

PNEUMATIC HOLDINGS LIMITED

NOTICE

Notice is hereby given that the First Annual General Meeting of the Members of the Company will be held on Monday, the 29th day of June 2015 at 10.45 a.m. at S. M. Joshi Socialist Foundation (S.M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk Pune 411030 to transact the following business.

ORDINARY BUSINESS:

ITEM NO. 1

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31 March 2015 and the Reports of the Board of Directors and Auditors thereon.

ITEM NO. 2

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. P. G, Bhagwat, Chartered Accountants, (Firm Registration Number 101118W) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the sixth Annual General Meeting to be held in financial year 2019-20, subject to ratification by members annually, at a remuneration to be decided by the Board of Directors.”

SPECIAL BUSINESS

ITEM NO. 3

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** Mr. Atul Kirloskar (holding DIN 00007387), who was appointed as First Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

ITEM NO. 4

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** Mr. Anil C. Kulkarni (holding DIN 00030995), who was appointed as First Director and in respect of whom the Company has received a notice in writing under

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Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

ITEM NO. 5

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Anil N. Alawani (holding DIN 00036153), who was appointed as First Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company, liable to retire by rotation.”

ITEM NO. 6

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of Listing Agreement, Mr. Sunil Shah Singh (holding DIN 00233918), who was appointed as an First Director and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from 29 June 2015.”

ITEM NO. 7

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of Listing Agreement, Mr. Vijay K. Bajhal (holding DIN 00531315), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and Article 115 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of one year commencing from 29 June 2015.”

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ITEM NO. 8

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of Listing Agreement, Mrs. Savita Sahasrabudhe (holding DIN 06926402), who was appointed as an Additional Director on 17 September 2014 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and Article 115 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from 29 June 2015.”

ITEM NO. 9

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 61(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the Authorized Share Capital of the Company be and is hereby increased from Rs. 2,00,00,000 (Rupees Two Crores only) divided into 20,00,000 (Twenty Lakhs) Equity Shares of Rs. 10/- each to Rs. 7,50,00,000 (Rupees Seven Crores Fifty Lakhs only) divided into 75,00,000 (Seventy Five Lakhs) Equity Shares of Rs. 10/- each, by creation of additional 55,00,000 (Fifty Five Lakhs) Equity Shares of Rs. 10/- each.”

RESOLVED FURTHER THAT Mr. Anil C. Kulkarni, Director and Mr. Aniket Deshpande, Authorised Signatory be and is hereby authorized to do all such acts, deeds and things as may be necessary for giving effect to this resolution.”

RESOLVED FURTHER THAT pursuant to the provisions of Section 13 read with Section 61 and other applicable provisions of the Companies Act, 2013, Clause 5 of the Memorandum of Association of the Company be and is hereby substituted and read as under :-

“The Share Capital of the Company is Rs. 7,50,00,000 (Rupees Seven Crores Fifty Lakhs only) divided into 75,00,000 (Seventy Five Lakhs) Equity Shares of Rs. 10/- each.”

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ITEM No. 10

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Sections 197, 198 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of Listing Agreement, the Consent of the members of the Company be and is hereby accorded to the Board of Directors to decide and pay the remuneration by way of Commission (over and above the payment of sitting fee(s)) to the Directors of the Company (other than the Managing Director/Whole time Director or a Director who is in the whole-time employment of the Company), a sum not exceeding one percent per annum of the Net Profit of the Company computed in the manner laid down in Section 198 and other applicable provisions, if any of the Companies Act, 2013, for each financial year, commencing from the Financial Year 2015-16.”

BY ORDER OF THE BOARD OF DIRECTORS



A handwritten signature in black ink, appearing to read "Atul Kirloskar".

ATUL KIRLOSKAR
CHAIRMAN
DIN: 00007387

Place: Pune
Date: 19 May 2015

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NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a Proxy, duly executed and properly stamped should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies shall not have the right to speak at the Annual general Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The Statement setting out the material facts pursuant to Section 102 (1) of the Companies Act, 2013, ("the Act") in respect of Special Business No. 3 to 10 of the Notice to be transacted at this Annual General Meeting is annexed hereto.
4. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries in writing at least 7 days in advance of the date of the meeting so that the information can be made available at the time of the meeting.
5. All documents referred to in the Notice or in the accompanying Statement under Section 102 of Companies Act, 2013 are available for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 10.00 a.m. to 12.00 noon, prior to the date of the Annual General Meeting and also available for inspection at the meeting.
6. Members are requested to bring their attendance slip and copy of the annual report at the meeting.

BY ORDER OF THE BOARD OF DIRECTORS



A handwritten signature in black ink, appearing to read "Atul Kirloskar".

ATUL KIRLOSKAR
CHAIRMAN
DIN: 00007387

Place: Pune
Date: 19 May 2015

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ANNEXURE TO THE NOTICE

As required by Section 102 (1) of the Companies Act, 2013, the following Statement sets out all material facts relating to Item Nos. 3 to 10 in the accompanying notice of Annual General Meeting of the Company to be held on Monday, the 29th day of June 2015 at 10.45 a.m. at S. M. Joshi Socialist Foundation (S.M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk Pune 411030.

ITEM NO. 3 to 8 OF THE NOTICE:

Mr. Atul Kirloskar, Mr. A.C. Kulkarni, Mr. A. N. Alawani and Mr. Sunil Shah Singh are First Directors of the Company appointed with effect from 16 September 2014 (date of incorporation).

All the First Directors hold office up to the ensuing Annual General Meeting and are eligible for re-appointment.

Further Mr. Vijay K. Bajhal and Mrs. Savita P. Sahasrabudhe were appointed as Additional Directors of the Company with effect from 17 September 2014 by the Board of Directors under Section 161 of the Companies Act, 2013 ("the Act") and Article 115 of Articles of Association of the Company. In terms of Section 161 of the Act, Mr. Bajhal and Mrs. Sahasrabudhe hold the office only up to the ensuing Annual General Meeting of the Company and are eligible for appointment thereat.

It is proposed to re-appoint Mr. Vijay K. Bajhal for a period of one year and Mr. Sunil Shah Singh and Mrs. Savita Sahasrabudhe for a period of five years respectively, as Independent Directors under Section 149, 152 and Schedule IV of Act and rules thereunder and Clause 49 of Listing Agreement.

A notice under Section 160 of the Act from a member proposing candidatures Mr. Atul Kirloskar, Mr. A.C. Kulkarni, Mr. A. N. Alawani, Mr. Sunil Shah Singh, Mr. Vijay K. Bajhal and Mrs. Savita P. Sahasrabudhe for the office of Directors along with deposit of Rs. 1,00,000 each has been received by the Company.

Mr. Atul Kirloskar, Mr. A.C. Kulkarni, Mr. A. N. Alawani, Mr. Sunil Shah Singh, Mr. Vijay K. Bajhal and Mrs. Savita P. Sahasrabudhe are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013, and have given their consent to act as a Director. The Company has also received declarations from Mr. Atul Kirloskar, Mr. A.C. Kulkarni, Mr. A. N. Alawani, Mr. Sunil Shah Singh, Mr. Vijay K. Bajhal and Mrs. Savita P. Sahasrabudhe that each of them meet the criteria of independence as prescribed both under Sub-Section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of Listing Agreement,.

In the opinion of Board of Directors, Mr. Sunil Shah Singh, Mr. Vijay K. Bajhal and Mrs. Savita P. Sahasrabudhe fulfil the conditions for their appointment as Independent Director in accordance with Rule 5 of the Companies (Appointment of Directors) Rules, 2014.

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Copy of the draft letter for appointment of Mr. Sunil Shah Singh, Mr. Vijay K. Bajhal and Mrs. Savita P. Sahasrabudhe as Independent Directors setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

None of the Directors or their relative other than Mr. Atul Kirloskar, Mr. A.C. Kulkarni, Mr. A. N. Alawani, Mr. Sunil Shah Singh, Mr. Vijay K. Bajhal and Mrs. Savita P. Sahasrabudhe to the extent of their interest and shareholding are concerned or interested in this matter. The Company does not have Key Managerial Personnel.

The Board of Directors recommends the resolutions set out at item nos. 3 to 8 of the accompanying Notice for the approval of members.

ITEM NO. 9

In view of the Composite Scheme of Arrangement and Amalgamation ("the Composite Scheme") between the Company, Kirloskar Brothers Investments Limited and Kirloskar Oil Engines Limited (KOEL) and their respective shareholders and creditors; the Board of Directors of the Company at its meeting held on 19 May 2015 increased the Authorised Capital of the Company from 2,00,00,000 to Rs. 7,50,00,000, by creation of additional 55,00,000 (Fifty Five Lakhs) Equity Shares of Rs. 10/- each, subject to approval of members.

Accordingly, Clause 5 of the Memorandum of Association of the Company is altered to give effect to the aforesaid increase in Authorised Capital. Copy of Memorandum of Association with proposed alteration in the accompanying Explanatory Statement are available for inspection by the members at the Registered Office of the Company on all working days, except Saturday, Sunday and public holidays, between 10.00 a.m. to 12.00 noon, prior to the date of the Annual General Meeting and also available for inspection at the meeting.

The Board of Directors recommends the resolution set out at item no. 9 of the accompanying Notice for the approval of members.

ITEM NO. 10

Pursuant to provisions of Section 197 of Companies Act, 2013, a Director who is neither in the whole time employment of the Company nor a Managing Director may be paid remuneration, inter alia, by way of commission, at the rate of 1% Net Profits of the Company, to all such Directors together, if the Company has a Managing Director Whole-time Director with the approval of members in general meeting.

As per the provisions of Clause 49 of Listing Agreement, all fees/compensation, if any, to non-executive directors, including independent directors shall require previous approval of shareholders in general meeting.

Hence, approval of shareholders is sought by for payment of commission as set out in Item no. 10.

All Directors (other than the Managing Director/Whole-time Director/Manager) of the Company may be deemed to be concerned or interested in this resolution to the extent of their shareholding and commission which may be received by each of them. The relatives of such

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directors may be deemed to be concerned or interested in this resolution to the extent of their shareholding and commission which may be received by each of them.

The Company does not have Key Managerial Personnel.

The Board recommends the Special Resolution as set out in Item no. 10 of the Notice for approval of shareholders.

BY ORDER OF THE BOARD OF DIRECTORS



A handwritten signature in blue ink, appearing to read "Atul Kirloskar".

ATUL KIRLOSKAR
CHAIRMAN
DIN: 00007387

Place: Pune
Date: 19 May 2015

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DIRECTORS' REPORT FOR THE YEAR ENDED ON 31 MARCH 2015

To the Members,

Your Directors have pleasure in presenting their First Annual Report together with the Audited Statement of Accounts for the year ending 31 March 2015.

The Company was incorporated on September 16, 2014 as a wholly owned subsidiary of Kirloskar Brothers Investments Limited and received Certificate of Incorporation on that date from Registrar of Companies, Pune, Maharashtra.

FINANCIAL PERFORMANCE

The Company's financial performance for the year under review are given hereunder:

Particulars	Amount in Rs.
Total Income	7,51,325
Total Expenditure	87,96,608
Profit before exceptional items and taxation	(80,45,283)
Provision for tax (including deferred tax)	(24,15,701)
Net Profit/(Loss)	(56,29,582)

During the year, the Company invested in Fixed Deposits and earned an interest income of Rs. 7.51 lakhs.

DIVIDEND

Your Directors do not recommend dividend for financial year 2014-15.

OPERATIONS:

The Company was incorporated with an object:

1. to carry on business as an investment Company and to buy, sell, invest, acquire by gift, transfer, allotment and hold in the name of the Company or its nominees, shares, stocks, papers, debenture stock, bonds, commercial papers, obligations and securities of any kind, issued and/or guaranteed by any of the Kirloskar Group Companies and/or their Affiliates subject to prior approval of Reserve Bank of India wherever necessary and to buy, sell, acquire other security investments of Kirloskar Brothers Investments Limited, under any scheme of arrangement / merger / demerger or under any court order or by way of transfer, allotment.
2. To carry on business of Travel Services in the form of Vehicle Leasing.

During the period under review, Kirloskar Brothers Investments Limited (KBIL) had proposed its restructuring by way of a Composite Scheme of Arrangement and Amalgamation (the "Composite Scheme") between the Company, KBIL and Kirloskar Oil Engines Limited

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(KOEL) and their respective shareholders and creditors, to demerge the Travel Services Undertaking along with various investments of KBIL except KOEL into the Company and merge the residual company with KOEL. Final hearing in this regard concluded on 30 April 2015 and an order of the Hon'ble Bombay High Court is awaited.

After the Scheme is effective, the Company will commence the operations as per its object clause.

CAPITAL

The Authorised Capital of the Company is Rs. 2,00,00,000/- and the Board of Directors of the Company proposes to increase the same to Rs. 7,50,00,000/- by creation of additional 55,00,000 Equity Shares of Rs. 10/- each.

AUDITORS

The Board of Directors appointed M/s. P. G. Bhagwat, Chartered Accountants (Firm's Registration No. 101118W), Pune, as First Statutory Auditors of the Company at its meeting held on 17 September 2015. It is proposed to appoint M/s. P. G. Bhagwat as Statutory Auditors of the Company from the conclusion of this Annual General Meeting (AGM) 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. The requisite certificate as per Section 139 of the Act has been received by the Company.

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

None.

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, 4 (four) Board meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Act.

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DIRECTORS'S RESONSIBILITY STATEMENT

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

- a) that in the preparation of the annual financial statements for the year ended 31 March 2015, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Part B to the Financial Statements have been selected and applied consistently and 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 2015 and of the loss of the Company for the year ended on that date;
- c) that the proper and sufficient care has been taken for the 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 fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION 6 OF SECTION 149 OF THE ACT

The Company has received the declarations pursuant to provisions of Section 149 of the Act from the Independent Directors.

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The Company was not required to device any policy relating to Directors' appointment, payment of remuneration and discharge of their duties as the relevant provisions are not applicable to the Company.

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORT

There was no qualification, reservation or adverse remark made by the Statutory Auditors in their report. The Company was not required to obtain report of practicing company secretary.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION 186

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

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PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 IN THE PRESCRIBED FORM

Pursuant to the provisions of Section 134 of the Companies Act, 2013 read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, the particulars 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. C1 of the Financial Statements.

STATE OF COMPANY'S AFFAIRS

Discussion on state of Company's affairs has been covered in the paras of operation and financial performance.

AMOUNTS PROPOSED TO BE CARRIED TO RESERVES

Nil.

MATERIAL CHANGES AND COMMITMENTS IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE 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. 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	Nil
ii)	Foreign Exchange outgo during the year in terms of actual outflows	Nil

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY FOR THE COMPANY

The Company has not formulated any Risk Management Policy.

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DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

BOARD EVALUATION

The Company is not required to conduct performance evaluation of its Board.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

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

DETAILS OF DIRECTORS OR KEY MANAGEMENT PERSONNEL WHO WERE APPOINTED OR RESIGNED DURING THE YEAR

Mr. Atul Kirloskar, Mr. A. C. Kulkarni, Mr. A. N. Alawani and Mr. Sunil Shah Singh were appointed as the First Directors of the Company with effect from September 16, 2014 (date of incorporation of the Company).

All the First Directors retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Vijay K. Bajhal and Mrs. Savita P. Sahasrabudhe were appointed as an Additional Directors of the Company with effect from 17 September, 2014. Both the Directors hold office till the conclusion of this ensuing Annual General Meeting and are eligible for re-appointment.

It is proposed to re-appoint Mr. Vijay K. Bajhal for a period of one year and Mr. Sunil Shah Singh and Mrs. Savita Sahasrabudhe for a period of five years respectively, as Independent Directors under Section 149, 152 and Schedule IV of the Companies Act, 2013 ("the Act") and rules thereunder.

The Company has received notices under Section 160 of the Act from a member signifying their intention to propose re-appointment of all of the above Directors at the ensuing Annual General Meeting.

The Company does not have Key Managerial Personnel.

NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BECOME ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES DURING THE YEAR

None.

DETAILS RELATING TO DEPOSITS COVERED UNDER CHAPTER V OF THE ACT

None.

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DETAILS OF DEPOSITS WHICH ARE NOT IN COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER V OF THE ACT:

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:

The Company has neither received nor is aware of any such order from Regulators, Courts or Tribunals during the year, except the following:

The Company has filed a Composite Scheme of Arrangement and Amalgamation (the "Composite Scheme") between the Kirloskar Brothers Investments Limited, the Company and Kirloskar Oil Engines Limited (KOEL) and their respective shareholders and creditors, to demerge the Travel Services Undertaking along with various investments of KBIL except investment in KOEL into the Company and merge the residual company with KOEL. Final hearing in this regard concluded on April 30, 2015 and an order of the Hon'ble Bombay High Court is awaited.

After the scheme is effective, the Company will commence its operations.

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

None.

COMPOSITION OF AUDIT COMMITTEE:

The Company was not required to constitute Audit Committee and formulate Vigil Mechanism as the relevant provisions of the Act read with rules are not applicable to the Company.

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

None.

CASH FLOW

A Cash Flow Statement for the year ended 31 March 2015 is attached to the Balance Sheet.

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ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS




ATUL KIRLOSKAR
CHAIRMAN
DIN: 00007387

DATE: 19 MAY 2015
PLACE: PUNE

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ANNEXURE I

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) 25453002 Fax: +91(20) 25434262 Email: aniket.deshpande@kirloskar.com
vi.	Whether listed company	No
vii.	Name, address and contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and description of main products / services	NIC code of the product / service	% to total turnover of the Company
1.	Nil	N.A.	N.A.

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
	Nil	N.A.	N.A.	N.A.	N.A.

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

i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% change during the year
A. Promoters									
(1) Indian									
Individual / Hindu Undivided Family	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
State Government (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bodies Corporates	Nil	20,00,000*	20,00,000*	100*	Nil	20,00,000*	20,00,000*	100*	Nil
Bank / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1) :-	Nil	20,00,000*	20,00,000*	100*	Nil	20,00,000*	20,00,000*	100*	Nil
(2) Foreign									
Non Resident Indians – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bodies Corporates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Banks / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):-	Nil	20,00,000*	20,00,000*	100*	Nil	20,00,000*	20,00,000*	100*	Nil

PNEUMATIC HOLDINGS LIMITED

Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	Nil	20,00,000*	20,00,000*	100*	Nil	20,00,000*	20,00,000*	100*	Nil
B. Public Shareholding									
1. Institutions									
Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Banks / Financial Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
State Government (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Non – Institutions									
a. Body Corporates									
i. Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii. Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. Individuals									
i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

PNEUMATIC HOLDINGS LIMITED

ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c. Others (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (2) :-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B) = (B) (1) + (B) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by custodian for GDRs and ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	20,00,000*	20,00,000*	100*	Nil	20,00,000*	20,00,000*	100*	Nil

*includes 6 shares held by individuals as nominee of Kirloskar Brothers Investments Limited

(ii) Shareholding of Promoters

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	
Kirloskar Brothers Investments Limited	20,00,000	100	0.00	20,00,000	100	0.00	0.00

*includes 6 shares held by individuals as nominee of Kirloskar Brothers Investments Limited

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

Sr. No.	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company

PNEUMATIC HOLDINGS LIMITED

	At the beginning of the year	20,00,000	100		
	Date wise increase / decrease in promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	Date	Name of Promoter			
	Reason				
	Nil	Nil	Nil	Nil	Nil
	At the end of the year			20,00,000	100.00

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

Not applicable.

(v) Shareholding of Directors and Key Managerial Personnel:

None of the Directors hold shares in the Company. The Company does not have Key Managerial Personnel.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment - None.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

None of the Directors were given remuneration during the year. The Company does not have Key Managerial personnel hence the aforesaid disclosure is not applicable.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

By Company/Directors/other officers in Default – None.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS




ATUL KIRLOSKAR
CHAIRMAN
DIN: 00007387

DATE: 19 MAY 2015
PLACE: PUNE

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PNEUMATIC HOLDINGS LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of PNEUMATIC HOLDINGS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss for the period from 16th September, 2014 to 31st March, 2015, 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 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 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 financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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, 2015, and its loss for the period from 16th September, 2014 to 31st March, 2015 and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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



M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

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

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

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

Abhijeet Bhagwat

Abhijeet Bhagwat

Partner

Membership No.:136835

Pune

19th May, 2015



Annexure

Re: Pneumatic Holdings Limited

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

- (i) (a) The Company does not have any fixed assets in the current year. Accordingly, the provisions of clause 3(i) (b) are not applicable to it.
- (ii) (a) The Company does not have any inventory. Accordingly, the provisions of clause 3 (ii) (a), (b) and (c) are not applicable to it.
- (iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, the provisions of clause 3 (iii) (a) and (b) are not applicable to it.
- (iv) The Company has not started its operations in the current year. Accordingly, the provisions clause 3 (iv) regarding adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for the sale of services are not applicable to it.
- (v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation given to us no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) According to the information and explanation given to us, maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 is not prescribed for the Company.
- (vii) (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

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

(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of any dispute.



M/s P. G. BHAGWAT

CHARTERED ACCOUNTANTS

(c) According to the information and explanation given to us, there are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

- (viii) The Company was incorporated on 16th September, 2014. Accordingly, the provisions of clause 3 (viii) regarding accumulated losses and cash losses incurred by the Company are not applicable to it.
- (ix) According to the information and explanation given to us the Company does not have any dues payable to a financial institution or bank. The Company does not have any debenture holders.
- (x) According to the information and explanation given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company does not have any term loans. Accordingly, the provisions of clause (xi) are not applicable to it.
- (xii) Based upon the audit procedures performed by us and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **M/s P G Bhagwat**

Chartered Accountants

Firm's Registration No.: 101118W

Abhijeet Bhagwat

Abhijeet Bhagwat

Partner

Membership No.:136835

Pune:

19th May, 2015



PNEUMATIC HOLDINGS LIMITED

BALANCE SHEET AS AT 31 MARCH 2015

[in Rupees]

Particulars		Note No.	As at 31 March 2015
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	A - 1		20,000,000
(b) Reserves and surplus	A - 2		(5,629,582)
(c) Money received against share warrants			-
			14,370,418
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			-
4 Current liabilities			
(a) Short-term borrowings			-
(b) Trade payables			-
(c) Other current liabilities	A - 3		8,777,893
(d) Short-term provisions	A - 4		50,361
			8,828,254
			23,198,672
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets			-
(ii) Intangible assets			-
(iii) Capital work-in-progress			-
(iv) Intangible assets under development			-
(b) Non-current investments			-
(c) Deferred tax assets (Net)			-
(d) Long term loans and advances	A - 5		2,611,194
(e) Other non-current assets			-
			2,611,194
2 Current assets			
(a) Current investments			-
(b) Inventories			-
(c) Trade receivables			-
(d) Cash and bank balances	A - 6		20,263,005
(e) Short-term loans and advances			-
(f) Other current assets	A - 7		324,473
			20,587,478
			23,198,672

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
Firms Registration No. 101118W

ABHJEET BHAGWAT
ABHJEET BHAGWAT
Partner
Membership No. 136835



ATUL C. KIRLOSKAR

ATUL C. KIRLOSKAR
Director
DIN 00007387

ANIL C. KULKARNI

ANIL C. KULKARNI
Director
DIN 00030995

Pune : 19 May, 2015

PNEUMATIC HOLDINGS LIMITED

PROFIT & LOSS STATEMENT FOR THE PERIOD FROM 16 SEPTEMBER 2014 TO 31 MARCH 2015

		[in Rupees]	
Particulars		Note No.	2014-15
I	Revenue from operations	A - 8	751,325
II	Other income		-
III	Total revenue (I + II)		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		-
	Finance Costs		-
	Depreciation and amortization expense		-
	Other expenses		-
	Total expenses	A - 9	8,796,608
V	Profit before exceptional and extraordinary items and tax (III - IV)		8,796,608
VI	Exceptional Items		(8,045,283)
VII	Profit before extraordinary items and tax (V - VI)		-
VIII	Extraordinary Items		(8,045,283)
IX	Profit before tax (VII - VIII)		-
X	Tax expenses / (Income) :		(8,045,283)
	(1) Current tax		195,493
	(2) Deferred tax		(2,611,194)
XI	Profit / (Loss) for the period from continuing operations (IX - X)		(2,415,701)
XII	Profit / (Loss) from discontinuing operations		(5,629,582)
XIII	Tax expense of discontinuing operations		-
XIV	Profit / (Loss) from discontinuing operations (XII - XIII)		-
XV	Profit / (Loss) for the period (XI + XIV)		(5,629,582)
XVI	Earning per equity share having nominal value of Rs. 10/- per share:		
	(1) Basic	C - 2	(2.81)
	(2) Diluted	C - 2	(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
Firms Registration No. 101118W

ABHJEET BHAGWAT
Partner
Membership No. 136835




ATUL C. KIRLOS KAR
Director
DIN 00007387


ANIL C. KULKARNI
Director
DIN 00030995

Pune : 19 May, 2015

PNEUMATIC HOLDINGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

		[in Rupees]
Particulars		2014-15
A.	Cash Flow from Operating Activities	
	Net Profit before taxation and extra ordinary items	(8,045,283)
	Operating profits before working capital changes	(8,045,283)
	Adjustments for	
	Increase / (decrease) in other current liabilities	8,777,893
	(Increase) / decrease in other current assets	(324,473)
	Net Cash Flow from Operating Activities	408,137
	Income Tax (Paid) / Refunded	(145,132)
	Net Cash from Operating Activities (A)	263,005
B.	Cash Flow from Investing Activities	
	Net Cash from Investment Activities (B)	-
C.	Cash Flow from Financing Activities	
	Issuance of Shares	20,000,000
	Net Cash Flow from Financing Activities (C)	20,000,000
	Net Increase in Cash & Cash Equivalents (A) + (B) + (C)	20,263,005
	Cash and cash equivalents at the beginning of the year	-
	Cash and cash equivalents at the end of the year (Refer note A - 6)	20,263,005

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
Firms Registration No. 101118W
ABHJEET BHAGWAT
ABHJEET BHAGWAT
Partner
Membership No. 136835



Atul C. Kirloskar
ATUL C. KIRLOSKAR
Director
DIN 00007387

Anil C. Kulkarni
ANIL C. KULKARNI
Director
DIN 00030995

Pune : 19 May, 2015

PNEUMATIC HOLDINGS LIMITED

PART A : NOTES TO ACCOUNTS

Particulars	As at 31 March 2015	
Note A -1 : SHARE CAPITAL		
Authorised : 2,000,000 Equity Shares of Rs. 10/- each		20,000,000
TOTAL		20,000,000
Issued, Subscribed And Paid-up : 2,000,000 Equity Shares of Rs. 10/- each		20,000,000
TOTAL		20,000,000
(a) Reconciliation of Share Capital		
Particulars	As at 31 March 2015	
	No. of Shares	Rupees
Shares outstanding at the beginning of the year	-	-
Add / (Less) : Shares issued	2,000,000	20,000,000
Shares outstanding at the end of the period :	2,000,000	20,000,000
<p>(b) The Company has only one class of equity shares, having par value of Rs. 10/- per share. Each holder of equity share is entitled for one vote per share and 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.</p> <p>(c) Proposed dividend for the current reporting period Rs. Nil.</p> <p>(d) Details of shareholders holding more than 5% shares</p>		
Name of the shareholder	As at 31 March 2015	
	No. of Shares	% of holding
Kirloskar Brothers Investments Limited (Holding Company)	2,000,000	100.00
TOTAL	2,000,000	100.00
(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)	
	2014-2015	
Equity Shares :		
Fully paid up by way of bonus shares		-
Alloted pursuant to contract (s) without payment being received in cash		-
Shares Bought Back		-



PNEUMATIC HOLDINGS LIMITED

PART A : NOTES TO ACCOUNTS (CONTD.)

[in Rupees]

Particulars	As at 31 March 2015
NOTE A - 2 : RESERVES AND SURPLUS	
Surplus :	
Opening Balance	-
Add : Transfer from Profit and Loss Statement	(5,629,582)
Amount available for appropriation	(5,629,582)
Less : Appropriations :	
	-
Balance in Profit and Loss Statement	(5,629,582)
TOTAL	(5,629,582)
NOTE A - 3 : OTHER CURRENT LIABILITIES	
Other loans and advances	
Advance from Kirloskar Brothers Investments Limited (Holding Company)	8,764,410
Other payables	
Provision for expenses	13,483
TOTAL	8,777,893
NOTE A - 4 : SHORT TERM PROVISIONS	
Others	
Provision for Taxation (Net of Advance Income Tax)	50,361
TOTAL	50,361
NOTE A - 5 : DEFERRED TAX	
Deferred tax asset	
Amalgamation Expenses	2,507,128
Preliminary Expenses	104,066
TOTAL	2,611,194
NOTE A - 6 : CASH AND BANK BALANCES	
Cash and cash equivalents	
Cash on Hand	2,515
Balance with banks	20,260,490
TOTAL	20,263,005
NOTE A - 7 : OTHER CURRENT ASSETS	
Accrued interest on fixed deposits with banks	
Unsecured, considered good	324,473
TOTAL	324,473



PNEUMATIC HOLDINGS LIMITED

PART A : NOTES TO ACCOUNTS (CONTD.)

Particulars	2014-15
NOTE A - 8 : REVENUE FROM OPERATIONS	
Revenue from investments :	
Interest income	
On fixed deposits with banks	751,325
TOTAL	751,325
NOTE A - 9 : OTHER EXPENSES	
Preoperative expenses	
Filing & Application	348,033
Rates & Taxes	434
Legal & Professional Fees	6,652,911
Travelling & Conveyance	8,790
Meeting Expenses	205,455
Auditors remuneration (Refer note No. C - 3)	87,000
Postage & Courier	10,180
Printing & Publication	1,016,697
Miscellaneous expenses	34,795
Preliminary Expenses	
Legal and professional fees	398,808
Filing and Application fees	20,781
Printing and stationery expenses	12,724
TOTAL	8,796,608



PART B: SIGNIFICANT ACCOUNTING POLICIES

B - 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

- a) The financial statements of the company have been prepared in accordance with 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.

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.

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.

B - 4. 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 - 5. 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.

B - 6. 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.

B - 7. 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.

B - 8. 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.



PART C : OTHER NOTES

C - 1. 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 Brothers Investments Limited (Refer note no C - 5)	Holding Company (from 16.09.2014)
2.	Nashik Silk Industries Limited	Fellow Subsidiary Company (Upto 31.03.2015)
3.	Kirloskar Pneumatic Company Limited	Fellow Subsidiary Company (From 16.09.2014)
4.	Kirloskar Oil Engines Limited	Fellow Subsidiary Company (From 16.09.2014)
5.	Kirloskar Roadrailer Limited	Fellow Subsidiary (Subsidiary Company of Kirloskar Pneumatic Company Limited) (From 16.09.2014)

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 Brothers Investments Limited	Holding Company (from 16.09.2014)

C. Related Party Transactions during the period

Sr. No.	Particulars	Rupees 2014-15
1.	Shares issued to : Kirloskar Brothers Investments Limited (Refer note C - 5)	20,000,000
2	Advance taken : Kirloskar Brothers Investments Limited (Advance for expenses in relation to the Scheme)	8,764,410

D. Amounts outstanding:

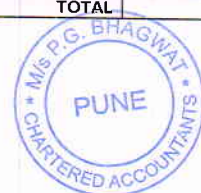
Sr. No	Particulars	As at 31 March 2015
1.	Due to Kirloskar Brothers Investments Limited (Advance for expenses in relation to the Scheme)	8,764,410

C - 2. EARNING PER SHARE (BASIC AND DILUTED)

Sr. No.	Particulars	Rupees 2014-15
(a)	Basic and Diluted Profit for the year before tax Less : Attributable Tax thereto Less : Attributable Tax thereto Profit after Tax	(8,045,283) 195,493 (2,611,194) (5,629,582)
(b)	Weighted average number of equity shares used as denominator	2,000,000
(c)	Basic and Diluted earning per share of nominal value of Rs 10/- each	(2.81)

C - 3. REMUNERATION TO AUDITORS

Sr. No.	Particulars	Rupees 2014-15
(a)	Statutory Auditors : Audit Fees	12,000
(b)	For Certification	75,000
	TOTAL	87,000



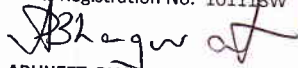
PNEUMATIC HOLDINGS LIMITED

PART C : OTHER NOTES CONTD.

- C- 4. The Board of Directors in its meeting held on September 17, 2014, had approved the Composite Scheme of Arrangement and Amalgamation between Kirloskar Brothers Investments Limited (KBIL - Transferor Company), Pneumatic Holdings Limited (PHL - Resulting Company) and Kirloskar Oil Engines Limited (KOEL - Transferee Company) and their respective shareholders and creditors under Section 391 to 394 and other relevant Sections of the Companies Act, 1956, and relevant Section of the Companies Act, 2013, to the extent applicable. The petition seeking sanction of the Scheme has been filed before the Hon'ble Bombay High Court bearing CSP No. 160 of 2015. The hearing on said petition concluded on April 30, 2015 and an order of the Hon'ble Bombay High Court is awaited till date.
- C- 5. In order to facilitate the Composite Scheme of Arrangement & Amalgamation between Kirloskar Brothers Investments Limited (KBIL) , the Company - Pneumatic Holdings Limited (PHL) & Kirloskar Oil Engines Limited (KOEL), the Company was incorporated on 16.09.2014. KBIL has subscribed to 100% shares of Rs. 20,000,000/- thus making KBIL the Holding Company.
- C- 6. There are no previous year's figures since the company was incorporated on 16.09.2014.

As per our attached report of even date

For M/s P.G. Bhagwat
Chartered Accountants
Firms Registration No. 101118W



ABHIJEET BHAGWAT
Partner
Membership No. 136835

Pune : 19 May, 2015



For and on behalf of the Board of Directors



ATUL C. KIRLOSKAR
Director
DIN 00007387



ANIL C. KULKARNI
Director
DIN 00030995