

PNEUMATIC HOLDINGS LIMITED

ANNUAL REPORT 2015 - 2016

Annual Report for the year ended on 31 March 2016

BOARD OF DIRECTORS

Name of Director	DIN	Designation
Mr. Atul C. Kirloskar	00007387	Chairman
Mr. Anil C. Kulkarni	00030995	Executive Director
Mr. Anil N. Alawani	00036153	Non-Executive Non-Independent Director
Mr. Vijay K. Bajhal	00531315	Non-Executive Independent Director
Mr. Sunil Shah Singh	00233918	Non-Executive Independent Director
Mrs. Savita P. Sahasrabudhe	06926402	Non-Executive Independent Director
Mr. G. K. Rao	00058985	Additional Independent Director (co-opted w.e.f. 24 May 2016)

COMPANY SECRETARY

Mr. Aniket A. Deshpande

CHIEF FINANCIAL OFFICER

Ms. Vinaya V. Wagh

STATUTORY AUDITORS

M/s. P. G. Bhagwat Chartered Accountants

SECRETARIAL AUDITORS

M/s. Kanj & Associates Practicing Company Secretaries

BANKERS

HDFC Bank Limited

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
 'Akshay' Complex, Block No. 202, 2nd Floor,
 Near Ganesh Temple, Off Dhole Patil Road, Pune 411 001
 Tel.: +91 (20) 2616 1629 / 2616 0084
 Fax: +91 (20) 2616 3503
 Email: pune@linkintime.co.in

REGISTERED OFFICE

Survey No. 13, 156 Kothrud, Pune 411 038
 Tel.: +91 (20) 2545 3002
 Fax: +91 (20) 2543 4262
 E mail: contact@pneumaticholdings.com
 Website: www.pneumaticholdings.com
 CIN: U65993PN2014PLC152566

INFORMATION FOR SHAREHOLDERS

Annual General Meeting	
Day & Date	: Wednesday, 10 August 2016
Time	: 3.30 p.m.
Venue	: S. M. Joshi Socialist Foundation (S. M. Joshi Hall) S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030
Date of Book Closure	: 8 August 2016 to 10 August 2016 (both days inclusive)

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Directors' Report

To the Members,

Your Directors have pleasure in presenting their Second Annual Report together with the Audited Statement of Accounts for the year ending 31 March 2016.

LISTING ON STOCK EXCHANGES

Pursuant to the Composite Scheme of Arrangement and Amalgamation between Kirloskar Brothers Investments Limited (KBIL) and the Company and Kirloskar Oil Engines Limited (KOEL) and their respective Shareholders and Creditors (the "Composite Scheme"), the Company issued and allotted fully paid 52,88,718 equity shares of ₹ 10/- each in the ratio of 1:1 to the shareholders of Kirloskar Brothers Investments Limited on 14 July 2015.

The Securities and Exchange Board of India vide its letter dated 9 September 2015 granted the necessary relaxation under Rule 19(2)(b) of Securities Contracts (Regulation) Rules, 1957, for the listing of the aforesaid equity shares of the Company and consequently trading commenced with effect from 18 September 2015, on BSE Limited and National Stock Exchange of India Limited.

FINANCIAL PERFORMANCE

The Company's financial performance for the year under review alongwith previous year figures is given hereunder:

	[₹ in lakhs]	
Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Total Income	1,231.46	7.51
Total Expenditure	517.00	87.97
Profit before exceptional items and taxation	714.46	(80.46)
Provision for tax (including Deferred Tax)	(37.44)	(24.16)
Net Profit	751.90	(56.30)
Balance of Profit / (Loss) from previous year	(56.30)	-
Add: Transfer in terms of the Composite Scheme	5,938.27	-
Balance available for appropriation	6,633.87	(56.30)
Appropriations:		
Interim Dividend	475.98	-
Proposed Dividend	-	-
Tax on proposed dividend	-	-
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	6,157.89	(56.30)

DIVIDEND

Interim Dividend of 90 % (₹ 9/- per equity share of ₹ 10/- each) was paid in the month of March 2016. Your Directors do not recommend Final Dividend for the year 2015-16.

MANAGEMENT DISCUSSION AND ANALYSIS

The main object of the Company is to make strategic investments in the Kirloskar Group Companies. The Company is categorized as a Core Investment Company – Non Banking Financial Company (CIC-NBFC) as per guidelines issued by the Reserve Bank of India and the investment pattern of the Company also complies with the requirement to continue to qualify as a CIC-NBFC.

COMPANY PERFORMANCE

During the year, your Company earned total income of ₹ 12.31 Crores as compared ₹ 0.07 Crores in previous year and gained a

profit of ₹ 7.52 Crores as compared to loss of ₹ 0.56 Crores in previous year.

In the year under review, the Company received dividend of ₹ 3.50 Crores declared by the investee companies for the financial year 2014 -15. The Company also received interim dividend of ₹ 4.90 Crores declared by the investee companies in the year 2015 -16, which their respective Boards have considered as final dividend.

OPERATIONS OF THE COMPANY

The main operations of the Company are that of investment and majority of the investments of the Company are in the nature of strategic investments in Kirloskar Group Companies. The Company acquired equity shares and other businesses through the Composite Scheme of Arrangement and Amalgamation. Consequently, this is the first year of operations. The main source of income for the Company is in the form of dividends. The Company has received dividend income of ₹ 8.39 Crores during the year. The Company is also engaged in Vehicle Leasing business. However no new lease Agreements were entered into during the year under review.

HUMAN RESOURCES

As on 31 March 2016, the Company has 9 employees on its roll, including the Executive Director.

CONCERNS AND THREATS

- Fluctuations in the securities market and global economic scenario, may pose a risk of devaluation of the investments made by the Company.
- Main source of income for the Company is dividend from its Subsidiary Company.
- The risks and concerns associated with the businesses/operations of these investee companies, which may impact the performance of these companies, could result in variation in dividends declared by these companies.
- Risk related to recovery of cost of residual value after expiry of operating lease period.
- Total damage risk of the vehicle given on lease.
- Pre-mature termination of operating lease Agreement by lessee.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial reporting and compliance of various laws and regulations.

The internal control system is supported by the internal audit process. An Internal Auditor has been appointed for this purpose. The Audit Committee of the Board reviews the Internal Audit Report and the adequacy and effectiveness of internal controls periodically.

CAUTIONARY STATEMENT

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

LISTING FEES

The annual listing fees for the year under review have been paid to BSE Limited and National Stock Exchange of India Limited, where your Company's shares are listed.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

As on 31 March 2016, the Company has following subsidiaries:

1. Kirloskar Pneumatic Company Limited (KPC)
2. Kirloskar RoadRailer Limited (Wholly owned Subsidiary of KPC)

Kirloskar Chillers Private Limited is an Associate Company of KPC.

The Board presents Audited Consolidated Financial Statements incorporating the Consolidated Audited Financial Statements of KPC and as prepared in compliance with the Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the "Regulations").

Pursuant to Rule 5 of Companies (Accounts) Rules, 2014, the Statement containing the salient feature of the Financial Statement of a Company's subsidiary and associate companies under the first proviso to Sub-Section (3) of Section 129 of the

Companies Act, 2013 (“the Act”) in Form AOC-1 is required to be enclosed to the Financial Statements.

The Consolidated Financial Statements prepared as per applicable provisions and duly audited by Statutory Auditors, are presented elsewhere in this Annual Report along with Form AOC-1.

Further, the Company undertakes that the Annual Accounts of the Subsidiary Companies and the related detailed information shall be made available to the shareholders on demand, at any point of time. The Annual Accounts of the Subsidiary Companies shall also be kept open for inspection by any shareholder at the Registered Office of the Company.

Brief highlights of businesses of subsidiary company

Kirloskar Pneumatic Company Limited (KPC)

KPC is in the business of Compression Products/Systems and Transmission Products having its manufacturing locations at Hadapsar, Saswad in Pune and Nashik.

The revenue of the KPC for the year 2015-16 is increased to ₹ 529.98 Crores from ₹ 460.14 Crores in the last year and the net profit after taxes of KPC increased from ₹ 22.58 Crores to ₹ 36.38 Crores.

The Board of Directors of KPC has declared an interim dividend of ₹ 7/- (70 %) per equity share for the Financial Year 2015-16, which is considered as final dividend.

During the year under review, KPC has been appreciated for ENCON efforts by:

- 1st prize at 9th State Level EC Award to Hadapsar plant for Financial Year 2014-15 from MEDA (Maharashtra Energy Development Agency);
- National award by CII for Energy Efficient unit to Hadapsar plant; and
- Certificate of Merit to Saswad plant in National Energy Conservation Award 2015 competition by Govt. of India.

During the year under review, KPC has received:

- Gold Award Trophy in Quality Improvement Success Stories in Competition organized by Quality Circle Forum India.
- Awards in the 29th National Convention on Quality Concepts - NCQC 2015 organised by QCFI.
 - 2 Nos. “Par Excellence Award Trophy”.
 - 2 Nos. “Excellence Award Trophy” “Distinguish Award Trophy”.
- “Certificate of Merit” in recognition of its significant progress in Total Quality Management in Ravi Kirloskar Quality Prize for Business Excellence – 2014-15.
- “Supplier of EHS Excellence Award” received from GE Oil & Gas for the excellent and consistent performance in EHS practices for the last 4 years.

Kirloskar RoadRailer Limited (Wholly Owned Subsidiary of KPC)

Kirloskar RoadRailer Limited is set up for providing RoadRailer Services and KPC expects that the RoadRailer services will commence from the current financial year.

PARTICULARS OF INFORMATION FORMING PART OF THE BOARD’S REPORT PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2013, RULE 8 OF THE COMPANIES (ACCOUNTS) RULES 2014 AND RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT- 9, is annexed herewith as ‘Annexure I’ to this Report.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, six Board Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Act.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Act, in respect of Directors’ Responsibility Statement, your Directors state that:

- a) in the preparation of the Annual Financial Statements for the year ended 31 March 2016, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- b) accounting policies as mentioned in Part - B to the Financial Statements have been selected and applied consistently. Further judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2016 and of the profit of the Company for the year ended on that date;

- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Annual Financial Statements have been prepared on a going concern basis;
- e) proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

STATEMENT ON DECLARATION BY THE INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations, 2015.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company constituted a Nomination and Remuneration Committee. The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel and their remuneration. The policy is annexed as '**Annexure II**' to this Report.

AUDITORS**a. Statutory Auditors**

M/s. P. G. Bhagwat, Chartered Accountants (Firm's Registration No. 101118W), Pune, Statutory Auditors are appointed as Statutory Auditors of the Company from the conclusion of First Annual General Meeting (AGM) held on 29 June 2015 till the conclusion of Sixth Annual General Meeting of the Company to be held in Financial Year ended 2019-20, subject to ratification by members annually from this Annual General Meeting. The requisite certificate as per Section 139 of the Companies Act, 2013, has been received by the Company, about their eligibility to continue as Statutory Auditor of the Company.

b. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Kanj & Associates, Practicing Company Secretaries, Pune, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as '**Annexure III**'.

EXPLANATION ON COMMENTS ON STATUTORY AUDITORS' AND SECRETARIAL AUDIT REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. P. G. Bhagwat, Statutory Auditors, in their Audit Report and by M/s. Kanj & Associates, Practicing Company Secretaries, Pune, in their Secretarial Audit Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Your Company has not given any loan or guarantee or security or made any investment during the year.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013

Pursuant to the provisions of Section 134 of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, the terms of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business. Hence, no particulars are being provided in Form AOC-2. Related Party disclosures as per AS -18 have been provided in Note No. C-2 to the Financial Statements.

STATE OF COMPANY'S AFFAIRS

Discussion on state of Company's affairs has been covered in the Management Discussion and Analysis.

AMOUNTS PROPOSED TO BE CARRIED TO RESERVES

Particulars of the amounts proposed to be carried to reserves have been covered as part of the financial performance of the Company.

MATERIAL CHANGES AND COMMITMENTS BETWEEN THE DATE OF THE BALANCE SHEET AND THE DATE OF REPORT

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Conservation of energy and Technology Absorption

The Company has no particulars to report regarding conservation of energy, technology absorption as required under Section 134 (3) (m) of the Companies Act, 2013, read with Rules thereunder.

B. Foreign exchange earnings and Outgo

Sr. No.	Particulars	Amount in ₹
i	Foreign Exchange earned in terms of actual inflows during the year	33,53,011
ii	Foreign Exchange outgo during the year in terms of actual outflows	Nil

RISK MANAGEMENT POLICY

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The provisions of Section 135 of the Companies Act, 2013, in respect of Corporate Social Responsibility are not applicable to the Company.

BOARD EVALUATION

Pursuant to provisions of the Companies Act, 2013, the Board has carried out performance evaluation of its own, its Committees and individual Directors.

PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

Name and Registered Office of the Subsidiary Company	% Holding	Particulars	Amount (₹ in lakhs)
Kirloskar Pneumatic Company Limited Hadapsar Industrial Estate, Pune 411 013.	54.45	Total Income	52,997.80
		Total Expenditure	47,833.32
		Profit / (Loss) before exceptional items and taxation	5,164.48
		Profit / (Loss) before taxation	5,164.48
		Provision for tax (including Deferred Tax)	1,526.60
		Net Profit / (Loss)	3,637.88
		Balance of Profit / (Loss) from previous year	1,993.97
		Less: Transfer to General Reserve	2700.00
		Less: Interim Dividend	899.10
		Less: Proposed Dividend	-
		Less : Dividend Distribution Tax	182.28
		Balance carried to Balance Sheet	1,850.47

Name and Registered Office of the Subsidiary Company	% Holding	Particulars	Amount (₹ in lakhs)
Kirloskar RoadRailer Limited Hadapsar Industrial Estate, Pune 411 013.	100% subsidiary of Kirloskar Pneumatic Company Limited	Total Income	0.00
		Total Expenditure	16.55
		Profit / (Loss) before exceptional items and taxation	(16.55)
		Profit / (Loss) before taxation	(16.55)
		Provision for tax (including Deferred Tax)	0.00
		Net Profit / (Loss)	(16.55)
		Balance of Profit / (Loss) from previous year	(27.41)
		Less: Proposed Dividend	0.00
		Less : Dividend Distribution Tax	0.00
		Balance carried to Balance Sheet	(43.96)

CHANGE IN THE NATURE OF BUSINESS, IF ANY

Not applicable, as this is the first year of operations.

DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR**Directors appointed during the year**

Name of Director	Designation	Term of appointment
Mr. Atul C. Kirloskar	Director	First Director appointed at the Annual General Meeting, subject to retirement by rotation
Mr. Anil C. Kulkarni	Director	First Director appointed at the Annual General Meeting, subject to retirement by rotation
Mr. Anil N. Alawani	Director	First Director appointed at the Annual General Meeting, subject to retirement by rotation
Mr. Sunil Shah Singh	Independent Director	First Director appointed as Independent Director at the Annual General Meeting for five consecutive years commencing from 29 June 2015 up to 28 June 2020
Mr. Vijay K. Bajhal	Independent Director	Additional Director appointed as Independent Director at the Annual General Meeting for one year commencing from 29 June 2015 up to 28 June 2016
Mrs. Savita P. Sahasrabudhe	Independent Director	Additional Director appointed as Independent Director at the Annual General Meeting for five consecutive years commencing from 29 June 2015 up to 28 June 2020

Key Managerial Personnel (KMP) appointed during the year

Name of the KMP	Designation
Mr. Anil C. Kulkarni	Executive Director
Ms. Vinaya V. Wagh	Chief Financial Officer
Mr. Aniket A. Deshpande	Company Secretary

Directors and KMP's resigned during the year

None.

Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting

Mr. G. K. Rao was appointed as an Additional Director with effect from 24 May 2016 and is a non-executive Independent Director. His appointment is up to the ensuing Annual General Meeting. A member has proposed his appointment as Director.

Mr. Anil N. Alawani, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The brief resumes and other details relating to Directors who are proposed to be appointed / re-appointed, as required to be disclosed under Regulation 36(3) of the Regulations, forms part of the Explanatory Statement to the Notice of the Annual General Meeting.

NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR ALONG WITH REASONS THEREFOR

Pursuant to the Composite Scheme, Kirloskar Pneumatic Company Limited (KPC) became subsidiary of the Company. Further, Kirloskar RoadRailer Limited is 100% subsidiary of KPC. Kirloskar Chillers Private Limited is an Associate Company of KPC.

DETAILS OF DEPOSITS WHICH ARE NOT IN COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER V OF THE COMPANIES ACT, 2013

None.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

To the best of our knowledge, the Company has not received any such orders from Regulators, Courts or Tribunals during the year, which may impact the Going Concern Status or the Company's operation in future.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has developed a strong two tier internal control framework comprising entity level controls and process level controls. The entity level controls of the Company include elements such as defined code of conduct, whistle blower policy, rigorous management review and MIS and strong internal audit mechanism. The process level controls have been ensured by implementing appropriate checks and balances to ensure adherence to Company policies and procedures, efficiency in operations and also reduce the risk of frauds.

Regular management oversight and rigorous periodic testing of internal controls makes the internal controls environment strong at the Company. The Audit Committee along with Management oversees results of the internal audit and reviews implementation on a regular basis.

COMPOSITION OF AUDIT COMMITTEE

The composition of the Audit Committee has been mentioned in the Corporate Governance Report annexed to this Report.

INFORMATION FORMING PART OF THE DIRECTORS' REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The relevant information pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed at 'Annexure IV' to this Report.

VIGIL MECHANISM

The Board of Directors has adopted the Whistle Blower Policy / Vigil Mechanism ('the Policy'). This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report genuine concerns including but not limited to unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct for Board of Directors and Senior Management ('the Code') or ethics policy or any other instance to the Chairman of the Audit Committee of the Board of Directors of the Company. The policy has been uploaded at the website of the Company, viz., www.pneumaticholdings.com.

PREVENTION OF SEXUAL HARASSMENT POLICY

The Company has formulated and implemented the Policy for Prevention of Sexual Harassment at work place. This would inter alia provide a mechanism for the resolution, settlements or prosecution of acts or instances of sexual harassment at work place and to ensure that all employees are treated with respect and dignity. There were no complaints / cases filed / pending with the Company during the year.

CASH FLOW

A Cash Flow Statement for the year ended 31 March 2016 is attached to the Balance Sheet.

CORPORATE GOVERNANCE

In terms of Regulation 34 of the Regulations, a Report on the Corporate Governance along with Compliance Certificate issued by Statutory Auditors of the Company is attached and forms part of the Annual Report.

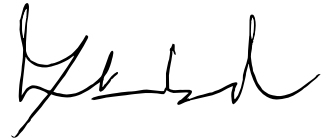
PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 197 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

None.

ACKNOWLEDGMENTS

Your Directors wish to place on record, their appreciation for the contribution made and support provided to the Company by the shareholders, employees and bankers, during the year under the report. .

For and on behalf of the Board of Directors



ATUL C. KIRLOSKAR

CHAIRMAN
DIN:00007387

Pune: 24 May 2016

ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MGT - 9

(as at Financial Year ended 31 March 2016)

EXTRACT OF ANNUAL RETURN

[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	U65993PN2014PLC152566
ii.	Registration Date	16/09/2014
iii.	Name of the Company	Pneumatic Holdings Limited
iv.	Category / Sub-Category of the Company	Company limited by shares
v.	Address of the Registered Office and contact details	Survey No. 13, 156 Kothrud, Pune 411 029 Tel: +91(20) 2545 3002 Fax: +91(20) 2543 4262 Email: contact@pneumaticholdings.com Website: www.pneumaticholdings.com
vi.	Whether listed company	Yes
vii.	Name, address and contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited "Akshay" Complex, Block No. 202, 2 nd Floor, Near Ganesh Temple, Off. Dhole Patil Road, Pune 411 001 Tel: +91(20) 2616 1629 / 2616 0084 Fax: +91(20) 2616 3503 Email: pune@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company stated below:

Sr. No.	Name and description of main products / services	NIC code of the product / service	% to total turnover of the Company
1.	Investment in Kirloskar Group Companies	--	(Investment income is not included in turnover)
2.	Vehicle Leasing	7710	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Kirloskar Pneumatic Company Limited Hadapsar Industrial Estate, Pune 411 013	L29120PN1974PLC110307	Subsidiary	54.45	2(87)(ii)
2.	Kirloskar RoadRailer Limited Hadapsar Industrial Estate, Pune 411 013	U35990PN2008PLC132445	Subsidiary of Kirloskar Pneumatic Company Limited	100	2(87)(a)

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

Note : Pursuant to the Composite Scheme of Arrangement and Amalgamation between Kirloskar Brothers Investments Limited, Pneumatic Holdings Limited (the Company) and Kirloskar Oil Engines Limited, the paid up capital of ₹ 2 Crores is cancelled with effect from 30 June 2015 (effective date of the Composite Scheme). The Company allotted shares to the shareholders on 14 July 2015 under the Composite Scheme. The trading of the equity shares of the Company commenced with effect from 18 September 2015, on BSE Limited and National Stock Exchange of India Limited. Change

in shareholding is considered with effect from date of allotment i.e. 14 July 2015.

(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 / Hindu Undivided Family	0	6	6	0.00	38,29,657	0	38,29,657	72.41	0.00
b. Central Government	0	0	0	0.00	0	0	0	0.00	0.00
c. State Government (s)	0	0	0	0.00	0	0	0	0.00	0.00
d. Bodies Corporates	0	19,99,994	19,99,994	100.00	5,016	0	5,016	0.10	0.00
e. Bank / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
f. Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1) :	0	20,00,000	20,00,000	100.00	38,34,673	0	38,34,673	72.51	0.00
(2) Foreign									
a. Non Resident Indians - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b. Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c. Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0.00
d. Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
e. Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2) :	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	0	20,00,000	20,00,000	100.00	38,34,673	0	38,34,673	72.51	0.00
B. Public Shareholding									
(1) Institutions									
a. Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b. Banks / Financial Institutions	0	0	0	0.00	2,42,091	5,876	2,47,967	4.69	0.00
c. Central Government	0	0	0	0.00	0	0	0	0.00	0.00
d. State Government (s)	0	0	0	0.00	0	0	0	0.00	0.00
e. Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f. Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g. Foreign Institutional Investors	0	0	0	0.00	1,41,871	0	1,41,871	2.68	0.00
h. Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i. Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B) (1):	0	0	0	0.00	3,83,962	5,876	3,89,838	7.37	0.00
(2) Non-Institutions									
a. Body Corporates									
i. Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii. Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b. Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 Lakh	0	0	0	0.00	5,37,538	2,95,626	8,33,164	15.75	0.00
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	0	0	0	0.00	1,41,717	0	1,41,717	2.68	0.00
c. Others (Specify)	0	0	0	0.00	77,846	11,480	89,326	1.69	0.00
Sub-total (B) (2) :	0	0	0	0.00	7,57,101	3,07,106	10,64,207	20.12	0.00
Total Public Shareholding (B) = (B)(1) + (B)(2)	0	0	0	0.00	11,41,063	3,12,982	14,54,045	27.49	0.00
C. Shares held by custodian for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	20,00,000	0	20,00,000	100.00	49,75,736	3,12,982	52,88,718	100.00	0.00

(ii) Shareholding of Promoters

Sr. 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 Investments Limited	20,00,000	100	0	-	-	-	-
2	Mr. Sanjay C. Kirloskar	0	0	0	477	0.01	0.00	0.00
3	Mr. Rahul C. Kirloskar	0	0	0	10,40,115	19.67	6.67	0.00
4	Mr. Gautam A. Kulkarni	0	0	0	10,41,468	19.69	6.66	0.00
5	Mr. Atul C. Kirloskar	0	0	0	10,39,631	19.66	6.66	0.00
6	Mr. Vikram S. Kirloskar	0	0	0	4,682	0.09	0.00	0.00
7	Mrs. Suman C. Kirloskar	0	0	0	610	0.01	0.00	0.00
8	Mrs. Neeta A. Kulkarni #	0	0	0	446	0.01	0.00	0.00
9	Mrs. Mrinalini S. Kirloskar	0	0	0	918	0.02	0.00	0.00
10	Mrs. Pratima S. Kirloskar	0	0	0	100	0.00	0.00	0.00
11	Mrs. Alpana R. Kirloskar	0	0	0	2,28,393	4.32	0.00	0.00
12	Mrs. Jyotsna G. Kulkarni	0	0	0	2,44,433	4.62	0.00	0.00
13	Mrs. Arti A. Kirloskar	0	0	0	2,27,972	4.31	0.00	0.00
14	Mr. Alok S. Kirloskar	0	0	0	412	0.01	0.00	0.00
15	Kirloskar Industries Limited	0	0	0	100	0.00	0.00	0.00
16	Alpak Investments Private Limited	0	0	0	50	0.00	0.00	0.00
17	Navsai Investments Private Limited	0	0	0	50	0.00	0.00	0.00
18	Achyut and Neeta Holding and Finance Private Limited	0	0	0	4,816	0.09	0.00	0.00
TOTAL		20,00,000	100	0	38,34,673	72.51	0.00	0.00

Expired on 15 March 2016.

In case of Joint holding, name of first holder is considered.

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

Sr. 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 Investments Limited	20,00,000	100	0	-	-	-	-
2	Mr. Sanjay C. Kirloskar	0	0	0	477	0.01	0.00	0.00
3	Mr. Rahul C. Kirloskar	0	0	0	10,40,115	19.67	6.67	0.00
4	Mr. Gautam A. Kulkarni	0	0	0	10,41,468	19.69	6.66	0.00
5	Mr. Atul C. Kirloskar	0	0	0	10,39,631	19.66	6.66	0.00
6	Mr. Vikram S. Kirloskar	0	0	0	4,682	0.09	0.00	0.00
7	Mrs. Suman C. Kirloskar	0	0	0	610	0.01	0.00	0.00
8	Mrs. Neeta A. Kulkarni #	0	0	0	446	0.01	0.00	0.00
9	Mrs. Mrinalini S. Kirloskar	0	0	0	918	0.02	0.00	0.00
10	Mrs. Pratima S. Kirloskar	0	0	0	100	0.00	0.00	0.00
11	Mrs. Alpana R. Kirloskar	0	0	0	2,28,393	4.32	0.00	0.00
12	Mrs. Jyotsna G. Kulkarni	0	0	0	2,44,433	4.62	0.00	0.00
13	Mrs. Arti A. Kirloskar	0	0	0	2,27,972	4.31	0.00	0.00
14	Mr. Alok S. Kirloskar	0	0	0	412	0.01	0.00	0.00
15	Kirloskar Industries Limited	0	0	0	100	0.00	0.00	0.00
16	Alpak Investments Private Limited	0	0	0	50	0.00	0.00	0.00
17	Navsai Investments Private Limited	0	0	0	50	0.00	0.00	0.00
18	Achyut and Neeta Holding and Finance Private Limited	0	0	0	4,816	0.09	0.00	0.00
	TOTAL	20,00,000	100	0	38,34,673	72.51	0.00	0.00

Expired on 15 March 2016.

In case of Joint holding, name of first holder is considered.

(iv) **Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDR and ADRs)**

Sr. No.	For each of the top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	The New India Assurance Company Limited					
	At the beginning of the period (18.09.2015)*		1,00,866	1.91		
	Increase / Decrease in shareholding		No change during the year			
	As at the end of the year (31.03.2016)				1,00,866	1.91
2	General Insurance Corporation of India					
	At the beginning of the period (18.09.2015)*		93,828	1.77		
	Increase / Decrease in shareholding		No change during the year			
	As at the end of the year (31.03.2016)				93,828	1.77
3	ACACIA Partners, LP					
	At the beginning of the period (18.09.2015)*		57,272	1.08		
	Increase / Decrease in shareholding		No change during the year			
	As at the end of the year (31.03.2016)				57,272	1.08
4	The Oriental Insurance Company Limited					
	At the beginning of the period (18.09.2015)*		47,050	0.89		
	Increase / Decrease in shareholding		No change during the year			
	As at the end of the year (31.03.2016)				47,050	0.89
5	The Mysore Kirloskar Limited					
	At the beginning of the period (18.09.2015)*		37,500	0.71		
	Decrease in shareholding as on 11.12.2015	Transfer	29,075	0.55	8,425	0.16
	Decrease in shareholding as on 18.12.2015	Transfer	8,425	0.16	-	-
	As at the end of the year (31.03.2016)				-	-
6	Anil Kumar Goel					
	At the beginning of the period (18.09.2015)*		38,000	0.72		
	Decrease in shareholding as on 25.09.2015	Transfer	5,060	0.09	32,940	0.62
	Decrease in shareholding as on 30.09.2015	Transfer	1	0.00	32,939	0.63
	Decrease in shareholding as on 06.11/.2015	Transfer	32,939	0.63	-	-
	As at the end of the year (31.03.2016)				-	-
7	ACACIA Institutional Partners, LP					
	At the beginning of the period (18.09.2015)*		31,212	0.59		
	Increase / Decrease in shareholding		No change during the year			
	As at the end of the year (31.03.2016)				31,212	0.59
8	Kotak Select Focus Fund					
	At the beginning of the period (18.09.2015)*		29,230	0.55		
	Decrease in shareholding as on 25.09.2015	Transfer	900	0.02	28,330	0.54
	Decrease in shareholding as on 09.10.2015	Transfer	537	0.01	27,793	0.53
	Decrease in shareholding as on 16.10.2015	Transfer	208	0.00	27,585	0.52
	Decrease in shareholding as on 23.10.2015	Transfer	5	0.00	27,580	0.52
	Decrease in shareholding as on 30.10.2015	Transfer	1,116	0.02	26,464	0.50
	Decrease in shareholding as on 20.11.2015	Transfer	26,464	0.50	-	-
	As at the end of the year (31.03.2016)				-	-

Sr. No.	For each of the top ten Shareholders	Reason	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9	Arun Nahar					
	At the beginning of the period (18.09.2015)*		29,115	0.55		
	Increase / Decrease in shareholding		No change during the year			
	As at the end of the year (31.03.2016)				29,115	0.55
10	Kotak Infrastructure & Economic Reform Fund					
	At the beginning of the period (18.09.2015)*		29,000	0.55		
	Decrease in shareholding as on 25.09.2015	Transfer	1,994	0.04	27,056	0.51
	Decrease in shareholding as on 30.09.2015	Transfer	18,000	0.34	9,056	0.17
	Decrease in shareholding as on 09.10.2015	Transfer	9,056	0.17	-	-
	As at the end of the year (31.03.2016)				-	-
11	Dhanesh S Shah jointly with Nimesh Sumatilal Shah					
	At the beginning of the period (18.09.2015)*		-	-		
	Increase in shareholding as on 30.09.2015	Transfer	26,250	0.50		
	As at the end of the year (31.03.2016)				26,250	0.50
12	Antique Stock Broking Limited					
	At the beginning of the period (18.09.2015)*		-	-		
	Increase in shareholding as on 06.11.2015		33,000	0.62	33,000	0.62
	Decrease in shareholding as on 27.11.2015		33,000	0.62	-	-
	Increase in shareholding as on 11.12. 2015		10,000	0.19	10,000	0.19
	Increase in shareholding as on 25.12. 2015		100	0.00	10,100	0.19
	Decrease in shareholding as on 31.12.2015		100	0.00	10,000	0.19
	As at the end of the year (31.03.2016)				10,000	0.19
13	ACACIA Conservation Fund, LP					
	At the beginning of the period (18.09.2015)*		-	-		
	Increase in shareholding as on 20.11.2015		25,537	0.48		
	As at the end of the year (31.03.2016)				25,537	0.48
14	Hina Kirti Doshi					
	At the beginning of the period (18.09.2015)*		-	-		
	Increase in shareholding as on 27.11.2015	Transfer	60,000	1.13	60,000	1.13
	Decrease in shareholding as on 04.03.2016	Transfer	20,000	0.4	40,000	0.8
	As at the end of the year (31.03.2016)				40,000	0.8
15	Durgesh S. Shah jointly with Urmila Shah and Dhanesh Shah					
	At the beginning of the period (18.09.2015)*					
	Increase in shareholding as on 11.12.2015	Transfer	23,627	0.45	23,627	0.45
	As at the end of the year (31.03.2016)				23,627	0.45

In case of Joint holding, name of first holder is considered.

* The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on 18 September 2015.

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

Sr. 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	10,40,136	19.67		
1	Mr. Atul C. Kirloskar, Chairman	10,39,631	19.66	-	-
2	Mr. Anil C. Kulkarni, Executive Director #	0	0.00	-	-
3	Mr. Anil N. Alawani	500	0.01	-	-
4	Mr. Vijay K. Bajhal	0	0.00	-	-
5	Mr. Sunil Shah Singh	0	0.00	-	-
6	Mrs. Savita P. Sahasrabudhe	5	0.00	-	-
7	Mr. Aniket A. Deshpande #	0	0.00	-	-
8	Ms. Vinaya V. Wagh #	0	0.00	-	-
	At the end of the year				
1	Mr. Atul C. Kirloskar, Chairman	-	-	10,39,631	19.66
2	Mr. Anil C. Kulkarni, Executive Director #	-	-	0	0.00
3	Mr. Anil N. Alawani	-	-	500	0.01
4	Mr. Vijay K. Bajhal	-	-	0	0.00
5	Mr. Sunil Shah Singh	-	-	0	0.00
6	Mrs. Savita P. Sahasrabudhe	-	-	5	0.00
7	Mr. Aniket A. Deshpande #	-	-	0	0.00
8	Ms. Vinaya V. Wagh #	-	-	0	0.00
	At the end of the year			10,40,136	19.67

Appointed as Key Managerial Personnel with effect from 1 July 2015.

V. INDEBTEDNESS

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

None.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Managing Director / Whole Time Director / Manager
		Mr. Anil C. Kulkarni – Executive Director
1.	Gross Salary	
a)	Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	31,82,155
b)	Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	66,600
c)	Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as % of profit - others, specify	12,80,000 1.70
5.	Others, please specify (Taxable Superannuation Contribution)	3,34,546
Total (A)		48,63,301
Ceiling as per Section II of Part II of Schedule V of the Act		60,00,000

B. Remuneration to other Directors:

(Amount in ₹)

Particulars of Remuneration	Name of Director					Total Amount
			Mr. Vijay K. Bajhal	Mr. Sunil Shah Singh	Mrs. Savita P. Sahasrabudhe	
Independent Directors						
Fee for attending board / committee meetings	-	-	35,000	50,000	50,000	1,35,000
Commission	-	-	2,00,000	2,20,000	1,80,000	6,00,000
Others, please specify	-	-	-	-	-	-
Total (1)	-	-	2,35,000	2,70,000	2,30,000	7,35,000
Other Non-Executive Directors	Mr. Atul C. Kirloskar	Mr. Anil N. Alawani				
Fee for attending board / committee meetings	25,000	60,000	-	-	-	85,000
Commission	1,20,000	3,40,000	-	-	-	4,60,000
Others, please specify	-	-	-	-	-	-
Total (2)	1,45,000	4,00,000	-	-	-	5,45,000
Total (B) = (1 + 2)	1,45,000	4,00,000	2,35,000	2,70,000	2,30,000	12,80,000
Total Managerial Remuneration						59,23,301
Overall Ceiling as per the Companies Act, 2013						60,00,000

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR / MANAGER / WHOLE TIME DIRECTOR

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Mr. Aniket A. Deshpande Company Secretary*	Ms. Vinaya V. Wagh Chief Financial Officer*	Total Amount
1.	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	5,29,946	5,83,580	11,13,526
b)	Value of perquisites under Section 17 (2) of the Income Tax Act, 1961	19,500	15,000	34,500
c)	Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-
5.	Others, please specify	91,993	23,328	1,15,321
	Total	6,41,439	6,21,908	12,63,347

* Designated as Key Managerial Personnel with effect from 1 July 2015

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

1. Company - None
2. Directors - None
3. Other officers in Default – None

For and on behalf of the Board of Directors

Sd/-

ATUL C. KIRLOSKAR

CHAIRMAN
DIN:00007387

Pune: 24 May 2016

ANNEXURE II TO THE DIRECTORS' REPORT

THE NOMINATION AND REMUNERATION POLICY

(As recommended by the Nomination and Remuneration Committee and approved by the Board)

I. PHILOSOPHY

The Company strongly believes that the system of Corporate Governance protects the interest of all the stakeholders by inculcating transparent business operations and accountability from management towards fulfilling the consistently high standard of Corporate Governance in all facets of the Company's operations.

The Company is committed to provide employment to all eligible applicants on the principles of equality without any discrimination.

The employees have to strictly follow code of ethics and the management practices a zero tolerance for the same.

II. OBJECTIVE

- To strike the right balance in the composition of the Board of Directors by ensuring experts from different spectrum of the existing and / or future business environment are co-opted on the Board to help the Company achieve its objectives, aspirations and growth potential.
- To implement a transparent process of determining remuneration at Board and Senior Management level of the Company that would strengthen confidence of stakeholders in the Company and its management and help in creation of long - term value for them.
- To strike appropriate balance between the elements comprising the remuneration so as to attract and retain potential high performing candidates for critical position in the Company for attaining continual growth in business.
- To ensure a direct relationship with the Key Result Areas and individual achievements considering short as well as long term performance objectives appropriate to the working of the Company and its goals.

III. COVERAGE

A. Policy on Board Diversity and Term of Appointment of Independent Directors:

The Board of Directors shall comprise of persons who have expertise in the areas of business that the Company operates in and of such persons having expertise to help the Company to diversify its business at the appropriate times.

The Nomination and Remuneration Committee of the Board shall recommend persons with the requisite expertise to the Board of Directors for co-option on the Board, at its discretion.

The Independent Directors shall be appointed for two terms as follows:

- a. Existing or new Independent Directors below the age of 70, for one term of 5 consecutive years;
- b. Existing or new Independent Directors above the age of 70, for one term of such number of years as may be required for the said Independent Director to be 75 years of age;
- c. Existing Independent Directors between the age of 74 - 75 years, for one term of 2 consecutive years;
- d. New Independent Directors not falling under a to c above, for the first term of 5 consecutive years and for a second term of five consecutive years, subject to the result of the evaluation of their performance and also subject to the approval of the shareholders in the general meeting.

B. Guidelines of determining remuneration of:

- i. Executive Directors
- ii. Non Executive Directors
- iii. Key Managerial Personnel
- iv. Senior Management Personnel

IV. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

A. DIRECTORS

i. Executive Directors:

The Board of Directors of the Company shall decide the remuneration of Executive Directors on the basis of recommendation from Nomination and Remuneration Committee (N&RC) subject to the overall limits

provided under the Companies Act, 2013 and rules made thereunder, including any amendments, modifications and re-enactments thereto ('the Act') and in compliance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations), including any amendments, modifications and re-enactments thereof, as applicable from time to time. The remuneration shall be approved by the shareholders of the Company, as and when required.

The Company shall enter into a contract with every Executive Director, which will set out the terms and conditions of the appointment. The contract shall be recommended by the N&RC and approved by the Board. The contract shall be maximum for such tenure as may be provided in the Act subject to such approvals as may be required.

The Board may vary any terms and conditions of the contract subject to such approvals, as may be required under the Act.

Every notice sent to the shareholder for seeking their approval for appointment / re-appointment / remuneration of the Executive Directors shall contain the gist of terms and conditions of the contract.

The remuneration components shall include inter-alia:

a. Fixed salary:

Each Executive Director shall be paid fixed salary consisting of basic salary and such allowances and perquisites as may be decided by the Board on the recommendation of the N&RC.

OPTION 1: The revision in the salary may be annually done and shall be determined by the Board as per the appraisal of the performance of each Executive Director by the Board, subject to overall limit approved by the shareholders.

OPTION 2: The salary shall remain fixed for the term of the Executive Director.

b. Commission:

The Board may approve payment of commission subject to the provisions of the Act. The amount of commission to be paid to each of the Executive Director(s), shall be as recommended by the N&RC on the basis of performance evaluation carried out in respect of such Executive Director(s) under Section 178 of the Act and the Listing Regulations.

c. Non-monetary benefits:

Executive Directors may be entitled to club membership, company vehicle with driver, petrol reimbursement, vehicle maintenance, telephone, fax, internet at residence, reimbursement of mobile phone bill, fully furnished accommodation (in case of use of own residential property for accommodation, house rent allowance shall be paid), furnishings, reimbursement of house maintenance expenditure, reimbursement of gas, electricity bill, water and other utilities and repairs at residence, reimbursement of medical expenditure, including domestic hospitalization expenses for self and family and leave travel assistance.

The Executive Directors may also be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. or any other benefit as per Company policy.

d. Stock options:

Executive Directors except promoter directors may be granted stock options as may be approved by the Board, if they are eligible as per existing or any scheme of stock options by the Company.

e. Compensation for loss of office may be paid as may be approved by the Board subject to the provisions of Section 202 of the Act.

f. Separation / Retirement benefits:

Executive Director shall be eligible to the following perquisites which shall be included in the computation of the ceiling on remuneration provided in the Act:

(a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961 or any amendment thereof;

(b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and

(c) Encashment of leave at the end of the tenure.

In case of loss or inadequacy of profits of the Company, the aforesaid perquisites shall not be included in computation of the ceiling on remuneration provided in the Act.

ii. Non Executive Directors:

The Company shall issue a letter of engagement or appointment to every Non-Executive Director.

The components of payment of remuneration to Non-Executive Directors shall include:

- a. **Sitting fees :**

Sitting fees shall be paid for Board and / or any Committee meetings attended by the Directors. Different amount of sitting fees may be paid for different types of meetings.

Sitting fees shall be over and above the limits prescribed in the Act for payment of remuneration but shall not exceed the amount as may be prescribed in the Rules for independent and non independent directors.

The disclosure of the payment of sitting fees for all types of meetings shall be made in the Annual Report of the Company.

Committees shall include Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, or such other committees as may be constituted by the Board from time to time.
- b. **Commission:**

The Board may approve payment of commission subject to the provisions of the Act. The amount of commission to be paid to each of the Non-Executive Director(s), shall be as recommended by the N&RC on the basis of performance evaluation carried out in respect of such Non-Executive Director(s) under Section 178 of the Act and Listing Regulations.
- c. **Stock Options:**

Independent Directors and Promoter Directors shall not be entitled for stock options of the Company.

N&RC may recommend issue of stock options to other directors which may be granted by the Board subject to the compliance of the provisions of relevant laws.
- d. **Professional fees:**

Non Independent Directors may be paid fees for services of professional nature, if in the opinion of N&RC, the Director possesses the requisite qualification for the practice of the profession. The following professionals shall be deemed to be possessing requisite qualification and the N&RC is not required to give their opinion, if the Director is any of the following professional and renders his services to the Company in that capacity:

 - (a) Journalist
 - (b) Editor of a magazine but not the publisher or the proprietor
 - (c) Man of letters writing numerous articles
 - (d) Author
 - (e) Engineer
 - (f) Architect
 - (g) Solicitor
 - (h) Stock broker
 - (i) Film actor
 - (j) Optician
 - (k) Commission Agent
 - (l) Auctioneer, valuer or an estate agent
 - (m) Chartered Accountant
 - (n) Advocate

Such professional fees shall not be considered as remuneration for the purpose of Act.

EXCESS REMUNERATION

The Board of Directors may decide to remunerate the Director/s beyond the overall limits provided under the Act, subject to compliance of provisions in this regard including obtaining approval of Central Government, if required, owing to loss incurred by the Company or inadequacy of profits and situation entails providing such remuneration.

WAIVING OF EXCESS REMUNERATION

Any remuneration or sitting fees paid, whether directly or indirectly, to any director whether executive or not beyond the limits prescribed under the Act and for which approval of the shareholders or Central Government is not obtained, if required to be obtained, the same shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

Company shall not, in any case, waive the recovery of any such sum unless specific permission is obtained from Central Government for waiving such excess payment.

B. KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL (SMP)

Key Managerial Personnel (KMP) means Chief Executive Officer, Chief Financial Officer and Company Secretary. The Company shall issue an appointment letter to every KMP and SMP to be signed by the reporting Executive Director. The letter shall detail the expectation from the role, remuneration package and other terms and conditions.

The remuneration components payable to KMP / SMP may be:

- a. Fixed salary:
Each KMP / SMP shall be paid fixed salary consisting of basic salary and such allowances and perquisites as per service rules of the Company. The band of the salary shall be determined according to the industry standards, market conditions, scale of Company's business relating to the position, educational qualification parameters and personal experience in the industry as detailed in the service rules of the Company and such other factors as may be prescribed therein.
The same shall be reviewed annually based on the Company's annual appraisal policy.
- b. Variable pay:
Variable pay, if any, to every KMP shall be as per the responsibility of the position, organization and individual performance.
The variable pay shall be payable at the end of financial year based on absolute and relative performance evaluation of the Company as well as individual. The weightage of the same will be decided by the N&RC in each case before the beginning of the each financial year.
- c. Non monetary benefits:
Non monetary benefits to KMP / SMP may include club membership, company vehicle with driver, petrol reimbursement, vehicle maintenance, telephone, fax, internet at residence, reimbursement of mobile phone bill, fully furnished accommodation (in case of use of own residential property for accommodation, house rent allowance shall be paid), furnishings, reimbursement of house maintenance expenditure, reimbursement of gas, electricity bill, water and other utilities and repairs at residence, reimbursement of medical expenditure for self and family and leave travel assistance.
KMP may be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. as per Company policy.
- d. Stock options:
To motivate executives to pursue long term growth and objectives of the Company, the executive directors may nominate KMP for receiving stock options on the basis of the eligibility criterion of any scheme of stock options declared by the Company.
- e. Separation / Retirement benefits:
Separation / retirement benefits as per Company policy which shall include contribution to provident fund, superannuation, gratuity and leave encashment.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

The Company may take Directors and Officers liability insurance or such insurance of like nature for indemnifying any of the Directors or its KMP against any liability in respect of any negligence, default, misfeasance, breach of duty or trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of remuneration payable to such personnel. Provided that if such person is proved to be guilty, the premium paid shall be treated as part of remuneration.

CONSULTANTS AND ADVISORS

The N&RC may take services of such consultants and advisors as may be required to assist in determination of optimum remuneration structure and evaluation of the same for the Company's Directors and senior management and shall have the authority to approve the fees payable to such consultants and advisors.

The N&RC shall have access to data of the Company relating to annual operating plan, management and leadership programs, employee survey, initiatives, operational reviews for purpose of undertaking their terms of reference and providing such recommendations as are required under the policy and take such assistance from Executive Director as may be required for assessing the effectiveness and performance of any employee covered under the policy.

AMENDMENT

Based on the recommendation of the N&RC, the Board reserves its right to amend or modify this policy in whole or in part, at any time, when it deems appropriate, in accordance with any amendment to the applicable provisions of Companies Act, 2013 including Rules thereof and/or the provisions of the Listing Regulations.

For and on behalf of the Board of Directors

Sd/-

ATUL C. KIRLOSKAR

CHAIRMAN
DIN:00007387

Pune: 25 November 2015

ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

*[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,

PNEUMATIC HOLDINGS LIMITED

Survey No. 13, 156 Kothrud,

Pune 411 038, Maharashtra, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PNEUMATIC HOLDINGS LIMITED. (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; There are no events occurred during the period which attracts provisions of these guidelines hence not applicable.
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: There are no events occurred during the period which attracts provisions of these guidelines hence not applicable.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: There are no events occurred during the period which attracts provisions of these guidelines hence not applicable.
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client:
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: There are no events occurred during the period which attracts provisions of these guidelines hence not applicable. And
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: There are no events occurred during the period which attracts provisions of these guidelines hence not applicable.
- (vi) The Motor Vehicle Act, 1988.
- (vii) The RBI Act, with respect to guidelines issues for Core Investment Companies (CIC)

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited;

During the period under review the Company has generally complied with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decision in the board meetings were carried through by majority and it was informed to us while there were no dissenting views of the members and hence not captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has taken following actions or enter into events having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- Equity Shares of the Company got Listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited w.e.f. 18th September, 2015.
- Composite Scheme of Arrangement and Amalgamation BETWEEN the COMPANY AND KIRLOSKAR BROTHERS INVESTMENTS LIMITED (KBIL)

("Demerged Company or "Transferor Company") AND KIRLOSKAR OIL ENGINES LIMITED ("the Transferee Company") AND their respective shareholders and creditors, was prepared and filed with the Hon'ble Bombay High Court for approval, after taking all the necessary approvals of respective shareholders and creditors. The scheme was prepared under Section 391 to Section 394 read with Section 100 to 105 of the Companies Act, 1956, and other applicable provisions of the Companies Act, 1956, and the Companies Act, 2013, if any for:

- a. Demerger of "Undertaking consisting mainly of travel services business carried on by KBIL and Silk Business and Compression Systems and Transmission Products Business done through subsidiaries of KBIL" to the Company.

As on the date of this report the scheme has been approved by the Hon'ble Bombay High Court further the Company has filed all the necessary forms with the Registrar of Companies, Pune. Presently, the payment of stamp duty is pending since adjudication order has been received on 2nd May 2016 and Company has sixty days to pay the stamp duty from the receipt of the order.

Sd/-
Mahesh Athavale
 Partner,
KANJ & Associates,
Company Secretaries
 FCS No: 2412
 C P No.: 1488

Pune : 20 May 2016

This report is to be read with our letter of even date which is annexed as **Annexure A** and Forms an integral part of this report.

Annexure A

To,
The Members,
PNEUMATIC HOLDINGS LIMITED

Survey No. 13, 156 Kothrud,
Pune 411 038, Maharashtra, India.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
Mahesh Athavale

Partner,
KANJ & Associates,
Company Secretaries
FCS No: 2412
C P No.: 1488

Pune : 20 May 2016

ANNEXURE IV TO THE DIRECTORS' REPORT

INFORMATION FORMING PART OF THE DIRECTORS' REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No.	Particulars		
1	The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year	Name of Director	Ratio
		Mr. Atul C. Kirloskar, Chairman	0.33
		Mr. Anil C. Kulkarni # Executive Director	12.19
		Mr. Anil N. Alawani	0.91
		Mr. Vijay K. Bajhal *	0.54
		Mr. Sunil Shah Singh *	0.62
		Mrs. Savita P. Sahasrabudhe *	0.52
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Name of the Director	Percentage increase / (decrease) in the remuneration
		Not Applicable - This being the first year of operations.	
3	The remuneration increase in the median remuneration of employees in the financial year	Not Applicable - This being the first year of operations.	
4	The number of permanent employees on the roll of the Company	9 including Executive Director	
5	The explanation on the relationship between average increase in remuneration and Company performance	Not Applicable - This being the first year of operations.	
6	Comparison on the remuneration of the Key Managerial Personnel against the performance of the Company	The remuneration is not solely based on Company performance but also includes various other factors like individual performance, industry trends, economic situation, future growth prospects, etc. The Board believes that the increase is in line with the industry.	
7	Variation in the market capitalizations of the Company, price earnings ratio as at the closing date of the current financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies	This being the first year of operations only current year's figures are available.	
			As on 31 March 2016
		Market Capitalization (₹ In Lakhs)	32,261.18
	PE Ratio *	42.90	
	* source- BSE Limited	The Company had not made any public offer.	
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Not Applicable - This being the first year of operations.	
9	Comparison of each remuneration of the KMP against the performance of the Company	The remuneration is not solely based on Company performance but also includes various other factors like individual performance, industry trends, economic situation, future growth prospects, etc. The Board believes that the increase is in line with the industry.	

Sr. No.	Particulars	
10	The key parameters for any variable component of remuneration availed by the Directors	Commission is the variable component in the remuneration of Directors. As per the Nomination and Remuneration Policy of the Company, the amount of commission is calculated on the basis of performance evaluation of Directors.
11	The ratio of remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not Applicable
12	Affirmation	The Board affirms that the remuneration is as per the Nomination and Remuneration Policy of the Company.
13	<p>Statement showing the name of every employee of the Company, who –</p> <p>I. If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;</p> <p>II. If employed for the part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;</p> <p>III. If employed throughout the financial year, or part therefor, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or alongwith his spouse and dependent children, not less than two percent of the equity shares of the Company.</p>	Nil

* Appointed as Non-Executive Independent Directors with effect from 29 June 2015.

Designated as Key Managerial Personnel with effect from 1 July 2015.

For and on behalf of the Board of Directors

Sd/-
ATUL C. KIRLOSKAR
CHAIRMAN
DIN:00007387

Pune: 24 May 2016

FORM A

Pursuant to Regulation 33 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations)

1.	Name of the Company	Pneumatic Holdings Limited
2.	Annual Financial Statements for the year ended	31 March 2016(Standalone)
3.	Type of Audit observation	Unmodified
4.	Frequency of observation	Not Applicable
5.	To be signed by <ul style="list-style-type: none"> • CEO/ Managing Director • CFO • Auditor of the Company • Audit Committee Chairman 	<p style="text-align: right;">For Pneumatic Holdings Limited</p> <p style="text-align: right;">Sd/- A.C.Kulkarni Executive Director DIN: 00030995 For Pneumatic Holdings Limited</p> <p style="text-align: right;">Sd/- Vinaya V. Wagh Chief Financial Officer Membership No. ACA147460 For M/S P.G.Bhagwat</p> <p style="text-align: right;">Sd/- Abhijeet Bhagwat Partner Membership No.136835 For Pneumatic Holdings Limited</p> <p style="text-align: right;">Sd/- V.K.Bajhal Chairman of Audit Committee DIN: 00531315</p>

Pune : 24 May 2016

FORM B

Pursuant to Regulation 33 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations)

1.	Name of the Company	Pneumatic Holdings Limited
2.	Annual Financial Statements for the year ended	31 March 2016(Consolidated)
3.	Type of Audit qualification	Qualified
4.	Frequency of qualification	Whether appeared first time...
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	During the year Kirloskar Pneumatic Company Limited, the Subsidiary Company (Company) had made an application to Central Government (The Ministry of Corporate Affairs) seeking approval for the remuneration payable to the executive chairman due to inadequacy of profits for the year 2014-15. The Ministry of Corporate Affairs vide its letter dated January 15, 2016 rejected application on the ground that company had paid remuneration exceeding 5% of net profits to the Executive Chairman during the financial years 2012-13 & 2013-14 without obtaining prior approval of the Central Government and further directed recovery of excess remuneration paid amounting to Rs. 200.39 Lacs (Rs. 131.04 lacs net of tax). Company was advised to make an application to the Central Government for seeking waiver of recovery of this amount and accordingly Company has made the requisite application to the Central Government. The said application is pending for approval and therefore Company has not recovered any amount nor accounted it as recoverable in the books of accounts as on 31 st March 2016. (Refer Note no. C-9 of consolidated financial statements and also management response in Directors report)
	Additional Comments from the Board / Audit Committee chair;	Management of subsidiary company has been directed to do the needful & record the necessary transaction based on the decision of the Central Government as and when received since the effect is not expected to be material.
5.	<ul style="list-style-type: none"> To be signed by • CEO/ Managing Director • CFO • Auditor of the Company • Audit Committee Chairman 	<p style="text-align: right;">For Pneumatic Holdings Limited</p> <p style="text-align: right;">Sd/- A.C.Kulkarni Executive Director DIN: 00030995 For Pneumatic Holdings Limited</p> <p style="text-align: right;">Sd/- Vinaya V. Wagh Chief Financial Officer Membership No. ACA147460 For M/S P.G.Bhagwat</p> <p style="text-align: right;">Sd/- Abhijeet Bhagwat Partner Membership No.136835 For Pneumatic Holdings Limited</p> <p style="text-align: right;">Sd/- V.K.Bajhal Chairman of Audit Committee DIN: 00531315</p>

Pune : 24 May 2016

Report on Corporate Governance

(Pursuant to Regulation 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations))

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy of Corporate Governance aims at establishing and practicing a system of good corporate governance which will assist the management in managing the Company's business in an efficient and transparent manner towards fulfilling the corporate objectives and to meet the obligations and best subserve the interest of the stakeholders.

2. BOARD OF DIRECTORS

a. Composition of the Board

The Board comprised of 6 Directors as on 31 March 2016. The Composition of the Board is as under:

Category of Directors	No. of Directors
Executive	1
Non-Executive and Independent	3
Non-Executive and Non-Independent	2
Total	6

b. Number of Board Meetings

During the Financial Year under review, six meetings of the Board of Directors were held as follows:

- 19 May 2015
- 29 June 2015
- 31 July 2015
- 26 October 2015
- 1 February 2016
- 14 March 2016

c. Directors' attendance record and directorships held

The information on composition and category of the Board of Directors as on 31 March 2016, attendance of each Director at Board Meetings held during the Financial Year 2015-16 and the Annual General Meeting (AGM) held on 29 June 2015, Directorships and Committee positions in other public companies of which the Director is a Member / Chairman / Chairperson and the shareholding of Non-Executive Directors is as follows:

Sr. No.	Name of Director	No. of shares held by Non-Executive Directors	No. of Directorships in other public limited companies*	No. of Committee positions held in other public limited companies**		Attendance at the meetings	
				Chairman / Chairperson	Member	Board	AGM
1.	Executive Director Mr. Anil C. Kulkarni \$, #	NA	1	Nil	Nil	6	Present
2.	Non-Executive and Non-Independent Directors Mr. Atul C. Kirloskar ***, \$	10,39,631	5	1	1	6	Present
3.	Mr. Anil N. Alawani \$	500	3	1	4	6	Present
4.	Non-Executive and Independent Directors Mr. Vijay K. Bajhal ****	Nil	1	1	Nil	4	Present
5.	Mr. Sunil Shah Singh ****	Nil	1	Nil	1	6	Present
6.	Mrs. Savita P. Sahasrabudhe ****	5	1	Nil	1	6	Present

Notes:

- * Excludes directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.
- ** For this purpose only Audit and Stakeholders' Relationship Committee of the Public Limited Companies has been considered as per the Regulation 26(1) (b) of the Regulations.
- *** Deemed as Promoters within the meaning of Securities Exchange Board of India (SEBI) (Substantial Acquisition of Shares & Takeover) Regulations, 2011.
- **** Appointed as Independent Director of the Company with effect from 29 June 2015.
- \$ Regularised as Director in the AGM held on 29 June 2015.
- # Appointed as Executive Director with effect from 1 July 2015.

No other Director is related to any other Director of the Company within the meaning of Section 2 (77) of the Companies Act, 2013 and Rules thereof.

d. Criteria for performance evaluation

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of Directors. The annual evaluation of Directors is made on the following criteria:

- i. Attendance for the meetings, participation and independence during the meetings;
- ii. Interaction with Management;
- iii. Role and accountability of the Board and;
- iv. Knowledge and proficiency.

e. Meeting of Independent Directors

The meeting of Independent Directors was held on Friday, 18 December 2015, to discuss, *inter alia*:

- (a) the performance of Non-Independent Directors and the Board of Directors as a whole;
- (b) the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors;
- (c) the quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

f. Familiarisation program for Independent Directors

1. Independent Directors of the Company are made aware of their role, rights and responsibilities at the time of their appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their engagement. Further copies of Code of Conduct and Policies adopted by the Board as per regulatory provisions are made available to Independent Director at the time of joining.
2. During quarterly Board Meetings, all Board Members are updated on regular basis, by way of presentations where Directors have an opportunity to interact with senior management personnel. Presentations cover, *inter alia*, quarterly and annual results, budgets, review of internal audit report, information on business performance, operations, financial parameters, senior management change, major litigations, compliances, risk management and regulatory scenarios and such other areas as may arise from time to time.
3. The programme is available on the Company's website viz. **www.pneumaticholdings.com**.

g. Code of Conduct

The Company has laid down a Code of Conduct for all the Board Members and Senior Management Personnel. The Code of Conduct is available on the Company's website viz., **www.pneumaticholdings.com**. All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the Executive Director forms part of this Report.

h. Information supplied to the Board

Among others, this includes:

- i. Review of annual operating plans of business, capital budgets, updates;
- ii. Quarterly results of the Company and its operating divisions or business segments;
- iii. Material important show cause, demand, prosecution and penalty notices;
- iv. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- v. Details of any joint venture or collaboration agreement;
- vi. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- vii. Significant labour problems and their proposed solutions;
- viii. Significant development in human resources and industrial relation fronts;

- ix. Non-compliance of any regulatory, statutory provision or listing requirements as well as shareholders service such as non-payment of dividend and delay in share transfer;
- x. Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer or the Company Secretary.

3. AUDIT COMMITTEE

a. Composition

The Audit Committee comprises of Four Non-Executive Directors, majority of who are Independent. The composition is in conformity with the Regulation 18 of the Regulations.

During the Financial Year under review, four meetings of the Committee were held on 29 June 2015, 31 July 2015, 26 October 2015 and 1 February 2016.

The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Category	Number of meetings attended
1.	Mr. Vijay K. Bajhal (Chairman)	Non-Executive Independent	2
2.	Mr. Anil N. Alawani	Non-Executive Non-Independent	4
3.	Mrs. Savita P. Sahasrabudhe	Non-Executive Independent	4
4.	Mr. Sunil Shah Singh	Non-Executive Independent	4

The Company Secretary acts as the Secretary of the Committee. The Executive Director and Chief Financial Officer attend the Audit Committee meetings and Mr. Vijay K. Bajhal, Chairman of the Committee, was present at the Annual General Meeting of the Company held on 29 June 2015. The representatives of the Internal Auditors and Statutory Auditors are invited to the meetings.

b. Terms of Reference

The terms of reference of the Audit Committee include the matters specified under the Regulation 18 read with Schedule II Part C of the Listing Regulations as well as those in Section 177 of the Companies Act, 2013 and inter-alia includes the following:

1. Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the Financial Statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board, for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement which is to be included in the Board's report in terms of Clause (c) of Sub - Section 3 of Section 134 of the Companies Act, 2013;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the Financial Statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to Financial Statements;
 - f) Disclosure of any related party transactions;
 - g) Modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Reviewing the functioning of the Whistle Blower mechanism;
19. Approval of appointment of Chief Financial Officer after accessing the qualifications, experience and background, etc. of the candidate;
20. To mandatorily review the following information:
 - a) Management discussion and analysis of financial condition and results of operations;
 - b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
 - c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d) Internal audit reports relating to internal control weaknesses; and
 - e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
 - f) Statement of deviations:
 - i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of Regulation 32(1);
 - ii. Annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7);
21. Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

c. Powers of Audit Committee

- a) To investigate any activity within its terms of reference.
- b) To seek information from any employee.
- c) To obtain outside legal or other professional advice.
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

4. NOMINATION AND REMUNERATION COMMITTEE

a. Composition

The Nomination and Remuneration Committee comprises of three Non - Executive Directors, majority of whom are Independent. The composition is in conformity with Regulation 19 of the Regulations.

During the Financial Year under review, one meeting of the Committee was held on 29 June 2015.

The composition of the Committee and attendance at its meetings is given below:

Sr. No.	Name of the Member Director	Category	Number of meetings attended
1.	Mr. Vijay K. Bajhal (Chairman)	Non-Executive Independent	1
2.	Mr. Anil N. Alawani	Non-Executive Non-Independent	1
3.	Mr. Sunil Shah Singh	Non-Executive Independent	1

b. Terms of Reference

The terms of reference of the Nomination and Remuneration Committee include the matters specified under Regulation 19 read with Schedule II Part D of the Listing Regulations as well as those in Section 178 of the Companies Act, 2013 and inter-alia includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
3. Devising a policy on diversity of Board of Directors;
4. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
5. Whether to extend or continue the term of appointment of Independent Director, on the basis of the report of performance evaluation of Independent Directors.

c. Remuneration to Directors

The Board had, on the recommendation of the Nomination and Remuneration Committee framed a 'Nomination and Remuneration Policy' in its meeting held on 29 June 2015.

Further, the Board has amended 'Nomination and Remuneration Policy' by changing the reference to the Listing Agreement by the Listing Regulations in its meeting held on 26 October 2015.

The copy of the same has been attached as 'Annexure II' to the Directors' Report.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Executive Director. The commission to the Executive Director is recommended by the Nomination and Remuneration Committee on the performance evaluation of the Executive Director and is also approved by the Board of Directors. The remuneration to the Executive Director is in accordance with the provisions of the Companies Act, 2013 and Rules thereof and within ceiling prescribed thereunder.

The members at the Annual General Meeting of the Company held on 29 June 2015, approved the payment of commission to the Non-Executive Directors, at the rate upto 1% of the net profits of the Company computed in the manner laid down in Sections 197 and 198 of the Companies Act, 2013.

As per the recommendation of the Nomination and Remuneration Committee and based on the performance evaluation of each of the Non- Executive Directors, the Board of Directors decided the remuneration to them by way of commission as per Schedule V of the Companies Act, 2013.

The sitting fee of ₹ 5,000/- per meeting of the Board and any Committee thereof, attended by the Non-Executive Directors is payable to them.

Details of the remuneration paid to Directors during Financial Year 2015 - 16:

[in ₹]

Sr. No.	Name of Director	Basic Salary	Perquisites & Other Benefits	Contribution to Statutory Funds	Sitting Fees	Commission	Total
Executive Director							
1.	Mr. Anil C. Kulkarni	31,82,155	-	4,01,146	NA	12,80,000	48,63,301
Non-Executive Directors							
2.	Mr. Atul C. Kirloskar	-	-	-	25,000	1,20,000	1,45,000
3.	Mr. Anil. N. Alawani	-	-	-	60,000	3,40,000	4,00,000
4.	Mr. Vijay. K. Bajhal	-	-	-	35,000	2,00,000	2,35,000
5.	Mr. Sunil Shah Singh	-	-	-	50,000	2,20,000	2,70,000
6.	Mrs. Savita P. Sahasrabudhe	-	-	-	50,000	1,80,000	2,30,000
Total		31,82,155	-	4,01,146	2,20,000	23,40,000	61,43,301

Notes

- Perquisites include leave travel assistance, reimbursement of medical expenses, term insurance premium, contributions to provident fund and superannuation fund, provision for gratuity and leave encashment and perquisite value as per Income-tax Rules for motorcar.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee has been constituted to look into investors' complaints like transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc., and redressal thereof. The Committee is headed by Mr. Anil N. Alawani, Non-Independent Director, with Mr. Anil C. Kulkarni, Executive Director and Mrs. Savita P. Sahasrabudhe, Independent Director, being the other members of the Committee.

During the Financial Year under review, one Stakeholders' Relationship Committee meeting was held on 26 October 2015. All the Committee members attended the said meeting.

Mr. Aniket A. Deshpande, Company Secretary is the Compliance Officer.

The Compliance Officer can be contacted at:

Pneumatic Holdings Limited

Survey No. 13, 156 Kothrud,

Pune - 411 038

Tel: (020) 2545 3002 Fax: (020) 2543 4262

E-mail: contact@pneumaticholdings.com; aniket.deshpande@kirloskar.com

With reference to Regulation 6(2)(d) of the Regulations, the Company has designated exclusive e-mail ID for the investors as **contact@pneumaticholdings.com** to register their grievances, if any. The Company has displayed the said e-mail ID on its website for the use of investors.

The total numbers of complaints received and replied to the satisfaction of the shareholders during the year ended 31 March 2016, were NIL and there were no complaints outstanding as on 31 March 2016.

The Company had no share transfer requests pending as on 31 March 2016.

6. GENERAL BODY MEETINGS

The details of General Meetings of the shareholders, held during previous 3 years are as under:-

Financial Year #	Date	Type of Meeting	Venue	Time
2014-15	18 February 2015	Extra-Ordinary General Meeting	Survey No. 13, 156 Kothrud, Pune 411 038	10.00 a.m.
	29 June 2015	Annual General Meeting	S. M. Joshi Socialist Foundation (S. M. Joshi Hall), Navi Peth, Near Ganjave Chowk, Pune 411 030	10.45 a.m.

The Company was incorporated on 16 September 2014, thus data of previous 3 years is not applicable.

In the previous General Meetings, Special Resolutions were passed by the shareholders in respect of the following matters;

- Reduction of share capital of the Company pursuant to the Composite Scheme of Arrangement and Amalgamation between Kirloskar Brothers Investments Limited, Pneumatic Holdings Limited ('the Company') and Kirloskar Oil Engines Limited and their respective Shareholders and Creditors.

No special resolutions passed at the above Annual General Meeting were required to be passed through postal ballot.

At present, no special resolution is proposed to be passed at the ensuing Annual General Meeting.

7. OTHER DISCLOSURES

The Company has complied with the other disclosure requirements of Schedule V of the Regulations.

a. Related Party Transactions

During the Financial Year under review, there was no materially significant related party transaction made by the Company as defined in Regulation 23 of the Listing Regulations that may have potential conflict with the interest of the Company at large. Transactions with the related parties are disclosed in Note No. C-2 to the Financial Statements in the Annual Report.

b. Details of capital market non-compliance, if any

There have been no instances of non-compliances by the Company on any matters related to capital markets, during the year. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, the Securities Exchange Board of India (SEBI) or any other statutory authority on any matter related to capital markets.

c. Whistle Blower Policy / Vigil Mechanism

The Board of Directors has adopted a Whistle Blower Policy / Vigil Mechanism ('the Policy'). This has provided a mechanism for Directors and Employees of the Company and other persons dealing with the Company to report genuine concerns including but not limited to unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct for Board of Directors and Senior Management (the Code) or ethics policy or any other instance, to the Chairman of the Audit Committee. The Policy has also been uploaded on the Company's website at <http://www.pneumaticholdings.com/code-of-conduct/whistle-blower-policy.pdf>

d. Policy for determining 'material' subsidiaries

The Company has a policy for determining 'material' subsidiaries, which has been put up on the website of the Company at <http://www.pneumaticholdings.com/code-of-conduct/policy-on-material-subsiidiaries.pdf>

e. Related Party Transactions Policy

The Company has a Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions which has been put on the website of the Company at <http://www.pneumaticholdings.com/code-of-conduct/policy-on-materiality-of-related-party-transactions-and-dealing-with-related-party-transactions.pdf>

8. LISTING FEES

The Annual Listing Fees for the year under review have been paid to BSE Limited and National Stock Exchange of India Limited, where the Company's shares are listed.

Further the correspondence address of the Stock Exchanges is as follows:

BSE Limited	BSE Limited 1st Floor, P. J. Towers, Dalal Street, Fort, Mumbai 400 001
National Stock Exchange of India Limited	National Stock Exchange of India Limited Exchange Plaza, C – 1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051

9. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company is not having any Commodity price risk or foreign exchange risk and not involved in hedging activities.

10. DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE

The requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 have been complied in the section on corporate governance of the Annual Report.

11. DISCRETIONARY REQUIREMENTS**a. Shareholders' Rights**

Since the Company publishes its quarterly results in newspapers (English and Marathi) having wide circulation and since the results are also displayed on the website of the Company and the Stock Exchanges, the Company does not send any communication of half yearly performance to the shareholders.

b. Modified opinion(s) in Audit Report

There are no modified opinion(s) on the Financial Statements of the Company for the year ended 31 March 2016, made by the Statutory Auditors in their Audit Report.

c. Disclosure under Schedule VI of the Listing Regulations in respect of unclaimed shares

Pursuant to the Composite Scheme of Arrangement and Amalgamation between Kirloskar Brothers Investments Limited (KBIL) and the Company and Kirloskar Oil Engines Limited (KOEL) and their respective Shareholders and Creditors (the "Composite Scheme"), the Company issued and allotted fully paid 52,88,718 equity shares of ₹10 each in the ratio of 1:1 to the shareholders of Kirloskar Brothers Investments Limited on 14 July 2015.

The Company is in process to send reminder letter to those shareholders, whose share certificates have been returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company.

As on 31 March 2016, the total unclaimed equity shares are 1,01,052.

12. PARTICULARS OF APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

The brief resumes and other details relating to the Directors who are proposed to be appointed / re-appointed, as required to be disclosed under the Regulation 36(3) of the Listing Regulations, forms part of the Statement setting out material facts annexed to the Notice of the Annual General Meeting.

13. MEANS OF COMMUNICATION

a. Quarterly results

The Quarterly and Half Yearly results are published in national and local dailies, namely Financial Express (English) and Loksatta (Marathi), having wide circulation. Since the results of the Company are published in the newspapers, half yearly reports are not sent individually to the shareholders.

The Company's results and official news releases are displayed on the Company's website namely www.pneumaticholdings.com.

b. The National Stock Exchange of India Electronic Application Processing System (NEAPS) and BSE Limited Corporate Compliance and Listing Centre (the 'Listing Centre')

The NEAPS and the Listing Centre of BSE Limited are web based application designed by National Stock Exchange of India Limited and BSE Limited respectively for corporates. All periodicals compliance filings like shareholding pattern, corporate governance report, quarterly results etc. are filed electronically on NEAPS and the Listing Centre of BSE Limited.

c. The Management Discussion and Analysis Report forms part of this Annual Report.

14. GENERAL INFORMATION FOR SHAREHOLDERS

a. Annual General Meeting

Corporate Identification Number (CIN)	U65993PN2014PLC152566
Annual General Meeting	Date and Day : Wednesday, 10 August 2016 Time : 3.30 p.m. Venue : S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030
Book Closure	Monday, 8 August 2016 to Wednesday, 10 August 2016
Last date of receipt of proxy forms	7 August 2016
Quarterly Financial Results	During the year the financial results were announced as under: First quarter : 31 July 2015 Second quarter : 26 October 2015 Third quarter : 1 February 2016 Annual : 24 May 2016
International Security Identification Number (ISIN)	INE096T01010
BSE Limited (BSE)	539347
National Stock Exchange of India Limited (NSE)	PNEUMATIC
Designated E-mail address for investor services	contact@pneumaticholdings.com

b. Shareholding Pattern as on 31 March 2016

Sr. No.	Category	No. of shares	% of Share holding
1	Promoters	38,34,673	72.51
2	Mutual Funds / UTI	-	-
3	Banks / Financial Institutions and Insurance Companies	2,47,817	4.69
4	Other Bodies Corporate	64,417	1.22
5	Foreign Institutional Investors	-	-
6	Foreign Portfolio Investors	1,41,871	2.68
7	Clearing Members	1,697	0.03
8	NRI	9,496	0.18
9	Foreign Nationals	319	0.01
10	General Public	9,88,428	18.68
	TOTAL	52,88,718	100.00

c. Distribution of Shareholding as on 31 March 2016

Nominal value of Shares		Shareholders		Share Amount	
From	To	Number	% to Total	In ₹	% to Total
Up to	5,000	11,941	97.71	47,05,010	8.90
5,001	10,000	137	1.12	9,53,770	1.80
10,001	20,000	65	0.53	9,08,590	1.72
20,001	30,000	24	0.20	6,01,270	1.14
30,001	40,000	8	0.07	2,84,940	0.54
40,001	50,000	7	0.06	3,19,670	0.60
50,001	1,00,000	16	0.13	10,75,540	2.03
1,00,001 and above		22	0.18	4,40,38,390	83.27
TOTAL		12,220	100.00	5,28,87,180	100.00

Dematerialisation of shares and liquidity (as on 31 March 2016)	49,75,736
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any Convertible instruments.

d. Market Price Data

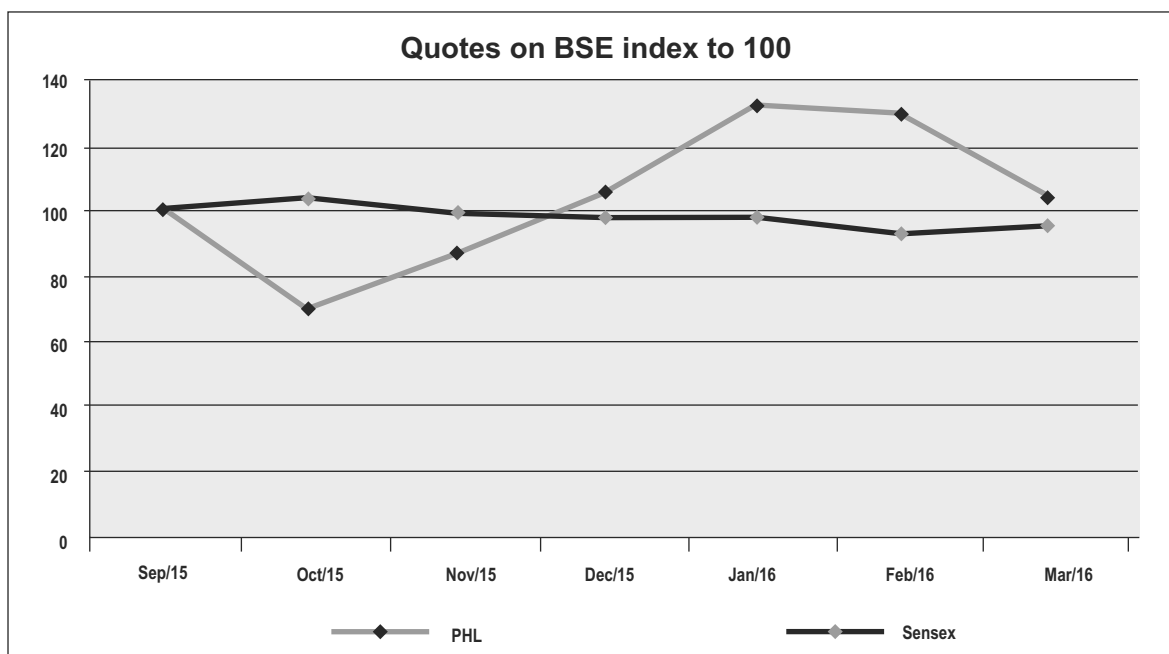
The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on 18 September 2015.

Monthly high / low during the year 2015-16 on BSE Limited and National Stock Exchange of India Limited are as under:

Stock Exchange	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
September 2015	666.85	442.60	665.10	411.00
October 2015	500.00	399.00	497.95	411.00
November 2015	590.00	411.00	588.00	400.00
December 2015	689.75	532.00	625.00	545.00
January 2016	833.00	571.25	850.00	586.00
February 2016	815.25	670.00	797.35	652.90
March 2016	685.00	551.00	661.00	544.05

e. Performance in comparison to broad-based indices – BSE Sensex

The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on 18 September 2015.



f. Share Transfer System

i. The applications for transfer of shares lodged at the Company's Registrar and Share Transfer Agent in physical form are processed within 15 days of receipt of the valid and complete documents in all respects. After such processing, the Registrar and Share Transfer Agent will issue share certificate to the concerned shareholder within 15 days of receipt of certificate for transfer. Shares under objection are returned within a stipulated period of time. The transfer applications are approved periodically by the senior management of the Company.

ii. Pursuant to the Listing Regulations, a certificate on half yearly basis is issued by the Practicing Company Secretary for compliance with share transfer formalities by the Company.

iii. Registrar and Share Transfer Agent (R&T Agent)

The entire work of the Company, relating to processing of transfer of shares has been given to an outside agency i.e., Link Intime India Private Limited being a SEBI Registered R & T Agent. The contact details are as follows –

Link Intime India Private Limited	'Akshay' Complex, Block No. 202, 2 nd Floor, Off Dhole Patil Road, Pune 411 001 Tel: (020) 2616 1629 / 2616 0084 E-mail: pune@linkintime.co.in
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iv. Shareholder References

• **Permanent Account Number (PAN)**

Shareholders holding shares in the physical form are informed that as per SEBI's guidelines, it is mandatory to furnish copy of PAN Card in the following cases:

- a) Transferees' and Transferors' PAN Cards for transfer of shares,
- b) Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,
- c) Legal heirs' PAN Cards for transmission of shares,
- d) Joint holders' PAN Cards for transposition of shares.

• **E-mail Address**

In order to enable us to further extend our support towards paperless compliance as a part of Green Initiative in the Corporate Governance, which was introduced by the Ministry of Corporate Affairs (MCA) in the year 2011, the shareholders who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses.

In respect of shares held in physical form, shareholders are requested to register their e-mail addresses with the Company / the R & T Agent.

In respect of shares held in dematerialized form, shareholders are requested to register their e-mail addresses with Depository Participants (DPs).

- **Dematerialization of shares**

Shareholders are requested to dematerialize their physical share holdings through any of the nearest Depository Participants (DPs) in order to avoid hassles involved with physical shares such as possibility of loss / mutilation of share certificate(s) and to ensure safe and speedy transaction in securities.

- **Register Your National Electronic Clearing Services (NECS) Mandate**

The Reserve Bank of India (RBI) has initiated NECS for credit of Dividend directly to the Bank Account of shareholders. Shareholders holding shares in electronic mode are requested to register their latest Bank Account details with their Depository Participant and in physical form with the Company's R & T Agent viz. Link Intime India Private Limited.

g. Address for correspondence

Shareholders' correspondence should be addressed to Link Intime India Private Limited, the Registrar and Share Transfer Agent, at the address mentioned above. Shareholders can also e-mail their queries / grievances to the following e-mail address: contact@pneumaticholdings.com

h. CEO / CFO Certification

The CEO / CFO Certificate signed by Mr. Anil C. Kulkarni, Executive Director and Ms. Vinaya V. Wagh, Chief Financial Officer was placed before the meeting of the Board of Directors held on 24 May 2016.

DECLARATION UNDER SCHEDULE V(D) OF THE LISTING REGULATIONS BY THE EXECUTIVE DIRECTOR OF AFFIRMATION BY THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT OF COMPLIANCE WITH THE CODE OF CONDUCT

To The Members of PNEUMATIC HOLDINGS LIMITED

I, Anil C. Kulkarni, Executive Director of the Company, do hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management of Pneumatic Holdings Limited made effective from 1 July 2015.

For Pneumatic Holdings Limited

Sd/-
Anil C. Kulkarni
Executive Director
DIN: 00030995

Pune : 24 May 2016

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of PNEUMATIC HOLDINGS LIMITED

We have examined the compliance of conditions of Corporate Governance by **Pneumatic Holdings Limited** ('the Company'), for the year ended 31 March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 18 September 2015 to 30 November 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1 December 2015 to 31 March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement / Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company

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

ABHIJEET BHAGWAT
Partner
Membership No. 136835

Pune : 24 May 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PNEUMATIC HOLDINGS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of **Pneumatic Holdings Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

-
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

ABHIJEET BHAGWAT
Partner
Membership No. 136835

Pune : 24 May 2016

Annexure A

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

- (i)
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets are being physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. As informed to us no discrepancies were noticed on verification of all major assets in the current year.
 - (c) The Company does not have immovable properties and accordingly, Clause (i) (c) of the Order regarding title deeds of immovable properties is not applicable.
- (ii) The Company is a Core Investment Company (CIC) and does not have any inventory, accordingly Clause (ii) is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 accordingly, Clause (iii) (a),(b) & (c) are not applicable to the Company.
- (iv) According to the information and explanations provided to us, in respect of loans, investments, guarantees, and security; provisions of Section 185 and 186 of the Companies Act, 2013, have been complied with.
- (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) According to the information and explanation provided to us, maintenance of cost records under Sub-Section (1) of Section 148 of the Companies Act, 2013, is not prescribed for the Company.
- (vii)
 - (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2016, for a period more than six months from the date they became payable.
 - (b) According to the information and explanation provided to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of any dispute.
- (viii) According to the information and explanations provided to us, the Company does not have any loan or borrowings from 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 on the audit procedures conducted by us and according to the information and explanations provided to us by the management, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported to us during the year.
- (xi) According to the information and explanation provided to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act except that in the opinion of the management (Refer Note No. C-14 to the Financial Statements), the date for determining effective capital in order to calculate Managerial Remuneration is to be considered as 1st April, 2015 as against 31st March, 2015 in terms of Section 197 read with Schedule V of the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and accordingly, Clause (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

-
- (xiv) According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
 - (xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
 - (xvi) According to the information and explanation provided to us, the Company is a Core Investment Company and is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

ABHIJEET BHAGWAT
Partner
Membership No. 136835

Pune : 24 May 2016

Annexure B

To the Independent Auditors' Report of even date on the Standalone Financial Statements of Pneumatic Holdings Limited

We have audited the internal financial controls over financial reporting of Pneumatic Holdings Limited ("the Company") as of 31st March, 2016 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included

obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

ABHIJEET BHAGWAT
Partner
Membership No. 136835

Pune : 24 May 2016

BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Note No.	[in ₹]	
		As at March 31, 2016	As at March 31, 2015
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	A - 1	52,887,180	20,000,000
(b) Reserves and surplus	A - 2	1,317,799,724	(5,629,582)
(c) Money received against share warrants		-	-
		<u>1,370,686,904</u>	<u>14,370,418</u>
2 Share application money pending allotment			
		-	-
3 Non-current liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long term provisions	A - 3	480,693	-
		<u>480,693</u>	<u>-</u>
4 Current liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		16,150	-
(c) Other current liabilities	A - 4	16,152,138	8,777,893
(d) Short-term provisions	A - 5	815,173	50,361
		<u>16,983,461</u>	<u>8,828,254</u>
	TOTAL	<u><u>1,388,151,058</u></u>	<u><u>23,198,672</u></u>
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	A - 6	47,140,362	-
(ii) Intangible assets	A - 7	29,488	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	A - 8	1,197,825,254	-
(c) Deferred tax assets (Net)	A - 9	12,195,464	2,611,194
(d) Long term loans and advances	A - 10	932,627	-
(e) Other non-current assets		-	-
		<u>1,258,123,195</u>	<u>2,611,194</u>
2 Current assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and bank balances	A - 11	125,576,863	20,263,005
(e) Short-term loans and advances	A - 12	1,354,320	-
(f) Other current assets	A - 13	3,096,680	324,473
		<u>130,027,863</u>	<u>20,587,478</u>
	TOTAL	<u><u>1,388,151,058</u></u>	<u><u>23,198,672</u></u>

The Notes referred in Part A - Notes to Accounts, Part B - Significant Accounting Policies and Part C - Other Notes form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

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

ATUL C. KIRLOS KAR
Chairman
DIN 00007387

ANIL C. KULKARNI
Executive Director
DIN 00030995

ABHIJEET BHAGWAT
Partner
Membership No.: 136835
Pune : 24 May 2016

VINAYA V. WAGH
Chief Financial Officer
Membership No.: ACA 147460

ANIKET A. DESHPANDE
Company Secretary
Membership No.: A 23094

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	Note No.	[in ₹]	
		2015-16	September 16, 2014 to March 31, 2015
I Revenue from operations	A - 14	123,143,903	751,325
II Other income	A - 15	2,013	-
III Total revenue (I + II)		123,145,916	751,325
IV Expenses:			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee benefits expense	A - 16	9,265,751	-
Finance Costs		-	-
Depreciation and amortization expense	A - 17	21,461,158	-
Other expenses	A - 18	20,973,316	8,796,608
Total Expenses		51,700,225	8,796,608
V Profit before exceptional and extraordinary items and tax (III - IV)		71,445,691	(8,045,283)
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V - VI)		71,445,691	(8,045,283)
VIII Extraordinary Items		-	-
IX Profit before tax (VII - VIII)		71,445,691	(8,045,283)
X Tax expenses / (Income) :			
(1) Current tax		5,840,000	195,493
(2) Deferred tax		(9,584,270)	(2,611,194)
		(3,744,270)	(2,415,701)
XI Profit / (Loss) for the period from continuing operations (IX - X)		75,189,961	(5,629,582)
XII Profit / (Loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit / (Loss) from discontinuing operations (XII - XIII)		-	-
XV Profit / (Loss) for the period (XI + XIV)		75,189,961	(5,629,582)
XVI Earning per equity share having nominal value of ₹ 10/- per share:			
(1) Basic	C - 3	14.22	(2.81)
(2) Diluted	C - 3	14.22	(2.81)

The Notes referred in Part A - Notes to Accounts, Part B - Significant Accounting Policies and Part C - Other Notes form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

ANIL C. KULKARNI
Executive Director
DIN 00030995

ABHIJEET BHAGWAT
Partner
Membership No.: 136835
Pune : 24 May 2016

VINAYA V. WAGH
Chief Financial Officer
Membership No.: ACA 147460

ANIKET A. DESHPANDE
Company Secretary
Membership No.: A 23094

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	[in ₹]	
	2015-16	September 16, 2014 to March 31, 2015
A. Cash Flow from Operating Activities		
Net Profit before taxation and extra ordinary items	71,445,691	(8,045,283)
Adjustments for		
Depreciation and amortization expense	21,461,158	–
(Profit) / Loss on sale of Fixed assets	(2,013)	–
(Profit) / Loss on sale of non current investments	(2,502,349)	–
Operating profits before working capital changes	90,402,487	(8,045,283)
Adjustments for		
Increase / (decrease) in long term provisions	(149,227)	–
Increase / (decrease) in short term provisions	803,716	–
Increase / (decrease) in other current liabilities	(706,094)	8,777,893
Increase / (decrease) in trade payables	(32,452)	–
(Increase) / decrease in long term loans and advances	(64,414)	–
(Increase) / decrease in trade investments	3,353,011	–
(Increase) / decrease in short term loans and advances	8,300,826	–
(Increase) / decrease in other current assets	(599,919)	(324,473)
Net Cash Flow from Operating Activities	101,307,934	408,137
Income Tax (Paid) / Refunded	(6,528,132)	(145,132)
Net Cash from Operating Activities (A)	94,779,802	263,005
B. Cash Flow from Investing Activities		
(Purchase) / sale of Fixed Assets (Net)	(655,865)	–
Net Cash from Investment Activities (B)	(655,865)	–
C. Cash Flow from Financing Activities		
Issuance of shares	–	20,000,000
Dividends paid	(44,882,586)	–
Net Cash Flow from Financing Activities (C)	(44,882,586)	20,000,000
Net Increase in Cash & Cash Equivalents (A) + (B) + (C)	49,241,351	20,263,005
Cash and cash equivalents at the beginning of the year	20,263,005	–
Cash transferred in terms of the Composite Scheme	56,072,507	–
Cash and cash equivalents at the end of the year (Refer Note No. A - 11)	125,576,863	20,263,005

As per our attached report of even date

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

ABHIJEET BHAGWAT
Partner
Membership No.: 136835
Pune : 24 May 2016

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

VINAYA V. WAGH
Chief Financial Officer
Membership No.: ACA 147460

For and on behalf of the Board of Directors

ANIL C. KULKARNI
Executive Director
DIN 00030995

ANIKET A. DESHPANDE
Company Secretary
Membership No.: A 23094

PART A : NOTES TO ACCOUNTS

[in ₹]

	As at March 31, 2016	As at March 31, 2015
Note A -1 : SHARE CAPITAL		
Authorised :		
7,500,000 (2,000,000) Equity Shares of ₹ 10/- each (₹ 10/- each)	75,000,000	20,000,000
TOTAL	75,000,000	20,000,000
Issued, Subscribed And Paid-up :		
5,288,718 (2,000,000) Equity Shares of ₹ 10/- each (₹ 10/- each) (Refer Note No. C -12)	52,887,180	20,000,000
TOTAL	52,887,180	20,000,000

a. Reconciliation of Share Capital

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	2,000,000	20,000,000	-	-
Add / (Less) : Shares cancelled in terms of the Composite Scheme (Refer Note No. C -12)	(2,000,000)	(20,000,000)	-	-
Add / (Less) : Shares issued in terms of the Composite Scheme (Refer Note No. C -12)	5,288,718	52,887,180	-	-
Add / (Less) : Shares issued	-	-	2,000,000	20,000,000
Shares outstanding at the end of the year	5,288,718	52,887,180	2,000,000	20,000,000

- b. The Company has only one class of equity shares, having par value of ₹ 10 / - per share. Each holder of equity share is entitled for one vote per share and has 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 distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.
- c. Interim Dividend declared for the period at the rate of 90% i.e. ₹ 9/- per share and is to considered as final dividend. The Board of Directors do not recommend Final Dividend for the Financial Year 2015-16 (For the previous year ended on March 31, 2015 final dividend ₹ Nil).

d. Details of shareholders holding more than 5% shares

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% of holding	No. of Shares	% of holding
Kirloskar Brothers Investments Limited (Then Holding Company)	-	-	2,000,000	100.00
Mr. Gautam Achyut Kulkarni	1,041,468	19.69	-	-
Mr. Atul Chandrakant Kirloskar	1,039,631	19.66	-	-
Mr. Rahul Chandrakant Kirloskar	1,040,115	19.67	-	-
TOTAL	3,121,214	59.02	2,000,000	100.00

PART A : NOTES TO ACCOUNTS (CONTD.)

e. Details of Allotment of Shares for consideration other than cash, allotments of Bonus Shares and Shares bought back :

Particulars	Financial Year (Aggregate No. of Shares)	
	2015-2016	2014-2015
Equity Shares :		
Fully paid up by way of bonus shares	-	-
Allotted pursuant to the Composite Scheme without payment being received in cash (Refer Note No. C -12)	5,288,718	-
Shares Bought Back	-	-

f. In Financial Year 2014-2015, shares were issued to the subscribers to Memorandum and Articles of Association of the Company for cash. In the financial year 2015-2016, 5,288,718 aggregate No. of equity shares of ₹ 10/- each were allotted as fully paid up without payment being received in cash pursuant to the Composite Scheme of Arrangement and Amalgamation between The Company and Kirloskar Brothers Investments Limited and Kirloskar Oil Engines Limited and their respective shareholders and creditors u/s 391 to 394 read with Section 100 to 105 of the Companies Act, 1956 and the Companies Act, 2013.

	As at March 31, 2016	As at March 31, 2015
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NOTE A - 2 : RESERVES AND SURPLUS

Capital Reserve :

Opening Balance	-	-
Add : Transfer in terms of the Composite Scheme	702,011,135	-
	702,011,135	-

Surplus / (Deficit) in the Statement of Profit and Loss :

Opening Balance	(5,629,582)	-
Add : Transfer in terms of the Composite Scheme	593,826,672	-
Add : Profit / (Loss) for the Current Year	75,189,961	(5,629,582)
Amount available for appropriation	663,387,051	(5,629,582)

Less : Appropriations :

Interim Dividend	47,598,462	-
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Balance in Profit and Loss Statement	615,788,589	(5,629,582)
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TOTAL	1,317,799,724	(5,629,582)
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NOTE A - 3 : LONG TERM PROVISIONS

Provision for employee benefits

Leave encashment	480,693	-
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TOTAL	480,693	-
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PART A : NOTES TO ACCOUNTS (CONTD.)

	[in ₹]	
	As at March 31, 2016	As at March 31, 2015
NOTE A - 4 : OTHER CURRENT LIABILITIES		
Advance from Kirloskar Brothers Investments Limited (Then Holding Company)	–	8,764,410
Investor Education & Protection Fund (will be credited by the following amounts, as and when due)		
Unpaid Dividend	2,715,876	–
Other payables		
Statutory dues (Includes stamp duty of ₹9,301,275 / - in respect of the Composite Scheme)	10,472,878	–
Director's Commission Payable	2,340,000	–
Expenses Payable	623,384	13,483
TOTAL	16,152,138	8,777,893

NOTE A - 5 : SHORT TERM PROVISIONS

Provision for employee benefits		
Gratuity (Refer Note No. C - 7)	789,618	–
Leave encashment	25,555	–
Others		
Provision for Taxation (Net of Advance Income Tax)	–	50,361
TOTAL	815,173	50,361

PART A : NOTES TO ACCOUNTS (CONTD.)

NOTE A - 6 : TANGIBLE ASSETS

[in ₹]

Particulars	Tangible Assets					Total
	Assets given on lease (Motor Cars)	Motor Cars	Computers & Other Equipments	Office Furniture	Office Equipments	
Gross Block						
As at 31.03.2015	–	–	–	–	–	–
Transferred in terms of the Composite Scheme as on 01.04.2015	84,407,972	2,995,998	587,930	–	81,368	88,073,268
Additions	–	–	62,685	544,992	54,688	662,365
Deductions and adjustments	–	–	(37,700)	–	–	(37,700)
As at 31.03.2016	84,407,972	2,995,998	612,915	544,992	136,056	88,697,933
Depreciation/ Amortization						
As at 31.03.2015	–	–	–	–	–	–
Transferred in terms of the Composite Scheme as on 01.04.2015	19,026,083	633,255	424,242	–	62,513	20,146,093
Charge for the year	20,470,434	741,295	139,229	70,926	22,807	21,444,691
Deductions and adjustments	–	–	(33,213)	–	–	(33,213)
As at 31.03.2016	39,496,517	1,374,550	530,258	70,926	85,320	41,557,571
Net Block						
As at 31.03.2015	–	–	–	–	–	–
As at 31.03.2016	44,911,455	1,621,448	82,657	474,066	50,736	47,140,362

NOTE A - 7 : INTANGIBLE ASSETS

[in ₹]

Particulars	Intangible Assets	
	Computer Software	Total
Gross Block		
As at 31.03.2015	–	–
Transferred in terms of the Composite Scheme as on 01.04.2015	52,000	52,000
Additions	–	–
Deductions and adjustments	–	–
As at 31.03.2016	52,000	52,000
Depreciation/ Amortization		
As at 31.03.2015	–	–
Transferred in terms of the Composite Scheme as on 01.04.2015	6,045	6,045
Charge for the year	16,467	16,467
Deductions and adjustments	–	–
As at 31.03.2016	22,512	22,512
Net Block		
As at 31.03.2015	–	–
As at 31.03.2016	29,488	29,488

PART A : NOTES TO ACCOUNTS (CONTD.)

NOTE A - 8 : NON CURRENT INVESTMENTS

[in ₹]

Particulars	As at March 31, 2016	As at March 31, 2015
Long term Investments		
Trade Investments (Refer details below)		
Investment in Equity Instruments	1,197,825,254	—
TOTAL	1,197,825,254	—
Aggregate cost of quoted investments	1,197,825,254	—
Aggregate Market Value of quoted investments	4,687,969,564	—
Aggregate cost of unquoted investments	—	—

Details of long term trade Investments

Name of the Body Corporate	Subsidiary/ Others	Face Value each, in ₹	No. of Shares		Quoted / Unquoted	Partly paid/ Fully paid	Extent of Holding (%)		Amount in ₹	
			As at March 31, 2016	As at March 31, 2015			As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Investment in Equity Instruments - At cost										
Kiroskar Pneumatic Company Limited **	Subsidiary	10	6,994,176	—	Quoted	Fully paid	54.45	—	1,197,819,387	—
Kiroskar Industries Limited**	Others	10	200	—	Quoted	Fully paid	—	—	5,867	—
TOTAL									1,197,825,254	—

** Transferred in terms of the Composite Scheme as on 01.04.2015

Note :

The 1,272 Shares of Kiroskar Kenya Limited were transferred from Kiroskar Brothers Investments Limited to the Company on appointed date i.e. 01st April 2015 in terms of the Composite Scheme and are sold during the current year.

PART A : NOTES TO ACCOUNTS (CONTD.)

	[in ₹]	
	As at March 31, 2016	As at March 31, 2015
NOTE A - 9 : DEFERRED TAX		
Deferred tax asset		
Depreciation and amortization of Fixed Assets	5,470,208	–
Employee Benefits	428,452	–
Amalgamation Expenses	6,211,043	2,507,128
Preliminary Expenses	85,761	104,066
TOTAL	12,195,464	2,611,194
NOTE A - 10 : LONG TERM LOANS AND ADVANCES		
Security Deposits		
Unsecured, considered good	203,856	–
Other Loans and Advances		
Advance to Employees Group Superannuation Trust		
Unsecured, considered good	41,000	–
Deposit with Sales Tax		
Unsecured, considered good	50,000	–
Advance Income Tax (net of provision for tax)		
Unsecured, considered good	637,771	–
TOTAL	932,627	–
NOTE A - 11 : CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on Hand	37,984	2,515
Balance with banks	122,823,003	20,260,490
Earmarked balance with Bank		
Unpaid Dividend Account	2,715,876	–
TOTAL	125,576,863	20,263,005

PART A : NOTES TO ACCOUNTS (CONTD.)

	[in ₹]	
	As at March 31, 2016	As at March 31, 2015
NOTE A - 12 : SHORT TERM LOANS AND ADVANCES		
Other loans and advances		
Unsecured, considered good		
Prepaid Expenses	1,337,991	-
Advances to Employees	10,000	-
Advance for Expenses	6,329	-
TOTAL	1,354,320	-
NOTE A - 13 : OTHER CURRENT ASSETS		
Interest Accrued on Fixed Deposits with Bank		
Unsecured, considered good	3,096,680	324,473
TOTAL	3,096,680	324,473
	2015-2016	September 16, 2014 to March 31, 2015
NOTE A - 14 : REVENUE FROM OPERATIONS		
Dividend income from long term Investments		
From subsidiary company	83,930,112	-
From other companies	8,000	-
Interest income		
On fixed deposits with banks	8,310,902	751,325
Profit on sale of long term investments		
	2,502,349	-
	94,751,363	751,325
Revenue from Leasing Business		
Vehicle Lease Rent	28,392,540	-
TOTAL	123,143,903	751,325
NOTE A - 15 : OTHER INCOME		
Profit on sale of assets	2,013	-
TOTAL	2,013	-

PART A : NOTES TO ACCOUNTS (CONTD.)

	[in ₹]	
	2015-2016	September 16, 2014 to March 31, 2015
NOTE A - 16 : EMPLOYEE BENEFITS EXPENSE		
Salaries	7,584,295	—
Contribution to provident and other funds	1,069,969	—
Gratuity	382,184	—
Staff welfare expenses	229,303	—
TOTAL	9,265,751	—
NOTE A - 17 : DEPRECIATION AND AMORTIZATION		
Tangible Assets	21,444,691	—
Intangible Assets	16,467	—
TOTAL	21,461,158	—
NOTE A - 18 : OTHER EXPENSES		
Bank Charges	10,636	—
Directors' Sitting Fees	220,000	—
Directors' Commission	1,060,000	—
Electricity & Water Charges	83,617	—
Filing & application fees	928,526	348,033
Insurance	1,364,237	—
Legal & Professional Fees	4,754,454	6,652,911
Other miscellaneous expenses	229,174	240,250
Printing & Publication	766,102	1,016,697
Postage & Telephone	509,416	10,180
Rates & Taxes	10,062,422	434
(Includes stamp duty of ₹ 9,301,275/- in respect of the Composite Scheme)		
Remuneration to Auditor (Refer Note No. C -4)	274,465	87,000
Rent	385,993	—
Repairs to others	46,262	—
Travelling and Conveyance	278,012	8,790
Preliminary Expenses	—	432,313
TOTAL	20,973,316	8,796,608

PART B: SIGNIFICANT ACCOUNTING POLICIES**NOTE B - 1 : BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- a) The Financial Statements of the Company have been prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) and comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provision of the Companies Act, 2013.
- b) The Financial Statements have been prepared under the historical cost convention on an accrual basis.
- c) The accounting policies applied by the Company are consistent with those used in the previous year.

NOTE B - 2 : USE OF ESTIMATES

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

NOTE B - 3 : CASH AND CASH EQUIVALENTS

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

Cash Flow Statement:

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

NOTE B - 4 : DEPRECIATION

Depreciation on tangible assets has been provided in a manner that amortises the cost of the assets over their estimated useful lives on written down value method as per the useful life prescribed by Schedule II of the Companies Act, 2013.

Depreciation is recognized in the statement of Profit and Loss from the date on which the asset is acquired while the depreciation on asset sold during the year is recognized in the statement of Profit and Loss till the date of sale of asset.

NOTE B - 5 : REVENUE RECOGNITION

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of raising any claim, revenue recognition is postponed to the extent of uncertainty involved. In such cases revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

- a) Interest accrues on the time basis determined by the amount outstanding and the rate applicable.
- b) Dividend from investments in shares is not recognised in the Statement of Profit and Loss until a right to receive payment is established in the reporting year.
- c) Lease income on an operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

NOTE B - 6 : TANGIBLE ASSETS

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed asset comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Where cost of part of asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately.

NOTE B - 7 : INVESTMENTS

Investments are classified as trade when investment is made in the shares or debentures of another Company for the purpose of promoting the trade or business of the Company.

Investments that are readily realizable and intended to be held for not more than a year from the date on which such

PART B : SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

investment is made are classified as current investments. All other investments are classified as long-term investments.

- a) Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- b) Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.
- c) On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Profit and Loss Statement.

NOTE B - 8 : EMPLOYEE BENEFITS

I. Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries and short term compensated absences are recognized in the period in which the employee renders the related service.

II. Post-Employment Benefits:

a) Defined Contribution Plans:

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

b) Defined Benefit Plans:

The employees' gratuity fund scheme with 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.

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

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

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

III. Long Term Employee Benefits:

The obligation for long term employee benefit such as long term compensated absences is recognized in the same manner as in the case of defined benefit plan as mentioned in Note II – b above.

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

NOTE B - 9 : SEGMENT ACCOUNTING

The Company's business segment is a distinguishable component that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

- a) The accounting policies for individual segments are in line with accounting policies of the Company.
- b) Common allocable costs are allocated to each segment pro-rata on the basis of revenue of each segment to the total revenue of the Company.
- c) Un-allocated items include income and expenses which are not allocated to any reportable business segment.
- d) Inter-segment transactions are accounted for at arm's length price.

NOTE B - 10 : OPERATING LEASES

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. The Company has given assets on operating lease. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the Statement of Profit and Loss on a

PART B : SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

NOTE B - 11 : EARNINGS PER SHARE**Basic earnings per share**

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

Diluted earnings per share

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

NOTE B - 12 : TAXES ON INCOME

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

NOTE B - 13 : INTANGIBLE ASSETS

The intangible asset consisting of Computer Software, amortized over estimated useful life of 3 years on straight-line method.

NOTE B - 14 : IMPAIRMENT POLICY

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.

NOTE B - 15 : PROVISIONS

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

NOTE B - 16 : CONTINGENT LIABILITY

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or present obligation that arises from past events that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Financial Statements.

NOTE B - 17 : Pre operative and preliminary expenses are charged to Statement of Profit and Loss as and when incurred as per the accounting standard.

PART C : OTHER NOTES

NOTE C - 1 :

[in ₹]

Particulars	2015-2016	September 16, 2014 to March 31, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances):	–	–

NOTE C - 2 : RELATED PARTY DISCLOSURES

Related parties, as defined under Clause 3 of Accounting Standard (AS 18) "Related Party Disclosures" prescribed by Rule 7 of the Companies (Accounts) Rules, 2014, have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board. Disclosure of transactions with Related Parties are as under:

A Names of the related parties where control exists

Sr. No.	Name of the related party	Nature of relationship
1.	Kirloskar Pneumatic Company Limited	Subsidiary Company
2.	Kirloskar RoadRailer Limited	Fellow Subsidiary (Subsidiary Company of Kirloskar Pneumatic Company Limited)

Note: Pneumatic Holdings Limited (the Company) was incorporated as wholly owned subsidiary of Kirloskar Brothers Investments Limited (KBIL) to facilitate The Composite Scheme of Arrangement and Amalgamation between the Company, KBIL and Kirloskar Oil Engines Limited (KOEL) and their respective Shareholders and Creditors (the Composite Scheme). The Appointed date of the Composite Scheme was 01st April 2015 and the Effective Date was 30th June 2015.

On Scheme becoming effective all the assets and liabilities of KBIL as on appointed date relating to travel service business along with some Investments are transferred to the Company. Consequently, KBIL was carrying on business only in trust for the Company and KOEL during the period 01st April to 30th June 2015 and as such KBIL is not considered as the Holding Company of the Company till effective date.

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

Sr. No.	Name of the related party	Nature of relationship
1.	Kirloskar Pneumatic Company Limited	Subsidiary Company
2.	Mr. Anil C. Kulkarni - Executive Director	Key Managerial Personnel
3.	Mrs. Asmita A. Kulkarni	Relative of Key Managerial Personnel

PART C : OTHER NOTES (CONTD.)**C Related Party Transactions during the period**

[in ₹]

Sr. No.	Particulars	2015-2016	September 16, 2014 to March 31, 2015
1.	Vehicle Lease Rent : Kirloskar Pneumatic Company Limited	4,462,164	—
2.	Dividend received: Kirloskar Pneumatic Company Limited	83,930,112	—
3.	Remuneration paid: to Executive Director - Mr. Anil C. Kulkarni	5,531,409	—
4.	Dividend paid : to Relatives of Key Managerial Personnel - Mrs. Asmita A. Kulkarni	495	—

D Amount outstanding :

[in ₹]

Sr. No	Particulars	As at March 31, 2016	As at March 31, 2015
1.	Due to Commission - to Executive Director - Mr. Anil C. Kulkarni	12,80,000	—

NOTE C - 3 : EARNING PER SHARE (BASIC AND DILUTED)

[in ₹]

Sr. No.	Particulars	2015-2016	September 16, 2014 to March 31, 2015
	Basic and Diluted		
(a)	Profit for the year before tax	71,445,691	(8,045,283)
	Less : Attributable current tax thereto	5,840,000	195,493
	Less : Attributable deferred tax thereto	(9,584,270)	(2,611,194)
	Profit after Tax	75,189,961	(5,629,582)
(b)	Weighted average number of equity shares used as denominator	5,288,718	2,000,000
(c)	Basic and Diluted earning per share of nominal value of ₹ 10/- each	14.22	(2.81)

PART C : OTHER NOTES (CONTD.)

NOTE C-4 : REMUNERATION TO AUDITORS

[in ₹]

Sr. No.	Particulars	2015-2016	September 16, 2014 to March 31, 2015
	Statutory Auditors :		
(a)	Audit Fees	150,000	12,000
(b)	For Tax audit Fees	30,000	—
(c)	For Certification	59,548	75,000
(d)	For Limited Review	30,000	—
(e)	For Out of Pocket expenses	4,917	—
	TOTAL	274,465	87,000

NOTE C-5 : CONTINGENT LIABILITIES NOT PROVIDED IN RESPECT OF

[in ₹]

Particulars	2015-2016	September 16, 2014 to March 31, 2015
	Nil	Nil

There are no such contingent liabilities.

NOTE C-6 : EARNINGS IN FOREIGN CURRENCIES

[in ₹]

Particulars	2015-2016	September 16, 2014 to March 31, 2015
Sale of Investment (in Kirloskar Kenya Limited Shares)	3,353,011	—

NOTE C-7 : EMPLOYEE BENEFITS

(i) Defined Contribution Plans:

Amount of ₹ 10,69,969/- (₹ Nil) is recognised as an expense and included in "Employee Benefits Expense" (Refer Note No. A-16) in the Profit and Loss Statement.

(ii) Defined Benefit Plans:

The amount recognized in the books of account in respect of defined benefit plan based on actuarial valuation is as follows :

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

[in ₹]

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015**
		Gratuity Plan (Funded)	Gratuity Plan (Funded)
A.	Amount to be recognised in Balance Sheet		
	Present Value of Defined Benefit Obligation	1,182,830	—
	Less : Fair Value of Plan Assets	393,212	—
	Amount to be recognised as liability or (asset)	789,618	—
B.	Amounts reflected in the Balance Sheet		
	Liabilities (Refer Note No. A-5)	789,618	—
	Net Liability / (Assets)	789,618	—

PART C : OTHER NOTES (CONTD.)

(b) The amounts recognised in Profit & Loss Statement are as follows:

[in ₹]

Sr. No.	Particulars	2015-2016	September 16, 2014 to March 31, 2015**
		Gratuity Plan (Funded)	Gratuity Plan (Funded)
1.	Current Service Cost	170,874	—
2.	Past Service Cost	—	—
3.	Interest Cost	60,495	—
4.	Expected Return on Plan Assets	(29,988)	—
5.	Actuarial Losses / (Gains)	180,803	—
6.	Past Service Cost	—	—
7.	Effect of any curtailment or settlement	—	—
8.	Actuarial Gain not recognised in books	—	—
9.	Amount recognised in earlier years	—	—
	Total included in Note No. A-16	382,184	—
	'Employee Benefits Expense'		
	Actual Return on Planned Assets	6.37%	—

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

[in ₹]

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015**
		Gratuity Plan (Funded)	Gratuity Plan (Funded)
1.	Balance of the present value of Defined Benefit Obligation as at 01.04.2015 (Transferred in terms of the Composite Scheme)	775,583	—
2.	Add : Current Service Cost	170,874	—
3.	Add : Past Service Cost	—	—
4.	Add : Interest Cost	60,495	—
5.	Add / (Less) : Actuarial Losses / (Gains)	175,878	—
6.	Less : Benefits paid	—	—
7.	Balance of the present value of Defined Benefit Obligation as at 31.03.2016	1,182,830	—

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

[in ₹]

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015**
		Gratuity Plan (Funded)	Gratuity Plan (Funded)
1.	Opening Balance of the fair value of plan assets as at 01.04.2015 (Transferred in terms of the Composite Scheme)	337,448	—
2.	Add : Expected return on plan assets	29,988	—
3.	Add / (Less) : Actuarial (Losses) / Gains	(4,925)	—
4.	Add : Contribution by the employer	30,701	—
5.	Less : Benefits paid	—	—
6.	Closing Balance of the fair value of plan assets as at 31.03.2016	393,212	—

PART C : OTHER NOTES (CONTD.)

- (e) Broad categories of plan assets as a percentage of total plan assets as at 31.03.2016 of Employee's Gratuity Scheme are as under:

Sr. No.	Description	2015-2016	September 16, 2014 to March 31, 2015**
		%	%
1.	Central Govt. Securities	Refer note below	—
2.	State Govt. Securities		—
3.	Govt. Guaranteed Securities		—
4.	Bonds/Debentures etc.		—
5.	Money Market Instruments		—
6.	Equity Shares		—
7.	Fixed Deposits and Money Market		—
	TOTAL		—

Note :

The Company is maintaining the fund with LIC. The details of planned assets are not made available by LIC.

- (f) Principal actuarial assumptions at the balance sheet date
- Discount rate as at 31.03.2016 :8% (P.Y. : NA)
 - Expected return on plan assets : 8.50% (P.Y. : NA)
 - Salary growth rate : 7.50% (P.Y. : NA)
 - The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

- (g) General Description of defined plans:

The Company operates gratuity plan wherein every employee is entitled to the benefit as per scheme of the Company for each completed year of service. The same is payable on termination of service or retirement which ever is earlier. The benefit vests only after five years of continuous service.

** During the Financial Year 2014-15 there were no employees in the Company. During Financial Year 2015-16 all the employees of Kirloskar Brothers Investments Limited are transferred to the Company in terms of the Composite Scheme.

NOTE C-8 :

For the current year, amount of dividend from subsidiaries is more than that declared by the Company and hence as per Section 115O (1A) of the Income Tax Act, 1961, provision for Dividend Distribution Tax is not required.

NOTE C-9 :

On the basis of information available with the Company regarding the status of suppliers as defined under the "Micro Small and Medium Enterprises Development Act, 2006", there are no suppliers covered under the above mentioned Act and hence the question of provision or payment of interest and related disclosures under the said Act does not arise.

NOTE C - 10 : GENERAL DESCRIPTION OF LEASING ARRANGEMENTS

The Company leases vehicles and has entered into various cancellable operating lease arrangements for the period of thirty six months. The accounting policy adopted by the Company for operating lease is as stated in the Note B - 10.

PART C : OTHER NOTES (CONTD.)**NOTE C - 11 : SEGMENT REPORTING**

[in ₹]

Sr. No.	Particulars	2015-16
1	Segment Revenue	
	a. Investments	94,751,363
	b. Vehicle Leasing	28,392,540
	Total	123,143,903
	Less : Inter Segment Revenue	—
	Net Sales / Income from Operations	123,143,903
2	Segment Results	
	Profit (+)/ Loss (-) before tax and interest from each segment	
	a. Investments	85,269,588
	b. Vehicle Leasing	3,720,984
	Total	88,990,572
	Less :	
	i. Interest	—
ii. Other Unallocable (income)/ expenditure net off unallocable expenditure / (income)	17,544,881	
	Total Profit Before Tax	71,445,691
3	Total carrying amount of segment assets	
	a. Investments	1,323,968,125
	b. Vehicle Leasing	46,944,310
	c. Other unallocable assets	17,238,623
	Total Segment assets	1,388,151,058
4	Total amount of segment liabilities	
	a. Investments	2,588,206
	b. Vehicle Leasing	1,679,140
	c. Unallocable liabilities	13,196,808
	Total Segment liabilities	17,464,154
5	Capital Employed	
	(Segment assets - Segment liabilities)	
	a. Investments	1,321,379,920
	b. Vehicle Leasing	45,265,170
	c. Unallocable liabilities	4,041,814
	Total Capital Employed	1,370,686,904
6	Total cost incurred during the year to acquire segment assets that are expected to be used during more than one period (Tangible & Intangible)	
	a. Investments	—
	b. Vehicle Leasing	—
	c. Unallocable Assets	662,365
	Total assets acquired	662,365
7	Depreciation & Amortisation	
	a. Vehicle Leasing	20,470,434
	b. Unallocable depreciation	990,724
	Total Depreciation & Amortisation	21,461,158

Note :

The Company was incorporated on 16th September 2014. The operations of the Company commenced from 01st April 2015 as a result of the Composite Scheme and the Company identified two separate segments i.e. Investments and Vehicle Leasing during current year.

PART C : OTHER NOTES (CONTD.)

NOTE C-12 :

The Composite scheme of Arrangement and Amalgamation between the Company, Kirloskar Brothers Investments Limited (KBIL) and Kirloskar Oil Engines Limited (KOEL) and their respective Shareholders and Creditors (The Composite Scheme) became effective on 30th June, 2015. The appointed date of the Composite Scheme was 1st April, 2015. As such the KBIL carried on business in trust for the Company and KOEL for the period from 01st April, 2015 to 30th June, 2015.

Pursuant to The Composite Scheme, original subscribed and paid up equity share capital of ₹ 20,000,000/- stands cancelled and new equity shares of ₹ 52,887,180/- consisting of 5,288,718 equity shares of ₹10/- each were issued.

NOTE C-13 :

The current year figures are after incorporating the transfer of all the assets and liabilities relating to travel services business and investments made by KBIL except investments in KOEL in terms of the Composite Scheme. As such the figures are not comparable with previous year.

NOTE C-14 :

The Company was incorporated on 16th September 2014 to facilitate the implementation of the Composite Scheme. On the Composite Scheme becoming effective, all the employees of the Kirloskar Brothers Investments Limited (KBIL) including Executive Director are transferred to the Company on the same terms and conditions as applicable to them in KBIL. The appointed date of the Scheme is 01st April 2015. As such based on legal opinion, the effective capital for determining the Managerial Remuneration in terms of section 197 read with Schedule V of the Companies Act, 2013 is taken as on 01st April 2015.

NOTE C-15 :

Previous years figures are regrouped wherever required.

As per our attached report of even date

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

ABHIJEET BHAGWAT
Partner
Membership No.: 136835
Pune : 24 May 2016

ATUL C. KIRLOS KAR
Chairman
DIN 00007387

VINAYA V. WAGH
Chief Financial Officer
Membership No.: ACA 147460

For and on behalf of the Board of Directors

ANIL C. KULKARNI
Executive Director
DIN 00030995

ANIKET A. DESHPANDE
Company Secretary
Membership No.: A 23094

FORMAOC-1

(PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF THE COMPANIES (ACCOUNTS) RULES, 2014)

STATEMENT CONTAINING SAILENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES

Part "A" : Subsidiaries

[in ₹]

Sr. No.	Name of the Subsidiaries	Kirloskar Pneumatic Company Limited	Kirloskar RoadRailer Limited*
		March 31, 2016	March 31, 2016
1.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting Period	N.A	N.A
2.	Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	N.A	N.A
3.	Share Capital	128,443,380	45,700,000
4.	Reserves & Surplus	3,086,891,946	(4,395,846)
5.	Total Assets	5,026,416,727	371,498,814
6.	Total Liabilities	1,811,081,401	330,194,660
7.	Investments	1,545,172,633	61,934
8.	Turnover	5,299,780,472	50
9.	Profit / (Loss) Before taxation	516,447,960	(1,655,092)
10.	Provision for Taxation	152,659,839	—
11.	Profit / (Loss) after taxation	363,788,121	(1,655,092)
12.	Proposed Dividend	—	—
13.	% of Shareholding	54.45%	*

Notes :

- 1 Kirloskar Pneumatic Company Limited became wholly owned subsidiary w.e.f. 01st April 2015 in terms of the Composite Scheme.
- 2 *Kirloskar RoadRailer Limited is 100% Subsidiary of Kirloskar Pneumatic Company Limited.
- 3 The Company has no Associate Companies and Joint Ventures, therefore Part B relating to Associates and Joint Ventures is not applicable.

As per our attached report of even date

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

ANIL C. KULKARNI
Executive Director
DIN 00030995

ABHIJEET BHAGWAT
Partner
Membership No.: 136835
Pune : 24 May 2016

VINAYA V. WAGH
Chief Financial Officer
Membership No.: ACA 147460

ANIKET A. DESHPANDE
Company Secretary
Membership No.: A 23094

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CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PNEUMATIC HOLDINGS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of **Pneumatic Holdings Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Consolidated Financial Statements.

Basis for Qualified Opinion

Ministry of Company Affairs has directed Kirloskar Pneumatic Company Limited (subsidiary company) to recover the remuneration in excess of 5% of the net profits u/s 349 of the Companies Act, 1956, paid to Executive Chairman for Financial Year 2012-13 and 2013-14. Company's application for payment of minimum remuneration for the year 2014-15 has been rejected for this reason and therefore remuneration paid in excess of limits specified in Schedule V of the Companies Act, 2013 also is required to be recovered. Such excess remuneration amounts to ₹ 200.39 lakhs. The Company has filed Form MR-2 with the Ministry for waiver of the said recovery and therefore the Company has not recovered this amount nor accounted for the recoverable amount. As a result, the profits of the Group and its associate for the year ended 31st March, 2016 are lower by ₹ 131.04 lakhs (net of tax) and correspondingly the reserves & surplus are also lower by the same amount (Refer Note No. C-9 to the Consolidated Financial Statements)

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis of Qualification paragraph above, the aforesaid Consolidated Financial Statements give the information

required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31st March, 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the Financial Statements and financial information of one subsidiary company, whose Financial Statements reflect total assets of ₹ 371,498,814/- as at 31st March, 2016, total revenues of ₹ 50/- and net cash flows amounting to ₹ (1,586,507/-) for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net profit of ₹ 23,387,435/- for the year ended 31st March, 2016, in respect of its associate, whose Financial Statements have not been audited by. These Financial Statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid Consolidated Financial Statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
 - (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and its associate company incorporated in India, none of the directors of the Group companies and associate company incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, its associate and the operating effectiveness of such controls, refer to our separate Report in "Annexure I".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate— Refer Note Part C-5 to the Consolidated Financial Statements.
 - ii. The Group and its associate 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 Holding Company and its subsidiary companies and associate company incorporated in India.

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

ABHIJEET BHAGWAT
Partner
Membership No. 136835

Pune : 24 May 2016

Annexure I

To the Independent Auditors' Report of even date on the Consolidated Financial Statements of Pneumatic Holdings Limited

Report on the Internal Financial Controls

Under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of **Pneumatic Holdings Limited** (hereinafter referred to as "the Holding Company"), its subsidiary companies and its associate, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary companies and its associate, which are companies incorporated in India, are 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 (ICAI). 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company, its subsidiaries and its associate'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") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company, its subsidiaries and its associate'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 Holding Company, its subsidiary companies and its associate, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of the companies incorporated in India.

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

ABHIJEET BHAGWAT
Partner
Membership No. 136835

Pune : 24 May 2016

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

[in ₹]

Particulars	Note No.	As at March 31, 2016
I. EQUITY AND LIABILITIES		
1. Shareholders' funds		
(a) Share capital	A - 1	52,887,180
(b) Reserves and surplus	A - 2	1,911,697,861
(c) Money received against share warrants		-
		<u>1,964,585,041</u>
2. Share application money pending allotment		
		-
3. Minority Interest		
		1,498,652,272
4. Non-current liabilities		
(a) Long-term borrowings		-
(b) Deferred tax liabilities (Net)	A - 3	-
(c) Other long term liabilities	A - 4	6,301,968
(d) Long-term provisions	A - 5	45,856,154
		<u>52,158,122</u>
5. Current liabilities		
(a) Short-term borrowings		-
(b) Trade payables	A - 6	-
-total outstanding dues of micro enterprises and small enterprises		-
-total outstanding dues of creditors other than micro enterprises and small enterprises		935,507,873
(c) Other current liabilities	A - 7	658,727,852
(d) Short-term provisions	A - 8	33,143,179
		<u>1,627,378,904</u>
TOTAL		<u><u>5,142,774,339</u></u>
II. ASSETS		
1. Non-current assets		
(a) Fixed assets		
(i) Tangible assets	A - 9	766,627,230
(ii) Intangible assets	A - 10	97,958,695
(iii) Capital work-in-progress		302,584,559
(iv) Intangible assets under development		-
(b) Non-current investments		135,800,114
(c) Deferred tax assets (Net)	A - 3	25,016,426
(d) Long-term loans and advances	A - 11	38,537,979
(e) Other non-current assets	A - 12	5,314,174
		<u>1,371,839,177</u>
2. Current assets		
(a) Current investments		1,471,862,377
(b) Inventories	A - 13	573,843,669
(c) Trade receivables	A - 14	1,185,344,268
(d) Cash and bank balances	A - 15	374,527,742
(e) Short-term loans and advances	A - 16	154,943,372
(f) Other current assets	A - 17	10,413,734
		<u>3,770,935,162</u>
TOTAL		<u><u>5,142,774,339</u></u>

The Notes referred in Part A - Notes to Accounts, Part B - Significant Accounting Policies and Part C - Other Notes form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

ANIL C. KULKARNI
Executive Director
DIN 00030995

ABHIJEET BHAGWAT
Partner
Membership No.: 136835
Pune : 24 May 2016

VINAYA V. WAGH
Chief Financial Officer
Membership No.: ACA 147460

ANIKET A. DESHPANDE
Company Secretary
Membership No.: A 23094

CONSOLIDATED PROFIT & LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2016
[in ₹]

Particulars	Note No.	2015-2016
I. Revenue from operations	A - 18	5,572,935,253
Less: Excise Duty		449,405,036
		5,123,530,217
II. Other Income	A - 19	193,441,945
III. Total Revenue (I + II)		5,316,972,162
IV. Expenses:		
Cost of materials consumed	A - 20	2,720,567,674
Purchases of Stock-in-Trade		-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	A - 21	(29,413,782)
Employee benefits expense	A - 22	863,950,016
Finance costs	A - 23	156,874
Depreciation and amortization expense	A - 24	212,357,836
Other expenses	A - 25	1,064,595,097
Total Expenses		4,832,213,715
V. Profit before exceptional and extraordinary items and tax (III - IV)		484,758,447
VI. Exceptional items		-
VII. Profit before extraordinary items and tax (V - VI)		484,758,447
VIII. Extraordinary Items		-
IX. Profit before tax (VII - VIII)		484,758,447
X. Tax expense:		
(1) Current tax		162,840,000
(2) Deferred tax		(13,924,432)
(3) (Excess)/short provision related to earlier years		-
		148,915,568
XI. Profit / (Loss) for the period from continuing operations (IX - X)		335,842,879
XII. Profit / (Loss) from discontinuing operations		-
XIII. Tax expense of discontinuing operations		-
XIV. Profit / (Loss) from discontinuing operations (after tax) (XII - XIII)		-
XV. Profit / (Loss) for the period (XI + XIV)		335,842,879
Less : Pre-acquisition Profit		-
		335,842,879
XVI. Add : Share in profits of Associate Company of a Subsidiary		23,387,435
XVII. Less : Minority Interest		167,598,114
XVIII. Profit / (Loss) for the period (XV +XVI- XVII)		191,632,200
XIX. Earnings per equity share having nominal value of ₹ 10/- per share		
Basic and Diluted	C - 3	36.23

The Notes referred in Part A - Notes to Accounts, Part B - Significant Accounting Policies and Part C - Other Notes form an integral part of the Financial Statements.

As per our attached report of even date

For and on behalf of the Board of Directors

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

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

ANIL C. KULKARNI
Executive Director
DIN 00030995

ABHIJEET BHAGWAT
Partner
Membership No.: 136835
Pune : 24 May 2016

VINAYA V. WAGH
Chief Financial Officer
Membership No.: ACA 147460

ANIKET A. DESHPANDE
Company Secretary
Membership No.: A 23094

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

[in ₹]

Particulars	2015-2016
A Cash flows from Operating Activities	
Net Profit before Taxes and Extraordinary Items	484,758,447
Adjustments for :	
Add :	
Depreciation / Amortization	212,357,836
(Profit) / Loss on assets sold, demolished, discarded and scrapped	2,387,185
Bad debts and irrecoverable balances written off, (Net)	20,176,669
Interest paid on Secured / Unsecured Loans	156,874
Provision for diminution in value of Investment	1,944,000
	<hr/>
	237,022,564
Less :	
Interest Income	2,329,490
Dividend Income	75,336,337
Surplus on Sale of Assets	31,345,348
Profit on Sale of Investment (Net)	11,860,413
Advance taken written back	131,515,723
	<hr/>
	252,387,311
Operating Profit Before Working capital changes	469,393,700
Adjustments for :	
(Increase) / decrease in Investments	3,353,011
(Increase) / decrease in Trade and Other Receivables	4,546,236
(Increase) / decrease in Long term Loans and Advances	231,446,840
(Increase) / decrease in Short term Loans and Advances	8,300,826
(Increase) / decrease in other current assets	18,205,662
Increase / (decrease) in Short Term and Long Term Provisions	654,489
Increase / (decrease) in Other current liabilities	(191,901,777)
Increase / (decrease) in Trade payables	(32,452)
Income Tax (Paid) / Refunded	(6,528,132)
Net Cash from Operating Activities (A)	<hr/> 537,438,403 <hr/>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016 (CONTD.)

[in ₹]

Particulars	2015-16
B Cash flows from Investing Activities	
Sale of fixed assets	36,263,707
Interest received	2,329,490
Dividend received from Associate Company of a Subsidiary	17,550,000
Dividend received	75,336,337
Purchase of fixed assets	(51,794,820)
(Purchase) / Sale of Investments (Net)	(383,530,992)
Net Cash from Investment Activities (B)	(303,846,278)
C Cash Flows from Financing Activities	
Repayment of borrowing	(156,874)
Dividend & Dividend Tax paid	(143,665,769)
Net Cash used in Financing Activities (C)	(143,822,643)
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	89,769,482
Cash & Cash Equivalents at beginning of year	228,685,753
Cash Balance transferred as a part of Composite Scheme	56,072,507
Cash & Cash Equivalents at end of year (Refer Note No. A-15)	374,527,742

As per our attached report of even date

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

ABHIJEET BHAGWAT
Partner
Membership No.: 136835
Pune : 24 May 2016

ATUL C. KIRLOSekar
Chairman
DIN 00007387

VINAYA V. WAGH
Chief Financial Officer
Membership No.: ACA 147460

For and on behalf of the Board of Directors

ANIL C. KULKARNI
Executive Director
DIN 00030995

ANIKET A. DESHPANDE
Company Secretary
Membership No.: A 23094

PART A : CONSOLIDATED NOTES TO ACCOUNTS

[in ₹]

As at March 31, 2016

NOTE A - 1 : SHARE CAPITAL

Authorised :

7,500,000 (2,000,000) Equity Shares of ₹ 10/- each (₹ 10/- each) 75,000,000

TOTAL **75,000,000**

Issued, Subscribed and Paid-up :

5,288,718 (2,000,000) Equity Shares of ₹ 10/- each (₹ 10/- each) 52,887,180

TOTAL **52,887,180**

(a) Reconciliation of Share Capital

Particulars	As at March 31, 2016	
	No. of Shares	₹
Shares outstanding at the beginning of the year	2,000,000	20,000,000
Add / (Less) : Shares cancelled in terms of the Composite Scheme	(2,000,000)	(20,000,000)
Add / (Less) : Shares issued in terms of the Composite Scheme	5,288,718	52,887,180
Shares outstanding at the end of the year	5,288,718	52,887,180

(b) The Company has only one class of equity shares, having par value of ₹ 10/- per share. Each holder of equity share is entitled for one vote per share and has 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 distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

(c) Interim Dividend declared for the period at the rate of 90% i.e. ₹ 9/- per share. The Board of Directors do not recommend Final Dividend for the Financial Year 2015-16 (For the previous year ended on March 31, 2015 final dividend ₹ Nil).

(d) Details of shareholders holding more than 5% shares

Name of the shareholder	As at March 31, 2016	
	No. of Shares	% of holding
Mr. Gautam Achyut Kulkarni	1,041,468	19.69
Mr. Atul Chandrakant Kirloskar	1,039,631	19.66
Mr. Rahul Chandrakant Kirloskar	1,040,115	19.67
TOTAL	3,121,214	59.02

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

- (e) **Details of Allotment of Shares for consideration other than cash, allotments of Bonus Shares and Shares bought back :**

Particulars	Financial Year (Aggregate No. of Shares)
	2015-16
Equity Shares :	
Fully paid up by way of bonus shares	-
Allotted pursuant to the Composite Scheme without payment being received in cash	52,88,718
Shares Bought Back	-

- (f) In the Financial Year 2014-2015, Shares were issued to the subscribers to Memorandum and Articles of Association of the Company for cash. In the Financial Year 2015-2016, 5,288,718 aggregate No. of equity shares of ₹ 10/- each were allotted as fully paid up without payment being received in cash pursuant to the Composite Scheme of Arrangement and Amalgamation between The Company and Kirloskar Brothers Investments Limited and Kirloskar Oil Engines Limited and their respective shareholders and creditors u/s 391 to 394 read with Section 100 to 105 of the Companies Act, 1956 and the Companies Act, 2013.

[in ₹]

As at March 31, 2016

NOTE A - 2 : RESERVES & SURPLUS**(a) Capital Reserves :**

Opening Balance	-
Add: Transferred in terms of the Composite Scheme	702,011,135
Add: Due to acquisition of shares in subsidiaries	487,381,910
Closing Balance	1,189,393,045

(b) General Reserve :

Opening Balance	-
Add: Transfer from Surplus	147,024,122
Closing Balance	147,024,122

(c) Surplus :

Opening Balance	(5,629,582)
Add: Transferred in terms of the Composite Scheme	593,826,672
Add: Transfer from Profit and Loss Statement	191,632,200
Balance available for appropriation	779,829,290
Less: Appropriations	
Transfer to general reserve	147,024,122
Interim Dividend	47,598,462
Tax on Dividend	9,926,012
Sub Total	204,548,596
Closing Balance	575,280,694
TOTAL	1,911,697,861

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

[in ₹]

As at March 31, 2016

NOTE A - 3 : DEFERRED TAX ASSETS / (LIABILITIES) (NET)

(a) Deferred Tax Assets

i) Disallowances under Section 43(b) of Income Tax Act, 1961	32,782,239
ii) Amalgamation Expenses	6,211,043
iii) Preliminary Expenses	85,761
TOTAL	39,079,043

(b) Deferred Tax Liabilities

On depreciation / amortization of fixed assets	(14,062,617)
TOTAL	(14,062,617)
NET	25,016,426

As required by Accounting Standard (AS 22) 'Taxes on Income' prescribed by Companies (Accounts) Rules, 2014, the Company has recognized deferred taxes, which result from timing differences between book profits and tax profits for the period.

NOTE A - 4 : OTHER LONG TERM LIABILITIES

Deposits Received	6,301,968
TOTAL	6,301,968

NOTE A - 5 : LONG TERM PROVISIONS

Provision for employee benefits

Provision for leave encashment	45,856,154
TOTAL	45,856,154

NOTE A - 6 : TRADE PAYABLES

Total outstanding dues of micro enterprises and small enterprises	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	935,507,873
TOTAL	935,507,873

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

[in ₹]

As at March 31, 2016

NOTE A - 7 : OTHER CURRENT LIABILITIES

(a) Advances from customers	148,666,144
(b) Investor Education & Protection Fund, will be credited by following amounts, as and when due	
Unpaid dividends	20,440,971
(c) Other payables	
i) Statutory dues including Provident Fund and Tax Deducted At Source	10,472,878
ii) Director's Commission Payable	2,340,000
iii) Other payables	476,807,859
TOTAL	658,727,852

NOTE A - 8 : SHORT TERM PROVISIONS

(a) Provision for employee benefits	
i) Provision for leave encashment	25,107,250
ii) Provision for Gratuity	789,618
	25,896,868
(b) Others	
i) Tax provision (Net of tax paid in advance)	7,246,311
TOTAL	33,143,179

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

NOTE A - 9 : TANGIBLE ASSETS

[in ₹]

Particulars	Land Freehold	Buildings	Plant & Machinery	Furniture & Fixture	Vehicles	Office Equipment	Computers	Electrical Installation	Assets given on Lease (Motor cars)	Total
Gross Block										
As At 31.03.2015	-	-	-	-	-	-	-	-	-	-
Additions										
Addition on account of acquisition of subsidiary	2,164,553	394,853,086	1,319,801,468	49,475,319	93,163,719	39,345,949	-	42,564,099	-	1,941,368,193
Transferred in terms of the Composite Scheme	-	-	-	-	2,995,998	81,368	587,930	-	84,407,972	88,073,268
Additions during the year	-	-	22,311,605	2,116,443	8,474,990	3,057,645	62,685	1,891,517	-	37,914,885
Deduction during the year	-	4,991,400	33,753,392	-	10,436,702	-	37,700	-	-	49,219,194
As at 31.03.2016	2,164,553	389,861,686	1,308,359,681	51,591,762	94,198,005	42,484,962	612,915	44,455,616	84,407,972	2,018,137,152
Accumulated Depreciation										
As At 31.03.2015	-	-	-	-	-	-	-	-	-	-
Depreciation										
Addition on account of acquisition of subsidiary	-	100,036,376	864,771,399	31,361,052	55,732,201	26,179,278	-	20,568,099	-	1,098,648,405
Transferred in terms of the Composite Scheme	-	-	-	-	633,255	62,513	424,242	-	19,026,083	20,146,093
For the Year	-	16,392,340	93,688,228	3,586,588	14,807,294	6,921,493	139,229	3,601,835	20,470,434	159,607,441
Impairment	-	-	15,021,633	-	-	-	-	-	-	15,021,633
Less:										
Deduction during the year	-	1,974,226	30,741,725	-	9,164,486	-	33,213	-	-	41,913,650
As at 31.03.2016	-	114,454,490	942,739,535	34,947,640	62,008,264	33,163,284	530,258	24,169,934	39,496,517	1,251,509,922
Net Block										
As at 31.03.2015	-	-	-	-	-	-	-	-	-	-
As at 31.03.2016	2,164,553	275,407,196	365,620,146	16,644,122	32,189,741	9,321,678	82,657	20,285,682	44,911,455	766,627,230

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)**NOTE A -10 : INTANGIBLE ASSETS**

[in ₹]

Particulars	Computer Software	Technical Knowhow	Total
Gross Block			
As at 31.03.2015	-	-	-
Additions			
Addition on account of acquisition of subsidiary	53,834,306	147,740,847	201,575,153
Transferred in terms of the Composite Scheme	52,000	-	52,000
Additions during the year	7,766,799	-	7,766,799
Deductions			
Deductions during the year	-	-	-
As at 31.03.2016	61,653,105	147,740,847	209,393,952
Accumulated Depreciation			
As At 31.03.2015	-	-	-
Depreciation			
Addition on account of acquisition of subsidiary	49,584,483	24,115,967	73,700,450
Transferred in terms of the Composite Scheme	6,045	-	6,045
For the Year	10,680,592	27,048,170	37,728,762
Less			
Deductions	-	-	-
As at 31.03.2016	60,271,120	51,164,137	111,435,257
Net Block			
As at 31.03.2015	-	-	-
As at 31.03.2016	1,381,985	96,576,710	97,958,695

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

[in ₹]

As at March 31, 2016

NOTE A - 11 : LONG TERM LOANS AND ADVANCES**(a) Security deposits**

Unsecured, considered good 22,752,008

(b) Advances to suppliers of capital goods

Unsecured, considered good 5,620,800

(c) Other loans and advances

Unsecured, considered good 10,165,171

TOTAL 38,537,979**NOTE A - 12 : OTHER NON CURRENT ASSETS****(a) Long term trade receivables**

Unsecured, considered good 5,314,174

TOTAL 5,314,174**NOTE A - 13 : INVENTORIES****(a) Raw Materials**

(includes raw material in transit of ₹ 1,665,159/-) 340,533,295

(b) Work-in-progress

168,564,998

(c) Finished goods including stock in trade

43,806,478

(d) Stores and spares

20,938,898

TOTAL 573,843,669**NOTE A - 14 : TRADE RECEIVABLES****(i) Trade receivables outstanding for a period exceeding six months from the date they are due for payment**

Unsecured, considered good 145,730,350

(ii) Other Receivables

Unsecured, considered good 1,039,613,918

TOTAL 1,185,344,268

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

[in ₹]

As at March 31, 2016

NOTE A - 15 : CASH & BANK BALANCES**Cash & Cash Equivalents**

i) Cash on hand	346,964
ii) Balances with Bank	353,739,807
iii) Earmarked balances with banks	
Unpaid dividend accounts	20,440,971
TOTAL	374,527,742

NOTE A - 16 : SHORT TERM LOANS AND ADVANCES

Unsecured, considered good

Other

(i) Loans and advance to employees	10,000
(ii) Balance with collectorate of central excise and custom	39,022,830
(iii) Other loans & advances	115,910,542
TOTAL	154,943,372

NOTE A - 17 : OTHER CURRENT ASSETS

Unsecured, considered good

i) Accrued Interest on Fixed deposits with bank	3,096,680
ii) Sundry Deposits	7,317,054
TOTAL	10,413,734

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

[in ₹]

2015-16

NOTE A - 18 : REVENUE FROM OPERATIONS

(a) Revenue from operations

Sale of products (Gross) 5,051,688,895

Less : Excise duty 449,405,036

4,602,283,859

Works Contract Sale 70,450,230

Sales of services 439,974,877

(b) Interest Income

On Fixed deposits with bank 8,310,902

(c) Profit on sale of non current Investments

2,502,349

(d) Dividend Income from Long term investments

From other companies 8,000

TOTAL 5,123,530,217

NOTE A - 19 : OTHER INCOME

(a) Interest Income

On others 2,329,490

(b) Dividend on investment 75,336,337

(c) Profit on Sale of Mutual Fund investments (Net) 9,358,064

(d) Surplus on sale of assets 31,347,361

(e) Bad debts / Liquidated damages recovered 29,811,323

(f) Insurance Claim Received 390,444

(g) Miscellaneous Receipts 44,868,926

TOTAL 193,441,945

NOTE A - 20 : COST OF MATERIAL CONSUMED

Raw Materials and Components Consumed 2,720,567,674

TOTAL 2,720,567,674

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

	[in ₹]
	2015-16
NOTE A - 21 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	
Opening Stock	
Work-in- progress	126,250,509
Finished goods	56,707,185
	<u>182,957,694</u>
Closing Stock	
Work-In-Progress	168,564,998
Finished Goods	43,806,478
	<u>212,371,476</u>
TOTAL	<u><u>(29,413,782)</u></u>
Note A - 22 : EMPLOYEE BENEFITS EXPENSE	
Salaries, wages and bonus	707,715,435
Incentives	21,567,961
Contribution to provident fund and E.S.I.	53,262,137
Welfare expenses	81,404,483
TOTAL	<u><u>863,950,016</u></u>
NOTE A - 23 : FINANCE COST	
Interest Expenses	156,874
TOTAL	<u><u>156,874</u></u>
NOTE A - 24 : DEPRECIATION AND AMORTIZATION	
Tangible assets	174,629,074
Intangible assets	37,728,762
TOTAL	<u><u>212,357,836</u></u>

PART A : CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

[in ₹]

2015-16

NOTE A - 25 : OTHER EXPENSES

Adjustment to carrying amount of investments	1,944,000
Advertisement and publicity	9,021,063
Auditor's remuneration	2,559,192
Bad debts and irrecoverable balances written off	20,176,669
Bank charges	11,586,329
Commission	113,420,918
Communication expenses	19,757,608
Corporate Social Responsibility (CSR)	10,018,519
Donations	2,500,000
Excise Duty (Net)	10,854,689
Freight and forwarding	29,081,692
Insurance	9,988,536
Legal & professional fees	49,842,872
Liquidated Damages	32,891,767
Loss on assets sold, demolished, discarded and scrapped	2,389,198
Non Executive Director's Fees and Commission	9,319,271
Other / Miscellaneous expenses	83,449,823
Other repairs and maintenance	15,153,833
Others manufacturing expenses	247,220,318
Power and fuel	83,610,966
Printing and publication	7,852,754
Rates and taxes	17,829,649
Rent	5,836,499
Repairs to building	14,621,153
Repairs to machinery	36,572,335
Royalty, technical and license fees etc.	15,123,900
Sales Tax	577,141
Stores consumed	99,972,752
Travelling and conveyance	79,855,002
Vehicle expenses	21,566,649
TOTAL	1,064,595,097

PART B: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES**NOTE B - 1 : PRINCIPLES OF CONSOLIDATION**

- (i) The Consolidated Financial Statements of Pneumatic Holdings Limited (PHL) and its majority owned subsidiary companies, have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra-group transactions and the unrealized profit / losses on intra-group transactions and are presented to the extent possible in the manner as the Company's independent Financial Statements.

The excess of cost to the Company of its investment in the subsidiary company over the parent's portion of the equity is recognized in the Consolidated Financial Statements as goodwill. The excess of Company's share of equity of the subsidiary company over the cost of acquisition is treated as capital reserve.

- (ii) The Consolidated Financial Statements include the share in profit / loss of an associate which has been accounted as per the 'Equity method', in accordance with AS 23 'Accounting for Investments in Associate'. Accordingly, the share in profit / loss of the associate (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments. An Associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
- (iii) The Consolidated Financial Statements have been prepared substantially in the same format adopted by the parent to the extent possible, as required by the AS 21 'Consolidated Financial Statements' as specified under Section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014, the relevant provisions of the Act and other generally accepted accounting principles in India.
- (iv) The names of the subsidiary companies and associate, country of incorporation, proportion of ownership interest and reporting dates considered in the Consolidated Financial Statements are as per the table mentioned below:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest of PHL	Reporting Date
Kirloskar Pneumatic Company Limited (KPCL)	India	54.45%	31.03.2016
Kirloskar RoadRailer Limited (KRL)	India	100% subsidiary of KPCL	31.03.2016
Kirloskar Chillers Private Limited	India	Associate Company of KPCL	31.03.2016

NOTE B - 2 : OTHER ACCOUNTING POLICIES

They are set out in Part B: Significant Accounting policies of the parent Company – Pneumatic Holdings Limited

NOTE B - 3 : ACCOUNTING POLICIES OTHER THAN THOSE ADOPTED BY THE PARENT COMPANY FOR THE CONSOLIDATION OF FINANCIAL STATEMENTS**Kirloskar Pneumatic Company Limited****1. System of Accounting :**

Insurance Claims are recognized upon acceptance of claim by the Insurance Companies.

2. Tangible assets

Tangible assets are carried at cost of acquisition or construction or at manufacturing cost in case of Company manufactured assets, less accumulated depreciation (except Freehold Land).

3. Depreciation on Assets (other than Freehold Land) :

- (i) With the commencement of the Companies Act, 2013, depreciation is being provided on straight line method according to the useful life prescribed on single shift working basis in Schedule II of the Act on the carrying amount of the asset over the remaining useful life of the asset as per the said schedule, except as stated below. Where the asset is used any time during the year for double shift or triple shift depreciation is being calculated on the basis of Note 6 of the said schedule.
- (ii) Depreciation on Vehicle is being provided over a period of five years, being the estimated useful life of the asset to the Company.

PART B: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

- (iii) Depreciation on Additions to Fixed Assets is being provided on pro-rata basis from the month of acquisition or installation of the said Asset, as per Note 2 of Schedule II to Companies Act, 2013 in a manner stated above.
- (iv) Depreciation on Assets sold, discarded or demolished during the year is being provided at their respective rates up to the preceding month in which such Assets are sold, discarded or demolished.
- (v) Technical assessment of assets is carried out annually to identify cost of part of asset which is significant to total cost of asset and where useful life of that part of asset is significantly different than useful life of remaining part of asset. Parts are depreciated as per useful life so determined.
- (vi) Assets are reviewed for impairment annually, based on future economic useful life of assets. Impaired assets so identified are valued at recoverable cost.

4. Intangible assets :

Expenditure on acquiring Technical Know-how (intangible asset) is being amortized equally over a period of five years or usage period whichever is lesser, after commencement of commercial production. Depreciation on Additions to Software is being provided on pro-rata basis from the month of installation, over a period of one year.

5. Inventories :

Cost of inventories have been computed to include all costs of Purchase, Cost of Conversion and other costs incurred in bringing inventories to their present location and condition.

- (i) The Stocks of Raw Materials and Components, Stores and Spares are valued at cost calculated on Weighted Average basis.
- (ii) The Stocks of Work-in-Progress (including factory-made components) and Finished Goods are valued on the basis of Full Absorption Cost of attributable factory overheads or net realizable value, whichever is lower.
- (iii) Goods in Transit are stated at actual cost to the date of Balance Sheet.
- (iv) Jigs & Fixtures, Patterns and Dies are valued at Full Absorption Cost of attributable factory overheads and written off equally, over an estimated effective life of three years.
- (v) Unserviceable and Obsolete Raw Materials are valued at an estimated realizable value.
- (vi) Imported Materials lying in Bonded Warehouse, are valued at cost to the date of Balance Sheet.
- (vii) Excise / Customs Duty :

Excise Duty on Finished Goods and Customs Duty on imported materials are accounted on production of Finished Goods / Receipt of materials in Customs Bonded Warehouse.

6. Foreign Currency Conversion :

a. Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b. Conversion

Current assets and current liabilities, Secured Loans designated in foreign currencies are revalourised at the rate prevailing on the date of Balance Sheet.

c. Forward Contracts

Company uses foreign exchange forward contracts to hedge its exposure against movements in foreign exchange rates. The use of foreign exchange forward contracts reduces the risk or cost to the Company. Foreign Exchange forward contracts are not used for trading or speculation purpose.

7. Borrowing Cost :

Borrowing cost directly attributable to the acquisition / construction or production of qualifying asset are capitalized in the month in which the said asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognized as expense in the period in which these are incurred.

PART B: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**8. Sales :**

- (i) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the delivery to customers. Sales are stated net of discounts, rebates, returns etc.
- (ii) Export Sales are accounted for on the basis of dates of Bills of Lading.
- (iii) Construction Contract Sales :
In respect of Construction Contracts undertaken by the Company, the expenditure to the date of Balance Sheet on incomplete contracts wherein profit cannot be estimated reliably, is recognized as sales to the extent recoverable from the customer.

9. Employee Benefits :

- (A) Short Term Employee Benefits :
All employee benefits payable within twelve months of rendering of the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia etc. and are recognized in the period in which the employee renders the related service.
- (B) Post Employment Benefits ;
 - (i) Defined Contribution Plans :
The Company's approved superannuation scheme, State government provident fund scheme and employee state insurance scheme are defined contribution plans. The contribution paid / payable under the scheme is recognized during the period in which the employee renders the related service.
 - (ii) Defined Benefits Plans:
The employee's gratuity fund scheme, long term compensated absences are company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method, as at the date of the Balance Sheet.
 - (iii) In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plan.
 - (iv) Termination benefits are recognized as an expense as and when incurred.

PART C : CONSOLIDATED OTHER NOTES

NOTE C - 1 :

During the year the Company has acquired / subscribed additional equity shares of the following subsidiary company:

Name of the Company	Additional shares acquired /subscribed during the year
Kirloskar Pneumatic Company Limited	6,994,176 (shares acquired through the Composite Scheme)

NOTE C - 2 :

Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated positions of the companies. Recognising this purpose, the Company has disclosed only such notes from the individual Financial Statements, which;

- a) are necessary for representing true and fair view of the Consolidated Financial Statements and
- b) notes involving items which are considered to be material.

NOTE C - 3 : EARNING PER SHARE

	[in ₹]
	<u>2015-16</u>
Basic and Diluted	
Profit for the year before tax	484,758,447
Less : Attributable tax thereto	148,915,568
Profit after tax	335,842,879
Less : Pre acquisition profit	-
Add : Share in profit of Associate Company of a Subsidiary	23,387,435
Less : Minority interest	167,598,114
Post acquisition profit for the year	191,632,200
Total Number of equity shares at the end of the year used as denominator	5,288,718
Basic and Diluted earning per share of nominal value of ₹ 10/- each	36.23

NOTE C - 4 : CAPITAL AND OTHER COMMITMENTS

	[in ₹]
	<u>2015-16</u>
a) Estimated amount of contracts remaining to be executed on capital account and not provided for, Net of Advances	49,785,548
b) Guarantees given by Company's Bankers for Contracts undertaken by the Company are secured by a First Charge on Company's Inventories (excluding Stores and Spares relating to Plant and Machinery) Outstanding Bills & Second Charge on Fixed Assets. Amount outstanding as on 31st March 2016	703,530,045

PART C : CONSOLIDATED OTHER NOTES (CONTD.)**NOTE C - 5 : CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF**

[in ₹]

2015-16

A. Contingent liabilities not provided for in respect of :

Claims against the Company not acknowledged as Debts, estimated at	151,846,164
Disputed Central Excise Matters	3,124,091
Disputed Customs Matters	1,454,000
Disputed Sales Tax Demands	69,615,278
Guarantees given by Company to Customers for the contracts undertaken in usual course of business.	4,275,000

- B.** Claim for US \$ 10 million has been filed against the Kirloskar Pneumatic Company Limited in the International Court of Arbitration. The Arbitration proceedings have been stayed by the Honorable High Court of Delhi. The Special Leave Petition filed by the plaintiff against the Order of High Court has been dismissed by the Honorable Supreme Court. Further the Honorable High Court of Delhi has transferred the matter to District Courts, Tis Hazari, Delhi on the grounds of pecuniary jurisdiction. Company has obtained an opinion from Senior Counsel stating that claim made by the plaintiff is not tenable and therefore management does not anticipate any financial impact on this account.

NOTE C - 6 : RELATED PARTY DISCLOSURES**(A) Names of related parties where control exists of Pneumatic Holdings Limited**

Sr. No.	Name of the related company	Nature of relationship
1.	Kirloskar Pneumatic Company Limited	Subsidiary Company
2.	Kirloskar RoadRailer Limited	Subsidiary Company of Kirloskar Pneumatic Company Limited

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

Sr. No.	Name of the related company	Nature of relationship	Company / Relation
1.	Mr. Rahul C. Kirloskar Mr. Aditya Kowshik Mr. Anil C. Kulkarni	Key Managerial Personnel	Kirloskar Pneumatic Company Limited Kirloskar Pneumatic Company Limited Pneumatic Holdings Limited
2.	Mrs. Alpana R. Kirloskar Ms. Alika R. Kirloskar Mr. Atul C. Kirloskar Mrs. Suman C. Kirloskar Mrs. Asmita A. Kulkarni	Relatives of Key Managerial Personnel	Wife of Mr. Rahul C. Kirloskar Daughter of Mr. Rahul C. Kirloskar Brother of Mr. Rahul C. Kirloskar Mother of Mr. Rahul C. Kirloskar Wife of Mr. Anil C. Kulkarni
3.	Kirloskar Integrated Technologies Private Limited Kirloskar Oil Engines Limited Alpak Investments Private Limited	Enterprises over which key managerial personnel or their relatives exercise Control / significant influence	

Note : Related Party relationship is as identified by the Company based on the available information and relied upon by the Auditors.

PART C : CONSOLIDATED OTHER NOTES (CONTD.)

(C) Disclosure of related parties transactions

[in ₹]

Sr. No.	Nature of transaction / relationship / major parties	2015-16	
		Amount	Amount for major parties*
1	Purchase of goods & services		
	Enterprises over which key managerial personnel or their relatives exercise control / significant influence		
	Kirloskar Oil Engines Limited	14,082,500	14,082,500
	TOTAL	14,082,500	
2	Receiving Services from		
	Key Managerial Personnel	49,436,925	
	Mr. Rahul C. Kirloskar		26,243,610
	Mr. Aditya Kowshik		17,661,906
	Mr. Anil C. Kulkarni		5,531,409
	Relative of Key Managerial Personnel	300,000	
	Mr. Atul C. Kirloskar		300,000
	TOTAL	49,736,925	
3	Dividend paid		
	Key Managerial Personnel	1,386,948	
	Mr. Rahul C. Kirloskar		1,386,948
	TOTAL (A)	1,386,948	
	Relatives of Key Managerial Personnel	2,642,832	
	Mr. Atul C. Kirloskar		1,371,960
	Mrs. Alpana R. Kirloskar		1,125,048
	TOTAL (B)	2,643,327	
	Enterprise over which Key Managerial Person has control / Significant Influence	600	
	Alpak Investments Private Limited		600
	TOTAL (C)	600	
	TOTAL (A+B+C)	4,030,875	
4	Rent paid		
	Relatives of Key Managerial Personnel	1,800,000	
	Mrs. Suman C. Kirloskar		1,800,000
	TOTAL	1,800,000	

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

PART C : CONSOLIDATED OTHER NOTES (CONTD.)

(D) Amount due to / from related parties

[in ₹]

Sr No	Nature of transaction/relationship/major parties	2015-16
1	Accounts receivable	
	Enterprises over which key managerial personnel or their relatives exercise significant influence	
	Kirloskar Integrated Technologies Private Limited	121,074
2	Accounts Payable	
	Key Managerial Personnel	
	Commission	
	Mr. Rahul C. Kirloskar	8,500,000
	Mr. Aditya Kowshik	8,000,000
	Mr. Anil C. Kulkarni	1,280,000
	TOTAL (A)	17,780,000
	Relatives of Key Managerial Personnel	
	Mr. Atul C. Kirloskar	300,000
	TOTAL (B)	300,000
	Enterprises over which key managerial personnel or their relatives exercise significant influence	
	Kirloskar Oil Engines Limited	2,464,647
	TOTAL (C)	2,464,647
	TOTAL (A+B+C)	20,544,647
3	Security Deposit Receivable	
	Relative of Key Managerial Personnel	
	Mrs. Suman C. Kirloskar	10,000,000
		10,000,000

PART C : CONSOLIDATED OTHER NOTES (CONTD.)

NOTE C - 7 : FOREIGN EXCHANGE DERIVATIVES AND EXPOSURES NOT HEDGED AS AT MARCH 31, 2016

a. Foreign Exchange Derivatives

Nature of Instrument	Currency	Sale / Purchase	March 31, 2016
Forward Contracts	USD	Purchase	266,516
	GBP	Purchase	95,197
	EURO	Purchase	67,395

All derivatives stated above are for the purpose of hedging the underlying foreign currency exposure.

b. Exposures not hedged

Nature of Instrument	Currency	March 31, 2016
Receivables	USD	591,650
	GBP	39,000
Payables	USD	127,428
	GBP	30,404
	EURO	71,315
	JPY	269,994
	SEK	133,271

NOTE C-8: The Composite Scheme of Arrangement and Amalgamation between the Company, Kirloskar Brothers Investments Limited (KBIL) and Kirloskar Oil Engines Limited (KOEL) and their respective Shareholders and Creditors (The Composite Scheme) became effective on 30th June, 2015. The appointed date of the Composite Scheme was 1st April, 2015. As such the KBIL carried on business in trust for the Company and KOEL for the period from 1st April, 2015 to 30th June, 2015.

Kirloskar Pneumatic Company Limited (KPCL) became the subsidiary of the Company as on 1st April 2015 in terms of the Composite Scheme and hence the Consolidation became applicable for current year ended 31st March 2016. For the previous Financial Year the Consolidation was not applicable to the Company as the Company having no subsidiary.

NOTE C-9: Managerial Remuneration (Kirloskar Pneumatic Company Limited): During the year the subsidiary company (Kirloskar Pneumatic Company Limited) had made an application to Central Government (The Ministry Of Corporate Affairs) seeking approval for the remuneration payable to the Executive Chairman due to inadequacy of profits for the year 2014-15. The Ministry of Corporate Affairs vide its letter dated January 15, 2016 rejected the application on the ground that Company had paid remuneration exceeding 5% of net profits to the Executive Chairman during the financial years 2012-13 & 2013-14 without obtaining prior approval of the Central Government and further directed recovery of excess remuneration paid amounting to ₹ 200.39 lacs (₹ 131.04 lacs net of tax). Company was advised to make an application to the Central Government for seeking waiver of recovery of this amount and accordingly Company has made the requisite application to the Central Government. The said application is pending for approval and therefore Company has not recovered any amount nor accounted it as recoverable in the books of accounts as on 31st March 2016.

PART C : CONSOLIDATED OTHER NOTES (CONTD.)**NOTE C - 10 : CONSOLIDATED SEGMENT REPORTING**

[in ₹]

Sr. No.	Particulars	2015-16
A.	Information about Business Segment - Primary	
1	Segment Revenue	
	Sales	
	(a) Compression Systems	4,524,576,559
	(b) Transmission Equipments	564,202,031
	(c) Investments	10,821,251
	(d) Leasing	23,930,376
	Total	5,123,530,217
	Less: Inter segment revenue	-
	Net revenue from Operations	5,123,530,217
2	Results	
	Segment Results	
	(a) Compression Systems	775,434,788
	(b) Transmission Equipments	(72,177,831)
	(c) Investments	1,339,476
	(d) Leasing	(741,180)
	Total	703,855,253
	Less: Unallocable corporate expenses	218,939,932
	Operating Profit before interest	484,915,321
	Less : Interest	156,874
	Profit Before Tax	484,758,447
3	Segment assets	
	(a) Compression Systems	2,274,591,188
	(b) Transmission Equipments	371,652,059
	(c) Investments	126,148,738
	(d) Leasing	46,944,310
	Total	2,819,336,295
	Add: Unallocable common assets	2,310,617,083
	Total assets	5,129,953,378

PART C : CONSOLIDATED OTHER NOTES (CONTD.)

[in ₹]

Sr. No.	Particulars	2015-16
4	Segment liabilities	
	(a) Compression Systems	1,518,449,972
	(b) Transmission Equipments	115,844,502
	(c) Investments	2,588,206
	(d) Leasing	1,679,140
	Total	1,638,561,820
	Add: Unallocable common liabilities	40,975,206
	Total liabilities	1,679,537,026
5	Capital expenditure during the year	
	(a) Compression Systems	21,527,808
	(b) Transmission Equipments	5,736,835
	(c) Investments	-
	(d) Leasing	-
	Add: Other Unallocable	662,365
	Total	27,927,008
6	Depreciation	
	(a) Compression Systems	108,818,164
	(b) Transmission Equipments	65,323,208
	(c) Investments	-
	(d) Leasing	20,470,434
	Total	194,611,806
	Add : Unallocable depreciation	17,746,030
	Total depreciation	212,357,836
B	Secondary segment - geographical by customers	
	Segment Revenue	
	In India	4,967,510,252
	Outside India	156,019,965
	Total	5,123,530,217

PART C : CONSOLIDATED OTHER NOTES (CONTD.)

NOTE C - 11: Figures have been regrouped, wherever necessary.

GENERAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT

Name of the Entity	Net Assets, i.e. total assets minus total liabilities		Share in profits or (loss)	
	As % of Consolidated net assets	Amount (₹)	As % of Consolidated profit / (loss)	Amount (₹)
1	2	3	4	5
Parent				
Pneumatic Holdings Limited	4.99	172,867,518	(3.68)	(13,202,314)
Indian Subsidiaries				
i) Kirloskar Pneumatic Company Limited	49.32	1,708,225,704	53.73	193,000,519
ii) Kirloskar RoadRailer Limited	0.65	22,491,507	(0.25)	(901,254)
Minority Interest	43.27	1,498,652,272	46.65	167,598,114
Associates				
i) Kirloskar Chillers Private Limited	1.76	61,000,312	3.55	12,735,249
TOTAL	100.00	3,463,237,313	100.00	359,230,314

As per our attached report of even date

For and on behalf of the Board of Directors

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

ATUL C. KIRLOS KAR
Chairman
DIN 00007387

ANIL C. KULKARNI
Executive Director
DIN 00030995

ABHIJEET BHAGWAT
Partner
Membership No.: 136835

VINAYA V. WAGH
Chief Financial Officer
Membership No.: ACA 147460

ANIKET A. DESHPANDE
Company Secretary
Membership No.: A 23094

Pune : 24 May 2016

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PNEUMATIC HOLDINGS LIMITED

CIN: U65993PN2014PLC152566

Registered Office : Survey No. 13, 156 Kothrud, Pune 411 038 (India).

Phone : +91 (20) 2545 3002, Telefax: +91 (20) 2543 4262 Email: contact@pneumaticholdings.com, Website: www.pneumaticholdings.com

2ND ANNUAL GENERAL MEETING ON 10 AUGUST 2016 AT 3.30 P.M. ATTENDANCE SLIP

Registered Folio No. / DP ID and Client ID	
Name and address of the member(s)	
Joint Holder 1 Joint Holder 2	
No. of Shares	
<p>I / We hereby record my / our presence at the 2nd Annual General Meeting of the Company at S. M. Joshi Socialist Foundation (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411 030, on Wednesday, 10 August 2016, at 3.30 p.m.</p>	
_____	_____
Member's Folio / DP ID / Client ID No.	Member's / Proxy's name in Block Letters
	Member's / Proxy's Signature
<p>Note: Please complete the Folio / DP ID / Client ID and name, sign this Attendance Slip and hand it over at the Attendance Verification counter at the ENTRANCE OF THE MEETING HALL.</p>	

TEAR HERE

.....PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.....

<h2 style="margin: 0;">PNEUMATIC HOLDINGS LIMITED</h2> <p style="margin: 0;">CIN: U65993PN2014PLC152566</p> <p style="margin: 0;">Registered Office : Survey No. 13, 156 Kothrud, Pune 411 038 (India).</p> <p style="margin: 0;">Phone : +91 (20) 2545 3002, Telefax: +91 (20) 2543 4262 Email: contact@pneumaticholdings.com, Website: www.pneumaticholdings.com</p> <p style="margin: 0;">2ND ANNUAL GENERAL MEETING ON 10 AUGUST 2016 AT 3.30 P.M.</p>	
PROXY FORM	
Name of the Member(s).....	
Registered address.....	
Email ID	
Folio No / DP ID & Client ID	
I / We being the member(s) of _____ shares of the above named Company, hereby appoint:	
(1) Name	Address.....
Email Id:.....	Signature.....or failing him;
(2) Name	Address.....
Email Id:	Signature.....or failing him;
(3) Name	Address.....
Email Id:	Signature.....

.....PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 2nd Annual General Meeting of the Company, to be held on Wednesday, 10 August 2016 at 3.30 p.m. at any adjournment thereof in respect of such resolutions:

Resolu- tion No.	Resolution	Number of equity shares	Optional*	
			For	Against
1.	Adoption of Audited Financial Statements of the Company for the Financial Year ended 31 March 2016 and Report of Board of Directors and Auditors thereon.			
2.	Confirmation of Interim Dividend paid on equity shares as Final Dividend for the Financial Year ended 31 March 2016.			
3.	Re-Appointment of Mr. Anil N. Alawani (DIN : 00036153), who retires by rotation.			
4.	Appointment of P. G. Bhagwat, Chartered Accountants (Firm Registration No. 101118W), as Statutory Auditors and fixing their remuneration.			
5.	Appointment of Mr. G. K. Rao (DIN : 00058985), as an Independent Director.			

Signed this day of....., 2016

Signature of Member

Signature of Proxy holder

Affix Revenue Stamp Re. 1

- Note:
1. This form of proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
 2. For the Resolutions, Annexure to the Notice and Notes, please refer to the Notice of the Annual General Meeting.
 - *3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
 4. Please complete all details including details of member(s) in above box before submission.

PNEUMATIC HOLDINGS LIMITED

Regd. Office: Survey No.13, 156 Kothrud, Pune – 411 038, INDIA.

Tel.: + 91 (20) 2545 3002 Fax: + 91 (20) 2543 4262

Email: contact@pneumaticholdings.com Website: www.pneumaticholdings.com

CIN - U65993PN2014PLC152566