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Enriching Lives

Annual Report 2019-20



Annual Report for the financial year ended on 31st March 2020**BOARD OF DIRECTORS**

| | | | |
|---------------------------|----------------|---|---|
| Mr. Alok S. Kirloskar | (DIN 05324745) | – | Chairman |
| Mr. Clive A. Harper | (DIN 06700160) | – | Director |
| Mr. Chittaranjan M. Mate | (DIN 07399559) | – | Director |
| Mr. Graham Greenwood-Sole | (DIN 07317840) | – | Alternate Director to Mr. C. A. Harper (From 05.11.2019) |

COMPANY SECRETARY

Ms. Anuja Laturkar

AUDITORS

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

BANKERS

ICICI Bank Limited

REGISTERED OFFICE

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

WORKS

Kirloskarvadi, Maharashtra, INDIA

14th Annual General Meeting
Day & Date : Monday, 10 August 2020
Time : 03.00 p.m.
Venue : Kirloskar Brothers Limited,
'Yamuna', S.No. 98 (3-7),
Baner, Pune 411 045

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NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of Kirloskar Corrocoat Private Limited will be held at 03.00 p.m. on Monday, the 10th day of August, 2020 at Kirloskar Brothers Limited, 'Yamuna', S. No. 98(3-7), Baner, Pune 411 045 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements as at March 31, 2020, Board's Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Chittaranjan Mate (DIN 07399559), who retires by rotation and being eligible, offers himself for re-appointment.

By order of the Board of Directors

For **KIRLOSKAR CORROCOAT PRIVATE LIMITED**

Anuja Laturkar

Company Secretary

Place: Pune

Date: 26 May 2020

NOTES:

1. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

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

Details of Director retiring by rotation as required under Secretarial Standards (SS-2)**Item No. 2**

Mr. Chittaranjan M. Mate (aged 64) is a Non-Executive Director on the Board of the Company appointed on June 22, 2017 and retires by rotation and being eligible, offers himself for re-appointment. The appointment is without any remuneration (except payment of sitting fees) and no remuneration has been drawn by him in the past.

He holds Bachelor degree in Commerce and is a Chartered Accountant. He has experience of over 39 years in Finance. Currently, he is Senior 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 on the Board of The Kolhapur Steel Limited, a subsidiary of KBL. He is also a director of Kirloskar Brothers Thailand Ltd. and SPP Asia, both subsidiaries of KBL. He is a member of the Audit Committee and Stakeholders Relationship Committee of the Board of The Kolhapur Steel Limited. He is a Nominee and Designated Partner in KBL Synerge LLP. He is also, a member of CII's Direct Tax committee.

He holds 10 equity shares of the Company as joint holder with KBL. He has attended all 4 (Four) Board Meetings during the year 2019-20.

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.

BOARD'S REPORT

The Members of the Company,

Your Directors present the 14th Annual Report and Audited Accounts of the Company for the year ended March 31, 2020.

1. FINANCIAL PERFORMANCE:

The financial results of the Company for the year 2019 - 20 as compared with the previous year are as under:-

(Rs. in Lakhs)

| Particulars | Current Year ended 31 March 2020 | Previous Year ended 31 March 2019 |
|---|-------------------------------------|--------------------------------------|
| Revenue from Operations | 2429.35 | 2776.22 |
| Other Income | 16.94 | 34.29 |
| Total Income | 2446.29 | 2810.51 |
| Profit (Loss) Before Tax | 43.49 | (133.09) |
| Tax Expenses | 38.43 | (25.09) |
| Profit (Loss) for the period | 5.06 | (108.00) |
| Total Comprehensive Income for the period | 5.38 | (102.94) |

2. DIVIDEND AND RESERVES:

No dividend is recommended by the Board of Directors of the Company in view of low profits earned during the year under review. No transfer to General Reserve is proposed.

3. STATEMENT OF AFFAIRS:

The previous year was difficult and had left behind a loss of Rs. 108 Lakhs. Due to slow pick up of the existing contracts, the first quarter under performed.

The Management carved out a new road map for recovery of the performance, highlighted below:

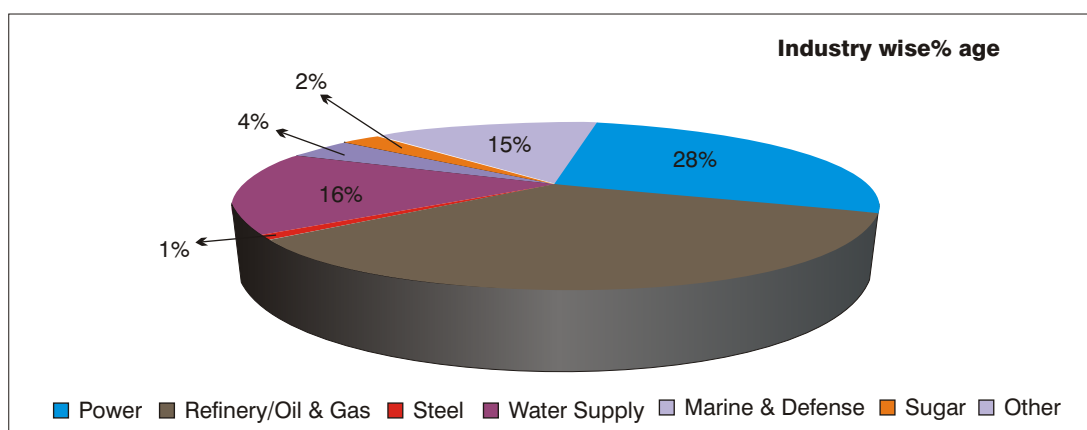
- Focused approach towards pump refurbishment & coating area for expanding the footprint on pan India basis contributed to app. 23% of total business;
- Initiation of cost control measures, continuous monitoring of application and tight contract management increased our efficiency resulting into better bottom lines;
- Cross functional team involvement resulted into dynamic and effective measures & solutions being implemented causing reduction in losses;
- Sourcing strategies worked well.

With operations under this new roadmap; the recovery started from Q2 with major project orders progressing as per expectations.

We remained committed in executing the orders despite volume issues, hence earned support of our customers by completing jobs within time frame. We also introduced new application areas for our existing and new customers.

Towards the end of the last quarter, the Company has received large orders with cohesive working on costing & customer relationship.

The industry wise breakup of the sales for the year is:



The Covid19 and subsequent lockdown affected our topline and bottom line as no material transportation or site execution was possible at March end, which left us with a little profit after tax of Rs. 5.06 Lakhs for the year.

The plant located at Kirloskarvadi and the Registered Office of the Company was completely shut due to the lockdown from March end. The plant has started operating intermittently as per the permission and directives of the Government. But most of the sites remain closed.

But we are geared up & have planned to have 2020-21 Annual Operational Plan with effects of Corona throughout next year. New SOPs have been finalized and are in place for plant as well as site execution with compliance of National Directives for COVID-19 Management and Standard Operating Procedure for Social Distancing.

STATUTORY DISCLOSURES

4. ANNUAL RETURN:

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

5. BOARD MEETINGS:

Four Board Meetings were held during the year on: April 19, 2019, August 9, 2019, November 5, 2019 and February 11, 2020.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- 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;
- 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;
- the directors had prepared the annual accounts on a going concern basis;
- the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

7. AUDITORS & AUDITORS' REPORT:

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

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

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

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

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

10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

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

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

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

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

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

(A) Conservation of energy

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

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

Following new steps taken in FY 2019-20 apart from continuing with the measures taken in previous years for conservation of energy:

- 14 Nos. 125-Watt Sodium Vapor lamp replaced with 40-Watt LED lamp resulting net saving of 2970 kWh annually.
- 1000W - Halogen lamp replaced with 200W Induction lamp resulting in net saving of 2224 kWh annually.
- 10CFL 18 W Lamps replaced with 9 W LED lamp resulting in energy saving of 224 kWh annually.
- Motion sensors for lighting are installed in all washroom resulting in energy saving of 262 kWh.
- During night time, in case of power failure, use of 7.5 KVA DG set instead of 500 KVA DG set. This has resulted into saving of 100 Ltrs diesel in FY 2019-20.

(ii) The steps taken by the Company for utilizing alternate sources of energy: From last 5-6 years, solar panel system utilized for one street light.

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

(B) Technology absorption:

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

(A) Foreign Exchange Earnings And Outgo:

| | (Rs.) |
|--|---------------|
| Foreign Exchange earned in terms of actual inflows during the year | 0.00 |
| Foreign Exchange outgo during the year in terms of actual outflows | 151,01,640.13 |

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

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

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

15. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. Graham Greenwood-Sole (DIN 07317840), appointed as Alternate Director to Mr. Clive Harper (DIN 06700160) on October 23, 2018 automatically ceased on arrival of Mr. Harper in India on April 17, 2019. He was appointment, again, as Alternate Director on November 5, 2019.

Mr. Chittaranjan Mate (DIN 07399559) being eligible for retirement by rotation, has offered himself for re-appointment. The same has been included in the Notice convening Annual General Meeting.

16. CORPORATE SOCIAL RESPONSIBILITY:

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

17. HOLDING COMPANY:

Kirloskar Brothers Limited is the holding company.

18. CASH FLOW:

A cash flow statement for the year ended March 31, 2020 is attached to the Balance Sheet.

19. DEPOSITS:

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

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

21. Particulars of Employees:

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

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

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

24. Details in respect of adequacy of internal financial controls with reference to financial statements: The Company has adequate internal financial controls in place operating effectively during the year. The controls are reviewed by the Auditors of the Company every year.

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

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which has been constituted by the Company.

In terms of Section 22 of that Act read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the report for the year ended March 31, 2020:

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Alok Kirloskar
Chairman
DIN 05324745

Date: 26 May 2020

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

Annexure - I**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|--|
| i) | CIN | U28920PN2006PTC022240 |
| ii) | Registration Date | 28 March, 2006 |
| iii) | Name of the Company | Kirloskar Corrocoat Private Limited |
| iv) | Category / Sub-Category of the Company | Company limited by shares |
| v) | Address of the Registered office and contact details | Udyog Bhavan, Tilak Road, Pune-411002 Tel.: 020-24440770 |
| vi) | Whether listed company | No |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | Bigshare Services Private Limited 1st Floor, Bharat Tin Works, Opp Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai-400059 Tel.: 022-62638200 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ services | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1 | Manufacture of Anti-Corrosive Coatings | 20221 | 29 % |
| 2 | Application of Anti-Corrosive Coatings | 25920 | 71 % |

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 Yamuna, Survey No. 98 (3-7), Baner, Pune, Maharashtra, 411045 | L29113PN1920PLC000670 | Holding | 65 | 2(46) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(I) Category-wise Share Holding**

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

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| b) Other - Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp. | 0 | 1750000 | 1750000 | 35.00 | 0 | 1750000 | 1750000 | 35.00 | 0 |
| d) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any Other.... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (A) (2):- | 0 | 1750000 | 1750000 | 35.00 | 0 | 1750000 | 1750000 | 35.00 | 0 |
| Total shareholding of Promoter (A) = (A) (1) + (A) (2) | 0 | 5000000 | 5000000 | 100.00 | 0 | 5000000 | 5000000 | 100.00 | 0 |
| B. Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Banks / FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (B)(1):- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (2) Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Indian | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (B)(2):- | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 |

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

(ii) Shareholding of Promoters

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

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

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Amount Rs. in Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 329.67 | 0 | 0 | 329.67 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i + ii + iii) | 329.67 | 0 | 0 | 329.67 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | 0 | 0 | 0 | 0 |
| • Reduction | 51.54 | 0 | 0 | 51.54 |
| Net Change | (51.54) | 0 | 0 | (51.54) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 278.13 | 0 | 0 | 278.13 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i + ii + iii) | 278.13 | 0 | 0 | 278.13 |

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 |

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

| B. Remuneration to other directors | | | | | | |
|--|-----------------------|---------------------|--------------------------|-------------------------------|------------------|------------|
| Independent Directors | NA | NA | NA | | | |
| Name of the Directors | NA | NA | NA | | | |
| Fee for attending board / committee meetings | NA | NA | NA | | | |
| Commission | NA | NA | NA | | | |
| Others, please specify | NA | NA | NA | | | |
| Total (1) | NA | NA | NA | | | |
| | | | | | | |
| Name of the Directors | Alok Kirloskar | Clive Harper | Chittaranjan Mate | Graham Greenwood-Sole* | Total Rs. | |
| Fee for attending board / committee meetings | 30000 | 15000 | 30000 | 15000 | 90000 | |
| Commission | 0 | 0 | 0 | 0 | 0 | |
| Others, please specify | 0 | 0 | 0 | 0 | 0 | |
| Total (2) | 30000 | 15000 | 30000 | 15000 | 90000 | |
| Total (B)=(1+2) | 30000 | 15000 | 30000 | 15000 | 90000 | |
| Total Managerial Remuneration | | | | | | Nil |
| Overall Ceiling as per the Act | | | | | | NA |

* Alternate Director to Mr. C.A. Harper

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (Amount Rs. in Lakhs)

| Sr. No. | Particulars of Remuneration | Mrs. Anuja Laturkar, Company Secretary |
|----------------|---|---|
| 1. | Gross salary | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 12.209 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.00 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 0.00 |
| 2. | Stock Option | 0.00 |
| 3. | Sweat Equity | 0.00 |
| 4. | Commission | 0.00 |
| | - As % of profit | |
| | - Others | |
| 5. | Others | 0.00 |
| | Total | 12.209 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

For **Kirloskar Corrocoat Private Limited**

Alok Kirloskar
Chairman
DIN 05324745

Date: 26 May 2020

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements**Opinion**

We have audited the Financial Statements of Kirloskar Corrocoat Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

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

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

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

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

Report on Other Legal and Regulatory Requirements

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 Act, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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) As required by section 197 (16) of the Act; according to information and explanation provided to us, no remuneration has been paid by the Company to its directors and therefore limits specified under the provisions of section 197 of the Act are complied with.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements - Refer Note 26 to the 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 Registration Number: 101118W

Abhijeet Bhagwat

Partner

Membership Number: 136835

UDIN: 20136835AAAABH6842

Pune

May 26, 2020

Annexure A to the Independent Auditors' Report

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties are held in the name of the company.
- (ii) Physical verification of inventory has been conducted by the management during the current year. In our opinion, the interval of such verification is reasonable. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, clause (iii) a, b and c of the Order are not applicable to the Company.
- (iv) According to information and explanation provided to us, the Company has no transactions covered under the sections 185 and 186 of the Act.
- (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) According to the information and explanation provided to us, maintenance of cost records under sub-section (l) of section 148 of the Act is not applicable to the Company.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, cess and any other statutory dues with the appropriate authorities.
According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at March 31, 2020, for a period more than six month from the date they became payable.
- (b) According to the information and explanation provided to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax or cess which have not been deposited because any dispute except the following

| Name of Statute | Nature of Dues | Amount (Rs lakhs) | Period to which it relates | Forum where dispute is pending |
|--------------------------|------------------------|-------------------|----------------------------|--|
| The Income Tax Act, 1961 | Income Taxes (various) | 70.84 | 2006 - 07 | Commissioner of Income Tax (CIT) Appeals |
| | | 0.37 | 2007 - 08 | CIT Appeals |
| | | 0.25 | 2008 - 09 | CIT Appeals |
| | | 48.80 | 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 information and explanation provided to us, no remuneration has been paid by the Company to its directors and therefore the provisions of section 197 of the Act read with Schedule V to the Act are complied with.
- (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 Act wherever applicable and the details have been disclosed in the Financial Statements as required by the Indian Accounting Standards. Refer Note 31 to the Financial Statements.
- (xiv) According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the current year.
- (xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanation provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M/s P.G. Bhagwat

Chartered Accountants

Firm's Registration Number:101118W

Abhijeet Bhagwat

Partner

Membership Number:136835

UDIN: 20136835AAAABH6842

Pune

May 26, 2020

Annexure B to the Independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of Kirloskar Corrocoat Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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 March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s P.G. Bhagwat

Chartered Accountants
Firm's Registration Number: 101118W

Abhijeet Bhagwat

Partner
Membership Number: 136835
UDIN: 20136835AAAABH6842
Pune
May 26, 2020

Balance Sheet as at 31 March 2020**(Amount in Rs. Lakhs)**

| Particulars | Notes | 31 March 2020 | 31 March 2019 |
|---|-----------|-----------------|---------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 3 | 526.27 | 571.40 |
| Capital work-in-progress | 3 | 1.74 | - |
| Other Intangible assets | 3 | - | - |
| Financial Assets | | | |
| Trade receivables | 4 | 40.28 | 0.37 |
| Loans | 5 | 14.07 | 14.44 |
| Others | 6 | 0.33 | 0.33 |
| Deferred tax assets (net) | 7 (2) (b) | 31.43 | 44.28 |
| Other non-current assets | 8 | 99.39 | 166.80 |
| Total non-current assets | | 713.51 | 797.62 |
| Current assets | | | |
| Inventories | 9 | 287.36 | 236.02 |
| Financial Assets | | | |
| Trade receivables | 4 | 655.57 | 612.76 |
| Cash and cash equivalents | 10 | 2.70 | 2.68 |
| Loans | 5 | 17.57 | 27.09 |
| Others | 6 | 1.13 | 1.14 |
| Current Tax Assets (net) | | - | 83.93 |
| Other current assets | 8 | 90.72 | 68.48 |
| Total current assets | | 1,055.05 | 1,032.11 |
| TOTAL ASSETS | | 1,768.56 | 1,829.73 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 11 | 500.00 | 500.00 |
| Other equity | 12 | 339.18 | 333.80 |
| Total equity | | 839.18 | 833.80 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| Trade payables - | 14 | | |
| - Dues of micro enterprises & small enterprises | | 1.11 | - |
| - Others | | 15.74 | 14.61 |
| Other financial liabilities | | - | - |
| Provisions | 17 | 50.58 | 68.43 |
| Total non-current liabilities | | 67.43 | 83.04 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 13 | 278.13 | 329.67 |
| Trade payables | 14 | | |
| - Dues of micro enterprises & small enterprises | | 3.89 | - |
| - Others | | 372.28 | 452.45 |
| Other financial liabilities | 15 | 128.11 | 69.84 |
| Other liabilities | 16 | 67.70 | 30.75 |
| Provisions | 17 | 11.84 | 30.18 |
| Total current liabilities | | 861.95 | 912.89 |
| Total liabilities | | 929.38 | 995.93 |
| TOTAL EQUITY AND LIABILITIES | | 1,768.56 | 1,829.73 |

Corporate information

1

Summary of significant accounting policies

2

The notes referred to above and the accompanying notes form an integral part of the financial statements

For M/s P.G. BhagwatChartered Accountants
Firm's Registration No.: 101118W**Abhijeet Bhagwat**Partner
Membership No. 136835
26 May 2020**For and on behalf of the Board Directors****A S Kirloskar**Chairman
DIN 05324745**C A Harper**Director
DIN 06700160**C M Mate**Director
DIN 07399559**A K Laturkar**

Company Secretary

26 May 2020

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

Statement of profit and loss for the period ended 31 March 2020**(Amount in Rs. Lakhs)**

| Particulars | Notes | 2019-20 | 2018-19 |
|---|-------|------------------------|-----------------|
| Revenue from Operations | 18 | 2,429.35 | 2,776.22 |
| Other Income | 19 | 16.94 | 34.25 |
| Total Income | | <u>2,446.29</u> | <u>2,810.47</u> |
| Expenses | | | |
| Cost of materials consumed | 20 | 612.95 | 767.16 |
| Changes in inventories of finished goods | 20 | -28.49 | 2.68 |
| Employee benefits expense | 21 | 353.96 | 447.52 |
| Finance costs | 22 | 71.83 | 93.45 |
| Depreciation and amortization expense | 23 | 49.78 | 76.21 |
| Other expenses | 24 | 1,342.77 | 1,556.55 |
| Total expenses | | <u>2,402.80</u> | <u>2,943.57</u> |
| Profit/(loss) before exceptional items and tax | | 43.49 | -133.09 |
| Exceptional items | | - | - |
| Profit / (loss) before tax | | <u>43.49</u> | <u>-133.09</u> |
| Tax expenses | 7 | | |
| (1) Current tax | | 10.89 | - |
| (2) Deferred tax | | 23.61 | -25.09 |
| Sub total | | 34.50 | -25.09 |
| (3) Short/(Excess) provision of earlier years | | 14.82 | - |
| (4) MAT Credit Entitlement | | -10.89 | - |
| Total Tax expenses | | <u>38.43</u> | <u>-25.09</u> |
| Profit/(loss) for the period | | <u>5.06</u> | <u>-108.00</u> |
| Other Comprehensive Income / Loss | | | |
| Items that will not be reclassified to profit or loss | 25 | -0.44 | -7.01 |
| Income tax relating to items that will not be reclassified to profit or loss | 25 | 0.12 | 1.95 |
| Total Comprehensive Income for the period (Comprising Profit / (loss) and Other Comprehensive Income for the period) | | <u>5.38</u> | <u>-102.94</u> |
| Earnings per equity share | | | |
| (1) Basic | 29 | 0.10 | -2.16 |
| (2) Diluted | 29 | 0.10 | -2.16 |

Corporate information 1

Summary of significant accounting policies 2

The notes referred to above and the accompanying notes 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

26 May 2020

For and on behalf of the Board Directors**A S Kirloskar**Chairman
DIN 05324745**C A Harper**Director
DIN 06700160**C M Mate**Director
DIN 07399559**A K Laturkar**

Company Secretary

26 May 2020

Cash flow statement for the year ended 31 March 2020**(Amount in Rs. Lakhs)**

| Particulars | 2019-20 | 2018-19 |
|--|----------------|----------------|
| A Cashflows from Operating Activities | | |
| Net Profit before taxation and extraordinary items | 43.49 | -133.09 |
| Adjustments for :- | | - |
| Depreciation / Amortization | 49.78 | 76.22 |
| Loss on sale of Fixed Assets | 2.23 | 3.74 |
| Profit on sale of Fixed Assets | - | -2.03 |
| CSR Spend | - | 1.83 |
| Provision for doubtful debts, advances and claims | 54.59 | 31.51 |
| Bad debts | 72.84 | 69.23 |
| Reversal of provision for doubtful debts | -72.84 | -69.23 |
| Interest Income | -15.07 | -23.04 |
| Interest Expenses | 34.82 | 83.51 |
| Provision for warranty | 2.21 | 15.97 |
| Operating Profit Before Working capital changes | 172.05 | 54.61 |
| Adjustments for :- | | |
| (Increase)/ decrease in inventories | -51.34 | 17.42 |
| (Increase)/ decrease in trade receivables | -137.31 | 248.35 |
| (Increase)/ decrease in financial assets | 9.90 | 8.55 |
| (Increase)/ decrease in non-financial assets | -21.33 | -13.94 |
| Increase/ (decrease) in trade payable | -74.04 | -152.69 |
| Increase/ (decrease) in financial liabilities | 58.27 | -35.37 |
| Increase/ (decrease) in non-financial liabilities | 36.95 | -34.26 |
| Increase/ (decrease) in provisions | -8.32 | -9.11 |
| Cash Generated from Operations | -15.18 | 83.56 |
| Income Tax (Paid) / Refunded | 108.91 | 106.52 |
| Net Cash from Operating Activities | 93.73 | 190.08 |
| Cashflows from Investing Activities | | |
| Purchase of Fixed Assets | -8.45 | -15.34 |
| Sale of Fixed Assets | 0.97 | 8.49 |
| Capital advance | -1.13 | -2.56 |
| Interest Received | 1.25 | 1.43 |
| Net Cash from Investment Activities | -7.36 | -7.98 |
| Cash Flows from Financing Activities | | |
| Proceeds/(Repayment) from borrowing | -51.54 | -36.99 |
| Interest Paid | -34.82 | -83.51 |
| Dividend Paid including tax on dividend | - | 60.28 |
| Net Cash used in Financing Activities | -86.36 | -180.78 |
| CSR Spend | - | -1.83 |
| Net Increase in Cash and Cash Equivalents | 0.02 | -0.51 |
| Cash & Cash Equivalents at beginning of period (refer note 10) | 2.68 | 3.19 |
| Sub Total | 2.70 | 2.68 |
| Cash & Cash Equivalents at end of period (refer note 10) | 2.70 | 2.68 |

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

26 May 2020

For and on behalf of the Board Directors**A S Kirloskar**Chairman
DIN 05324745**C A Harper**Director
DIN 06700160**C M Mate**Director
DIN 07399559**A K Laturkar**

Company Secretary

26 May 2020

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

Statement of Changes in Equity for the period ended 31 March 2020**A. Equity Share Capital****(Amount in Rs. Lakhs)**

| Balance as at 1 April 2018 | Changes in equity share capital during the year | Balance as at 31 March 2019 |
|-----------------------------------|--|------------------------------------|
| 500.00 | - | 500.00 |
| Balance as at 1 April 2019 | Changes in equity share capital during the year | Balance as at 31 March 2020 |
| 500.00 | - | 500.00 |

B. Other Equity

| | Reserves and Surplus | | Total |
|---|----------------------|-------------------|---------------|
| | General Reserve | Retained Earnings | |
| Balance as at 1 April 2018 | 325.53 | 171.49 | 497.02 |
| Profit for the year | - | -108.00 | -108.00 |
| Other comprehensive income | - | 5.06 | 5.06 |
| Less: Final dividend paid including tax | | 60.28 | 60.28 |
| Balance as at 31 March 2019 | 325.53 | 8.27 | 333.80 |
| Profit for the year | - | 5.06 | 5.06 |
| Other comprehensive income | - | 0.32 | 0.32 |
| Less: Final dividend paid including tax | | - | - |
| Balance as at 31 March 2020 | 325.53 | 13.65 | 339.18 |

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

26 May 2020

For and on behalf of the Board Directors**A S Kirloskar**Chairman
DIN 05324745**C A Harper**Director
DIN 06700160**C M Mate**Director
DIN 07399559**A K Laturkar**

Company Secretary

26 May 2020

Notes to accounts for the year ended 31 March 2020**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. KCPL is a joint venture company between Kirloskar Brothers Limited (KBL), India and Corrocoat Limited United Kingdom; with KBL holding 65% equity. The company manufactures glass flake filled technology coatings in a state-of-the-art plant at Kirloskarvadi, Maharashtra. It undertakes turnkey projects for supply and application of coatings on variety of equipment.

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

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

The financial statements were authorised for issue by the Board of Directors on 26th May 2020.

ii. Basis of measurement

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

| Items | Measurement basis |
|-----------------------------|-------------------|
| Defined benefit plan assets | Fair value |

iii. New and amended standards adopted by the company

The company has applied the following standards and amendments for the first time for their reporting period commencing from 1st April 2019: Ind AS 116, Leases

iv. 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.

v. 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
- Creation of deferred tax asset on carry forward losses

vi. Inventories

Inventories include raw material, work in progress and finished goods.

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.

vii. 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.

viii. 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.

ix. **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 |

x. **Revenue recognition**

a. Sale of Products and Services

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

The company has multiple types of contracts with its customers but predominantly the contracts are for application of anti-corrosive paint on pipes or equipment and revenue from such contracts is recognized based on completion of area surface on a periodic basis over a period of time.

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

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

Where the contract is only for supply of paint the company recognises revenue point in time when the control of the product passes on to the customer.

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

xi. Finance costs

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

xii. Foreign currencies transactions

The financial statements are presented in INR, which is also the company's functional currency.

Transactions and balances

Transactions in foreign currencies are 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).

xiii. 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 its defined contribution plans. The contribution paid/payable under the scheme is recognized during the period in which the employee renders the related service.

Defined Benefit Plans

The employees' gratuity fund scheme managed by the Life Corporations of India (LIC) is the Company's defined benefit plan. 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.

xiv. 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 income tax is recognised in correlation to the underlying transaction either in the statement of profit and loss or OCI or directly in equity.

Deferred tax

Deferred tax is calculated 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 is recognised in correlation to the underlying transaction either in the statement of profit and loss or 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.

xv. 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.

xvi. Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

A lessee is required to recognize assets and liabilities for all leases and to recognize depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, there is no requirement to recognize a right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

Right to use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing (while affecting other comprehensive income) the carrying amount to reflect the lease payments made.

xvii. 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.

xviii. 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 are categorized under the three levels of 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.

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

Impairment of financial asset

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

- a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b. Financial assets that are debt instruments and are measured as at FVTOCI
- c. Lease receivables
- d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115
- e. Loan commitments which are not measured as at FVTPL
- f. Financial guarantee contracts which are not measured as at FVTPL

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

- a. Trade receivables or contract revenue receivables; and
- b. All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on Expected Lifetime Losses at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been

Significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime Expected lifetime losses is used.

Financial liabilities**Initial recognition and measurement**

The company initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities at their fair value 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 liability is measured initially at fair value minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified and measured as follows:

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

2) Loans and Borrowings at amortised Cost

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or when it 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.

xx. 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.

xxi. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decision.

Segment accounting policies are in line with the accounting policies of the Company.

Standards issued but not yet effective:

Exposure draft on amendments to following standards have been issued by the Institute of Chartered Accountants of India:

1. Ind AS 40, "Investment Property"
2. Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
3. Ind AS 103, "Business Combinations"
4. Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosure"

However, such exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2020 as at the date of approval of these financial statements.

Notes to Accounts
Note 3: Property, Plant and Equipment and Other Intangible assets

(Amount in Rs. Lakhs)

| Particulars | Tangible assets | | | | | | | Intangible Assets | |
|-----------------------------------|-----------------|---------------|-------------------|----------------------|------------------|--------------|----------------|-------------------|-------------------|
| | Free hold Land | Buildings | Plant & Equipment | Furniture & Fixtures | Office equipment | Vehicles | Railway Siding | Total | Computer Software |
| Gross Block | | | | | | | | | |
| As at 1 April 2018 | 120.30 | 469.26 | 771.03 | 28.34 | 4.86 | 24.17 | 2.08 | 1,420.05 | 11.55 |
| Additions | - | - | 14.26 | - | 1.08 | - | - | 15.34 | - |
| Disposals | - | - | -22.64 | -1.57 | -1.14 | -15.19 | -0.22 | -40.75 | - |
| As at 31 March 2019 | 120.30 | 469.26 | 762.65 | 26.77 | 4.80 | 8.98 | 1.86 | 1,394.63 | 11.55 |
| Additions | - | - | 7.83 | - | - | - | - | 7.83 | - |
| Disposals | - | - | - | - | - | -8.98 | - | -8.98 | - |
| As at 31 March 2020 | 120.30 | 469.26 | 770.48 | 26.77 | 4.80 | 0.00 | 1.86 | 1,393.48 | 11.55 |
| Depreciation/ Amortisation | | | | | | | | | |
| As at 1 April 2018 | - | 156.17 | 586.59 | 19.54 | 4.47 | 9.83 | 1.03 | 777.63 | 11.47 |
| Charge for the year | - | 15.23 | 56.65 | 1.69 | 0.49 | 1.99 | 0.10 | 76.15 | 0.07 |
| Depreciation on disposal | - | - | -21.54 | -1.55 | -1.14 | -6.20 | -0.13 | -30.56 | - |
| As at 31 March 2019 | - | 171.40 | 621.69 | 19.68 | 3.82 | 5.63 | 1.00 | 823.22 | 11.55 |
| Charge for the year | - | 15.23 | 32.57 | 1.40 | 0.32 | 0.16 | 0.10 | 49.78 | - |
| Depreciation on disposal | - | - | - | - | - | -5.79 | - | -5.79 | - |
| As at 31 March 2020 | - | 186.63 | 654.26 | 21.08 | 4.14 | 0.00 | 1.10 | 867.21 | 11.55 |
| Net block | | | | | | | | | |
| As at 31 Mar 2019 | 120.30 | 297.86 | 140.95 | 7.09 | 0.98 | 3.36 | 0.86 | 571.40 | - |
| As at 31 March 2020 | 120.30 | 282.63 | 116.22 | 5.69 | 0.66 | 0.00 | 0.76 | 526.27 | - |

1. The entire movable fixed assets have been hypothecated against the Cash credit and Bank guarantee facility taken from ICICI bank. Refer note 13
2. Capital work-in-progress as on March 31, 2020 of Rs. 1.74 lakhs (Nil in 2018-19) mainly comprises of machine purchased for internal pipe inspection and testing not ready to use.
3. Refer note 27 for disclosure of contractual commitments for the acquisition of Property, plant and equipment.

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

Notes to Accounts

Note 4: Financial Assets : Trade Receivables

(Amount in Rs. Lakhs)

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Non-Current | | |
| (a) Retentions | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 40.28 | 0.37 |
| Receivables which have significant increase in credit risk | - | - |
| Credit impaired | - | - |
| | 40.28 | 0.37 |
| Current | | |
| Secured, considered good | - | - |
| Unsecured, considered good | | |
| From related parties (refer note 31) | 44.62 | 48.58 |
| Others | 610.95 | 564.18 |
| Receivables which have significant increase in credit risk | - | - |
| Credit impaired | - | - |
| Doubtful | 86.14 | 104.39 |
| | 741.71 | 717.15 |
| Less: Loss Allowance (refer note 32 b) | 86.14 | 104.39 |
| | 655.57 | 612.76 |
| Total trade receivables | 695.85 | 613.13 |

The entire book debts have been hypothecated against the Cash credit and Bank guarantee facility taken from ICICI bank. Refer note 13

Trade receivables including related parties are non-interest bearing and are generally on an average term of 6 months except retention money receivable.

Refer note 34 for Provision for Expected Lifetime loss disclosure

Note 5 : Financial Assets: Loans

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Non-current | | |
| (a) Security deposits | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 14.07 | 14.44 |
| Loans which have significant increase in credit risk | - | - |
| Credit impaired | - | - |
| | 14.07 | 14.44 |
| Current | | |
| (a) Security deposits | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 17.57 | 27.09 |
| Loans which have significant increase in credit risk | - | - |
| Credit impaired | - | - |
| | 17.57 | 27.09 |
| Total loans | 31.64 | 41.53 |

Note 6 : Financial Assets: Others

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| Current | | |
| (a) Deposit with banks (having maturity more than 12 months) | | |
| Unsecured, considered good | 0.33 | 0.33 |
| | 0.33 | 0.33 |
| Current | | |
| (a) Interest accrued on Security Deposits | | |
| Unsecured, considered good | 1.13 | 1.14 |
| | 1.13 | 1.14 |
| Total other financial asset | 1.46 | 1.47 |

Notes to Accounts**(Amount in Rs. Lakhs)****Note 7: Income tax and deferred tax****(1) The major components of income tax expense for the period ended 31 March 2020 and 31 March 2019 are:****(a) Profit or loss**

| Particulars | 2019-20 | 2018-19 |
|---|--------------|----------------|
| Current income tax: | | |
| Current income tax charge | 10.89 | - |
| Adjustments in respect of current income tax of previous year | 14.82 | - |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 23.61 | (25.09) |
| MAT Credit Entitlement | (10.89) | - |
| Income tax expense reported in the statement of profit or loss | 38.43 | (25.09) |

(b) Other Comprehensive Income

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

| Particulars | 2019-20 | 2018-19 |
|----------------------------------|-------------|-------------|
| Income tax charged to OCI | 0.12 | 1.95 |

(c) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019

| Particulars | 2019-20 | 2018-19 |
|--|---------------|---------------|
| Accounting profit before tax | 43.49 | -133.09 |
| At statutory income tax rate of 27.82% (a) | 12.10 | -37.03 |
| Adjustments | | |
| Less: Tax rate adjustment on account of MAT applicability | | |
| Tax rate difference between 27.82% and 15.6% | 5.31 | - |
| Subtotal (b) | 6.78 | - |
| Permanent differences | | |
| Less : Non deductible expenses | | |
| Interest on Income Tax | 25.08 | 42.86 |
| Donation | - | 1.83 |
| Subtotal (c) | -25.08 | -44.69 |
| Tax impact of above adjustments | -6.98 | -12.31 |
| Tax impact on brought forward loss | -2.27 | - |
| Tax impact on TDS disallowances | -3.50 | - |
| Other items | 1.23 | 0.38 |
| Tax Rate difference due to MAT on permanent items | 5.06 | - |
| Tax Rate difference due to MAT on Deferred Tax charge | -10.37 | - |
| On account of MAT credit | -10.89 | - |
| Total (f) | -27.72 | -11.93 |
| Tax expenses at effective rate (a-f) | 34.50 | -25.09 |
| Tax expenses recorded in books | 34.50 | -25.09 |
| Tax provision of earlier years | 14.82 | - |
| Less: Mat credit entitlement | -10.89 | - |
| Total Tax expense as per books | 38.43 | -25.09 |

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

| (a) Deferred tax relates to the following: DTL/ (DTA) | 31 March 2020 | 31 March 2019 |
|--|----------------------|----------------------|
| Property, plant and equipment (Depreciation) | 24.91 | 25.47 |
| Employee benefits - compensated absences | -8.26 | -10.92 |
| Provision for doubtful debts and advances | -23.97 | -29.04 |
| Carry Forward Loss | -15.62 | -33.84 |
| Others - (DTA)/DTL | 2.40 | 4.05 |
| Net deferred tax liabilities/(assets) other than MAT credit | -20.54 | -44.28 |

| Particulars | 2019-20 | 2018-19 |
|--|----------------|----------------|
| Property, plant and equipment (Depreciation) | -0.56 | -6.10 |
| Employee benefits - compensated absences | 2.66 | 2.07 |
| Provision for doubtful debts and advances | 5.07 | 10.49 |
| Carry Forward Loss | 18.21 | -33.84 |
| Others - (DTA)/DTL | -1.65 | 4.24 |
| Deferred tax expense/(income) | 23.73 | -23.14 |

| (b) Reflected in balance sheet as | 31 March 2020 | 31 March 2019 |
|--|----------------------|----------------------|
| Deferred tax asset | 45.45 | 69.75 |
| Deferred tax liability | 24.91 | 25.47 |
| Matching with note 2(a) above | 20.54 | |
| MAT credit entitlement | 10.89 | |
| Net Deferred tax asset | 31.43 | 44.28 |

| (3) Movement in current tax | 31 March 2020 | 31 March 2019 |
|--|----------------------|----------------------|
| Non Current tax (asset)/ liability as at beginning of period | -214.35 | -299.33 |
| Add: Additional provision during the year - Statement of Profit and loss account | 25.71 | - |
| Add: Provision for Interest on income tax of earlier made during the year | 25.08 | 42.86 |
| Add: Additional provision during the year - Other comprehensive income | - | - |
| Refund Received during the year | 70.02 | 97.26 |
| Less : TDS credit of previous year (FY 2017-18) | - | -10.27 |
| Less: Current tax paid during the year | - | -44.87 |
| Current and Non Current tax (asset)/ liability as at end of period | -93.55 | -214.35 |

| Reflected in balance sheet as | 31 March 2020 | 31 March 2019 |
|--------------------------------------|----------------------|----------------------|
| Provision for income tax | - | 29.64 |
| Current advance tax | - | -83.92 |
| Non- current advance tax | -93.55 | -160.07 |
| | -93.55 | -214.35 |

Significant estimates

The company has created deferred tax asset on the carry forward losses and has also created a Minimum Alternative Tax (MAT) Entitlement asset based on the order book the company holds and on a reasonable/probable basis expecting utilisation/reversal of these assets against taxable profits under normal tax provisions of the Income Tax Act, 1961 in the coming years.

Notes to Accounts**(Amount in Rs. Lakhs)****Note 8 : Other assets**

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Non-current | | |
| (a) Prepaid expenses | | |
| Unsecured, considered good | 3.07 | 2.56 |
| (b) Claims receivable | | |
| VAT/Service Tax receivable | 1.64 | 1.62 |
| (c) Advance income tax (net of provision) | 93.55 | 160.06 |
| (d) Capital advances | | |
| Unsecured, considered good | 1.13 | 2.56 |
| | 99.39 | 166.80 |
| Current | | |
| (a) Advances to supplier and others | | |
| Unsecured, considered good | 14.14 | 4.44 |
| (b) Prepaid expenses | | |
| Unsecured, considered good | 8.35 | 1.68 |
| (c) Prepaid Gratuity | | |
| Gratuity (refer note 30) | - | 2.14 |
| (d) Claims receivable | | |
| VAT/Service Tax receivable | 68.23 | 60.22 |
| | 90.72 | 68.48 |
| Total other asset | 190.11 | 235.28 |

Note 9 : Inventories

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| (a) Raw Materials * | 125.45 | 130.72 |
| * includes goods in transit of Rs.0.63 lakhs (2019: Nil) | | |
| (b) Finished goods | 85.17 | 56.68 |
| (c) Packing Material | 9.60 | 8.80 |
| (d) Stores and spares | 67.14 | 39.82 |
| (Refer Note 2 (vi) for Mode of valuation) | 287.36 | 236.02 |

Provision for write-down of inventories to net realisable value amounted to Rs. 3.68 lakhs (31 March 2019: Rs. 2.79 lakhs). These were recognised as cost of material consumed during the year.

The entire stock of raw materials, finished goods, consumable store and spares have been hypothecated against the Cash credit and Bank guarantee facility taken from ICICI bank. Refer note 13

Note 10 : Cash and cash equivalents

| Particulars | 31 March 2020 | 31 March 2019 |
|--------------------------------|---------------|---------------|
| (a) Balances with banks | | |
| In current account | 2.15 | 2.16 |
| (b) Cash on hand | 0.55 | 0.52 |
| | 2.70 | 2.68 |

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

Notes to Accounts**(Amount in Rs. Lakhs)****Note 11: Equity share capital**

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| Authorised 60.00 Lakhs (60.00 Lakhs) equity shares of Rs.10/- each (Rs.10/-) each | 600.00 | 600.00 |
| Issued, subscribed & fully paid up 50.00 Lakhs (50.00 Lakhs) equity shares of Rs.10/- each (Rs.10/-) each | 500.00 | 500.00 |
| | 500.00 | 500.00 |

a) Terms/rights attached to equity shares

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

The board of directors have recommended dividend of Rs. Nil (2018-19 : Nil) per share.

b) Reconciliation of share capital

| Particulars | 31 March 2020 | | 31 March 2019 | |
|---|---------------|--------------|---------------|--------------|
| | Number | Amount (Rs.) | Number | Amount (Rs.) |
| Shares outstanding at the beginning of the year | 50.00 | 500.00 | 50.00 | 500.00 |
| Shares outstanding at the end of the year | 50.00 | 500.00 | 50.00 | 500.00 |

c) Details of shareholder holding more than 5% shares

| Particulars | 31 March 2020 | | 31 March 2019 | |
|---|---------------|--------------|---------------|--------------|
| | No. of Share | % of Holding | No. of Share | % 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**(Amount in Rs. Lakhs)****Note 12: Other Equity**

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| (a) General reserves | | |
| Opening balance | 325.53 | 325.53 |
| Add: Transfer from retained earnings | - | - |
| | 325.53 | 325.53 |
| (b) Retained Earnings | | |
| Opening balance | 8.27 | 171.49 |
| Add: Total comprehensive income for the year | 5.38 | -102.94 |
| Balance available for appropriation | 13.65 | 68.55 |
| Less: Appropriations : | | |
| Final dividend paid including tax | - | 60.28 |
| Sub total | - | 60.28 |
| Closing balance | 13.65 | 8.27 |
| Total other equity | 339.18 | 333.80 |

Note 13 : Financial Liabilities: Borrowings

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| 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 moveable assets including book-debts plus first and exclusive charge on all movable fixed assets of both present and future] [Cash credit facilities carries floating rate of interest of 10.40% p.a.] | 278.13 | 329.67 |
| Total borrowings | 278.13 | 329.67 |

Note 14: Financial Liabilities: Trade Payables

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Non Current | | |
| Retention money payable | | |
| i) Total outstanding dues of micro enterprises & small enterprises (refer note 37) | 1.11 | - |
| ii) Total outstanding dues of creditors other than micro enterprises & small enterprises | 15.74 | 14.61 |
| | 16.85 | 14.61 |
| Current | | |
| i) Total outstanding dues of micro enterprises & small enterprises (refer note 37) | 3.89 | - |
| ii) Total outstanding dues of creditors other than micro enterprises & small enterprises | | |
| Payable to Related parties (refer note 31) | 13.46 | 15.89 |
| Payable others | 358.82 | 436.56 |
| | 376.17 | 452.45 |
| Total trade payable | 393.02 | 467.06 |

Terms and conditions of the above Trade payables:

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

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

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Current | | |
| (a) Others | | |
| i) Salary & Reimbursements | 13.33 | 46.46 |
| ii) Dealer Deposit | 10.17 | 7.92 |
| iii) Provision for expenses | 104.61 | 15.46 |
| Total other financial liabilities | 128.11 | 69.84 |

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 2020 | 31 March 2019 |
|------------------------------------|---------------|---------------|
| Current | | |
| (a) Advance from customer * | 57.99 | 22.76 |
| (b) Contribution to Provident Fund | 2.48 | 2.68 |
| (c) Statutory dues | 7.23 | 5.31 |
| Total other liabilities | 67.70 | 30.75 |

* This pertains to Contractual liabilities for money received from the customers against products/services to be sold in future as per the agreed terms of the contract falling under Ind-AS 115 'Revenue from Contracts with Customers'

Note 17: Provisions

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Non-current | | |
| a) Provision for employee benefits | | |
| Compensated absences (refer note 32 a) | 31.10 | 25.16 |
| b) Provision for tax (net of advance tax) | - | 29.64 |
| c) Other provision | | |
| Provision for product warranty (refer note 32 a) | 19.48 | 13.63 |
| | 50.58 | 68.43 |
| Current | | |
| a) Provision for employee benefits | | |
| Compensated absences (refer note 32 a) | 8.29 | 24.86 |
| Gratuity (refer note 30) | 1.51 | - |
| | 9.80 | 24.86 |
| b) Other provision | | |
| Provision for product warranty (refer note 32 a) | 2.04 | 5.32 |
| | 11.84 | 30.18 |
| Total provisions | 62.42 | 98.61 |

Notes to Accounts**(Amount in Rs. Lakhs)****Note 18: Revenue from Operations**

| Particulars | 2019-20 | 2018-19 |
|--|-----------------|----------|
| (a) Revenue from contracts with customers | 2,422.21 | 2,765.59 |
| a) Sale of products | 700.92 | 1,167.53 |
| b) Sale of Service | 1,721.29 | 1,598.06 |
| (b) Other operating revenues | | |
| i) Sale of scrap | 2.82 | 6.97 |
| ii) Bad debts recovered | 4.32 | 3.66 |
| | 2,429.35 | 2,776.22 |

Revenue from the sale of products is recognised at point of time and from the sale of service is recognised over the period of time.

Note 19: Other Income

| Particulars | 2019-20 | 2018-19 |
|--|--------------|---------|
| (a) Interest Income | | |
| i) From customers and others | 1.25 | 1.50 |
| ii) On income tax refund | 13.82 | 21.54 |
| iii) Unwinding of discount & effect of changes in discount rate on retention money | - | 1.00 |
| iv) Discounting of retention (Trade Payable) | 0.22 | 3.93 |
| (b) Other non-operating income | | |
| i) Sales Tax Refund | - | 3.48 |
| ii) Profit on sale of assets | - | 2.03 |
| iii) Other Miscellaneous Income | 1.65 | 0.77 |
| | 16.94 | 34.25 |

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

| Particulars | 2019-20 | 2018-19 |
|---|---------------|---------|
| (a) Raw materials consumed | 612.95 | 767.16 |
| (b) Changes in inventories of finished goods | | |
| Opening Stock | | |
| Finished goods | 56.68 | 59.36 |
| Closing Stock | | |
| Finished goods | 85.17 | 56.68 |
| | -28.49 | 2.68 |

Note 21: Employee benefits expense

| Particulars | 2019-20 | 2018-19 |
|--|---------------|---------|
| (a) Salaries, wages and bonus | 328.06 | 413.74 |
| (b) Contribution to Provident and other funds | 19.15 | 24.96 |
| (c) Defined benefit plans | | |
| Gratuity (refer note 30) | 4.09 | 5.34 |
| (d) Staff welfare expenses | 2.66 | 3.48 |
| | 353.96 | 447.52 |

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

| Particulars | 2019-20 | 2018-19 |
|--|--------------|---------|
| (a) Interest expense | | |
| i Interest on borrowings from bank & others | 33.33 | 37.78 |
| ii Unwinding of discount & effect of changes in discount rate on retention money payable | 1.49 | - |
| iii Unwinding of discount & effect of changes in discount rate on warranty | 0.35 | 1.46 |
| iv Interest on direct and indirect taxes | 30.68 | 44.27 |
| (b) Other borrowing costs | 5.98 | 9.94 |
| (Includes bank guarantee commission, LC charges, etc) | | |
| | 71.83 | 93.45 |

Note 23: Depreciation and amortization expense

| Particulars | 2019-20 | 2018-19 |
|---|--------------|---------|
| (a) Depreciation on property, plant and equipment | 49.78 | 76.14 |
| (b) Amortization of intangible assets | - | 0.07 |
| | 49.78 | 76.21 |

Note 24: Other expenses

| Particulars | 2019-20 | 2018-19 |
|--|-----------------|----------|
| Stores, spares and packing materials consumed | 181.52 | 239.07 |
| Processing charges (Application charges) | 608.80 | 760.66 |
| Power & fuel | 31.60 | 30.37 |
| Outside labour charges | 64.47 | 71.36 |
| Repairs and maintenance | | |
| Plant and machinery | 38.87 | 47.49 |
| Buildings | 0.52 | 0.74 |
| Other | 0.01 | 0.59 |
| Rent on Short Term lease | 48.34 | 49.53 |
| Rates and taxes | 3.27 | 2.52 |
| Travel and conveyance | 122.10 | 134.57 |
| Communication expenses | 3.47 | 4.43 |
| Insurance | 17.07 | 15.60 |
| Directors' sitting fees | 0.90 | 0.83 |
| Freight and forwarding charges | 43.24 | 51.75 |
| Brokerage and commission | 18.57 | 4.69 |
| Advertisements and publicity | 1.59 | 2.05 |
| Provision for product warranty net of reversal (refer note 32 a) | 2.21 | 15.97 |
| Loss on sale/disposal of fixed assets | 2.23 | 3.74 |
| Provision for doubtful debts net of reversal (refer note 32 b) | 54.59 | 31.51 |
| Auditor's remuneration (refer note 28) | 5.25 | 5.22 |
| Professional, consultancy and legal expenses | 24.96 | 19.64 |
| Security services | 13.66 | 11.76 |
| Computer services | 31.43 | 32.47 |
| Debit balances written off | 12.57 | - |
| Stationery & Printing | 4.12 | 5.27 |
| Training course expenses | 0.72 | 2.72 |
| Foreign exchange loss (net) | 2.25 | 4.32 |
| Corporate social responsibility expenses (refer note 38) | - | 1.83 |
| Bank Charges | 0.30 | 0.85 |
| Other miscellaneous expenses | 4.14 | 5.00 |
| | 1,342.77 | 1,556.55 |

Notes to Accounts**(Amount in Rs. Lakhs)****Note 25: Items that will not be reclassified to profit or loss**

| Particulars | 2019-20 | 2018-19 |
|--|--------------|---------|
| Remeasurement (gain)/loss of the defined benefit plans | -0.44 | -7.01 |
| Tax on remeasurement (gain)/loss | 0.12 | 1.95 |
| | -0.32 | -5.06 |

Note 26: Contingent liabilities

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| (a) Other money for which the company is contingently liable for | | |
| Income Tax (Matter Subjudice) | 120.26 | 157.12 |
| | 120.26 | 157.12 |

Note 27: Commitments

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) | 1.13 | 14.72 |
| | 1.13 | 14.72 |

Note 28: Remuneration to Auditors

| Particulars | 2019-20 | 2018-19 |
|-----------------------------|-------------|---------|
| Statutory Auditors : | | |
| a) Audit Fees | 3.25 | 3.25 |
| b) Tax Audit Fees | 1.00 | 0.75 |
| c) GST Audit Fees | 0.75 | 0.75 |
| d) Certification services | 0.03 | 0.23 |
| e) Expenses reimbursed | 0.22 | 0.24 |
| | 5.25 | 5.22 |

Note 29: Earning per Share (Basic and diluted)

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| a) Profit for the year before tax | 43.49 | (133.09) |
| Less : Attributable Tax thereto | 38.43 | 25.09 |
| Profit after Tax | 5.06 | (108.00) |
| 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 | 0.10 | (2.16) |

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

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

Amount of **Rs.19.15 lakhs in F.Y: 2019-20** (Rs. 24.96 lakhs in F.Y: 2018-19) 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 2020 Gratuity Plan (Funded) | 31 March 2019 Gratuity Plan (Funded) |
|--|--|--|
| A. Amount to be recognised in Balance Sheet | | |
| Present Value of Defined Benefit Obligation at the end of period | 48.16 | 67.54 |
| Less: Fair Value of Plan Assets at the end of period | 46.65 | 69.68 |
| Amount to be recognised as liability or (asset) | 1.51 | (2.14) |
| B. Amounts reflected in the Balance Sheet | | |
| Current liability (refer note 17) | 1.51 | - |
| Current asset (refer note 8) | - | (2.14) |
| Net Liability/(Asset) | 1.51 | (2.14) |

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

| Particulars | 2019-2020 Gratuity Plan (Funded) | 2018-2019 Gratuity Plan (Funded) |
|--|--|--|
| 1 Current Service Cost (refer note 21) | 4.26 | 5.38 |
| 2 Acquisition (gain)/ loss | - | - |
| 3 Past Service Cost | - | - |
| 4 Net Interest (income)/expenses (refer note 19 & 22) | (0.17) | (0.04) |
| 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 (refer note 21) | 4.09 | 5.34 |

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

| Particulars | 31 March 2020 Gratuity Plan (Funded) | 31 March 2019 Gratuity Plan (Funded) |
|--|--|--|
| 1 Opening amount recognised in OCI outside profit and loss account | (13.33) | (6.32) |
| 2 Remeasurements for the year - Obligation (Gain)/loss | (1.03) | (6.60) |
| 3 Remeasurement for the year - Plan assets (Gain) / Loss | 0.59 | (0.41) |
| 4 Total Remeasurements Cost / (Credit) for the year recognised in OCI | (13.77) | (13.33) |
| 5 Less: Accumulated balances transferred to retained earnings | - | - |
| 6 Total Remeasurements Cost / (Credit) for the year recognised in OCI (refer note 25) | (0.44) | (7.01) |
| Closing balances (remeasurement (gain)/loss) recognised in OCI | (13.77) | (13.33) |

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 2020 Gratuity Plan (Funded) | 31 March 2019 Gratuity Plan (Funded) |
|--|--|--|
| 1 Balance of the present value of Defined benefit Obligation at the beginning period | 67.54 | 79.91 |
| 2 Acquisition adjustment | - | - |
| 3 Transfer in/ (out) | - | - |
| 4 Interest expenses | 4.12 | 5.58 |
| 5 Past Service Cost | - | - |
| 6 Current Service Cost | 4.26 | 5.38 |
| 7 Curtailment Cost / (credit) | - | - |
| 8 Settlement Cost/ (credit) | - | - |
| 9 Benefits paid | (26.73) | (16.73) |
| 10 Remeasurements on obligation - (Gain) / Loss | (1.03) | (6.60) |
| Present value of obligation as at the end of the period | 48.16 | 67.54 |

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 2020 Gratuity Plan (Funded) | 31 March 2019 Gratuity Plan (Funded) |
|---|--|--|
| 1 Fair value of the plan assets as at beginning of the period | 69.68 | 80.38 |
| 2 Acquisition adjustment | - | - |
| 3 Transfer in/(out) | - | - |
| 4 Interest income | 4.28 | 5.62 |
| 5 Contributions | - | - |
| 6 Benefits paid | (26.73) | (16.73) |
| 7 Amount paid on settlement | - | - |
| 8 Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss) | (0.59) | 0.41 |
| 9 Fair value of plan assets as at the end of the period | 46.64 | 69.68 |

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

| Particulars | 31 March 2020 Gratuity Plan (Funded) | 31 March 2019 Gratuity Plan (Funded) |
|--|--|--|
| 1 Interest (Income) / Expense – Obligation | 4.12 | 5.58 |
| 2 Interest (Income) / Expense – Plan assets | (4.28) | (5.62) |
| 3 Net Interest (Income) / Expense for the year | (0.16) | (0.04) |

Notes to Accounts
(Amount in Rs. Lakhs)
g) Remeasurement for the year (Actuarial Gain/Loss)

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| Experience(Gain)/Loss on plan liabilities | (5.01) | (1.92) |
| Demographic (Gain)/Loss on plan liabilities | - | - |
| Financial (Gain)/Loss on plan liabilities | 3.98 | (4.67) |
| Experience (Gain)/Loss on plan assets | 0.48 | (0.05) |
| Financial (Gain)/Loss on plan assets | 0.11 | (0.36) |

h) The broad categories of plan assets as a percentage of total plan assets of Employee's Gratuity Scheme are as under:

| Particulars | Percentage 2019-20 | Percentage 2018-19 |
|-------------------------------------|--------------------|--------------------|
| 1 Government Securities | 0.00% | 0.00% |
| 2 High quality Corporate Bonds | 0.00% | 0.00% |
| 3 Equity Shares of Listed companies | 0.00% | 0.00% |
| 4 Property | 0.00% | 0.00% |
| 5 Special Deposit Scheme | 0.00% | 0.00% |
| 6 Funds managed by insurer | 100.00% | 100.00% |
| 7 Others | 0.00% | 0.00% |
| Grand Total | 100.00% | 100.00% |

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 **7.60% in F.Y: 2019-20** (7.8% in F.Y: 2018-19) has been used for the valuation purpose.

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

| Particulars | 31 March 2020 Gratuity Plan (Funded) | 31 March 2019 Gratuity Plan (Funded) |
|----------------------------|--|--|
| Defined Benefit Obligation | 48.16 | 67.54 |
| Plan Assets | 46.65 | 69.68 |
| (Surplus)/Deficit | 1.51 | (2.14) |

Significant estimates
j) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

- Discount rate as at 31-03-2020- 6.40% (7.60% in F.Y: 2018-19)
- Expected return on plan assets as at 31-03-2020 - 7.60% (7.80% in F.Y: 2018-19)
- Salary growth rate as at 31-03-2020: 8.00% (8.00% in F.Y: 2018-19)
- Attrition rate as at 31-03-2020: 10.00% (10.00% in F.Y: 2018-19)
- 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.

k) 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.

l) The Company has not contributed to its gratuity fund in 2019-2020. The Company expects to fund Rs Nil towards its gratuity plan in the year 2020-21.
m) Sensitivity analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the out come of the Present value of obligation (PVO) and aids in understanding the uncertainty of reported amounts.

Sensitivity analysis is done by varying one parameter at a time and studying its impact.

Notes to Accounts

(Amount in Rs. Lakhs)

| Change in assumption | Effect on Gratuity obligation | |
|---|-------------------------------|---------------------|
| | As at 31 March 2020 | As at 31 March 2019 |
| 1 Discount rate | | |
| Increase by 1% to 7.4% (8.6% in F.Y: 2018-19) | 44.81 | 64.90 |
| Decrease by 1% to 5.4% (6.6% in F.Y: 2018-19) | 51.92 | 70.51 |
| 2 Salary increase rate | | |
| Increase by 1% to 9.0% | 51.35 | 70.09 |
| Decrease by 1% to 7.0% | 45.24 | 65.22 |
| 3 Withdrawal rate | | |
| Increase by 1% to 11.0% | 47.86 | 67.48 |
| Decrease by 1% to 9.0% | 48.48 | 67.61 |

Average Duration

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 9.41 years.

Expected Future Benefit Payments

The following benefits payments for each of the next five years and the aggregate five years there after, are expected to be paid:

| Year Ending March 31 | Expected Benefit Payment rounded to nearest thousand |
|----------------------|--|
| 2021 | 04.00 |
| 2022 | 05.00 |
| 2023 | 05.00 |
| 2024 | 05.00 |
| 2025 | 06.00 |
| 2026-2030 | 44.00 |

The above cashflows have been arrived at based on the demographic and financial assumptions mentioned above in point j.

Risk Exposure:

Provision of a defined benefit scheme poses certain risks, some of which are detailed here under, as companies take on uncertain long term obligations to make future benefit payments.

1. Liability Risk

- Asset liability Mismatch Risk
- Discount Rate Risk
- Future Salary Escalation and Inflation Risk

2. Asset Risk

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

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 Ebara Pumps Limited | Joint Venture of Holding Company |
| 4 | Mr. Alok Kirloskar | Key Management Personnel |
| 5 | Mr. Clive Harper | |
| 6 | Mr. Graham Greenwood Sole | |
| 7 | Mr. C. M. Mate | |

(C) Disclosure of related parties transactions

| Sr No | Nature of transaction/relationship/major parties | 2019-20 | | 2018-19 | |
|-------|---|---------|--------------------------|---------|--------------------------|
| | | Amount | Amount for Major parties | Amount | Amount for Major parties |
| 1 | Purchase of goods Corrocoat Limited, UK | 47.09 | 47.09 | 67.76 | 67.76 |
| 2 | Revenue from contracts with Customers Kirloskar Brothers Limited Karad Projects & Motors Limited Kirloskar Ebara Pumps Limited | 481.02 | | 294.01 | 293.54 |
| 3 | Receiving Services Kirloskar Brothers Limited Corrocoat Limited, UK | 142.72 | 141.60 | 158.49 | 141.90 |
| 4 | Reimbursement of Expenses Kirloskar Brothers Limited Corrocoat Limited, UK | 10.59 | 4.27 | 5.90 | 0.97 |
| 5 | Payment to Key Management Personnel Sitting Fees Mr. Alok Kirloskar Mr. Clive Harper Mr. C M Mate Mr. Graham Greenwood | 0.90 | 0.30 | 0.83 | 0.23 |
| | | | 0.15 | | 0.15 |
| | | | 0.30 | | 0.30 |
| | | | 0.15 | | 0.15 |

The above transactions are in compliance of section 188 of the Companies Act, 2013 and are made at normal commercial terms at arms length price.

(D) Amount due to/from related parties

| Sr No | Nature of transaction/relationship/major parties | 31 March 2020 | | 31 March 2019 | |
|-------|---|---------------|--------------------------|---------------|--------------------------|
| | | Amount | Amount for Major parties | Amount | Amount for Major parties |
| 1 | Accounts receivable (on account of sale of goods and services) Kirloskar Brothers Limited Kirloskar Ebara Pumps Limited | | 44.62 | | 48.32 |
| | TOTAL | 44.62 | - | 48.58 | 0.26 |
| 2 | Amount Due (on account of purchase of raw material goods) Corrocoat Limited, UK | | 13.46 | | 15.89 |
| | TOTAL | 13.46 | | 15.89 | |

All outstanding balances are unsecured and to be settled in cash.

Notes to Accounts**(Amount in Rs. Lakhs)****Note 32 : Details of provisions and movements in each class of provisions**

| Particulars | Compensated Absences | Product Warranty |
|--|-----------------------------|-------------------------|
| a. Carrying amount as at 1 April 2018 | 58.91 | 10.21 |
| Add: Provision during the year 2018-19 | - | 15.97 |
| Less: Amount reversed during the year 2018-19 | (2.78) | - |
| Net provision for the year | (2.78) | 15.97 |
| Add: Unwinding of discounts | - | 1.46 |
| Less: Amount utilised during the year 2018-19 | (6.10) | (8.69) |
| Carrying amount as at 31 March 2019 | 50.02 | 18.95 |
| Add: Provision during the year 2019-20 | 6.45 | 7.52 |
| Less: Amount reversed during the year 2019-20 | - | (5.31) |
| Net provision for the year | 6.45 | 2.21 |
| Add: Unwinding of discounts | - | 0.35 |
| Less: Amount utilised during the year 2019-20 | (17.08) | - |
| Carrying amount as at 31 March 2020 | 39.39 | 21.51 |

Significant Estimate

The Company offers upto 5 years warranties on its contracts for application of coatings. Management estimates the related provision for future warranty claims based on historical warranty claims information, as well as recent trends that may suggest that past cost information may differ from future claims. Factors that could impact the estimated claim information include the success of the Company's quality initiatives.

| Particulars | Provision for Doubtful debts |
|--|-------------------------------------|
| b. Carrying amount as at 1 April 2018 | 142.11 |
| Add: Provision during 2018-19 | 31.51 |
| Less: Provision reversed during 2018-19 | - |
| Net provision for the year | 31.51 |
| Less: Provision utilized towards Bad debt during 2018-19 | (69.23) |
| Less: Provision reversed during 2018-19 | - |
| Carrying amount as at 31 March 2019 | 104.39 |
| Add: Provision during 2019-20 | 58.52 |
| Less: Provision reversed during 2019-20 | (3.93) |
| Net provision for the year | 54.59 |
| Less: Provision utilized towards Bad debt during 2019-20 | (72.84) |
| Carrying amount as at 31 March 2020 | 86.14 |

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 2020 | 31 March 2019 |
| Levelled at Level 2 | | |
| Financial Asset | | |
| a) Carried at amortised cost | | |
| Trade receivable | 695.85 | 613.14 |
| Loans: security deposits | 31.64 | 41.03 |
| Other financial assets: Long term bank deposit and interest on security deposit | 1.46 | 1.47 |
| Cash and cash equivalent | 2.70 | 2.68 |
| Levelled at Level 2 | | |
| Financial Liabilities | | |
| a) Carried at amortised cost | | |
| Short term borrowings at fixed rate of interest | 278.13 | 329.67 |
| Trade payable | 393.02 | 467.06 |
| Other current financial liabilities | 128.11 | 69.84 |

Notes to Accounts
(Amounts in Rs. Lakhs)
Note 34: Financial risk management policy and objectives

Company's principal financial liabilities, comprises 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.

| Risk | Exposure arising from | Measurment | Management |
|-----------------------|---|--|---|
| Credit | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost. | Ageing 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 liabilities not denominated in Indian rupee (INR) | Sensitivity Analysis | The impact of change in fluctuations in foreign currency is not material but the management monitors this risk. If this risk becomes material the management shall follow established risk management policies, which may include use of derivatives like foreign exchange forward contracts, where the economic conditions match the company's policy. |

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

(A) Credit Risk

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

Credit risk management

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

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

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

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

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 company. 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.

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

| Exposure to Risk | 31 March 2020 | 31 March 2019 |
|------------------------------------|----------------------|---------------|
| Interest bearing borrowings | | |
| On demand | 278.13 | 329.67 |
| Less than 180 days | | |
| 181 - 365 days | | |
| More than 365 days | | |
| Total | 278.13 | 329.67 |
| Other liabilities | | |
| On demand | 10.17 | 7.92 |
| Less than 180 days | 104.61 | 50.33 |
| 181 - 365 days | 13.33 | 11.59 |
| More than 365 days | - | - |
| Total | 128.11 | 69.84 |
| Trade & other payables | | |
| On demand | | |
| Less than 180 days | 375.32 | 439.45 |
| 181 - 365 days | 0.85 | 5.13 |
| More than 365 days | 16.85 | 22.48 |
| Total | 393.02 | 467.06 |

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

| | 31 March 2020 | 31 March 2019 |
|--------------------------|----------------------|---------------|
| Expiring within one year | 278.13 | 329.67 |
| Expiring beyond one year | - | - |

Provision for Expected lifetime losses

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

| Exposure to Risk | 31 March 2020 | 31 March 2019 |
|-------------------------|----------------------|---------------|
| Trade Receivables | 781.99 | 717.52 |
| Less : Loss Allowance | 86.14 | 104.39 |
| | 695.85 | 613.14 |

| | 31 March 2020 | 31 March 2019 |
|-------------------------------|----------------------|---------------|
| Trade Receivables | | |
| Neither past due nor impaired | 218.02 | 235.18 |
| Past due but not impaired | - | - |
| Less than 180 days | 434.21 | 243.50 |
| 181 - 365 days | 18.42 | 84.39 |
| More than 365 days | 25.20 | 50.06 |
| | - | - |
| Total | 695.85 | 613.14 |

Reconciliation of loss provision

| | Trade Receivables |
|------------------------------------|--------------------------|
| Loss allowance as at 1 April 2018 | 142.11 |
| Changes in loss allowance | (37.72) |
| Loss allowance as at 31 March 2019 | 104.39 |
| Changes in loss allowance | (18.25) |
| Loss allowance as at 31 March 2020 | 86.14 |

(C) Foreign Currency Risk

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

The impact of change in fluctuations in foreign currency is not material but the management monitors this risk. If this risk becomes material the management shall follow established risk management policies, which may include use of derivatives like foreign exchange forward contracts, where the economic conditions match the company's policy.

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

Notes to Accounts

Note 34: Financial risk management policy and objectives

(Amount in Rs. Lakhs)

Foreign currency exposure :

| Financial Liabilities | Currency | Amount in Foreign Currency | | Amount in INR | |
|-----------------------|----------|----------------------------|---------------|---------------|---------------|
| | | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Trade Payables | GBP | 0.25 | 0.17 | 23.20 | 15.89 |

Currency wise net exposure (assets - liabilities)

| Particulars | Amount in Foreign Currency | | Amount in INR | |
|-------------|----------------------------|---------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| GBP | 0.25 | 0.17 | 23.20 | 15.89 |

Sensitivity Analysis

| Currency | Amount in INR | | Sensitivity % | |
|--------------|---------------|--------------|---------------|---------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| GBP | 23.20 | 15.89 | 2.33% | 2.22% |
| Total | 23.20 | 15.89 | | |

| Currency | Impact on profit (strengthen) | | Impact on profit (weakening) | |
|--------------|-------------------------------|----------------|------------------------------|--------------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| GBP | (0.006) | (0.004) | 0.006 | 0.004 |
| Total | (0.006) | (0.004) | 0.006 | 0.004 |

GBP - Great Britain Pound

Note : 35 Capital management

(a) Risk management

The company's objective when managing capital are to

- safeguard its 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 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 2020 | 31 March 2019 |
|---------------------------------|---------------|---------------|
| Loans and borrowings | 278.13 | 329.67 |
| Less: Cash and cash equivalents | 2.69 | 2.68 |
| Net debt | 275.44 | 326.99 |
| Equity | 839.18 | 833.80 |
| Capital and net debt | 1,114.62 | 1,160.79 |
| Gearing ratio | 32.82% | 39.22% |

B Dividend

| | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| (i) Equity Shares | 50.00 | 50.00 |
| Final dividend for the year ended 31 March 2020 is INR Nil (31 March 2019 INR Nil) per fully paid share | NIL | NIL |
| Interim dividend for the year ended 31 March 2020 is INR Nil (31 March 2019 INR Nil) per fully paid share | NIL | NIL |
| (ii) Dividends not recognised at the end of the reporting period | NIL | NIL |

Post the year end, directors have not recommended any dividend (31March 2019 INR Nil).

Notes to Accounts**(Amount in Rs. Lakhs)****Note 36: Segment reporting**

Company operates in single operating segment of application of anti-corrosive coatings.

Note 37: Dues to Micro, Small, Medium Enterprises

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Total outstanding amount in respect of micro, small and medium enterprises | 5.00 | - |
| Principal amount due and remaining unpaid | - | - |
| Interest due on above and unpaid interest | - | - |
| Interest paid | - | - |
| Payment made beyond appointment day | - | - |
| Interest due and payable for the period of delay | - | - |
| Interest accrued and remaining unpaid | - | - |
| Amount of further interest remaining due and payable in succeeding years | - | - |

Note 38 : Corporate social responsibility expenditures

(a) Amount required to be spent by the Company during the year is Rs. Nil/- (Rs. Nil in F.Y: 2018-19)

(b) Amount spent by the Company during the year is Rs. Nil/- (Rs. 1.83 Lakhs in F.Y: 2018-19)

The company as per its policy on Corporate Social Responsibility (CSR) and recommendation and approval of the CSR committee has contributed Rs. 1.83 Lakhs in F.Y: 2018-19 towards Health Care & Education through Grampanchayat Kundal in the previous financial year as CSR spend.

Note 39 : Impact of Covid-19 on business

The global economic and business environment has been highly disruptive due to Covid- 19 pandemic. As a result, the operations of the Company were halted from 24th March, 2020. The Company has evaluated the impact of Covid -19 on the operations of the Company, order booking and revenue, cash flow, assets and liabilities and factored in the impact of it up to the date of approval of these financial results on the carrying value of its assets and liabilities.

Even though, it is very difficult to predict the duration of the disruption and severity of its impact, on the basis of evaluation of overall economic environment, outstanding order book, liquidity position, debt free status, recoverability of receivables, the Company expects to recover the carrying amount of these assets and currently does not anticipate any further impairment of it. Based on the opening of economic activity, the Company has partially started operations at its factory in Kirloskarvadi in a phased manner from 12th May 2020.

Note 40:

Figures of the previous year have been regrouped wherever necessary.

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

26 May 2020

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

Chairman
DIN 05324745

C A Harper

Director
DIN 06700160

C M Mate

Director
DIN 07399559

A K Laturkar

Company Secretary

26 May 2020



Enriching Lives

KIRLOSKAR CORROCOAT PRIVATE LIMITED

A Kirloskar Group Company

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

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Email: enquiry@kicopl.com, Website: www.kicopl.com,
CIN No.: U28920PN2006PTC022240

OUR GROUP COMPANIES



United Kingdom



U.S.A.



South Africa



India



The Netherlands