

## **AUDITOR'S REPORT**

Members,  
PSL Corrosion Control Services Limited,

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **PSL CORROSION CONTROL SERVICES LIMITED** which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matter stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation & presentation of these financial statements that give a true and fair view of the financial position and financial performance 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 control, 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 misstatements, whether due to fraud or error.

### **Auditors' Responsibility**

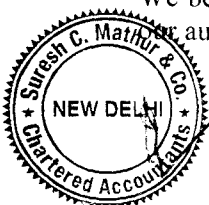
Our responsibility is to express an opinion on these financial statements based on our audit.

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 provision of the Act and Rules made thereunder.

We have 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 the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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 the 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 true and fair view in conformity with the accounting principles generally accepted in India.

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017 and
- (ii) in the case of the Statement of Profit and Loss, of the **Profit** of the Company for the year ended on that date and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

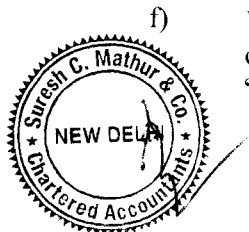
### Emphasis of Matter

We draw attention to:

The company has not carried out detailed assessment of the useful life and hence not adjusted depreciation charge accordingly as per the notification to Schedule II of the Companies Act 2013.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act. We give in the Annexure a statement on the matters specified in the paragraph 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 obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 and the Statement of Profit & Loss and 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 under Section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect of the adequacy of the internal financial control over financial reporting of company and the operating effectiveness of such controls, refer to our separate report in "Annexure-B":



- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
- i) The company does not have any pending litigations.
  - ii) The company has made provision, as required under the applicable laws or accounting standards, for material foreseeable losses, if any, on long term contracts to the financial statements.
  - iii) There was no requirement of transferring the amounts to the Investor Education and Protection Fund by the Company during the period under review.
  - iv) The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and those are in accordance with the books of accounts maintained by the company. Refer Note 9 to the financial statements.

For Suresh C. Mathur & Co,  
Chartered Accountants,  
(Firm Registration No. 000891N)

Place: New Delhi  
Dated:



*Suresh C. Mathur*  
(Suresh C. Mathur)  
Partner  
Membership No. 001276

*1/3/2017*

**ANNEXURE TO THE AUDITOR'S REPORT**

**Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the financial statements for the year ended on 31<sup>st</sup> March, 2017 of PSL CORROSION CONTROL SERVICES LIMITED**

- 1.a) The company has maintained proper records showing full particulars including quantitative details and situation of the Fixed Assets.
- 1.b) A substantial portion of the fixed assets have been physically verified by the management during the period. In our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- 2.a) The inventory has been physically verified by the management during the period by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable
- 2.b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- 2.c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory and the same is certified by the management. The discrepancies noticed on verification between physical stocks and the book records have been properly dealt with in the books of account.
3. The Company has not granted loans, secured/unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
4. The Company has complied in respect of loan, investments, guarantees and securities as required under provision of sections 185 and 186 of the Companies Act, 2013.
5. The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the rules framed there under. Therefore, the provisions of Section 73 and 74 of the Act and any other relevant provisions of the Companies Act, 2013 and the rules framed there under with regard to deposits accepted from the public are not applicable to the Company.
6. According to the information and explanation given to us, The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, Hence this clause is not applicable.
7. According to the records of the Company, the Company is regular in depositing undisputed Statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Excise, valued added tax, Cess and any other statutory dues with the appropriate authorities, however there is some delay in depositing Govt. dues due to financial difficulties. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty, Service Tax, Excise Duty and Cess were outstanding, at the financial reporting period ending on 31<sup>st</sup> March 2017 for a period of more than six months from the date they became payable.
7. a) As on 31<sup>st</sup> March, 2017 according to the records of the Company the following are the particulars of disputed dues on account of Service Tax have not been deposited.

Sr. No.	Nature of Dues	Amount under Dispute (Rs. In Lacs)	Period to which the amount relates	Forum where the dispute is pending
1	Service Tax	105	2005-06	Departmental Appeal, High Court, Mumbai
2	Service Tax	506	2006-07	Tribunal



8. The Company has not defaulted in repayment of loan and borrowings to financial institution, bank and Govt.
9. The Company has not raised money by way of initial public offer (including debt instruments) and term loans were applied for the purposes for which those are raised.
10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company. Accordingly, paragraph 3(Xii) of the Order is not applicable.
13. The Company has disclosed all transaction with the related parties are in compliance with section 188 of Companies Act, 2013 were applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period.
15. The Company has not entered into any non-cash transactions with directors or persons connected with him.
16. The Company is not required to be registered u/s 45-IA of the Reserve Bank of India Act, 1934. This is not applicable to the Company.

For Suresh C. Mathur & Co.  
Chartered Accountants,  
(Firm Regn. No. 000891N)

Place: New Delhi  
Dated:



*Suresh C. Mathur*  
(Suresh C. Mathur)  
PARTNER  
M. No. 1276

*1/13/17*

**Annexure - B to the Auditors' Report**

**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 PSL CORROSION CONTROL SERVICES LIMITED ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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**

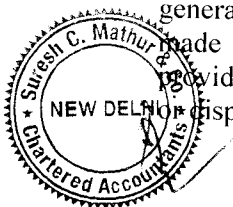
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

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



**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Suresh C. Mathur & Co.  
Chartered Accountants,  
(Firm Regn. No. 000891N)

Place: New Delhi  
Dated:

*Suresh C. Mathur*  
(Suresh C. Mathur)  
PARTNER  
M. No. 1276



*1/12/2017*

# PSL CORROSION CONTROL SERVICES LIMITED

Balance Sheet as at 31<sup>st</sup> March, 2017

[Figure in Lakhs]

Particulars		Note No.	31st March 2017 [ 12 month ]	31st March 2016 [ 12 month ]
<b>I. EQUITY AND LIABILITIES :</b>				
<b>1</b>	<b>Shareholders' funds</b>			
(a)	Share capital	<b>2</b>	140.00	140.00
(b)	Reserves and surplus	<b>3</b>	5,872.91	5,816.67
(c)	Money received against share warrants		-	-
<b>2</b>	<b>Share application money pending allotment</b>			
<b>3</b>	<b>Non-current liabilities</b>			
(a)	Long-term borrowings	<b>4</b>	338.00	670.00
(b)	Deferred tax liabilities (Net)		-	-
(c)	Other Long term liabilities		-	-
(d)	Long-term provisions		-	-
<b>4</b>	<b>Current liabilities</b>			
(a)	Short-term borrowings	<b>4a</b>	3,372.00	3,450.00
(b)	Trade payables	<b>5</b>	785.16	859.33
(c)	Other current liabilities	<b>6</b>	1,171.74	786.85
(d)	Short-term provisions	<b>7</b>	855.50	813.19
<b>TOTAL : ₹</b>		<b>→</b>	<b>12,535.31</b>	<b>12,536.04</b>
<b>II. ASSETS :</b>				
<b>Non-current assets</b>				
<b>1</b>	<b>Fixed assets</b>	<b>8</b>		
(i)	Tangible assets		542.60	628.51
(ii)	Intangible assets		-	-
(iii)	Capital work-in-progress		1,584.30	1,584.30
(iv)	Intangible assets under development		-	-
(b)	Non-current investments	<b>9</b>	55.50	55.50
(c)	Deferred tax assets (net)		2.81	1.61
(d)	Long-term loans and advances	<b>10</b>	258.47	255.33
(e)	Other non-current assets		-	-
<b>2</b>	<b>Current assets</b>			
(a)	Current investments		-	-
(b)	Inventories	<b>11</b>	1,146.71	533.30
(c)	Trade receivables	<b>12</b>	1,022.00	1,547.45
(d)	Cash and cash equivalents	<b>13</b>	751.62	855.53
(e)	Short-term loans and advances	<b>14</b>	7,171.30	7,074.51
(f)	Other current assets		-	-
<b>TOTAL : ₹</b>		<b>→</b>	<b>12,535.31</b>	<b>12,536.04</b>

The note form an integral part of these financial statements

As per our Report of even date  
For **Suresh C. Mathur & Co.**  
Chartered Accountants  
Firm Regn.No- 000891N

**[SURESH C. MATHUR]**

(Partner)

Membership No- 1276



Date :

For and on behalf of the Board of Directors  
of PSL Corrosion Control Services Limited

**KESHAV PUNJ**  
[Director]

**RAGHAV PUNJ**  
[Director]

**G GEHANI**  
[Director]



**PSL CORROSION CONTROL SERVICES LIMITED**  
**Profit and loss statement for the year ended 31<sup>st</sup> March, 2017**

[Figure in Lakhs]

Particulars		Note No.	31st March 2017 [12 month]	31st March 2016 [ 12 month ]
I.	Revenue from operations	15	6,823.51	7,197.43
II.	Other income	16	68.98	51.82
III.	<b>Total Revenue (I + II) ₹</b>		<b>6,892.50</b>	<b>7,249.25</b>
IV.	<u>Expenses:</u>			
	Cost of materials consumed	17	2,895.25	2,975.50
	Purchases of Stock-in-Trade	18	-	-
	Manufacturing and Operating Costs	19	2,338.87	2,211.22
	Changes in inventories of finished goods WIP and Stock-in-Trade	20	(574.97)	(110.48)
	Employee benefits expense	21	1,207.51	1,127.36
	Finance costs	22	466.23	473.43
	Depreciation and amortization expense		89.55	97.21
	Other expenses	23	390.40	387.25
	<b>Total expenses ₹</b>		<b>6,812.84</b>	<b>7,161.49</b>
V.	<b>Profit before exceptional and extraordinary items and tax</b>	(III-IV)	79.65	87.76
VI.	Exceptional items		-	-
VII.	<b>Profit before extraordinary items and tax (V - VI)</b>		<b>79.65</b>	<b>87.76</b>
VIII.	Extraordinary Items		-	-
IX.	<b>Profit before tax (VII - VIII)</b>		79.65	87.76
X	Tax expense:			
	(1) Current tax		24.61	27.12
	(2) Deferred tax		(1.20)	-
XI	<b>Profit (Loss) for the period from continuing operations</b>	(IX-X)	<b>56.24</b>	<b>60.64</b>
XII	Profit/(loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	<b>Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>		-	-
XV	<b>Profit (Loss) for the period (XI + XIV) →</b>		<b>56.24</b>	<b>60.64</b>
XVI	Earnings per equity share:			
	(1) Basic		4.02%	4.33%
	(2) Diluted		4.02%	4.33%
The note form an integral part of these financial statements				

As per our Report of even date  
For **Suresh C. Mathur & Co.**  
Chartered Accountants  
Firm Regn.No- 000891N

*Suresh C. Mathur*  
**SURESH C. MATHUR**  
(Partner)

Membership No- 1276

Date:



For and on behalf of the Board of Directors  
of PSL Corrosion Control Services Limited

*Keshav Punj*  
**KESHAV PUNJ**  
[Director]

*Raghav Punj*  
**RAGHAV PUNJ**  
[Director]

*G Gehani*  
**G GEHANI**  
[Director]

**PSL Corrosion Control Services Limited**  
**Cash Flow Statement for the year ended 31st March 2017**

[Figures in Lakhs]

CASH FLOW FROM OPERATING ACTIVITIES		2016-17	2015-16
Add:-	Profit before tax	79.65	87.76
	Extraordinary item	-	-
	<b>Profit before tax and extraordinary item</b>	<b>79.65</b>	<b>87.76</b>
	<b>Adjustments to Reconcile Profit before tax to net cash flows</b>		
	Depreciation	89.55	97.21
	Other Borrowing Costs	1.23	8.72
	Interest Paid	465.00	464.72
	Depreciation on Sale of fixed asset	-	(22.23)
	Interest Received	(37.31)	(43.74)
	Profit on Sale of Motor Car	-	(0.70)
	<b>Movements in Working Capital</b>		
	(Increase)/ Decrease in Inventories	(613.41)	(127.58)
	Decrease/ (Increase) in Trade Receivables	525.45	(823.20)
	(Increase)/ Decrease in Short Term Loans & Advances	(96.79)	390.01
	Increase/ Decrease in Short Term Provisions	17.70	-
	Increase/ Decrease in other current liabilities	384.89	-
	Decrease/ Increase in Trade Payables	(74.17)	664.21
	<b>Net Cash Flow from Operating Activities [A]</b>	<b>741.80</b>	<b>695.17</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Purchase of Tangible fixed assets	(3.64)	(11.01)
	Interest Received	37.31	43.74
	Decrease in Capital WIP	-	152.74
	Sale of Tangible fixed assets	-	23.98
	<b>Net Cash Flow from Investing Activities [B]</b>	<b>33.67</b>	<b>209.45</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
	Increase in Long term Loans and Advances	(3.14)	18.00
	Repayment of Long term Borrowings	(332.00)	(332.00)
	Repayment of Short term Borrowings	(78.00)	(50.00)
	Other Borrowing Costs	(1.23)	(8.72)
	Interest Paid	(465.00)	(464.72)
	<b>Net Cash Flow from Financing Activities [C]</b>	<b>(879.37)</b>	<b>(837.44)</b>
	<b>Net Decrease/Increase in Cash &amp; Cash equivalents</b>		
	<b>[A+B+C]</b>	<b>(103.90)</b>	<b>67.18</b>
	Opening Cash & Cash equivalents [A]	855.53	788.35
	Closing Cash & Cash equivalents [B]	751.62	855.53
	<b>[B-A]</b>	<b>(103.91)</b>	<b>67.18</b>

As per our Report of even date  
 For **Suresh C. Mathur & Co.**  
 Chartered Accountants  
 Firm Regn.No- 000891N

**[SURESH C. MATHUR]**  
 (Partner)  
 Membership No- 1276



For and on behalf of the Board of Directors  
 of PSL Corrosion Control Services Limited

*Raghu Punj*  
**RAGHAV PUNJ**  
 [Director]

*Keshav Punj*  
**KESHAV PUNJ**  
 [Director]

*G. Gehan*  
**G. GEHAN**  
 [Director]

We have examined the above Cash Flow Statement of PSL Limited for the Financial Reporting Period ended 31st March 2017. The statement has been prepared by the company in accordance with the requirements of clause 32 of the listing agreement entered into with Stock Exchanges and based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company

Place: New Delhi  
 Date:



For **Suresh C. Mathur & Co.**  
 Chartered Accountants  
 Firm Registration no. 000891N

**[SURESH C. MATHUR]**  
 (Partner)  
 M.NO.001276

1/5/30/17

## PSL CORROSION CONTROL SERVICES LIMITED

### NOTE - 1

#### **Statement of Significant Accounting Policies and Practices for the year ended 31st March, 2017**

These financial statements have been prepared on an accrual basis and under historical cost convention and in compliance. In all material aspects, with the applicable accounting principles in India, the applicable accounting standard notified under Section 133 and the other relevant provisions of the Companies Act, 2013.

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be less than 12 months.

#### **1. Method of Accounting**

The accounts are prepared in accordance with the requirement of the Companies Act, 2013 under the historical cost convention on accrual basis and in accordance with the applicable mandatory Accounting Standards.

#### **2. Valuation of Inventories**

The Raw Materials, Stores and Spare Parts are valued at cost, which is arrived on FIFO basis. Finished Goods are valued at cost plus proportionate overhead or net realizable value whichever is lower.

#### **3. Cash Flow Statement**

The Cash Flow statement is prepared by the indirect method set out in Accounting Standard -3 on Cash Flow Statement and presents Cash Flows by operating investing and financing activities of the Company. Cash and cash equivalent presented in the Cash Flow Statement consists of Cash in Hand and demand deposits with banks as on the Balance sheet date

#### **4. Method of Depreciation and Amortisation**

The Company has not carried out detailed assessment of the useful life and hence not adjusted depreciation charge accordingly as per the notification to Schedule II of the Companies Act, 2013. Depreciation is provided from the date the assets have been installed and put to use on written down value method at the rates and in the manner prescribed by schedule XIV of the Companies Act, 1956.

#### **5. Fixed Assets**

Fixed Assets are stated at cost of acquisition and installation. The cost includes Freight, Duties and Taxes and related incidental expenses less Modvat Credit.

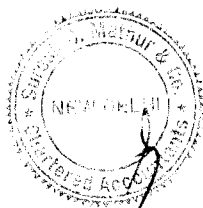
#### **6. Research and Development**

Revenue Expenditure is charged to Profit and Loss Account and Capital Expenditure is added to the cost of Fixed Assets in the year when it is incurred.

#### **7. Revenue Recognition**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services, sales tax, and service tax adjusted for discounts (net) and Value Added Tax (VAT). Dividend income is recognized when right to received is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

- i. Revenue Income is recognised on accrual basis except where mentioned otherwise, in particular.
- ii. Sales revenue is recognised on dispatch of goods.
- iii. Sales and freight charged in invoices, rebates, discounts, claims etc. are excluded there from. Rebates claims and discounts are accounted for as and when determined.
- iv. Expenditure is accounted for on accrual basis and provisions are made for all known liabilities.



## **8. Foreign Currency Translations**

The payment and receipt incurred in foreign currency during the period are accounted at the rates prevailing on the date of transaction.

## **9. Investments**

Investments are of long term nature and are stated at cost of acquisition, less any diminution in the value other than temporary. The investments in the Companies under the same management whose share are unquoted are valued at cost.

## **10. Employee Benefits**

i. The parent Company has covered the Employee's of PSL Corrosion Control Services Limited under the LIC Group Gratuity & Super Annuation Scheme. The Leave encashment plan is covered under the State Bank of India Life Scheme. The Provident fund, Pension Fund is deposited with the Provident Fund Authorities through the parent Company. Contribution to above said defined contribution schemes are all charged to Profit & Loss Account.

ii. The actuarial valuation details are given in the notes of accounts of the parent company.

## **11. Borrowing Cost**

Interest & Other borrowing costs are charged to Revenue

## **12. Taxation**

### **Current Tax:**

Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961,

### **Minimum Alternative Tax(MAT)**

MAT paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future Income Tax liability, is considered an asset if there is convincing evidence that the company will pay normal income tax in the future. Accordingly, MAT is recognized as an asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will fructify.

### **Deferred Tax:**

Deferred tax is recognized for all timing differences, subject to the consideration of prudence applying the tax rates that have been substantively enacted by the Balance Sheet date. Deferred Tax Assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

## **13. Management Estimate**

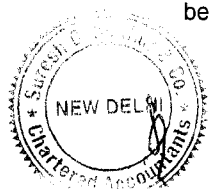
The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and the differences between actual results and estimates are recognised in the periods in which the results are known materialize.

## **14. Impairment of Assets**

According to the "Accounting Standard-28 " Impairment of Assets", the management at each Balance Sheet date reviews whether there is any indication that an asset may be impaired. An impairment loss is recognized in the statement of Profit & Loss if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized. At each Balance Sheet date, a previously assessed impairment loss is reassessed and adjustments are made to the carrying value of such asset.

## **15. Provisions**

A provision is recognised when there is a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligations and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the best current estimate.



**NOTE 2****SHARE CAPITAL**

[Figure in Lakhs]

<u>Share Capital</u>	31st March 2017	31st March 2016
	[12 month]	[12 month]
<b>Authorised Capital</b>		
25,00,000 Equity Shares of 10/- each	250.00	250.00
<b>Issued Subscribed &amp; Paid up Capital</b>		
14,00,020 Equity Shares of 10/- each fully paid	140.00	140.00
→ Total :	<b>140.00</b>	<b>140.00</b>

**NOTE 2 A**

Particulars	Equity Shares	
	31st March 2017	31st March 2016
	[12 month]	[12 month]
	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	1,400,020	1,400,020
Shares Issued during the year	NIL	NIL
Shares bought back during the year	NIL	NIL
Shares outstanding at the end of the year	<b>1,400,020</b>	<b>1,400,020</b>

**NOTE 2 B**

The Company has only one class of equity shares having a par value of Rs. 10 Per Share. Each Shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of Interim Dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

**NOTE 2 C**

The details of Shareholders holding more than 5% Shares

SR NO	Name of Shareholder	31-Mar-17		31-Mar-16	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	PSL LIMITED	1,400,020	100%	1,400,020	100%

**NOTE 3****RESERVES & SURPLUS**

[Figure in Lakhs]

<u>Reserves &amp; Surplus</u>	31st March 2017	31st March 2016
	[12 month]	[12 month]
<b>a. Securities Premium Reserve</b>		
Opening Balance	NIL	NIL
For Issuing Bonus Shares	NIL	NIL
Closing Balance	<b>NIL</b>	<b>NIL</b>
<b>b. Other Reserves (General Reserve)</b>		
Opening Balance	1,197.54	1,197.54
(+) Current Year Transfer	NIL	NIL
(-) Written Back in Current Year	NIL	NIL
Closing Balance	<b>1,197.54</b>	<b>1,197.54</b>
<b>c. Surplus</b>		
Opening balance	4,619.14	4,558.50
(+) Net Profit/(Net Loss) For the current year	56.24	60.64
Less: Transfer to Reserves	NIL	NIL
Add: Prior Years Expenses	NIL	NIL
Closing Balance	<b>4,675.37</b>	<b>4,619.14</b>
→ Total :	<b>5,872.91</b>	<b>5,816.67</b>



**NOTE 4****LONG TERM BORROWINGS**

[Figure in Lakhs]

<u>Short Term Borrowings</u>	31st March 2017 [12 month]	31st March 2016 [12 month]
SECURED LOAN - OBC	NIL	NIL
SECURED LOAN - UNI	NIL	NIL
SECURED LOAN - NBFC	338.00	670.00
(Secured against first charge on the entire Fixed Assets of the Company and first parri passu charges on the curent asstes of the company)		
<b>Total</b> →	<b>338.00</b>	<b>670.00</b>

**NOTE 4 A****SHORT TERM BORROWINGS**

[Figure in Lakhs]

<u>Short Term Borrowings</u>	31st March 2017 [12 month]	31st March 2016 [12 month]
SECURED LOAN - OBC	NIL	NIL
SECURED LOAN - UNI	NIL	NIL
SECURED LOAN - YES BANK	3,372.00	3,450.00
( Secured against First Pari Passu charges on all future and present current assets including receivables and books debts of the Borrower)		
<b>Total</b> →	<b>3,372.00</b>	<b>3,450.00</b>

**NOTE 5****TRADE PAYABLES**

[Figure in Lakhs]

<u>Trade Payables</u>	31st March 2017 [12 month]	31st March 2016 [12 month]
Trade Payables	785.16	859.33
Others	NIL	NIL
→ <b>Total :</b>	<b>785.16</b>	<b>859.33</b>

**NOTE 6****OTHER CURRENT LIABILITIES**

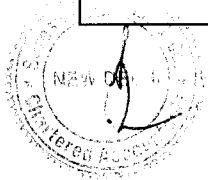
[Figure in Lakhs]

<u>Other Current Liabilities</u>	31st March 2017 [12 month]	31st March 2016 [12 month]
(a) Mobilisation Advance from Customer	943.44	563.81
(b) Other payables	228.29	223.04
→ <b>Total :</b>	<b>1,171.74</b>	<b>786.85</b>

**NOTE 7****SHORT TERM PROVISIONS**

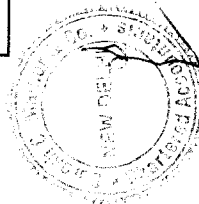
[Figure in Lakhs]

<u>Short Term Provisions</u>	31st March 2017 [12 month]	31st March 2016 [12 month]
(a) Provision for employee benefits		
Salary & Reimbursements	92.29	97.13
(b) Others Provision for Exp.	146.48	123.94
(b) Others (Specify nature)		
Provision for Taxation - Current Tax	616.73	592.12
→ <b>Total :</b>	<b>855.50</b>	<b>813.19</b>



**NOTE 8  
FIXED ASSETS**

Sr. No.	Fixed Assets	Gross Block				Depreciation / Accumulated				Net Block	
		As at 1st April 2016	Additions during the year	Disposals during the year	As at 31st March 2017	As at 1st April 2016	Depreciation charge for the year	Disposals during the year	As at 31st March 2017	As at 31st March 2017	As at 31st March 2016
[a]	<b>Tangible Assets</b>										
1	Land	-	-	-	1,148.05	679.77	-	-	743.68	404.37	-
2	Plant & Machinery	1,148.05	-	-	184.29	151.35	53.91	-	157.28	27.01	468.28
3	Furniture & Fixtures	183.59	0.69	-	21.99	18.87	5.93	-	19.75	2.23	32.25
4	Computers	19.87	2.12	-	14.63	11.31	0.88	-	11.56	3.07	1.00
5	Electrical Installation	14.63	-	-	2.54	1.46	0.25	-	1.51	1.02	3.32
6	Residential Building	2.54	-	-	174.25	109.48	0.05	-	114.53	59.72	1.08
7	Factory Shed/building	174.25	-	-	5.60	3.01	5.04	-	3.34	2.26	64.76
8	Office Equipments	4.77	0.83	-	239.63	194.77	0.33	-	206.38	33.25	1.75
9	Motor Car	239.63	-	-	32.55	26.07	11.61	-	26.95	5.60	44.86
10	Lab Equipments	32.55	-	-	11.57	6.84	0.88	-	7.49	4.08	6.47
11	Earth Moving Equipments	11.57	-	-	-	-	0.66	-	-	-	4.74
	<b>Total</b>	<b>1,831.44</b>	<b>3.64</b>	<b>-</b>	<b>1,835.08</b>	<b>1,202.93</b>	<b>89.55</b>	<b>-</b>	<b>1,292.47</b>	<b>542.60</b>	<b>628.51</b>
	<b>Previous Year</b>	<b>1,843.71</b>	<b>11.01</b>	<b>23.28</b>	<b>1,831.44</b>	<b>1,127.95</b>	<b>97.21</b>	<b>22.23</b>	<b>1,202.93</b>	<b>628.51</b>	<b>715.77</b>
[b]	<b>Capital Work In Progress</b>										
	<b>Total</b>	<b>1,584.30</b>	<b>-</b>	<b>-</b>	<b>1,584.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,584.30</b>	<b>1,584.30</b>
	<b>Previous Year</b>	<b>1,737.04</b>	<b>-</b>	<b>152.74</b>	<b>1,584.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,584.30</b>	<b>1,737.04</b>



**NOTE 9**

[Figure in Lakhs]

Non Current Investments	31st March 2017	31st March 2016
	[12 month]	[12 month]
<b>08.A Investement in Subsidiaries</b> <u>Unquoted , Trade</u>	NIL	NIL
<b>08.B Investment in Associates</b> <u>Unquoted , Trade Investments</u>		
BHI LIMITED. 140000 Equity Shares of ` 10/- Each	14.00	14.00
PSL IMITED 2150000 Equity Shares of PSL Ltd. (Received 4550000 Equity Shares of PSL Ltd) in lieu of 2,60,000/- Equity Share of 10/- each of PSL Ltd.	12.29	12.29
<b>Investment in Mutual Funds:</b>		
SBI Capital Protection Oreinted Fund	14.21	14.21
Axis Equity Fund	15.00	15.00
	<b>55.50</b>	<b>55.50</b>

**NOTE 10****LONG TERM LOANS & ADVANCES**

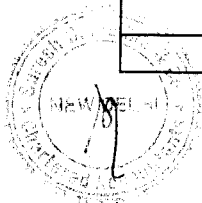
[Figure in Lakhs]

Long Term Loans and Advances	31st March 2017	31st March 2016
	[12 month]	[12 month]
<b>a. Security Deposits</b>		
Secured, considered good	36.55	25.44
Unsecured, considered good	NIL	NIL
Doubtful	NIL	NIL
	<b>36.55</b>	<b>25.44</b>
<b>b. Other loans and advances</b>		
Advance for Supply of Raw Material & Others	NIL	NIL
Loan to Employees & Advances	NIL	NIL
Excise & VAT Deposits & Others	221.92	229.89
Doubtful	NIL	NIL
	<b>221.92</b>	<b>229.89</b>
→ <b>Total :</b>	<b>258.47</b>	<b>255.33</b>

**NOTE 11****INVENTORIES**

[Figure in Lakhs]

Inventories	31st March 2017	31st March 2016
	[12 month]	[12 month]
a. Raw Materials and components (Valued at cost)	314.12	297.35
b. Trading Items (Valued at cost)	NIL	NIL
c. Work-in-progress (Valued at Cost)	250.26	3.51
d. Finished goods (Valued at cost or realisable value whichever is less)	480.25	152.03
e. Stores and spares (Valued at Cost)	102.07	80.41
→ <b>Total :</b>	<b>1,146.71</b>	<b>533.30</b>





**NOTE 12****TRADE RECEIVABLES**

[Figure in Lakhs]

Trade Receivables	31st March 2017 [12 month]	31st March 2016 [12 month]
Trade receivables outstanding for more than six months Unsecured, considered good	538.81	473.37
Trade receivables outstanding for less than six months Unsecured, considered good	483.19	1,074.08
→ <b>Total :</b>	<b>1,022.00</b>	<b>1,547.45</b>

**NOTE 13****CASH AND CASH EQUIVALENTS**

[Figure in Lakhs]

Cash and cash equivalents	31st March 2017 [12 month]	31st March 2016 [12 month]
a. Balances with banks	120.19	166.46
b. Fixed deposits with Banks [ under bank lien ]	629.53	677.33
c. Cash in hand	1.90	11.74
→ <b>Total :</b>	<b>751.62</b>	<b>855.53</b>

**NOTE 14****SHORT-TERM LOAN AND ADVANCES**

[Figure in Lakhs]

Short-term loans and advances	31st March 2017 [12 month]	31st March 2016 [12 month]
<u>Secured, considered good</u>		
Advance Recoverable in Cash or Kind or For Value to be Received	2,291.30	2,158.71
Due from Holding Company [without interest]	4,075.14	4,173.64
<u>Unsecured, considered good</u>		
Tax Deducted at Source Receivable	331.32	251.48
Advance Tax Paid	438.59	438.59
Advance to Suppliers and Others	34.95	52.09
→ <b>Total :</b>	<b>7,171.30</b>	<b>7,074.51</b>



**NOTE 15**

[Figure in Lakhs]

Revenue from Operations (Gross)	31st March 2017 [12 month]	31st March 2016 [12 month]
<b>Sale of Service</b>		
Services	6,668.77	7,103.93
Branch Transfer	58.87	51.55
Other Operative Revenue	95.87	41.95
<b>Total :</b>	<b>6,823.51</b>	<b>7,197.43</b>

**NOTE 16**

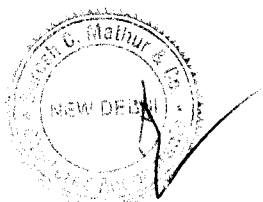
[Figure in Lakhs]

Other Income	31st March 2017 [12 month]	31st March 2016 [12 month]
<b>Other Non Operating Income :</b>		
Interest Received on FDR	37.31	43.74
Provision not required income	22.48	NIL
Insurance Claim Receipt	3.47	0.28
Profit on Sales of Motor Car	NIL	0.70
Miscellaneous Receipt	5.55	7.11
Exchange Fluctuation Diff.	0.17	NIL
<b>Total :</b>	<b>68.98</b>	<b>51.82</b>

**NOTE 17**

[Figure in Lakhs]

Cost of Material Consumed	31st March 2017 [12 month]	31st March 2016 [12 month]
<b>16.A. Raw Material &amp; Componets Consumed</b>		
Opening Stock	297.35	280.50
Purchases	2,912.03	2,992.34
	<b>3,209.38</b>	<b>3,272.85</b>
Less: Closing Stock	314.12	297.35
	<b>2,895.25</b>	<b>2,975.50</b>
<b>16.B. Imported and Indigenous Raw Material &amp; Componets Consumed</b>		
Imported	607.41	643.76
%	20.98%	21.64%
Indigenous	2,287.84	2,331.74
%	79.02%	78.36%
	<b>2,895.25</b>	<b>2,975.50</b>
	<b>100.00%</b>	<b>100.00%</b>
<b>16.C. Details of Raw Material &amp; Componets Consumed</b>		
Others	NIL	NIL
	<b>2,895.25</b>	<b>2,975.50</b>



**NOTE : 18**

Purchases of Stock-in-Trade	[Figure in Lakhs]	
	31st March 2017 [12 month]	31st March 2016 [12 month]
Opening Stock	NIL	NIL
Purchases	NIL	NIL
Less: Closing Stock	NIL	NIL
<b>Total :</b>	<b>NIL</b>	<b>NIL</b>

**NOTE 19**

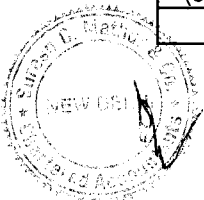
Manufacturing & Operating Cost	[Figure in Lakhs]	
	31st March 2017 [12 month]	31st March 2016 [12 month]
Consumption of Consumable Sotres & Spare Parts		
Opening Stock	80.41	80.15
Purchases	480.76	430.19
	<b>561.17</b>	<b>510.34</b>
Less: Closing Stock	102.07	80.41
<b>Total :</b>	<b>459.09</b>	<b>429.93</b>
Power & Fuel	481.47	498.68
Service Tax	493.99	479.03
Octroi	11.32	5.56
Transporation/ Freight Charges	210.38	195.42
Commission to Contractors	4.08	3.94
Loading/Unloading / Errection/Commissioning	585.52	398.67
Coating Charges of Bars	82.05	190.70
Testing and Lab Exp.	7.20	3.67
Service tax on Goods Transport Agency - GTA	3.76	5.61
<b>Total :</b>	<b>2,338.87</b>	<b>2,211.22</b>
<b>Imported and Indigenous Stores &amp; Spare Parts Consumed</b>		
Imported	148.75	151.93
%	32.40%	35.34%
Indigenous	310.35	278.01
%	67.60%	64.66%
	<b>459.09</b>	<b>429.93</b>
	<b>100.00%</b>	<b>100.00%</b>

**NOTE 20**

Change in Inventories of Finished goods, Work in Progress and in Trade	Stock	[Figure in Lakhs]	
		31st March 2017 [12 month]	31st March 2016 [12 month]
<b>Opening Stock</b>			
Finished Goods		152.03	42.97
Work in Progress/Semifinished		3.51	2.10
		155.55	45.07
<b>Less : Closing Stock</b>			
Finished Goods		480.25	152.03
Work in Progress		250.26	3.51
		730.51	155.55
<b>Total :</b>		<b>(574.97)</b>	<b>(110.48)</b>

**NOTE 21**

Employee Benefits Expense	[Figure in Lakhs]	
	31st March 2017 [12 month]	31st March 2016 [12 month]
(a) Salaries , Bonus etc.	1,017.32	832.48
(b) Contributions to Provident and other funds	78.25	176.64
(c) Renumeration to Director	62.40	62.40
(c) Staff welfare expenses	49.53	55.83
<b>Total :</b>	<b>1,207.51</b>	<b>1,127.36</b>



**NOTE 22**

		[Figure in Lakhs]	
Finance costs		31st March 2017 [12 month]	31st March 2016 [12 month]
Bank Charges		1.23	8.72
Bank Interest on Loan		465.00	464.72
<b>Total :</b>		<b>466.23</b>	<b>473.43</b>

**NOTE 23**

		[Figure in Lakhs]	
SR No	Other expenses	31st March 2017 [12 month]	31st March 2016 [12 month]
1	Audit Fees		
2	Electricity Charges	1.35	1.52
3	Repair to Building	10.00	3.09
4	Repair to Machinery	1.08	1.08
5	Insurance	2.84	1.87
6	Rates & Taxes	9.38	9.33
7	Legal & Professional Fees	9.71	11.10
8	Office Maintenance	41.35	36.14
9	Postage/Telephone/Courier and Internet	6.86	7.93
10	Travelling Expenses	5.18	11.62
11	Business Promotion Expenses	44.42	45.35
12	Lease Rent	30.23	47.11
13	Advertisement Expenses	34.79	27.62
14	Motor Vehicle Expenses	-	-
15	Conveyance Expenses	13.05	19.45
16	Donation A/c.	10.08	18.57
17	computer Software Exp.	1.35	2.22
18	Miscellaneous Expenses	2.40	0.32
<b>Total :</b>		<b>166.33</b>	<b>142.93</b>
<b>Total :</b>		<b>390.40</b>	<b>387.25</b>

**NOTE 24**

		[Figure in Lakhs]	
SR No	Audit fees	31st March 2017 [12 month]	31st March 2016 [12 month]
1	Audit Fees		
2	For taxation matters,	1.35	1.52
3	For other services,	NIL	NIL
		NIL	NIL

**NOTE 25**

		[Figure in Lakhs]	
Earning of Foreign Currency		31st March 2017 [12 month]	31st March 2016 [12 month]
Export Sales			
Royalty		134.24	NIL
Interest on Dividend		NIL	NIL
Other Income		NIL	NIL
		NIL	NIL

		[Figure in Lakhs]	
Expenditure in Foreign Currency		31st March 2017 [12 month]	31st March 2016 [12 month]
Travelling Expenses			
Raw Material Purchase		3.02	3.93
Spares Purchase		474.99	464.32
		153.24	134.52

