled at Level 2		
	Financial Asset		
a)	**Carried at amortised cost**		
	Trade receivable	**887.98**	862.24
	Loans	**49.58**	44.39
	Other financial assets	**6.99**	20.07
	Cash and cash equivalent	**3.19**	2.82
	Levelled at Level 2		
	Financial Liabilities		
a)	**Carried at amortised cost**		
	Current borrowings at fixed rate of interest	**366.66**	401.80
	Trade payable	**620.64**	807.71
	Other current financial liabilities	**104.68**	80.39

(Amounts in Rs. Lakhs)

Notes to Accounts
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 cooperation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

(A) Credit Risk

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

Credit risk management

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

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

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

The company provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. The company categorises a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 1 year past due for sale of product & greater than 3 years past due for project orders. 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
Note 34: Financial risk management policy and objectives

(Amount in Rs. Lakhs)

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 2018**	31 March 2017
Interest bearing borrowings		
On demand	**366.66**	401.80
Less than 180 days	**-**	-
181 - 365 days	**-**	-
More than 365 days	**-**	-
Total	**366.66**	401.80
Other liabilities		
On demand	**7.42**	7.92
Less than 180 days	**83.62**	59.84
181 - 365 days	**13.64**	12.63
More than 365 days	**-**	-
Total	**104.68**	80.39
Trade & other payables		
On demand		
Less than 180 days	**619.72**	776.51
181 - 365 days	**0.51**	31.20
More than 365 days	**0.41**	-
Total	**620.64**	807.71

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 2018**	31 March 2017
Expiring within one year	**366.66**	401.80
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 2018	31 March 2017	**31 March 2018**	31 March 2017
Trade Payables	EUR	**0.02**	-	**1.56**	-
	GBP	**0.24**	0.66	**22.00**	53.03

Currency wise net exposure (assets - liabilities)

Particulars	**Amount in Foreign Currency**		**Amount in INR**	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
EUR	**0.02**	-	**1.56**	-
GBP	**0.24**	0.66	**22.00**	53.03

Sensitivity Analysis

Currency	**Amount in INR**		**Sensitivity %**	Sensitivity %
	2017-18	2016-17	**2017-18**	2016-17
EUR	**1.56**	-	**0.72%**	0.00%
GBP	**22.00**	53.03	**1.21%**	1.24%
Total	**23.56**	53.03		

Notes to Accounts

(Amount in Rs. Lakhs)

Currency	Impact on profit (strengthen)		Impact on profit (weakening)	
	2017-18	2016-17	**2017-18**	2016-17
EUR	**-**	-	**-**	-
GBP	**(0.003)**	(0.008)	**0.003**	0.008
Total	**(0.003)**	(0.008)	**0.003**	0.008

GBP - Great Britain Pound, EUR- Euro

Note 35: Provision for expected credit loss

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

Exposure to Risk	**31 March 2018**	31 March 2017
Trade Receivables	**1,030.10**	1,009.29
Less : Expected Loss	**142.12**	147.05
	887.98	862.24

Trade Receivables	**31 March 2018**	31 March 2017
Neither past due nor impaired	**421.40**	232.71
Past due but not impaired		
Less than 180 days	**213.06**	350.68
181 - 365 days	**45.05**	110.73
More than 365 days	**208.46**	168.11
Total	**887.98**	862.24

Reconciliation of loss provision

	Trade receivables
Loss allowance as at 1 April 2016	**138.63**
Changes in loss allowance	**8.41**
Loss allowance as at 31 March 2017	**147.05**
Changes in loss allowance	**(4.93)**
Loss allowance as at 31 March 2018	**142.12**

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 2018	31 March 2017
Loans and borrowings	**366.66**	401.80
Less: Cash and cash equivalents	**3.19**	2.82
Net debt	**363.47**	398.98
Equity	**997.02**	830.94
Capital and net debt	**1,360.49**	1,229.92
Gearing ratio	**26.72%**	32.44%

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

(b) Dividend

	31 March 2018	31 March 2017
(i) Equity Shares	**50.00**	50.00
Final dividend for the year ended 31 March 2018 is INR 1/- (31 March 2017- Nil) per fully paid share	**50.00**	Nil
(ii) Dividends not recognised at the end of the reporting period	**50.00**	Nil

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR 1/- per fully paid equity share (31 March 2017 - Nil). 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 manufacture and supply of Anti-corrosive Coatings.

Note 38: Dues from Micro, Small, Medium Enterprises

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

Note 39: Corporate social responsibility expenditures

(a) Amount required to be spent by the Company during the year is Rs.13.78 Lakhs

(b) Amount spent by the Company during the year is Rs. 13.78 Lakhs

The company as per its policy on Corporate Social Responsibility (CSR) and recommendation and approval of the CSR committee has contributed Rs. 11.95 Lakhs (Rs 8.98 Lakhs) towards Education through its implementing agency Vikas Charitable Trust and Rs. Nil (Rs. 1.99 Lakhs) towards Health Care through its implementing agency Radhabai Memorial Trust and Rs. 1.83 Lakhs (Rs. 3.66 Lakhs) towards Health Care & Education through Grampanchayat Kundal in the current financial year as CSR spend.

Note 40: GST

With effect from 1st July 2017 Goods and Service Tax comprising of four acts (i.e. Central Goods and Service Tax Act, State Goods and Service Tax Act, Integrated Goods and Service Tax Act, Union Territory Goods and Service Tax Act) was introduced in India. Accordingly certain indirect taxes like Excise, Service Tax, Sales Tax were subsumed under GST Acts.

Note 41:

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: 18 April, 2018

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

Anuja Laturkar
Company Secretary

Pune: 18 April, 2018

Chimney Flues internally coated with
Corothane XT – a high temperature resistance coating

Pump Refurbished & coated with
Fluiglide coating for Efficiency improvement

Structures coated with Plasmet ZF and Plasmet ZE
epoxy glass flake coating system for providing
long term corrosion protection

CORROCOAT

Enriching Lives

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

(An ISO 9001: 2015, 14001: 2004 & BS OHSAS 18001: 2007 Certified Company)

Registered & Corporate Office: Udyog Bhavan, Tilak Road,
Pune-411002. Tel: +91(20)24440770,
Email: enquiry@kicopl.com, Website: www.kicopl.com,
CIN No.: U28920PN2006PTCO22240

OUR GROUP COMPANIES

SPP PUMPS	SyncroFlo Pumping System Solutions	BP	KOPL	RODELTA
United Kingdom	U.S.A.	South Africa	India	The Netherlands