ASHISH V. PRABHU VERLEKAR & CO.
Chartered Accountant

201, "Govinda ", Mahatma Gandhi Road, Panaji – Goa 403001
Phone – (0832) 2223812, Fax No. (0832) 2225456,
Email:verlekar@bsnl.in

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF KINECO LIMITED (FORMERLY KINECO PRIVATE LIMITED)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **KINECO LIMITED** ('the Holding Company') and its subsidiaries (collectively referred to as "the Company" or "the Group"), which comprise the consolidated Balance Sheet as at 31 March 2016, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of 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 the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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 consolidated 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 Directors, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 Company as at 31 March 2016 and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 26 (r) whereby Kineco Alte Train Technologies Pvt. Ltd. and Kineco Kaman Composites- India Pvt. Ltd. have been treated as subsidiaries for the purpose of consolidation due to the reasons mentioned therein.

Further, as per Para 26 of the Accounting Standard 21 - Consolidated Financial Statements the losses applicable to the minority in a consolidated subsidiary may exceed the minority interest in the equity of the subsidiary. The excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. The losses applicable to the minority in the aforesaid consolidated subsidiaries exceed the minority interest in the equity of the subsidiary. The management of the Holding Company has relied on the Joint Venture agreements of the aforesaid companies whereby the joint venturer has agreed to share the profits and losses in the proportion of their respective shareholding and adjusted their share of losses against the minority interest. Accordingly, the minority interest shows a debit balance.

We further draw attention to Note 26(r) whereby the financial statements of Conley Kineco Pipe System Pvt. Ltd. have not been consolidated in these consolidated financial statements for reasons mentioned therein.

Our opinion is not qualified in respect of these matters.

ASHISH V. PRABHU & CO.
Membership No.:- 103874
Firm Reg. No.:- 117?W
Panaji-Goa

Report on Other Legal and Regulatory Requirements

1. 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 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;

(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 31 March 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies, none of the Directors of the Group companies is disqualified as on 31 March 2016 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group (Refer Note 26);

ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and subsidiary companies.

Membership No:- 103874

Panaji-Goa

Restriction on Distribution and Use

The consolidated financial statements are prepared by the Holding Company solely for use in preparation of the consolidated financial statements of Helios Strategic Systems (I) Limited, the holding company and Indo National Limited, the ultimate holding company. As a result, these Consolidated Financial Statements may not be suitable for another purpose. Our report is solely intended for use in preparation of the consolidated financial statements of Helios Strategic Systems (I) Limited, the holding company and Indo National Limited, the ultimate holding company. It should not be distributed to any other person or used for any other purpose.

For M/s **ASHISH V. PRABHU VERLEKAR & Co.**
Firm Membership no.117774W
CHARTERED ACCOUNTANTS

ASHISH V. PRABHU VERLEKAR
PROPRIETOR
MEMBERSHIP NO. 103874

Place: Panaji - Goa
Date: 19.05.2016

ASHISH V. PRABHU VERLEKAR
Membership No.:- 103874
Firm Reg. No:- 117774W
Panaji-Goa

"Annexure A" to the Independent Auditor's Report of even date on the consolidated financial statements of Kineco Limited for the year ended 31st March 2016

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

We have audited the internal financial controls over financial reporting of **KINECO LIMITED** ("the Company") as of March 31, 2016 and its subsidiary companies which are companies incorporated in India, as of that date in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies 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. 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.

ASHISH V. PRABHUVERLEKAR Membership No:- 103874 Firm Reg. No:- 117714W Panaji-Goa

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 Holding Company and its subsidiary companies 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 31 March 2016, based on 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 ASHISH V. PRABHU VERLEKAR & CO**
Firm Membership no.117774W
CHARTERED ACCOUNTANTS

CA. ASHISH V. PRABHU VERLEKAR
PROPRIETOR
MEMBERSHIP NO. 103874

Place: Panaji - Goa
Date: 19.05.2016

ASHISH V. PRABHU VERLEKAR
Membership No:- 103874
Firm Reg. No:- 117774W
Panaji-Goa

KINECO LIMITED (FORMERLY KINECO PRIVATE LIMITED)
41 - PILERNE INDUSTRIAL ESTATE,PILERNE, BARDEZ - GOA - 403 511
CIN U24134GA1994PLC001672

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2016

PARTICULARS	Note No.	AS AT 31-Mar-16 Rs.
I. EQUITY & LIABILITIES		
Shareholders Funds		
a) Share Capital	3	571,07,010
b) Reserves & Surplus	4	(646,70,280)
c) Minority Interest		(274,52,325)
Total		(350,15,595)
Non-Current Liabilities		
a) Long-Term Borrowings	5	882,23,189
b) Long-Term Provisions	6	61,96,966
Total		944,20,155
Current Liabilities		
a) Short-Term Borrowings	7	1491,48,674
b) Trade Payables	8	927,22,916
c) Other Current Liabilities	9	2376,34,800
d) Short-Term Provisions	10	32,66,125
Total		4827,72,515
GRAND TOTAL		5421,77,075
II. ASSETS		
Non-Current Assets		
a) Fixed Assets		
(i) Tangible Assets	11	1922,96,242
(ii) Intangible Assets	11(i)	420,22,962
b) Non-Current Investments	12	8,500
c) Deferred Tax Assets (Net) {Refer note 26(n)}		95,76,200
d) Long-Term Loans & Advances	13	229,98,433
Total		2669,02,337
Current Assets		
a) Inventories	14	1100,39,592
b) Trade Receivables	15	1075,44,994
c) Cash & Bank Balances	16	334,24,150
d) Short-Term Loans & Advances	17	183,55,200
e) Other Current Assets	18	59,10,802
Total		2752,74,738
GRAND TOTAL		5421,77,075
Significant Accounting Policies	1 & 2	

As per our report of even date attached
For M/S ASHISH V.PRABHU VERLEKAR & CO
CHARTERED ACCOUNTANTS
Firm Membership no.117774W

ASHISH V. PRABHU VERLEKAR & CO
Membership No:- 103874
Firm Reg. No:- 117774W
Panaji-Goa.

CA. ASHISH V. PRABHU VERLEKAR
PROPRIETOR
MEMBERSHIP NO. 103874

Place: Panaji - Goa
Date: 19.05.2016

For and on behalf of the Board
Kineco Limited.,

KINECO LIMITED
PLOT NO. 41
PILERNE IND. ESTATE

(Shekhar Sardessai)
Executive Vice Chairman & Managing Director

S. R. Aravind

(S R Aravindkumar)
Chief Finance Officer

(Prashant Naik)
Director

Place: Panaji - Goa
Date: 10.05.2016

KINECO LIMITED (FORMERLY KINECO PRIVATE LIMITED)
41 - PILERNE INDUSTRIAL ESTATE,PILERNE, BARDEZ - GOA - 403 511
CIN U24134GA1994PLC001672

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS	Note No.	For the period 1-Apr-15 to 31-Mar-16 (12 Months) Rs.	
Income			
Revenue from operations (Gross)	19	4928,11,187	
Less: Excise Duty		266,50,086	
Revenue from operations (Net)			4661,61,101
Other Income	20		104,99,849
Total Revenue			4766,60,950
Expenses			
Cost of Materials Consumed	21		2204,76,171
Changes in inventories of finished goods, Work-in-progress and Stock-in-trade	22		(137,68,104)
Employee Benefits Expense	23		923,48,618
Finance Costs	24		593,22,071
Depreciation & Amortisation Expense	11(i)		240,86,943
Other Expenses	25		1182,50,254
Total Expenses			5007,15,953
Profit / (Loss) before Tax			(240,55,003)
Tax Expense :			
(a) Current Tax			-
(b) Deferred Tax			-
Profit after tax			(240,55,003)
Add : Share in Profit /(Loss) of Minority			(65,97,941)
Profit / (Loss) after tax			(174,57,062)
Basic & diluted earnings per share (in Rs.)			(4.67)
Significant Accounting Policies	1 & 2		

As per our report of even date attached
For M/S ASHISH V.PRABHU VERLEKAR & CO
CHARTERED ACCOUNTANTS
Firm Membership no.117774W

CA. ASHISH V. PRABHU VERLEKAR
PROPRIETOR
MEMBERSHIP NO. 103874

ASHISH V. PRABHU VERLEKAR & CO. Membership No:- 103874 Firm Reg. No:- 117774W Panaji-Goa

Place: Panaji - Goa
Date: 19.05.2016

For and on behalf of the Board
Kineco Limited.,

(Shekhar Sardessai)
Executive Vice Chairman & Managing Director

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

(S R Aravindkumar)
Chief Finance Officer

(Prashant Naik)
Director

Place: Panaji - Goa
Date: 10.05.2016

NOTES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2016

1 CORPORATE INFORMATION:

Driven by the ambition of a First Generation entrepreneur, Kineco came into existence in 1995, by way of investment in a modest Factory to manufacture chemical process equipments from Fibre Re-enforced Plastic (FRP), now widely known as composites. Kineco quickly realized that innovation has to be backed by technology if it has to move up the value chain. This technology was not easily available or accessible in the country then. From the year 2003 Kineco began making in-house investments in R&D and technology with a small seed capital raised from Ministry of Science and Technology Government of India and early stage investors. With some breakthroughs in its R&D initiatives, Kineco's vision expanded towards becoming a globally recognized technology player. In the follow up years, Kineco not only achieved the Domestic Benchmarks, but rapidly moved to benchmark itself to Global Standards of Technology. As is classical with all small Businesses taking the R & D and innovation path towards growth, Kineco's journey was full of Peaks and lows.

Despite the hurdles it faced Kineco's focus remained undistracted and with this focus it evolved the following core strategy:

i) Develop technology benchmarked to the best-in-class in the world.

ii) Combine technology with innovation and create a value proposition.

Kineco Kaman Composites - India Private Limited (the "Company") is a private limited company incorporated on September 12, 2012 with its registered office situated at 60, Pilerne Industrial Estate, Pilerne, Bardez, Goa - 403 511. The Company is in the business of manufacture of advanced composite structures for Aerospace, Defense, Medical Imaging and other industries using the latest carbon fibre materials and autoclave curing technology. Its products include composite structural parts for modern aircrafts and helicopters and potentially, parts for space crafts. The Company is a joint venture between Kaman Aerospace Group Inc., a subsidiary of Kaman Corporation, USA and Kineco Limited, India.

Kineco Alte Train Technologies Pvt Limited is a Private Limited Company incorporated in 2010 with its registered office at plot 41, Pilerne Industrial Estate, Pilerne, Bardez Goa, 403511. The Group Company "Kineco Limited" has formed a Joint Venture in 2010 with ALTE Transportation S. L. of Spain which is one of the global leaders in design, manufacture and installation of world class on-board interior equipment and systems for Railway coaches.

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 Basis of preparation of financial statement :

The financial statements of the Group for the period August 21, 2015 to March 31, 2016 have been prepared by the group Company solely for use in the preparation of consolidated financial statements of Kineco Limited, the holding company and Indo National Limited, the ultimate holding Company, consequent to investment made by Helios Strategic Systems (I) Limited (Subsidiary of Indo National Limited) in Kineco Limited. Therefore, the aforsaid constitute special purpose financial statements. Having regard to the special purpose for which the funancial statements have been drawn up, the comparative Balance Sheet, The Comparative statement of profit and loss and the comparative cash flow statement for the comparable period of the immediately preceding financial year have not been presented.

These financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) Pursuant to section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, till the Standards on Accounting or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently these Financial Statements are prepared to comply with the Accounting Standards notified under section 211(3C) of the Companies Act, 1956 (The Companies Accounting Standards Rules, 2006) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based on management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates. Any revision to the accounting estimates is recognised prospectively in current and future periods.

2.3 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary item and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

2.4 Cash and Cash Equivalents:

i) Cash comprises of cash on hand and demand deposits with banks.

ASHISH PRABHU VERNEKAR
Membership No: 103874
Firm Reg. No:- 137773W

KINECO LIMITED PLOT NO. 42 PILERNE IND. ESTATE

ii) Cash equivalents are short-term, highly liquid investment that are readily convertible into known amount of cash and which are subject to an insignificant risk of change in value.

2.5 *Revenue Recognition:*

i) Revenue from Sale of product is recognised on dispatch or appropriation of goods in accordance with the terms of sale and is inclusive of excise duty, cess and insurance charges and freight recoverable from the customers but net of Vat, Sales Tax and Sales returns.

ii) Revenue from service is recognised in accordance with the agreements/contracts with concerned parties. Revenue from service are recorded net of service tax.

2.6 *Sale of Goods:*

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but excludes sales tax and value added tax.

Sale of services

Revenues from services are recognised when services are rendered and related costs are incurred.

Export Incentives

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Other income

Interest income is accounted on a time proportion basis by applying the rate applicable to the amount outstanding.

2.7 *Inventories:*

i) Raw material work-in-process and finished goods are valued at lower of cost or net realizable value. Cost is net of Cenvat and is computed on First in First Out (FIFO) basis.

ii) Moulds, Dies and tools, developed in house, for specific customer application are classified as 'Composite Tooling based on technical consideration. These are shown in Balance Sheet based upon technical and economic evaluation (including wear and tear) carried out by independent valuers but not exceeding the cost thereof. In case, the technical or economic factors underlying the valuation undergo material or adverse changes, appropriate impairment adjustment is carried out in the year of such adverse change.

iii) Material-in-transit is valued at cost.

iv) Excise duty payable on finished goods manufactured but not cleared from the factory premises has been provided for and included in the value of stocks.

2.8 *i) Fixed Assets:*

a) Fixed assets are capitalised at acquisition cost (net of duty / tax credits availed, if any) including directly attributable costs such as freight, insurance and specific installation charges for bringing the assets to working condition for use.

b) Administrative & other general overhead expenses that are specifically attributable to construction or acquisition of fixed assets or bringing the fixed assets to working condition are allocated and capitalised as a part of fixed assets.

c) Assets acquired under Hire Purchase agreement are included in the fixed assets of the company if the terms of hire agreement provide that the asset shall eventually become the property of the hirer or confer upon him an option to purchase the asset at pre-determined value upon expiry of the agreement.

d) All Tangible fixed assets costing less than Rs.5,000/- each are fully depreciated in the year of acquisition.

ii) Intangible Assets:

Pursuant to Accounting Standard 26 as per Companies (Accounting Standards) Rules, 2006 in respect of intangible assets, Design, Process and product know-how and similar identifiable intellectual property rights, being intangible assets, are stated at cost which comprises of all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create and make such asset ready for its intended use in accordance with the approved R&D programme undertaken by the company.

An Intangible asset arising from development (or from the development phase of an internal project) is recognized only if, all of the following can be demonstrated:

a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
b) the intention is to complete the intangible asset and use or sell it;
c) there exists the ability to use or sell the intangible asset;
d) the intangible asset will generate probable future economic benefits. Among other things, there exists a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the

ASHISH V. PRABHU VERLEKAR Membership No:- 103874 Firm Reg. No:- 117774W Panaji-Goa

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

intangible asset.

e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) It is possible to measure the expenditure attributable to the intangible asset during its development reliably.

iii) Capital work in progress:

Projects under which assets are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest, if any.

2.9 *Impairment of assets*

The carrying value of the assets (tangible and intangible) is reviewed at each Balance Sheet date for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the Statement of Profit and Loss.

2.10 *Employee Benefits :*

i) All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Short term employee benefits at the balance sheet date, are recognised as an expense as per the Company's Scheme based on expected obligations on undiscounted basis.

Defined Contribution Plan:

a) Provident Fund

The Group contributes to the government administered provident fund. The fixed contributions to these funds are charged to Statement of Profit and Loss.

Defined Benefit Plans:

a) Leave Encashment:

The employees of the Group are entitled to encashment of un-availed leave. The employees can carry forward a portion of the unutilised leave and receive cash compensation at retirement or termination of employment. The Group records an obligation for encashment of un-availed leave in the period in which the employee renders the services, based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. Actuarial gain or loss is recognised in the Statement of Profit or Loss as income or expense.

b) Gratuity

The provision for their gratuity liability has been provided for according to the actuarial valuation carried out by such independent Actuary.

2.11 *Borrowing Costs*

Borrowing Costs that are attributable to the acquisition, construction or production of a qualifying assets are capitalised as part of the cost of such assets till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.12 *Foreign Currency Transactions:*

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transactions. The exchange differences on settlement/conversion are adjusted to:

i) Cost of fixed assets, if the foreign currency liability relates to fixed assets

ii) Profit and loss account in other cases.

2.13 *Government Grants:*

Subsidy received from the Government of Goa as contribution towards capital outlay for setting up industry in a backward area is treated as capital reserves.

2.14 *Earning Per Share:*

Basic earning per share is calculated by dividing net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

2.15 *Depreciation/Amortisation:*

i) Depreciation on assets is provided using the straight Line Method(SLM) considering useful life prescribed in Schedule II of the Companies Act 2013.

Depreciation is provided on pro-rata basis i.e from the date when the asset is ready for use.

ii) Leasehold land is amortised over the period of lease.

iii) Intangible assets in the nature of Development of Composite Technology, Product & Process know-how are amortised

Membership No. 103874 Firm Reg. No:- 774W Panaji-Goa

KINECO LIMITED PLOT NO. 41

on straight line basis over useful life of the assets. Having regard to the intended application of the Intangible Assets in core Infrastructure and strategic areas and as per opinion obtained from experts, the useful life is determined.

The following factors have played a significant role in determining the useful life of the Assets:

a) Technology development was and remains technically feasible and the process and products know-how is available for use as well as sale.
b) The Company has successfully completed the development of filament winding technology and has also started using it.
c) There are large numbers of potential users with diverse application needs which can provide strong, stable and sustainable markets and hence the technology can generate future economic benefit.
d) The Company possesses adequate technology, financial, organizational and physical resources which have enable it to complete the development process and successfully use in its operations.
e) The Company has measured the expenditure attributable to development process in reliable and consistent manner. The measurement was in conformity with the development and financing plan firmed up in consultation with TIFAC.

The Company periodically reviews the recoverable value in respect of intangible assets having regard to changes in economic life and appropriately adjusts the same by way of impairment loss.

2.16 *Taxes on Income:*

Tax on Income for the current period is determined on the basis of taxable income and tax credits computed in accordance with provisions of appropriate tax legislations and based on expected outcome of assessments.

Deferred tax is recognised on timing differences between accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted as on the Balance Sheet date.

2.17 *Securities Premium Account:*

a) Securities Premium includes:
   i) The difference between the par value and the consideration received in respect of shares issued.
   ii) Issue expenses pertaining to shares are written off against Securities Premium Account.

2.18 *Investments :*

Long-term investments are valued at cost less provision for diminution in value other than temporary.

2.19 *Provisions, Contingent liabilities, Contingent assets and Commitments:*

a) Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if:
   i) The Company has a present obligation as a result of past a event;
   ii) A probable outflow of resources is expected to settle the obligation; and
   iii) The amount of the obligation can be reliably estimated.
b) Reimbursement by another party, expected in respect of expenditure required to settle a provision, is recognised when it is virtually certain that reimbursement will be received if, obligation is settled.
c) Contingent liability is disclosed in case of:
   i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
   ii) a present obligation when no reliable estimate is possible;
   iii) a possible obligation arising from past events, unless the probability of outflow of resources is remote.
d) Contingent assets are neither recognised nor disclosed.
e) Commitments includes the amount of purchase order (net of advance) issued to parties for completion of asset.
f) Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

2.20 *Service tax input credit:*

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.21 *Promoter Contribution:*

During the previous periods, besides subscription to the share capital of the Company, the promoters contributed certain depreciable tangible assets and inventories without consideration to the Company. The fixed assets and inventories so contributed had been initially recorded at cost to the promoter. The corresponding credit had been recorded in "Promoters' contributions - deferred income" account which has been classified as part of "Reserve and surplus."

The amount so recognised as "Promoters' contribution - deferred income" was credited to the Statement of Profit and Loss in proportion to the depreciation charge, insofar as the amount relates to the fixed assets contributed and to the extent the amount relates to inventories contributed, in proportion to the materials consumed.

ASHISH V. P... & CO. Membership No: ...03874 Firm Reg. No:- 117774W Panaji-Goa

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

KINECO LIMITED (FORMERLY KINECO PRIVATE LIMITED)
NOTES FORMING PART OF BALANCE SHEET

NOTE - 3 -- SHARE CAPITAL

PARTICULARS	AS AT 31-Mar-16 Rs.
AUTHORISED:	
80,00,000 Equity shares of Rs.10 each	**800,00,000**
(Previous year 200,000 Equity Shares of Rs.100 each)	
500,000 Cumulative Redeemable Preference Shares of Rs. 100 each	**500,00,000**
(Previous year 500,000 Cumulative Redeemable Preference Shares of Rs. 100 each)	
** 2,00,000 equity shares of Rs.100 each were sub divided into 20,00,000 equity shares of Rs.10 each vide special resolution dated 31.12.2014 i.e date of Annual General Meeting*	
	1300,00,000
ISSUED, SUBSCRIBED & PAID UP	
57,10,701 Equity shares of Rs.10 each	
(Previous year 200,000 Equity Shares of Rs.100 each)	**571,07,010**
TOTAL	**571,07,010**

3.1 -- (i) Reconciliation of equity shares at the beginning and end of the period:

	31.03.2016	
	Number of	Amount
As on 01st April 2015 - 2,000,000 equity shares of Rs.10 each	**20,00,000**	**200,00,000**
Add: Shares issued - 3,710,701 equity shares of Rs. 10 each**	**37,10,701**	**371,07,010**
As on 31st March,2016	**57,10,701**	**571,07,010**

*** 2,000,000 equity shares of Rs.10 each were issued presuant to conversion of 200,000 preference shares of Rs. 100 each*

Preference shares	31.03.2016	
	Number of	Amount
As on 01st April 2015	**2,00,000**	**200,00,000**
Less: Converted to 2,000,000 equity shares of Rs. 10 each	**(2,00,000)**	**(200,00,000)**
As on 31st March,2016	-	-

3.2 (i) The Company has 5,710,701 issued, Subscribed & Paidup equity shares having a par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to equity shares held by the shareholders. The Dividend proposed by Board of Directors is subject to approval of shareholders at the ensuing Annual General Meeting except in case of interim dividend.

3.2 (ii) The Company had issued 200,000 preference shares having a par value of Rs.100/- per share. There is no voting right on preference shares. The preference shares where converted into Equity shares on 19th September 2015 and as at the year end there are no preference shares issued or alloted.

3.2 (iii) The 200,000 preference shares of Rs. 100 were converted in 20,00,000 equity shares of Rs. 10/- each vide Board Resolution dated 19.09.2015 and allotted on the same day.

ASHISH V. PRABHU VERLEKAR Membership No: 103874 Firm Reg. No: 117774W Panaji

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

3.3 -- Details of shareholders holding more than 5% of shares in the Company :

	31.03.2016	
	Equity shares of Rs.10 each fully paid	
	Number of	% share held
Shekhar Sardessai	2658605	46.55%
Helios Strategic Systems (I) Ltd	2540666	44.49%
Rui Alfonso	291670	5.11%
Roabin Mazumdar	156600	2.74%
Others	63160	1.11%
	5710701	100.00%

3.4 -- Details of Preference Shareholders holding more than 5% of shares in the Company :

	31.03.2016	
	Number of shares held	% share held
Shivanand Salgaocar	-	0.00%
	-	0.00%

NOTE - 4 -- RESERVES AND SURPLUS

PARTICULARS		AS AT 31-Mar-16 Rs.
CAPITAL RESERVES		
Balance as per last Balance Sheet		10,06,765
SECURITIES PREMIUM RESERVES		
Balance as per last Balance Sheet	431,42,860	
Add : Received during the year on issue of equity shares	1628,92,990	
	2060,35,850	
Less : Issue expenses of equity shares adjusted	27,50,000	2032,85,850
PROMOTERS'CONTRIBUTIONS - deferred income (see note no. 2.21)	21,75,754	
Less : Transferred to statement of Profit & Loss - Adjustment for depreciation charge	12,00,260	9,75,494
PROFIT AND LOSS ACCOUNT		
Opening Balance as per last Balance Sheet		(2524,81,327)
Add: Profit/(Loss) for the year		(174,57,062)
Net Surplus/(Deficit) in the Statement of Profit & Loss		**(2699,38,389)**
TOTAL		**(646,70,280)**

ASHISH V. PRABHU VERLEKAR Membership No.: 103874 Firm Reg. No.: 117774W Panaji-Goa

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

NOTE - 5 --- LONG TERM BORROWINGS

PARTICULARS	AS AT 31-Mar-16 Rs.
Secured :	
Term Loans	
a) From Banks	
i) State Bank of India	184,00,000
ii) Future Installments payable against Vehicle Loan SBI	1,73,644
Unsecured :	
i) Bank of America - External Commercial Borrowing	696,49,545
TOTAL	**882,23,189**

Foot Note

i) Secured by hypothecation of stocks of Raw Material, Stock in Process, Finished goods, consumables and book-debts and all other current assets. Secured by mortgage of land and building and movable assets at plot no. 34,35,41,42,43. Extension of charge over remaining fixed assets. Also secured by personal guarantee of one director

ii) Secured by hypothecation of Vehicle

iii) Secured by hypothecation of moveable properties including moveable plant & machinery, moulds & dies, prototype of Composites sky Bus Coaches purchased with TIFAC assistance

iv) Secured by hypothecation of Plant & Machinery funded by Pyramid Finance Pvt. Ltd. And Land & Building at plot no. 36 at pilerne Industrial Estate and personal guarantee of one director

v) External commercial borrowing from Bank of America is an unsecured facility and extended to finance the purchase of machineries and equipments. The loan carries an interest rate of 3 months LIBOR plus 175 basis points per annum (ranging from 2 % to 2.36% during the year) and the entire loan amount is repayable on 26th December 2018. The above loan is guaranteed by the Kaman Aerospace Group Inc ("Joint Venturer").

NOTE - 6 --- LONG TERM PROVISIONS

PARTICULARS	AS AT 31-Mar-16 Rs.
Provision for employee benefit (Refer Note No.26(e))	
a) Leave Encashment	3,68,165
b) Gratuity	58,28,801
TOTAL	**61,96,966**

ASHISH V. PRABHU VERLEKAR & CO. Membership No:- 103174 Firm Reg. No:- 117774W Panaji-Goa

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

NOTE - 7 --- SHORT TERM BORROWINGS

PARTICULARS	AS AT 31-Mar-16 Rs.
Secured demand loan from Banks	
Cash Credit from Banks	1029,62,541
Bank overdraft	456,73,256
Secured Loan from Others	5,12,877
Helios Strategic Systems (I) Ltd	
TOTAL	**1491,48,674**

Foot Note

Secured by hypothecation of stocks of Raw Material, Stock in Process, Finished goods, consumables and book-debts and all other current assets. Secured by mortgage of land and building and movable assets at plot no.34,35,41,42,43. Extension of charge over remaining fixed assets. Also secured by personal guarantee of one director.

a. The cash credit facility is secured by an exclusive first charge on inventories and receivables of the Company, equitable mortgage of factory land and building and movable assets and hypothecation charge on plant and machinery of the Company and also a corporate guarantee given by the holding company i.e. Kineco Limited. In respect of the charge, creation is in the process of being registered by the Company. The facility carries an interest in the range 13.05% to 14.80% per annum (previous year 13.45% to 13.75% per annum).

b. The bank overdraft facility is unsecured and payable on demand. The facility carries an interest @13% per annum. The above facility is guaranteed by the Kaman Aerospace Group Inc ("Joint Venturer").

NOTE - 8 -- TRADE PAYABLE

PARTICULARS	AS AT 31-Mar-16 Rs.
Trade Payable	
Due to micro and small enterprises (Refer note 26 (f))	22,31,911
Due to others	904,91,005
TOTAL	**927,22,916**

ASHISH V. PRABHU VERLEKAR Membership No:- 103874 Firm Reg. No:- 117774W Panaji-Goa

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

NOTE - 9 -- OTHER CURRENT LIABILITIES

PARTICULARS	AS AT 31-Mar-16 Rs.
Current maturities of long term debts	479,05,769
Interest accrued and due on borrowings	12,24,046
Interest accrued but not due on borrowings	2,18,767
Loan From Shareholders	158,13,817
Loan & Advance from Directors & Friends & relatives of Directors, Members	147,45,163
Interest accrued and Outstanding on above loans	64,79,715
Advance against sales	1199,35,444
Statutory Dues & Other Payables	48,27,919
Payable to Employees / Directors	52,84,975
Bonus Payable	12,17,263
Salary Payable	32,93,564
Provisions	155,27,667
Other Advances	7,67,903
Outstanding Liabilities	3,92,788
TOTAL	**2376,34,800**

NOTE - 10 -- SHORT TERM PROVISIONS

PARTICULARS	Total AS AT 31-Mar-16 Rs.
Provisions for Employee Benefits (Refer Note No.26(e))	
Leave Encashment	30,28,045
Gratuity	2,38,080
TOTAL	**32,66,125**

Membership No:- 10?874 Firm Reg. No:- 117?74W Panaji-Goa

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

NOTE - 11 -- FIXED ASSETS - TANGIBLE ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION					NET BLOCK	
	As on 31-Mar-2015	Additions	Deduction/ Adjustment	As on 31-Mar-2016	Upto 31-Mar-2015	Deduction/ Adjustment	For the Year	Adjusted against Retained Earning	Upto 31-Mar-2016	As on 31-Mar-2016	As on 31-Mar-2015
1. Leasehold Land	27,56,011		-	**27,56,011**	3,97,868	-	**47,232**	-	**4,45,100**	**23,10,911**	23,58,143
2. Factory Building	623,98,747	3,06,471	-	**627,05,218**	107,73,467	-	**19,06,670**	-	**126,80,138**	**500,25,080**	516,25,280
3. Plant, Machinery, Equipments & Tools	1566,72,473	110,70,575	-	**1677,43,048**	406,76,428	-	**123,78,712**	-	**530,55,140**	**1146,87,908**	1159,96,044
4. Electrical Fittings	30,92,406	-	-	**30,92,406**	22,04,115	-	**2,31,179**	-	**24,35,294**	**6,57,112**	8,88,291
5. Furniture & Fixtures	48,11,257	3,98,898	-	**52,10,155**	18,56,783	-	**3,79,467**	-	**22,36,250**	**29,73,905**	29,54,474
6. Office Equipment	51,33,758	5,50,671	-	**56,84,429**	28,66,645	-	**6,94,395**	-	**35,61,040**	**21,23,389**	22,67,113
7. Vehicle	40,46,041	-	-	**40,46,041**	29,18,556	-	**2,07,878**	-	**31,26,435**	**9,19,606**	11,27,485
8. Computers	99,51,114	6,80,382	-	**106,31,496**	63,82,729	-	**6,78,122**	12,00,260	**82,61,110**	**23,70,386**	35,68,385
9. Laboratory Equipment	11,352	-	-	**11,352**	11,352	-	-		**11,352**	-	-
10. Pattern & Dies	5,22,334	-	-	**5,22,334**	5,22,334	-	-		**5,22,334**	-	-
11. Composites, Tooling, Patterns & Dies	379,61,246	-	-	**379,61,246**	245,77,008		**31,16,718**		**276,93,726**	**102,67,520**	133,84,238
12. Capital Work in Progress Plant & Machinery	-	58,47,632		**58,47,632**					-	**58,47,632**	-
12. Capital Work in Progress Building	-	75,392		**75,392**					-	**75,392**	-
12. Capital Work in Progress Office Equipment	-	37,400		**37,400**					-	**37,400**	-
TOTAL	**2873,56,738**	**189,67,421**	-	**3063,24,159**	**931,87,286**	-	**196,40,373**	**12,00,260**	**1140,27,919**	**1922,96,242**	**1941,69,453**

PRABHU VERLEKAR
Membership No. 103874

KINECO LIMITED
PLOT NO. 41
PILERNE IND. ESTATE

NOTE - 11 (i) – FIXED ASSETS - INTANGIBLE ASSETS

DESCRIPTION OF ASSETS	COST/ VALUATION(GROSS)				AMORTISATION					BOOK VALUE (NET)	
	As on 31-Mar-2015	Additions	Deduction	As on 31-Mar-2016	Upto 31-Mar-2015	Deduction/ Adjustment	For the Year	Adjusted against Retained Earning	Upto 31-Mar-2016	As on 31-Mar-2016	As on 31-Mar-2015
1. Development of Composite Technology, Products and Process Know-How Composite Filament Winding Project	59,09,750	-	-	**59,09,750**	34,46,551	-	**2,95,488**		**37,42,039**	**21,67,711**	24,63,199
2. Development of Composite Technology, Products and Process Know-How Composite Sky Bus Coaches Project	186,46,687	-	-	**186,46,687**	90,12,664	-	**9,32,334**		**99,44,999**	**87,01,688**	96,34,022
3. Development of Composite Technology, Products and Process Know-How for armature cores, carbon fiber cycle frame and forks, Canisters for projectile launchers and Optical telescopic structures	288,67,400		-	**288,67,400**	57,73,481	-	**14,43,370**		**72,16,851**	**216,50,550**	230,93,920
4. Development of Composite Technology, Products and Process Know-How for Composite Sonar dome for R&DEE and BEL for Ships	99,45,824	-	-	**99,45,824**	19,89,165	-	**9,94,582**		**29,83,747**	**69,62,077**	79,56,659
5. Computer software licenses acquired	38,16,177	**87,798**		**39,03,975**	5,82,243		**7,80,796**		**13,63,039**	**25,40,936**	32,33,934
TOTAL	**671,85,838**	**87,798**	-	**672,73,636**	**208,04,104**	-	**44,46,570**		**252,50,675**	**420,22,962**	**463,81,734**
GRND TOTAL	**3545,42,576**	**190,55,219**	-	**3735,97,795**	**1139,91,390**	-	**240,86,943**	**12,00,260**	**1392,78,594**	**2343,19,204**	**2405,51,187**

PRABHU VERLEKAR
Membership No:- 103874
Firm Reg. No:- 117774W

KINECO LIMITED
PLOT NO. 4
PILERNE IND. ESTATE

NOTE - 12 -- NON CURRENT INVESTMENT (AT COST)

PARTICULARS	AS AT 31-Mar-16 Rs.
Quoted - Trade (at cost)	
500 Equity Shares of Rs. 2/- fully paid up previous year 100 Equity Shares of Rs. 10/- fully paid up of Bank of Baroda (market value Rs.73,550/-; Previous year: Rs.81,650/-)	8,500
TOTAL	**8,500**

NOTE - 13 -- LONG - TERM LOANS AND ADVANCES

PARTICULARS	AS AT 31-Mar-16 Rs.
Loans and Advances:	
i) Capital Advance	41,84,310
i) Balance with Government Authorities	180,41,261
iii) Others Advances	7,72,862
TOTAL	**229,98,433**

NOTE - 14 -- INVENTORIES

PARTICULARS		AS AT 31-Mar-16 Rs.
Stock as per inventories taken, valued & certified by Director using FIFO method, valued at lower of Cost and Net Realizable value		
Raw Materials	528,70,687	
Add : Material In Transit	25,42,665	554,13,352
Stores & Spares	104,09,473	
Add : Material In Transit	37,806	104,47,279
Work-in-Process		441,78,961
TOTAL		**1100,39,592**

ASHISH V. PRABHU VERLEKAR & CO.
Membership No:- 103874
Firm Reg. No:- 117774W
Panaji-Goa

KINECO LIMITED
PLOT NO. 41
PILERNE IND. ESTATE

NOTE - 15 -- TRADE RECEIVABLES

PARTICULARS		AS AT 31-Mar-16 Rs.
Debts Overdue for a period exceeding six months from the date due for payment		
Considered good	305,44,976	
Considered Doubtful	**8,76,223**	
	314,21,199	
Less : Allowance for Bad and doubtful debts	**8,76,223**	305,44,976
Considered good		770,00,018
TOTAL		**1075,44,994**

NOTE - 16 -- CASH & BANK BALANCES

PARTICULARS		AS AT 31-Mar-16 Rs.
Cash & Cash Equivalent:		
i) Cash in hand		62,681
ii) Balances with banks		
In Current Accounts	70,68,248	
In Exchange Earner's Foreign Currency (EEFC) Accounts	26,10,517	96,78,765
Other bank Balances:		
i) Margin money Deposit (pledged against bank guarantee & Letter of Credit)		236,82,704
TOTAL		**334,24,150**

NOTE - 17 -- SHORT-TERM LOANS AND ADVANCES

PARTICULARS	AS AT 31-Mar-16 Rs.
Loans and Advances:	
(Unsecured considered good unless otherwise stated)	
i) Advances Recoverable in cash or in kind or for value to be received.	103,04,562
ii) Deposits	17,49,413
iii) Taxes deducted at source	31,09,478
iv) Duty Draw Back - Custom Duty	2,84,175
v) Cenvat Credit/Service Tax Availed	29,07,572
TOTAL	**183,55,200**

NOTE - 18 -- OTHER CURRENT ASSETS

PARTICULARS	AS AT 31-Mar-16 Rs.
a) Interest Accrued on Deposits	11,48,031
b) Export incentives receivable	40,70,961
c) Other Current Assets	6,91,810
TOTAL	**59,10,802**

ASHISH V. PRABHU VERLEKAR & CO.
Membership No:- 103
Firm Reg No:- 117774W
Panaji-Goa

KINECO LIMITED
PLOT NO. 41
PILERNE IND. ESTATE

NOTE - 19 -- REVENUE FROM OPERATION

PARTICULARS	AS AT 31-Mar-16 Rs.
Sale of Products	4713,34,798
Sale of Services	165,64,347
Other operating income	49,12,042
TOTAL	**4928,11,187**

NOTE - 20 -- OTHER INCOME

PARTICULARS	AS AT 31-Mar-16 Rs.
Interest Income	
Margin Deposit & Fixed Deposit with Banks	20,14,300
Other Non operating income	-
Sundry balances written back (net)	84,83,404
Other Non operating Income	2,145
	-
TOTAL	**104,99,849**

NOTE - 21 -- COST OF MATERIALS CONSUMED

PARTICULARS		AS AT 31-Mar-16 Rs.
Stock at Commencement		403,32,003
Add: Purchases ,Stores & Spares	2282,35,573	
Add: Goods in transit	25,80,471	
Add: Freight Inward, Custom Duty & Clearance Charges	60,46,663	2368,62,707
		2771,94,710
Less: Stock at close		567,18,539
TOTAL		**2204,76,171**

NOTE - 22 -- CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE

PARTICULARS	AS AT 31-Mar-16 Rs.
Stock in Trade (at Close)	
Work in Process	441,78,961
Finished Goods	-
	441,78,961
Less: Stock in Trade (at Commencement)	
Work in Process	250,55,322
Finished Goods	53,55,535
	304,10,857
DECREASE/(INCREASE) IN STOCK	**(137,68,104)**

NOTE - 23 -- EMPLOYEE BENEFITS EXPENSE

PARTICULARS	AS AT 31-Mar-16 Rs.
Salaries & Wages	742,50,399
Workmen Welfare Expenses	53,45,448
Contribution to PF, ESIC, & Other Funds	35,09,631
Gratuity	15,41,441
Remuneration to Directors	77,01,699
TOTAL	**923,48,618**

NOTE - 24 -- FINANCE COSTS

PARTICULARS	AS AT 31-Mar-16 Rs.
a) Interest Expenses	410,92,984
b) Others borrowing cost	123,60,490
c) Loss on Foreign Currency Transactions	58,68,597
TOTAL	**593,22,071**

ASHISH V. PRABHU VERLEKAR & CO. Membership No:- 103874 Firm Reg No:- 117774W Panaji-Goa.

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

NOTE - 25 -- OTHER EXPENSES

PARTICULARS	AS AT 31-Mar-16 Rs.
Outsource Services	129,21,547
Packing Material, Stores & Spares parts consumed	107,64,059
Fuel, power and water	108,34,208
Security Expenses	15,87,022
Design and Engg. Expenses	1,30,010
Repair & Maintenance:	
- Plant & Machinery	7,82,115
- Building	7,16,879
- Others	31,26,449
Rates & Taxes	17,94,416
Printing and stationery	10,12,019
Travelling & Conveyance	99,42,351
Communication Charges	13,62,403
Insurance Charges	48,90,181
Professional Fees	78,00,193
Auditor's Remuneration:	
For Audit Matters	14,57,677
- For Taxation Matters	1,50,000
- Out of pocket Expenses	52,937
Bad Debts	12,052
Provision for doubtful debts	8,76,223
Sundry Debit Balances written off	21,559
Miscellaneous Expenses	34,46,569
Establishment Expenses	10,58,805
Net Loss on foreign currency transactions and translations	11,25,784
Inspection & Testing Charges	14,78,797
Sales & Agents Commission	27,55,694
Royalty	145,34,737
Advertisement and business promotion Expenses	47,07,736
Freight Charges Outward	182,16,022
Preliminary & Preoperative Expenses	6,91,812
TOTAL	**1182,50,254**

ASHISH V. PRABHU VERLEKAR & CO. Membership No: 103874 Firm Reg. No: 117774W Panaji-Goa

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

26 NOTES ON ACCOUNTS:

a) Contingent liabilities not provided for:

(i) Bank Guarantees issued by the bank on behalf of the Group: Rs.3,76,57,986/-

(ii) Letter of Credit issued by the bank on behalf of the Group: Rs. 72,86,632/-

(iii) Claims against the Group not acknowledged as debts of the Group: Rs. 126,851,283/-

(iv) Claims against the Group for pending cases of the Group: Rs.21,12,782/-

b) Estimated amount of contracts remaining to be executed on capital account of the Group: Rs. 18,25,778/-;

c) Particulars of un-hedged foreign currency exposures as at 31st March, 2016

Trade Receivables

Foreign Currency	Amount in foreign currency for the year ended 31/03/2016	Amount in Rs. for the year ended 31/03/2016
- USD	9,197	6,09,057
	9,197	6,09,057

Trade Payables

Foreign Currency	Amount in foreign currency for the year ended 31/03/2016	Amount in Rs. for the year ended 31/03/2016
- USD	16,05,120	1089,39,875
	16,05,120	1089,39,875

Advances

Foreign Currency	Amount in foreign currency for the year ended 31/03/2016	Amount in Rs. for the year ended 31/03/2016
- USD	1,666	1,09,987
	1,666	1,09,987

d) Trade receivable, loans and advances and trade payable balances are subject to confirmation, reconciliation and consequent adjustments, if any.

e) Disclosures as required by Accounting Standard (AS) 15 "Employee Benefits":

a) Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognised as an expense and included under "Employee Benefits Expenses" - Note 23 to the Statement of Profit and Loss are as under :

- Employer's contribution to Provident Fund Rs. 2,957,472/-
- Employer's contribution to Employees State Insurance Scheme Rs. 834,494/-

ASHISH V. PRABHU
Membership No: 103874
Firm Reg. No:- 117777W
Panaji-Goa

KINECO LIMITED
PLOT NO. 41
PILERNE IND. ESTATE

b) **Defined Benefit Plans :**

The Group Company's gratuity and leave encashment plans are defined benefit plans :

		Gratuity (unfunded)	Leave Encashment (unfunded)
		Rs. for the year ended 31/03/2016	Rs. for the year ended 31/03/2016
I	**Assumptions**		
	Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
	Discount Rate	8.00%	8.00%
	Rate of increase in compensation	8.50%	8.50%
	Rate of return (expected) on plan assets		
	Withdrawal rates	7.5% (Age wise)	7.5% (Age wise)
II	**Change in obligation during the year**		
1	Liability at the beginning of the year	44,22,777	19,93,037
2	Interest cost	4,23,148	3,86,243
3	Current service cost	11,51,811	14,20,978
4	Past service cost	-	-
5	Benefits paid	4,79,279	3,24,202
6	Actuarial (gain) / losses	(33,518)	(16,31,253)
7	Liability at the end of the year	64,43,497	24,93,207
III	**Change in assets during the year**		
1	Plan assets at the beginning of the year	-	-
2	Expected return of plan assets	-	-
3	Contributions	(4,79,279)	(3,24,202)
4	Benefits paid	4,79,279	3,24,202
5	Actuarial gain / (loss)	-	-
6	Plan assets at the end of the year	-	-
7	Total actuarial gain/(loss) to be recognised	-	
IV	**Fair Value of Plan Assets**		-
1	Expected Return on Plan Assets	-	-
2	Contributions	(4,79,279)	(3,24,202)
3	Benefits Paid / Payable	4,79,279	3,24,202
4	Actuarial gain/(loss) on plan assets	-	-
V	**Fair Value of Plan Assets**		
1	Fair Value of Plan Assets at beginning of period	-	-
2	Actual Return on Plan Assets	-	
3	Contributions	(4,79,279)	(3,24,202)
4	Benefits Paid / Payable	4,79,279	3,24,202
5	Fair Value of Plan Assets at end of period	-	-
6	Funded Status	(64,43,497)	(24,93,207)
7	Excess of actual over estimated return on Plan Assets	-	-
VI	**Actuarial Gain/(Loss) Recognized**		
1	Actuarial Gain/(Loss) for the period (Obligation)	33,518	16,31,253
2	Actuarial Gain/(Loss) for the period (Plan Assets)	-	-
3	Total Gain/(Loss) for the period	33,518	16,31,253
4	Actuarial Gain/(Loss) recognized for the period	33,518	16,31,253
5	Unrecognized Actuarial Gain/(Loss) at end of period	-	-
VII	**Amounts to be recognized in the Balance Sheet and statement of Profit & Loss Account**		
1	PVO at end of period	64,43,497	24,93,207
2	Fair Value of Plan Assets at end of period	-	-
3	Funded Status	(64,43,497)	(24,93,207)
4	Unrecognized Actuarial Gain/(Loss)	-	-
5	Net Asset/(Liability) recognized in the balance sheet	(64,43,497)	24,93,207
VIII	**Expense recognized in the statement of P & L A/C**		
1	Current Service Cost	11,51,811	14,20,978
2	Interest cost	4,23,148	3,86,243
3	Expected Return on Plan Assets	-	-
4	Net Actuarial (Gain)/Loss recognized for the period	(33,518)	(16,31,253)
5	Expense recognized in the statement of P & L A/C	15,41,441	1,75,968

ASHISH V. PRABHU VERLEKAR & CO. Membership No.: 1038.. Firm Reg. No.: 117774W Panaji-Goa

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

		Gratuity (unfunded)	Leave Encashment (unfunded)
		Rs. for the year ended 31/03/2016	Rs. for the year ended 31/03/2016
IX	**Movements in the Liability recognized in Balance Sheet**		
1	Opening Net Liability	**44,22,777**	**19,93,037**
2	Expenses as above	**15,41,441**	**1,75,968**
3	Contribution paid	**4,79,279**	**(3,24,202)**
4	Closing Net Liability	**64,43,497**	**18,44,803**
X	**Experience Analysis - Liabilities**		
1	Actuarial (Gain)/Loss due to change in bases	**(1,68,120)**	**(8,617)**
2	Experience (Gain) / Loss due to Change in Experience	**1,45,077**	**(16,22,636)**
	Total	**(23,043)**	**(16,31,253)**
XI	**Experience Analysis - Plan Assets**		
	Experience (Gain) / Loss due to Change in Plan Assets	-	-
	* Pursuant to Schedule II, requirements the closing net liability is disclosed as follows:		
	Current Liability - Disclosed in note no 10	**2,38,080**	**30,28,045**
	Non-Current Liability - Disclosed in note no 6	**58,28,801**	**3,68,165**

General description of the defined benefit plan ;

1) The Group operates a gratuity scheme, which is partly funded scheme for qualifying employees. The scheme provides for lump sum payment to employees on retirement, death, while in employment or termination of employment or an amount equivalent to 15 days salary for every completed year of service or part thereof in six months, provided the employee has completed 5 years of service.
2) The Group operates a leave encashment scheme, which is a unfunded scheme. The present value of obligation under this scheme is based on an actuarial valuation using the Projected Unit Credit method, which recognises 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.

f) Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31st March, 2016 as per information available with the Group. The Group has not provided the interest within the meaning of section 23 of small & medium enterprises.

	As at 31/03/2016 Rs.
a) Principal amount due to supplier under MSMED Act, 2006	**21,98,418**

The above information and that given in Note 8 - "Trade Payables" pertaining to micro and small enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the auditors.

g) Disclosures as required by Accounting Standards (AS) 18 - Related Party Disclosures:

(i) Relationships:

List of related parties with whom transactions were carried out during the year or previous year:

a) Ultimate Holding Company
   1. Indo National Limited

b) Holding Company
   1. Helios Strategic Systems (i) Limited.

c) Joint Venturer with 26% ownership of Subsidiary
   1. Kaman Aerospace Group Inc.

d) Associate Company of Subsidiary
   1. Kaman Composites - Vermont, Inc.
   2. Kaman Aerosystems - Kaman Composites CT

e) Key Management Personnel
   1. Mr. Shekhar Sardessai - Executive Vice Chairman and Managing Director
   2. Mr. Vinay Jagtap - Executive Director
   3. Mr. Prashant Naik - Director

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

ASHISH V. PRABHU VERLEKAR Membership No. 103874 Firm Reg. No: 117774W Panaji-Goa

(ii) The following transactions were carried out with the related parties:

Sr. No	Particulars	Relationship	for the year ended 31st March 2016 Rs.
A	**Closing Balance outstanding :**		
	Payable:		
	Indo National Limited	Ultimate Holding	**27,05,957**
	Helios Strategic Systems (i) Limited.	Holding	**5,12,877**
	Shekhar Sardessai	Executive Vice Chairman & M D	**113,46,221**
	Vinay Jagtap	Executive Director	**9,55,749**
	Kaman Aerospace Group Inc.	J V with 26% ownership of Subsidiary	**528,32,939**
	Kaman Composites - Vermont, Inc	Associate Company of Subsidiary	**1,89,060**
	Kaman Aerosystems - Kaman Composites CT	Associate Company of Subsidiary	**7,06,515**
B	**Receivables:**		
	Indo National Limited	Ultimate Holding	**32,24,320**
	Helios Strategic Systems (i) Limited.	Holding	**6,11,432**
	Transactions during the year :		
	a) Sales of goods/ services		
	Indo National Limited	Ultimate Holding	**32,24,320**
	Helios Strategic Systems (i) Limited.	Holding	**6,11,432**
	b) Royalty		
	Kaman Aerospace Group Inc.	J V with 26% ownership of Subsidiary	**145,34,737**
	c) Interest on borrowings		
	Kaman Aerospace Group Inc.	J V with 26% ownership of Subsidiary	**3,77,130**
	d) Purchase of raw material		
	Kaman Composites - Vermont, Inc	Associate Company of Subsidiary	**50,59,674**
	e) Purchase of services		
	Kaman Composites - Vermont, Inc	Associate Company of Subsidiary	**76,68,279**
	f) Interest Charges Received / Payable		
	Indo National Limited	Ultimate Holding	**27,05,957**
	Helios Strategic Systems (i) Limited.	Holding	**5,12,877**
	Shekhar Sardessai	Executive Vice Chairman & M D	**4,34,131**
	Vinay Jagtap	Executive Director	**1,00,872**
	g) Loan Received during the year		
	Helios Strategic Systems (I) Limited	Holding	**500,00,000**
	Indo National Limited	Ultimate Holding	**169,00,000**
	Shekhar Sardessai	Executive Vice Chairman & M D	**103,13,817**
	h) Loan Paid during the year		
	Helios Strategic Systems (I) Limited	Holding	**950,00,000**
	Indo National Limited	Ultimate Holding	**169,00,000**
	Vinay Jagtap	Executive Director	**23,000**
	i) Received for Share Capital during the year		
	Helios Strategic Systems (I) Limited	Holding	**1800,00,000**
C	**Collateral guarantee taken**		
	Kaman Aerospace Group Inc.	J V with 26% ownership of Subsidiary	**1153,22,801**
D	**Managerial remuneration**		
	Mr. Shekhar Sardessai	Executive Vice Chairman & M D	**50,50,000**
	Mr. Vinay Jagtap	Executive Director	**16,08,000**
	Mr. Prashant Naik		**10,65,600**

PLOT NO. 41

Director

Membership No:- 103874
Firm Reg. No:- 117774W
Panaji-Goa

h) **Value of Raw Material Consumed :**

Particulars	For the year ended 31st March 2016 Rupees	Percent %
Indigenous	1349,09,500	61%
Imported	855,66,671	39%
Total	**2204,76,171**	**100%**

i) **Value of Imports on C.I.F. Basis:**

Particulars	for the year ended 31st March 2016 (Rupees)
Raw materials	914,29,870
Components and spare parts	70,04,154
Capital goods	30,11,370
Total	**1014,45,394**

j) **Expenditure in foreign currency charged to accounts:**

Particulars	for the year ended 31st March 2016 (Rupees)
Interest	18,63,717
Job work charges	76,68,279
Professional fees	15,83,687
Travelling expenses	11,93,526
Total	**123,09,209**

k) **Earnings in Foreign Currency:**

Particulars	for the year ended 31st March 2016 (Rupees)
FOB Value of Export	1881,81,175
Total	**1881,81,175**

l) **Managerial Remuneration:**

Particulars	for the year ended 31st March 2016 (Rupees)
Salary paid to Executive Vice Chairman and Managing Director	50,50,000
Salary paid to Executive Director	16,08,000
Salary paid to Director	10,65,600
Total	**77,23,600**

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

ASHISH V. PRABHU VERLEKAR & CO. Membership No:- 103874 Firm Reg. No:- 117774W Panaji-Goa

m) **Earnings per Equity Share:**

Annualised Earnings per Equity Share have been calculated based on Profit after Taxation including prior period adjustments.

Particulars	for the year ended 31st March 2016 (Rupees)
Net Profit /(Loss) attributable to equity shareholders	**(174,57,062)**
Weighted average numbers of Equity Shares	**37,34,990**
Basic Earnings /(Loss) Per Equity Share of Rs.10/-each	**(4.67)**

n) **Deferred Tax:**

Particulars		As on 31st March 2016 (Rupees)
I	**Deferred Tax Liabilities on account of :**	
	(i) Depreciation/Amortisation	**275,24,539**
	(ii) Lease Rentals	**2,83,542**
		278,08,081
II	**Deferred Tax Assets on account of :**	
	(i) Carried forward losses/Unabsorbed depreciation	**94,60,970**
	(ii) Leave encashment, gratuity & bonus	**15,99,555**
	(iii) Provisions Disallowed	**263,23,756**
		373,84,281
Net Deferred Tax (Assets) / Liabilities		**(95,76,200)**

Note : The Deferred Tax details is carried forward from the accounting year 2010 - 2011. The Group has not provided for deferred tax assets / liabilities during the current year considering that there is no virtual centainity of future taxable profits.

o) **Development of Composite Technology, Products and Process Know-How:**

(i) Development of Composite Filament Winding Technology, products and process know- how

The Group has completed and commercialized a project for Research and Development in the field of filament Winding using advanced technology at an aggregate cost of Rs.227.18 lacs, I n association with Indian Institute of Tenhnology, Mumbai and Technology Information Forecasting Assessment Council, a body constituted by Govt. of India under Ministry of Science and Technology. Research and product development under this has been funded by TIFAC for Rs. 99.50 Lakhs. Out of Rs. 227.18 lac, Rs.33.31 lacs was expensed on Building and Rs.134.71 lacs represent capital expenditure on Research, which is capitalized under appropriate assets heads. Balance Rs.59.10 lacs represent expenditure on personnel, consultancy fees to IIT Mumbai and other consultant, premium payable to bridge TIFAC as per agreement, travelling, depreciation, interest on finance etc. These being incurred for "Development of Composite development process, are classified as Intangible Asset under Technology, Products and process Know-How".

(ii) Development of Composite Sky bus Coaches Technology, products and process know- how

The Group has completed R&D project for Development of composite s ky bus coaches for Konkan Railway Corporation at an aggregate cost of Rs. 186.47 lacs, in association with Indian Institute of Technology, Mumbai and TIFAC. TIFAC has committed financial assistance of Rs. 99.50 lacs of which Rs. 79.60 lacs has been disbursed till 31st March 2006. The Commercialisation of the Sky Bus Coaches Project for Konkan Railway Corporation is getting delayed due to decision of Konkan Railway to invite expression of interest from Private Enterprises for private participation in the project. However, during the year the Group has successfully leveraged this intangible asset in the form of Composite Technology, Products and Process Know-How Sky Bus Project. Using the technology developed under this project, the Group has manufactured and supplied substantial volume orders for seats, front end cab and interior train paneling for Indian Railways over the past 8 years.

(iii) The Development of Composite Technology, Products and Process Know-How for armature cores (for power plants), carbon fiber cycle frame and forks, Canisters for projectile launchers and Optical telescopic structures.

The Group has incurred capital expenditure for Research and Development of armature cores (for power plants), carbon fiber cycle frame and forks, Canisters for projectile launchers and Optical telescopic structures at an aggregate cost of Rs. 288.67 lacs. The Group has received initial commercial order from customers for products developed from this research and development efforts and expects revenues over years arising out of the same.

(iv) The Development of Composite Technology, Products and Process Know-How for Sonar Dome

The Group has incurred capital expenditure for Research and development of composites Sonar Dome for ships through R&DE(E), BEL at an aggregate cost of Rs.99.46 lacs. The Group has received commercial order from R&DE(E), BEL orders for manufacture for manufacture and supply of sonar domes from these research and development efforts and expects revenues over years arising out of the same.

p) In the prior period, the Group had while utilizing proceeds of External Commercial Borrowings (ECB) disbursed Rupee payments directly from its account with SBI New York to its suppliers of capital equipment in India which was later determined to be a possible contravention under the Foreign Exchange Management Act, 1999 (FEMA). In terms of the provisions of FEMA read with Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 and RBI's Master Circular on ECB and Trade Credits, the Group was required to first repatriate the ECB proceeds meant for Rupee expenditure in India to its Rupee Account maintained with AD Bank in India, and could then utilize the same for payment to its suppliers of capital equipment. In the current period, the Group filed a compounding application with Reserve Bank of India (RBI) which was returned by the RBI vide letter dated October 8, 2015 with the conclusion that no violation occurred and no penalty would be issued since the Group had properly filed Form 83 with RBI and obtained RBI's approval in advance of taking the ECB loan.

Membership No. 103074 Firm Reg. No:- 11?74W Panaji-Goa

PLOT NO. 41 PILERNE IND. ESTATE

q) **Segment Information**

The Group operates in only one business segment i.e. manufacturing and selling of composites products which is identified as its primary segment. The Group production facilities are located within India. As such there are no reportable geographic segments.
In view of the above, segment information is not provided.

r) Kineco Limited has the following investments:

1. KinecoAlte Train Technologies Pvt Ltd wherein the company holds 1,79,667 fully paid up Equity shares of Rs. 10/- each (49% as per Joint Venture Agreement)
2. Kineco Kaman Composites- India Pvt. Ltd wherein company holds 33,13,350 fully paid up Equity shares of Rs. 10/- each (74% as per Joint Venture Agreement)
3. Conley Kineco Pipe System Pvt Ltd wherein the company holds 32,980 fully paid up Equity shares of Rs. 100/- each (49% as per Joint Venture Agreement)
4. Conley Kineco Pipe System Pvt Ltd wherein the company holds 70,000 fully paid up Preference shares of Rs. 100/- each

With regard to treatment of the following entities:

1. Kineco Alte Train Technologies Pvt Ltd (KATT)

Kineco Limited holds 49% of the Equity of KATT. However, as per the records of the KATT all the three directors have been appointed by Kineco Limited. Hence Kineco Limited has treated KATT as a Subsidiary considering para 10 of Accounting Standard 21, whereby control exist when an enterprise controls the compositions of the board of directors so as to obtain economics benefits from its activities. However, as per the financial statements Kineco Limited holds 49% in KATT pursuant to Joint Venture Agreement. Considering para 6 of Accounting Standard 27, whereby an enterprise which establishes joint control by contractual arrangement over an entity which is a subsidiary of the enterprise within the meaning of AS 21, such entity is to be consolidated under AS 21 and not treated as a Joint Venture as per AS 27.

2. Kineco Kaman Composites- India Pvt. Ltd (KKC)

Kineco Limited holds 74% of the Equity of KKC. However, as per the records of the KKCout of the four directors, two directors, i.e. 50% have been appointed by Kineco Limited and the remaining 50% have been appointed by the Joint Venture partner. Kineco Limited has treated KKC as a Subsidiaryconsidering para 10 of Accounting Standard 21, whereby control exists when the parent owns, directly or indirectly through subsidiary, more than one-half of the voting power of the enterprise. However, as per the financial statements Kineco Limited holds 74% in KKC pursuant to Joint Venture Agreement. Considering para 6 of Accounting Standard 27, whereby an enterprise which establishes joint control by contractual arrangement over an entity which is a subsidiary of the enterprise within the meaning of AS 21, such entity is to be consolidated under AS 21 and not treated as a Joint Venture as per AS 27.

3. Conley Kineco Pipe System Pvt Ltd (CKP)

Kineco Limited holds 49% of the Equity of CKP. However, as per the records of the CKPboth directors have been appointed by Kineco Limited. Hence Kineco Limited has treated CKP as a Subsidiary considering para 10 of Accounting Standard 21, whereby control exists when an enterprise controls the compositions of the board of directors so as to obtain economics benefits from its activities. However, as per the financial statements Kineco Limited holds 49% in CKP pursuant to Joint Venture Agreement. Considering para 6 of Accounting Standard 27, whereby an enterprise which establishes joint control by contractual arrangement over an entity which is a subsidiary of the enterprise within the meaning of AS 21, such entity is to be consolidated under AS 21 and not treated as a Joint Venture as per AS 27.
Further, though Kineco Limited has treated CKP as a Subsidiary, financial statements of CKP have not been consolidated in the financial statements of Kineco Limited considering para 11 of AS 21, whereby a Subsidiary should be excluded from consolidation when:
Further, though Kineco Limited has treated CKP as a Subsidiary, financial statements of CKP have not been consolidated in the financial statements of Kineco Limited considering para 11 of AS 21, whereby a Subsidiary should be excluded from consolidation when:

a. Control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequ disposal in near future; or
b. It operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent.

s) Previous year figures are not been given in view of this being the first period of consolidation of financial statements of the Group.

As per our report of even date attached
For M/S ASHISH V.PRABHU VERLEKAR & CO
CHARTERED ACCOUNTANTS
Firm Membership no.117774W

ASHISH V. PRABHU VERLEKAR & CO. Membership No:- 103874 Firm Reg. No:- 117774W Panaji-Goa

CA. ASHISH V. PRABHU VERLEKAR
PROPRIETOR
MEMBERSHIP NO. 103874

Place: Panaji - Goa
Date: 19.05.2016

For and on behalf of the Board
Kineco Limited.,

(Shekhar Sardessai)
Executive Vice Chairman & Managing Director

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

S.R. Aravind

(S R Aravindkumar)
Chief Finance Officer

(Prashant Naik)
Director

Place: Panaji - Goa
Date: 10.05.2016

KINECO LIMITED (FORMERLY KINECO PRIVATE LIMITED)
41 - PILERNE INDUSTRIAL ESTATE,PILERNE, BARDEZ - GOA - 403 511

Consolidated Cash Flow Statement for year ended 31st March 2016

	Particulars	2015 - 2016	2015 - 2016
	Cash Flows from Operating Activities		
	Net Loss Before Tax & Extraordinary Items:		(240,55,003)
Add :			
(a)	Depreciation	240,86,943	
(b)	Interest on Borrowings	128,73,647	369,60,590
Less:			
(a)	Interest Income	25,57,702	
(b)	Foreign Exchange Loss	(58,68,597)	33,10,895
	Profit before changes in working capital		162,16,482
	Increase / (Decrease) in Current Liabilities		
(a)	Trade payables	(61,41,944)	
(b)	Other current liabilities	1146,86,051	
(c)	Short-term provisions	(3,45,963)	
(d)	Long Term Provisions	(6,94,927)	
	(Increase) / Decrease in Current Assets		
(a)	Inventories	(334,02,407)	
(b)	Trade receivables	(779,45,906)	
(c)	Short-term loans and advances	140,07,065	
(d)	Long-Term Loans & Advances	(227,73,476)	
(e)	Other non-current assets	(40,49,462)	(166,60,969)
	Cash generated from Operations		(4,44,487)
Less:	Income tax paid	-	
	Prior Period Tax Adjustment	-	-
	Net Cash from Operating Activities		**(4,44,487)**
	Cash Flows from Investing Activities		
(a)	Purchase of non-current Investment		
(b)	Purchase of Fixed Assets	(190,18,049)	
(c)	Interest Income	25,57,702	**(164,60,347)**
	Cash Flows from Financing Activities		
(a)	Repayment of Long Term Borrowing	-	
(b)	Long Term Borrowing	(627,14,655)	
(c)	Repayment of Short Term Borrowing	(919,41,428)	
(d)	Loan term debt under current Liabilities	76,89,503	
(e)	Interest on Borrowings	(128,73,647)	
(f)	Proceeds from issue of Equity Share	171,07,010	
(g)	Proceeds from Securities Premium Account	1628,92,990	
(h)	Issue expenses of equity shares	(27,50,000)	**174,09,772**
	Net Increase / (Decrease) in cash and cash equivalents		5,04,939
Add :	Effect of Changes in Exchange Rate		(58,68,597)
Add :	**Opening balance of cash and equivalents**		387,87,808
	Closing balance of cash & cash equivalents		**334,24,150**

KINECO LIMITED PLOT NO. 41 PILERNE IND. ESTATE

ASHISH V. PRABHU ... & CO. Membership No.: 103874 Firm Reg. No.: 117774W Panaji-Goa

Notes :

1 The aforesaid statement has been prepared under the indirect method, as set out in "Accounting Standard (AS) 3 - "Cash Flow Statement", as specified in the Companies (Accounting Standards) Rules, 2006

2 Figures for the previous year have been regrouped, wherever necessary

As per our report of even date attached
For M/S ASHISH V.PRABHU VERLEKAR & CO
CHARTERED ACCOUNTANTS
Firm Membership no.117774W

ASHISH V. PRABHU VERLEKAR & CO.
Membership No:- 103874
Firm Reg. No:- 117774W
Panaji-Goa

CA. ASHISH V. PRABHU VERLEKAR
PROPRIETOR
MEMBERSHIP NO. 103874

Place: Panaji - Goa
Date: 19.05.2016

For and on behalf of the Board
Kineco Limited.,

KINECO LIMITED
PLOT NO. 41
PILERNE IND. ESTATE

(Shekhar Sardessai)
Executive Vice Chairman &
Managing Director

S. R. Aravind Kumar

(S R Aravindkumar)
Chief Finance Officer

(Prashant Naik)
Director

Place: Panaji - Goa
Date: 10.05.2016