

## QUALITY THAT INSPIRES TRUST



**ANNUAL REPORT  
2017-18**

**KISAN MOULDINGS LIMITED**

# CONTENTS

<b>1.</b>	<b>CORPORATE OVERVIEW</b>	
	1. CORPORATE INFORMATION.....	03
	2. PERFORMANCE HIGHLIGHTS.....	04
	3. PRODUCT SEGMENTS.....	05
	4. COMPANY MILESTONES.....	06
	5. CHAIRMAN'S STATEMENT.....	07
<b>2.</b>	<b>STATUTORY REPORTS</b>	
	1. DIRECTORS' REPORT.....	09
	2. MANAGEMENT DISCUSSION & ANALYSIS.....	19
	3. REPORT ON CORPORATE GOVERNANCE.....	34
	4. CERTIFICATE ON CORPORATE GOVERNANCE.....	49
<b>3.</b>	<b>FINANCIAL STATEMENTS</b>	
	1. INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS.....	51
	2. STANDALONE FINANCIAL STATEMENTS.....	57
	3. INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS.....	93
	4. CONSOLIDATED FINANCIAL STATEMENTS.....	96
<b>4.</b>	<b>NOTICE</b>	
	1. NOTICE OF ANNUAL GENERAL MEETING.....	134
	2. EXPLANATORY STATEMENTS.....	139
	3. PROFILE OF DIRECTORS (SEEKING APPOINTMENT & RE-APPOINTMENT).....	141
	4. ROUTE MAP.....	142
	5. PROXY FORM.....	143

## ANNUAL GENERAL MEETING

**Date : Saturday, September 22, 2018 | Time : 04:30 p.m.**

**Venue :** MIRAGE HOTEL, INTERNATIONAL AIRPORT  
APPROACH ROAD, ANDHERI-KURLA ROAD, MAROL,  
ANDHERI (EAST), MUMBAI - 400 059

## E-VOTING SCHEDULE

### CUT OFF DATE

Saturday, September 15, 2018

### START DATE

Tuesday, September 18, 2018  
(9:00 a.m.)

### END DATE

Friday, September 21, 2018  
(5:00 p.m.)

## FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable Stake Holders to comprehend our prospects and take Relative decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# CORPORATE **OVERVIEW**





## A Turnaround backed by a New & Renewed Focus



To stay competitive, dynamic and ahead in business one needs to keep pace with the changes and shift gears accordingly. Your company has stayed true to this fact by embracing new strategies which are beginning to show results and are expected to bring a turnaround to the business operations. We have renewed our focus towards existing products in the irrigation and plastic piping solutions and complemented it by introducing new products to enhance and expand our offerings. We at Kisan Mouldings Limited (KML) are fortunate to be bestowed with the powerful brand “KisaN” and “KML CLASSIC” and with pride are leveraging it to create and tap new opportunities.

We have revamped our existing product line and added new products which will accrue in the form of better acceptability and developing stronger customer loyalty. Our endeavor and zeal will always be to provide the best in class products to our customers and enrich their lives with our association. One has rightly said that change is always refreshing provided the quality and serviceability are tightly knitted. We take this philosophy to heart.

India's economy is growing faster than most large economies of the world. Investments in infrastructure sector and the government's several bold initiatives are triggering positive changes. The Indian plastic pipe market is expected to grow more than 10% over next three years supported by rising demand from both construction piping as well as agricultural piping segments.

Government's bold reforms such as introduction of Goods and Services Tax (GST) in 2017 and Demonetization in 2016 are a boon for the organized plastic piping sector. The share of unorganized sector in the plastic piping market is expected to

drop. This not only signals shift of trade to organized players but also means better pricing power.

While on one side the replacement market (from GI pipes to plastic pipes) continues to give steady support to demand, the massive highway construction is creating organic demand. Construction of national highways in India has hit a record of almost 10,000 km in FY18 and the targets for project awards for FY19 are 25% higher. In addition to this, government initiative such as affordable housing, smart cities, doubling of farmers' income by 2022, interconnectivity of canal, etc. point toward higher demand for plastic piping in the coming years. We at KML are geared up to leverage on these opportunities backed by right products, production capacities and required financial capabilities.

To further increase our visibility, we have taken a bold and definite step by undertaking branding and promotions exercises over television, print and digital media. In addition, we also undertook to advertisements on retail hoardings and participating in exhibitions.

As most of you must be aware in November 2017, your company roped in Mr. Amitabh Bachchan to be the brand ambassador. We are confident that the strong image of Mr. Bachchan will give your company impetus to grow and receive acceptance in newer geographies. We are pleased and honored by the decision that have been taken towards brand building and here are what the voices of your company had to say:

We believe the endorsement of KML's products by Mr. Bachchan will further strengthen the bond with the masses, give our users a greater sense of purpose and help the brand scale newer heights over the course of next few years.

## Corporate Information

### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTORS

- Sanjeev Aggarwal - Chairman & Managing Director (DIN: 00064076)
- Rishav Aggarwal - Whole-time Director (DIN: 05155607)

#### NON EXECUTIVE DIRECTORS

- Sunil Goyal - Non-Independent Director (DIN: 00503570)
- H.S. Upendra Kamath - Independent Director (DIN: 02648119)
- Anjana Motwani - Independent Director (DIN: 02650184)
- Praveen Kumar Tripathi - Additional Director (DIN: 03154381)

#### LISTING

The BSE Limited

#### REGISTERED OFFICE

26 'A', 3<sup>rd</sup> Floor, K-wing, "Tex Centre",  
Chandivali, Off Saki Vihar Road,  
Andheri (East), Mumbai - 400 072. India.  
Tel: 42009100/9200,  
Email ID: [cs.kisan@kisangroup.com](mailto:cs.kisan@kisangroup.com)  
CIN: L17120MH1989PLC054305  
Website: [www.kisangroup.com](http://www.kisangroup.com)

#### REGISTRAR AND SHARE TRANSFER AGENT

Sharex Dynamics (India) Private Limited  
Unit - 1, Luthra Industrial Premises, Safed Pool, Andheri  
Kurla Road, Andheri (East), Mumbai - 400 072  
Tel.No.: 022 - 2851 5606/644  
Fax No. : 022-2851 2885  
Email: [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com)

#### KEY MANAGERIAL PERSONNEL

- Mr. Amit Sudhakar - Chief Financial officer
- Mr. Dharak Mehta - Company Secretary & Compliance Officer

### STATUTORY AUDITORS

M/s A D V & Associates  
Chartered Accountants

### SECRETARIAL AUDITOR

M/s. AVS & Associates,  
Company Secretaries

### BANKERS

- Punjab National Bank
- Union Bank of India
- The Shamrao Vithal Co-op Bank Ltd.
- IDBI Bank Ltd
- ICICI Bank Ltd

### ACCOUNTING CONSULTANTS

KPMG

### PLANT LOCATIONS

- Survey no. 64/1, 63/1, 70, 71, 72, 74/1/1 Village - Mahagaon, Taluka-Palghar, Boisar, Dist, Thane (Maharashtra).
- Survey No. 34/1/1, Village - Umerkui, Silvassa - D. & N.H. (U. T.).
- Plot No. 5-A/5 Industrial Area No. 2, Dewas, Madhya Pradesh - 455001.
- Plot No.172-B and 173-A Village Nogenhalli, Kora Hubli, Tumkur Taluka, Karnataka.
- Survey No. 108/1/6, Surangi Road, Near Khadoli Sub Station, Silvassa



## Performance Highlights

### Revenue from Operations

(₹ In Lakhs)

**47,360**

2013-14	53,635
2014-15	44,898
2015-16*	46,442
2016-17*	43,548
2017-18*	47,360

### Operating EBITDA

(₹ In Lakhs)

**4,101**

2013-14	5,327
2014-15	1,503
2015-16*	2,806
2016-17*	3,520
2017-18*	4,101

### EBITDA margins

**8.66%**

2013-14	9.93%
2014-15	3.35%
2015-16*	6.04%
2016-17*	8.08%
2017-18*	8.66%

### Profit After Taxes

(₹ In Lakhs)

**12**

2013-14	233
2014-15	-3,784
2015-16*	-1,532
2016-17*	-97
2017-18*	12

### Debt to Equity

(x)

**1.58**

2013-14	4.97
2014-15	5.07
2015-16*	5.06
2016-17*	2.95
2017-18*	1.58

### Total Debt

(₹ In Lakhs)

**21,634**

2013-14	22,899
2014-15	23,381
2015-16*	23,331
2016-17*	23,038
2017-18*	21,634

Note: The above revenue from operation is net of excise duty and goods and service tax collected on behalf of government.

(\* Figures as per IndAS)



## Product Segments

Kisan Mouldings Limited (KML) has built a plethora of products in the plastic piping and irrigation industry and is positioned to gain traction in the market there by bringing in with it stronger sales, higher growth, improved customer services and higher profitability. The products address the needs of various customers spanning from architects, builder, farmers and individuals.

The refresh in the existing product line and the introduction of new products are uniquely placed to cater to different target markets. This gives KML the confidence to be aggressive in re-gaining market share. We are confident of the fact with the investments made in technical know-how and the product line will reap rich dividends over the coming years.

Our Product basket consists of the following:



- 1. KML CLASSIC CPVC Plumbing System:** The Chlorinated Polyvinyl Chloride pipe is manufactured at the plant which is located in Tumkur, Karnataka. It is one of the largest plants with a tonnage capacity of 6,600 MT. The usage of these products is mainly Residential, Commercial Buildings, Hotels, Educational Institutions, and Swimming Pools whose application is used to distribute water of both hot and cold temperatures. The products are manufactured using high quality resin and technology from Japan. The pipes are free from corrosion and work well in conditions where the soil or atmospheric conditions are at an extreme. The CPVC pipes are usually known to have longer life expectancy (50 years) in comparison to the galvanized iron pipes.
- 2. FREE flow UPVC plumbing pipes (ASTM):** The Unplasticized Polyvinyl Chloride (UPVC) pipes are manufactured in the state-of-the-art plants based in Tarapur location. The installed capacity for these pipes is 9,000 MT. The capacity utilized for the fiscal 2018 was 36%. These pipes are used in multifarious application like any other CPVC product. The pipes are mainly installed for transporting drinking water without causing any changes to the water properties. The pipes manufactured by KML are chemical and corrosion resistant and are durable and stronger. The pipes are easy to install, low in maintenance and high life expectancy making it a cost effective solution for the user.

**3. Soil, Waste & Rain water system (S.W.R):** These pipes find their usage in drainage & sewerage applications, and are more superior and durable than the conventional drainage systems.

These pipes are available in the range of Permafit and Classic with diameters ranging from 40mm to 200mm. These pipes are light in weight and cost effective. The pipes of such kind do not require maintenance or inspection which why its performance is always unblemished. The SWR pipes are also less prone to damage during transit and the pipes are corrosion and rodent resistant.

**4. Irrigation systems:** Irrigation is an important aspect of farming and agriculture in India. It means supplying water to regions/areas which are dry and mainly will be used for cultivation. India being an agrarian economy, irrigation continues to be the backbone. In order to facilitate irrigation KML manufactures products which are mainly drip and sprinkle irrigation. The irrigation products enable to save water consumption by 50-70%. It has also shown significant increase in the yield of the crop.

**5. Solvents:** The solvent cements are used mainly for joining the pipes and fitting. These solvents vary for the different kind of pipes i.e. UPVC, CPVC, HDPE and are available in plastic pet bottles, cans, carboys and barrels

**6. Furniture:** KML has extended its know-how in plastics by manufacturing premium moulded plastic furniture for homes and offices. The furniture range consists of chairs, dining and centre tables. These are manufactured using high quality material i.e. virgin polypropylene.

## Company Milestones

### 1982-85

- Inception of the company as single unit, single product organisation
- Started our first extrusion line in Rigid PVC Pipes

### 1986-91

- Started Moulded & PVC manufacturing unit in Tarapur

### 1992-96

- Introduced classic range of SWR pipes & Fittings
- Listed on stock exchange

### 1997-01

- Gross Turnover of the company crossed ₹100 crore

### 2002-06

- Expansion of the PVC Pipes & Fittings product range
- Strengthening the dealer network PAN India

### 2007-11

- Expansion in various categories of products
- Gross Turnover of the company crossed ₹600 crore

### 2012-16

- Launch of CPVC pipes & fittings manufactured at the state of the art facility in Bengaluru
- Major investment in modernisation & automation of various plants

### 2017-18

- Major thrust in brand building
- New product launches
- Major growth push



## Chairman's Statement



**Mr. Sanjeev Aggarwal**

Chairman & Managing Director  
(DIN: 00064076)

Dear Shareholder(s),

I am extremely happy and humbled to write to all shareholders on the 29<sup>th</sup> Annual report of your Company. The Company had a successful year with strong growth in revenues over previous financial year.

I am confident that the trend of profitability will move higher and we are on the right path of making it a reality. When I look at the Company from where it all started and to now where it has been I see continuous innovation. Business cannot be static and has to keep evolving by taking advantage of the changing market. In this process business will encounter challenges which also present opportunities. The Company has also had its share of difficulties in the past and has fought hard to keep pace with the changing industry landscape.

Your company has gained vast amount of experience in this industry and has always strived to stay ahead of the learning curve by developing new ways to operate in the business environment. This new experience and learning has given us the confidence and vigour of renewing ourselves and to pursue opportunities and touch new heights by manufacturing products that meet customer needs and stay cemented by improving quality and serviceability.

Business in the modern world has evolved and got even more competitive with new opportunities' emerging at every step to be seized. In lieu of this it is highly imperative for companies to make the right investments whether it is products, people or technology and at the same time maintain a balance between each of these variables and keep risk management in-check. A mixture of these ingredients and being customer-centric helps in creating products that will suit their requirements and ever increasing customer demand.

I can confidently say that the Company is implementing best practices that make the future for your company more promising. For the year ended 31<sup>st</sup> March 2018 your company posted Standalone revenues of ₹4,736 Mn which is a year on year growth of 10%.

We will continue to remain prudent in our investments in both technology and products and also focus on increasing our shareholders value and returns profile.

As I look at the years to come by, I can see the emerging opportunities for growth starkly in front of us. The fundamental changes that the Company has implemented will help to regain lost market share and I am excited as I have begun to see the fruits of our efforts.

I look forward to you my fellow shareholders to be a part of this progress and milestones as we create new heights for the Company.

# STATUTORY REPORTS

