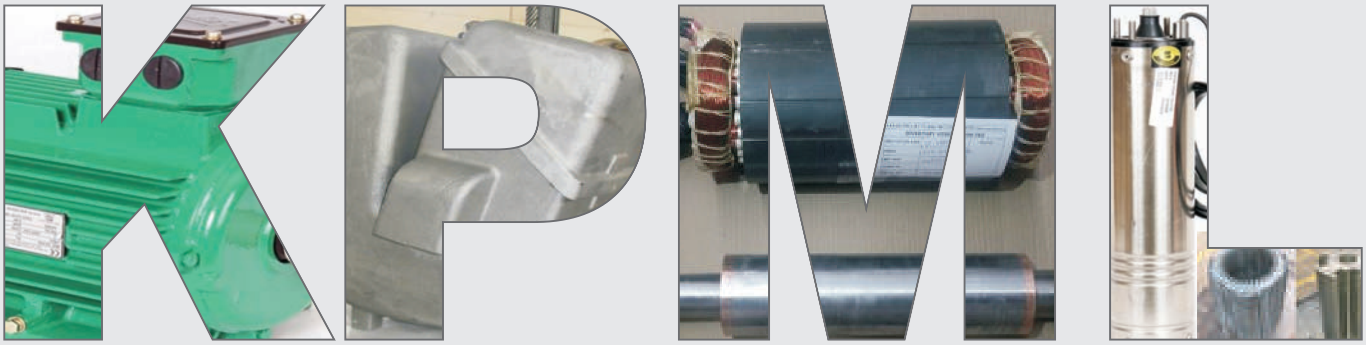
Enriching Lives

KARAD PROJECTS AND MOTORS LIMITED

A Kirloskar Group Company

ANNUAL REPORT 2018-19



On 28th November, 2018 Montanari, Italy, a leading Elevator machine Manufacturing Company have completed 10 years of their operations & business in India. On this occasion Mr. Guilio Montanari, Founder (Montanari Group) presented memento to **KPML** as one of their key supplier in India.

Solar Project at motor division

Annual Report for the financial year ended on 31st March 2019

BOARD OF DIRECTORS

K. Taranath	-	Chairman
Ravindra R. Samant	-	Managing Director
Sandeep A. Phadnis	-	Director
Anant R. Sathe	-	Director
Achyut B. Gokhale	-	Director (upto 27 July, 2018)
Ms. Rama S. Kirloskar	-	Director (w.e.f. 17 July, 2018)
Padmakar S. Jawadekar	-	Additional Director (w.e.f. 17 April, 2019)

CHIEF FINANCIAL OFFICER
Vijaykumar V. Kulkarni

COMPANY SECRETARY
Raghunath S. Apte

AUDITORS
M/s P. G. Bhagwat
Chartered Accountant,
Suite 102, 'Orchard', Dr. Pai Marg, Baner,
Pune - 411 045

BANKERS
HDFC Bank Limited

REGISTERED OFFICE
Plot B-67 & 68, MIDC Karad Industrial Area,
Tasawade, Karad - 415 109
E-mail: enquiry@kpml.co.in
Website: www.kpml.co.in

WORKS/DIVISIONS
Motor Division: Plot B-67 & 68,
MIDC Karad Industrial Area,
Tasawade, Karad - 415 109

Stamping Division: Plot D-2 & D-2/1,
MIDC Karad Industrial Area,
Tasawade, Karad - 415 109

Component Division: 775/B, Plot No. 11,
Karad Dhebewadi Road,
Wing - 415 122

Project Division: Udyog Bhavan,
Tilak Road, Pune - 411 002

Information for shareholders

Annual General Meeting

Day & date	:	Wednesday, 17th July 2019
Time	:	11.00 AM.
Venue	:	Registered Office, Plot B-67 & 68, MIDC Karad Industrial Area, Tasawade, Karad - 415 109

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DIRECTORS' REPORT

The Members
Karad Projects and Motors Limited

Your Directors present the **Eighteenth Annual Report** and Audited Financial Statements of the Company for the year ended **March 31, 2019.**

1. FINANCIAL PERFORMANCE

The financial results of the Company for the year 2018-19 as compared with the previous year are as under :-

Particulars	Current year ended March 31, 2019 (Rs. in Lakhs)	Previous year ended March 31, 2018 (Rs. in Lakhs)
Revenue from Operations	**32,542.15**	32,636.44
Excise Duty recovered	**–**	994.11
Total Revenue from Operations	**32,542.15**	33,630.55
Other Income	**147.82**	63.13
Total	**32,689.97**	33,693.69
Less - Depreciation	**548.50**	513.68
Finance Costs	**68.63**	60.98
Other Expenses	**29,631.69**	31,098.36
Profit / (Loss) before tax	**2,441.14**	2,020.66
Provision for Income / deferred tax	**571.37**	369.64
Net Profit / (Loss) for the year	**1,869.77**	1,651.02

APPROPRIATIONS :

Your Directors propose to appropriate the available balance for the current year as under:

Particulars	Current year ended March 31, 2019 (Rs. in Lakhs)	Previous year ended March 31, 2018 (Rs. in Lakhs)
Dividend	**488.33**	348.81
Tax on Dividend	**100.37**	71.70
Transfer to General Reserve	**–**	–
Balance Carried to Balance Sheet	**588.71**	420.51
Total	**588.71**	420.51

2. STATEMENT OF AFFAIRS :

During the year, the total revenue from operations of the Company reached to the level of Rs. 32,542 lakhs (L.Y. Rs. 32,636 lakhs) which is marginally lower in comparison with previous year (in absolute terms). The Company has also earned a profit before tax of Rs. 2,441 lakhs in comparison with previous year profit of Rs. 2,020 lakhs. Reduction in revenue was mainly due to exiting from motor business (other than for captive/Kirloskar Brothers Limited (KBL)). And to compensate this, Company took an opportunity and successfully developed water filled & oil filled submersible motors for KBL, Sanand plant. Company has also developed energy efficient IE-4 motor for SP coupled set pumps. Infrastructure development for URJA (B11) project was successfully completed in Motor division. Motor division has successfully installed 300 kva rooftop solar power generation plant.

3. DIVIDEND

Your Board has proposed a dividend @ 35% on outstanding share capital of Rs. 139,524,500/- for the year ended 31.03.2019.

STATUTORY DISCLOSURES

4. EXTRACT OF THE ANNUAL RETURN:

Extract of the Annual Return in Form MGT 9 prescribed under Rule 12 of the Companies (Management & Administration) Rules, 2014 as per provisions of Section 134 read with Section 92(3) of the Companies Act 2013 is uploaded at http://www.kpml.co.in/aboutus.php?id=38

5. BOARD MEETINGS:

During the Financial year 2018-19, five Board Meetings were held: 19th April 2018, 17th July 2018, 19th October 2018, 18th January 2019 and 20th February 2019.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Board of Directors reports that;

a) in the preparation of the annual accounts, the applicable accounting standards had been followed;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the directors, had laid down internal financial controls to be followed by the Company, wherever required, and that such internal financial controls are adequate and were operating effectively; and

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

7. DISCLOSURE REQUIRED UNDER SECTION 134(3)(e)

Your Company follows the standards of corporate governance set by Kirloskar Brothers Limited.The Board comprises of an optimum combination with appropriate balance of skill, experience, background, and other qualities required for effective functioning of Board.

The Directors of the Company other than executive director and nominee directors of Kirloskar Brothers Limited are entitled to receive sitting fees for every meeting of Board and Committee thereof attended by them.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note Nos. 5 & 8 of the Financial Statements.

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

Disclosure relating to the particulars of contract or arrangement with related parties referred in sub-section (1) of section 188 is as below:

i. Details of contracts or arrangements or transactions not at arm's length basis: All the transactions with related parties are at arm's length.

ii. Details of material contracts or arrangement or transactions at arm's length basis:

A	Name(s) of the related party and nature of relationship	Kirloskar Brothers Limited - Holding company
B	Nature of contracts/arrangements/transactions	Sale / Purchase and rendering / receiving services
C	Duration of the contracts/arrangements/transactions	On monthly basis
D	Salient terms of the contracts or arrangements or transactions including the value, if any;	Transactions with related parties for the year ended March 31, 2019 is attached to the Notes to accounts in the Balance Sheet.
E	Date(s) of approval by the Board, if any;	As all the transactions are in ordinary course of business and at arm’s length, Board approval is not required
F	Amount paid as advances, if any:	Nil

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo given as Annexure II to this report.

11. MATERIAL CHANGES AND COMMITMENTS:

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 and the date of this Report.

12. BUSINESS RISK MANAGEMENT :

The Company has formulated a Risk Management Systems and has constituted a Risk Management Committee. Senior management team periodically reviews the working conditions affecting the Company and reports the same to the Audit committee / Board.Total 6 meetings were held during the year. In the opinion of the Board, none of the identified risks threaten the existence of the Company.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. Anant R. Sathe (DIN 00154924), Director retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. P. S. Jawadekar (DIN 00155177) has been appointed as an Additional Director of the Company with effect from April 17, 2019 up to the date of ensuing Annual General Meeting (AGM). His appointment as a regular director is proposed for shareholders' approval at the ensuing AGM.

Ms. Rama Kirloskar was appointed as a director at 17th AGM held on July 17, 2018.

During the year, Mr. Achyut Gokhale resigned as a director of the Company with effect from July 27, 2018.

14. PARTICULARS OF EMPLOYEE:

In terms of the requirements under Rule 5(2) of the Companies (Appointmentand Remuneration of Managerial Personnel) Rules, 2014 a list is available on demand.

15. DISCLOSURE ON SECRETARIAL STANDARDS:

The Directors confirm that the Company has complied with the Secretarial Standards.

16. CORPORATE SOCIAL RESPONSIBILITY

Details of Corporate Social Responsibility covered under the provisions of Section 135 of the Companies Act, 2013 are attached in this regard in Annexure-III.

17. DEPOSITS:

Your company has not accepted any deposits from public as covered under Chapter V of the Companies Act, 2013 and as such, the information relating to deposits is not applicable.

18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE :

Your directors wish to state that there are no such orders passed that will impact Company's going concern status and operations in future.

19. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENT:

The Company has an Internal Financial Control Systems which is commensurate with the size, scale, nature and complexity of its operations. Corporate Internal Audit Department of Kirloskar Brothers Limited are Internal Auditors of the Company. Based on the report of Internal Auditors the Company undertakes corrective action and further strengthens the controls, as and when required. Significant audit observations and corrective actions thereon are presented to the Board.

20. HOLDING COMPANY

Kirloskar Brothers Limited is a holding 100% paid up capital of the company.

21. AUDITORS

M/s P. G. Bhagwat, Chartered Accountants (Firm Registration No. 101118W) were appointed as auditors for a period of 5 years in the 13th Annual General Meeting of the Company held on July 11, 2014.

It is proposed to re-appoint M/s P. G. Bhagwat, Chartered Accountant for next term for a period of 4 years from the closure of 18th Annual General Meeting till the conclusion of 22nd Annual General Meeting of the Company. This is subject to the approval by the shareholders of the Company.

Parkhi Limaye & Co. (Firm Registration No. 191) were appointed as Cost Accountant as per Section 148 of the Companies Act, 2013, read with applicable rules made thereunder for the Financial Year 2018-19.

Parkhi Limaye & Co. (Firm Registration No. 191) are appointed as Cost Auditors of the Company for the year 2019-20. Their remuneration is subject to approval by the shareholders at the ensuing Annual General Meeting.

Your Company is required to maintain the Cost Records as required under section 148(1) of the Companies Act, 2013 and accordingly such records are maintained by the Company for the year ended March 31, 2019.

22. QUALIFICATIONS OR ADVERSE REMARKS OR DISCLAIMERS CONTAINED

During the Financial Year under review, there are no qualifications or adverse remarks or disclaimers made by the Statutory Auditor of the Company in their Audit Report.

23. SECRETARIAL AUDITORS

Mr. Abhijit Dakhawe, Practicing Company Secretary (CP No. 4474) was appointed as a Secretarial Auditor as per section 204 of the Act, 2013 for the Financial Year 2018-19.

Mr. Abhijit Dakhawe, Practicing Company Secretary (CP No. 4474) has been appointed as a Secretarial Auditor as per section 204 of the Act, 2013 for the Financial Year 2019-20.

During the Financial Year under review, there were no qualifications or adverse remarks or disclaimers made by the Secretarial Auditor of the Company in their Report.

24. COMPOSITION OF AUDIT COMMITTEE

In terms of Rule 4(2) read with sub-rule 1 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Rule 6 of the Companies (Meeting of Board and Its Powers) Rules, 2014, your Company being a wholly owned company of Kirloskar Brothers Limited, the Company is exempt from constituting Audit and Nomination and Remuneration Committee.

During the year the Board has dissolved both these committees.

25. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Your Company has complied with the provisions relating to the constitution of Internal Complaints Committee as required under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013

In terms of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rule 2013, the report for the year ended on March 31, 2019:

No. of Complaints received in the year	Nil
No. of complaints disposed off in the year;	Nil
Cases pending for more than 90 days;	Nil
No. of workshops and awareness programmes conduced in the year;	04
Nature of action by employer or District Officer, if any	Nil

26. ACKNOWLEDGMENT

Your Directors wish to place on record their appreciation for the co-operation given by the banks, Kirloskar Brothers Limited, the holding company for their extended support and also to vendors and contractors of the Company, for their valuable support extended to the Company from time to time. Your Directors would further like to record their appreciation for the sincere efforts of every employee and their contribution in the Company's progress.

For and on behalf of the Board of Directors
of Karad Projects And Motors Limited

Place: Pune
Date: April 17, 2019

K. Taranath
Chairman

Ravindra Samant
Managing Director

ANNEXURE I TO BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on **March 31, 2019**

[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	U45203PN2001PLC149623
ii)	Registration Date	2 April 2001
iii)	Name of the Company	Karad Projects and Motors Limited
iv)	Category / Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
v)	Address of the Registered office and contact details	Plot No. B-67 & 68, MIDC, Karad Industrial Area, Tasawade Karad 415109, Maharashtra, India Tel. No: 02164 258424-426-428-429 Email id: inquiry@kpml.co.in
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Electric Motors	31103	16%
2	Wound Stators	31909	45%
3	Mini pumps	28910	8%
4	Die-cast rotors	31909	11%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name And Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Kirloskar Brothers Limited Udyog Bhavan, Tilak Road, Pune 411 002	L29113PN1920PLC000670	Holding	100%	Section 2(46)

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

(i) Category-wise Share Holding

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	**13952450**	**-**	**13952450**	**100.0**	**13952450**	**0**	**13952450**	**100.0**	**0%**
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**13952450**	**-**	**13952450**	**100.0**	**13952450**	**0**	**13952450**	**100.0**	**0%**
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0%**
Total shareholding of Promoter(A)=(A)(1)+(A)(2)	**13952450**	**-**	**13952450**	**100.0**	**13952450**	**0**	**13952450**	**100.0**	**0%**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**13952450**	**0**	**13952450**	**100.0**	**13952450**	**0**	**13952450**	**100.0**	**0%**

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Kirloskar Brothers Limited	13952450	100%	0	13952450	100%	0	0%
	Total	**13952450**	**100%**	**0**	**13952450**	**100%**	**0**	**0%**

(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
	At the beginning of the year	No change during the year			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year				

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

Sr. No.	For Each of the Top 10 Shareholders	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
1	At the beginning of the year	Not Applicable			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the end of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Director and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Not Applicable			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the end of the year				

V. INDEBTEDNESS:

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

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	110.40	-	-	110.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	**110.40**	**-**	**-**	**110.40**
Change in Indebtedness during the financial year				
• Addition	28.71	-	-	28.71
• Reduction	-	-	-	-
Net Change	**28.71**	**-**	**-**	**28.71**
Indebtedness at the end of the financial year	**139.12**	**-**	**-**	**139.12**
i) Principal Amount	139.12	-	-	139.12
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**139.12**	**-**	**-**	**139.12**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	
A.	**Remuneration to Managing Director, Whole-time Directors and/or Manager:**	**Ravindra Samant Managing Director**
1	Gross salary	57.54
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7.17
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	
	- as % of profit	-
	- others, specify	-
5	Others, please specify	-
	Total (A)	**64.71**
	Ceiling as per the Act	-

B. Remuneration to other directors

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Mr. K. Taranath	Mr. Achyut Gokhale	Total
1	Independent Directors			
	Fee for attending board / committee meetings	0.32	0.30	0.62
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	**0.32**	**0.30**	**0.62**

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Anant Sathe	Sandeep Phadnis	Rama Kirloskar (WEF July 21, 2017)	Total
2	Other Non-Executive Directors				
	Fee for attending board / committee meetings	0.35	-	-	0.35
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**
	Total (B) = (1+2)	**-**	**-**	**-**	**-**
	Total Managerial Remuneration	**Not Applicable**			
	Overall Ceiling as per the Act	**Not Applicable**			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Vijay Kulkarni CFO	Mr. Raghunath Apte Company Secretary on deputation from Kirloskar Brothers Ltd.
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22.78	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.73	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- As % of profit	-	-
	- Others	-	-
5	Others	-	-
	Total	**24.51**	**-**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

(Rs. in Lakhs)

Sr. No.	Particulars	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A.	**COMPANY**					
	Penalty					
	Punishment					
	Compounding					
B.	**DIRECTORS**					
	Penalty					
	Punishment			**Not Applicable**		
	Compounding					
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty					
	Punishment					
	Compounding					

Annexure II to Board's Report

The report on conservation of energy, technology absorption, foreign exchange earnings and outgo as per Rule 8(3) of the Companies (Accounts) Rules, 2014 :

(A) Conservation of energy :

(i) The steps taken by the Company for utilizing alternate sources of energy

Solar Power project of 300 KW completed at unit 1 and Net metering started. We have maintained our plant power factor at unity i.e. one.

(ii) The steps taken or impact on conservation of energy

1. In case of Capital Investments, care had been taken that the machines are energy efficient. Air compressor commissioned at motor division is with IE3 efficiency motor.
2. Two energy saving projects were completed in Diecasting section of stamping division
   - VFD (Variable frequency drives) are installed for 5 Diecasting machines.
   - Automatic furnace door opening/closing system

   Total reduction in consumption is around 30 %
3. Installation of Evaporative cooling system in winding section of Stamping Division. This has resulted in reduction of Electricity consumption by 60 %.
4. Generation of green energy started from 300 KW solar power plant. This has resulted in 30 % reduction in power cost.

(iii) The capital investment on energy conservation equipment : Rs. 129 Lakhs.

(B) Technology absorption:

(i) The efforts made towards technology absorption :

1. Usage of carbide auto stacking of tools
2. Energy efficient motor development of IE4 motors
3. URJA stator/Tacho generator development for KBL KOV
4. Development of resistance heating system for stators.

(ii) Benefits derived :

1. Usage of Auto stacking of tools gives productivity improvement and cost reduction. Per grind life is approx.10 times more
2. Timely development of IE2 motors ensured uninterrupted sale of motors as GOI have banned sale of IE1 motors w.e.f. Jan-2018
3. We received first order for IE2 monoblock stator/rotor sets in March-19.
4. Reduction in Energy & varnish consumption.

(iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year) : Not Applicable

(a) the details of technology imported : Not Applicable

(b) the year of import : Not Applicable

(c) Whether the technology been fully absorbed : Not Applicable

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof : Not Applicable

(iv) Expenditure incurred on Research and Development : Rs. 859.68 lakhs

(C) Foreign Exchange earnings and outgo :

Earnings - Rs. 569.58 Lakhs

Outgo - Rs. 1108.45 Lakhs

For and on behalf of the Board of Directors
of Karad Projects And Motors Limited

Place : Pune	**K. Taranath**	**Ravindra Samant**
Date : April 17, 2019	Chairman	Managing Director

ANNEXURE III TO BOARD'S REPORT

ANNUAL REPORT FOR CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITES FOR THE FINANCIAL YEAR 2018-19

1	A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken.	The Company is committed to uphold the interest of stakeholders by implementing the guidelines as laid down by Kirloskar Brothers Limited, towards socio-economic development of the society. The focus of Corporate Social Responsibility (CSR) activities of the Company is primarily on Education,
	The web-link to the CSR Policy.	https:\\www.kpml.co.in\index.php
2	Composition of CSR Committee	Mr. K. Taranath - Chairman Mr. Ravindra Samant - Member Mr. Sandeep Phadnis - Member
3	Average Net Profit of the company for last 3 financial years	1,299.31 lakhs
4	Prescribed CSR Expenditure (2% of amount as in item 3 above)	25.98 lakhs
5	Details of CSR spent during the financial year:	
	Total amount to be spent for the year:	25.98 lakhs
	Amount unspent, if any	
	Manner in which the amount spent during the financial year is detailed in as below:	

	1	2	3	4	5		6	7
Sr. No.	**CSR project or Activity identified**	**Sector in which project is covered**	**Projects or programs** **1. Local Area or Other** **2. Specify the state and district where projects or programs were undertaken**	**Amount outlay (Budget) project or program wise**	**Amount spent in the projects or programs Sub – Heads** **1. Direct expenditure on projects or programs**	**2. Over-heads**	**Cumulative expenditure up to the reporting period**	**Amount spent: through Implementing agency Directly by the Company as Per Policy**
1	To provide infrastructure facilities and promotion of Education	Education	Karad, Dist. Satara	9.35 lakhs	Direct expenses Rs.9.35 lakhs	-	-	Rs.9.35 Lakhs
	To provide infrastructure facilities and promotion of Education	Education	Karad, Dist. Satara	16.63 lakhs	Through implementing agency Rs.16.63 lakhs	-	-	Rs.16.63 lakhs

6.	In case the Company has failed to spend two percent of Average Net Profit of last three financial years or any part thereof the Company shall provide the reasons for not spending the amount. - NA
7.	The committee hereby affirms that the implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with Corporate Social Responsibility objectives and Policy of the Company.

Place: Pune
Date: April 17, 2019

K. Taranath
Chairman

Ravindra Samant
Managing Director

CORPORATE SOCIAL RESPONSIBILITY

Donated Water Purifier to Z .P School, Varade, Karad on 04.03.2019

Flooring work at Bal Vidya mandir, Ogalewadi, Karad on 18.02.2019

Donated Computer to Adarsha Vidhya Mandir, Wing, Karad on 02.01.2019

NEW PRODUCTS DEVELOPMENT

Jalraaj-1 Ultra

Developed Premium efficiency IE4 Motors for SP coupled sets

GE Pump

Submersible Pump Motors (Oil Filled)

NEW PRODUCTS DEVELOPMENT

MGV Stator for Montanari

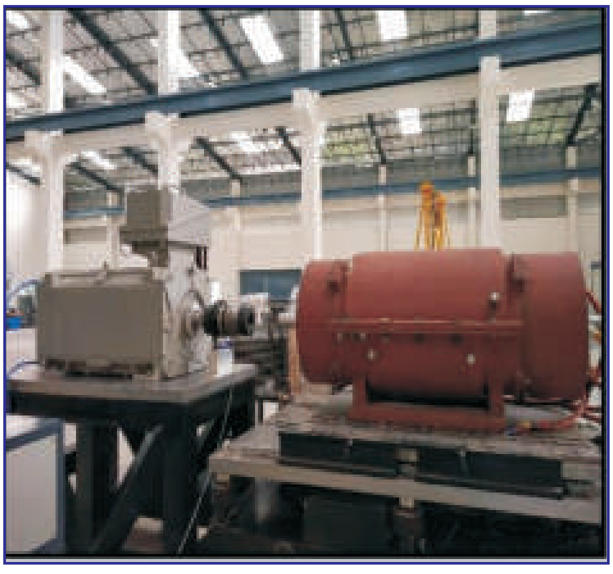
Submersible Pump Motors (Water Filled)

KU6 (6 Inch) Oil Filled WoundStator And Rotor

ECO32 Stack and Cleated Rotor for Mecc-Alte

New Building For Urja Project at Motor Division

New Infrastructure For KS4 & KS6 Water Filled Motor Assembly



MEA make 350 KW Motor Test Bed for Urja Project

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2019

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

To,
The Members,
Karad Projects and Motors Limited,
Plot No. B-67& 68, MIDC, Karad Industrial Area,
Tasawade, Karad - 415109

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Karad Projects and Motors Limited (CIN: U45203PN2001PLC149623)** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **31st March 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein after:

I have examined the books, papers, minute books, forms and returns filed and other records maintained bythe Company for the financial year ended on **31st March 2019** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder(during the year under review not applicable to the Company);

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (during the year under review not applicable to the Company, as the shares of the company are not in dematerialized form);

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (during the year under review not applicable to the Company as the Company does not have any foreign direct investment, overseas direct investment and external commercial borrowings);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (during the year under review not applicable to the Company as the Company is an unlisted company);

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015(during the year under review not applicable to the Company as the Company is an unlisted company);

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get its securities listed);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (during the year under review not applicable to the Company as the Company is an unlisted company);

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get debt securities listed);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client (during the year under review not applicable to the Company as the Company is not availing services of Registrars to an Issue and Share Transfer Agents);

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company as the Company has not done delisting of shares); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (during the year under review not applicable to the Company as the Company is an unlisted company);

(vi) As informed to me, no other law is applicable specifically to the Company.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

I have not examined compliance with the applicable clauses of the following since it is not applicable to the Company during the period under review:

(i) The Listing Agreements entered into by the Company with Stock Exchange(s);

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards etc. mentioned above, subject to the following observations.

The Companies Act, 2013 :

(a) The Company has vacated loan related to liabilities with Indian Overseas Bank and satisfaction of charge is in process, consequently registration of charge relating to loan availed from HDFC Bank Ltd is pending.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the Board are carried through unanimously. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meeting.

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

I further report that during the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

ABHIJIT DAKHAWE
Company Secretary
FCS # 6126
CP No # 4474

Place : Pune
Date: April 17, 2019

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KARAD PROJECTS AND MOTORS LIMITED

Report on the Audit of the Standalone Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the standalone Ind AS financial statements of **Karad Projects and Motors Limited** ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss including Other Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information(hereinafter referred to as "the Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 standalone state of affairs of the Company as at 31 March 2019, and its standalone profit including Other Comprehensive Income, standalone changes in equity and its standalone cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the directors report (but does not include the standalone Ind AS financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report,Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view of the standalone financial position, standalone financial performance, standalone changes in equity and standalone cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

      (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 25 to the financial statements;

      (ii) The Company did not have any long-term contracts including derivative contracts as at 31st March 2019

      (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      (iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31st March, 2019

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

Sandeep Rao
Partner
Membership No.: 47235

Place : Pune
Date : 17 April 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph [*] of the Independent Auditors' Report of even date to the members of Karad Projects and Motors Limited on the Ind AS standalone financial statements as of and for the year ended 31st March 2019

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management at regular intervals according to a phased programme designed to cover all the items, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax, cess and other material statutory dues, as applicable, with the appropriate authorities except Rs.39.12 Lakhs on account of sales tax which was in arrears for more than six months as on 31st March 2019. We were informed that these sales tax liabilities are subject to reconciliation and would get crystalized on their respective assessments.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax, Goods and Service Tax, as at 31st March, 2019 which have not been deposited on account of a dispute, are as follows:

Name of Statute	Nature of Dues	Amount in Lakh (Rs)	Period to which amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty	12.35	2007-08	CESTAT
Gujrath Value Added tax	Value Added tax	53.28	2006-07	Dy comm. Sales Tax Appeals
W. Bengal Value added Tax	Value Added tax	114.29	2005-06	Jr. Commissioners Appeals
W. Bengal Value added Tax	Value Added tax	59.95	2006-07	Jr. Commissioners Appeals
W. Bengal Value added Tax	Value Added tax	76.97	2008-09	Jr. Commissioners Appeals
Finance Act, 1994	Service tax	672.27	2007-08 to 2009-10	CESTAT
MP Value added tax	Value added tax	110.26	2014-15	Asst. Commissioner sales tax

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. Company does not have any debenture holders.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. According to the information provided to us, 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.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review 39. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Sandeep Rao
Partner
Membership No.: 47235

Place : Pune
Date : 17 April 2019

Annexure B :

To the Independent Auditors' Report of even date on the Ind AS financial statements of Karad Projects and Motors Limited

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 Karad Projects and Motors Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial statements 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, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial statements 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 statements and their operating effectiveness. Our audit of internal financial controls over financial statements included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls system over financial statements and such internal financial controls over financial statements were operating effectively as of 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sandeep Rao
Partner
Membership No.: 47235

Place : Pune
Date : 17 April 2019

BALANCE SHEET AS AT MARCH 31, 2019

(INR in Lakhs)

Particulars	Note No.	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	**3,577.762**	2,452.611
Capital work-in-progress		**59.760**	56.002
Investment Property	4	**179.240**	179.240
Goodwill			
Other Intangible assets	3	**0.721**	2.231
Intangible assets under development			
Biological Asset other than bearer plants			
Financial Assets			
Investments	5	**0.051**	0.051
Trade receivables	6	**-**	-
Loans	6	**150.496**	105.396
Others	6	**57.793**	55.080
Deferred tax assets (net)	7	**628.214**	572.582
Other non-current assets	8	**166.528**	227.494
Total non-current assets		**4,820.566**	3,650.688
Current assets			
Inventories	9	**3,174.226**	3,368.465
Financial Assets			
Investments			
Trade receivables	6	**11,298.824**	9,648.520
Cash and cash equivalents	10	**115.109**	111.433
Bank balance	10	**1,198.396**	1,109.973
Loans	6	**-**	50.000
Others	6	**2.630**	2.707
Current Tax Assets (net)	7	**384.732**	393.887
Other current assets	8	**157.176**	316.983
Total current assets		**16,331.092**	15,001.968
TOTAL ASSETS		**21,151.658**	18,652.656
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	**1,395.245**	1,395.245
Other equity	12	**9,505.400**	8,056.137
Total equity		**10,900.645**	9,451.382
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings			
Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises; and			
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Other financial liabilities			
Provisions	15	**155.156**	70.646
Deferred tax liabilities (net)	7	**-**	-
Other non-current liabilities			
Total non-current liabilities		**155.156**	70.646
Current liabilities			
Financial liabilities			
Borrowings	13	**139.122**	110.409
Trade payables	14		
(A) Total outstanding dues of micro enterprises and small enterprises; and		**2.956**	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		**5,475.639**	4,858.426
Other financial liabilities	14	**3,516.500**	3,470.672
Other current liabilities	16	**650.651**	531.100
Provisions	15	**310.990**	160.021
Current tax liabilities (net)			
Total current liabilities		**10,095.858**	**9,130.628**
Total liabilities		**10,251.014**	**9,201.274**
TOTAL EQUITY AND LIABILITIES		**21,151.658**	**18,652.656**

Corporate Information	1
Summary of significant accounting policies	2
See accompanying notes to financial statements	3-41

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For M/s P. G. Bhagwat
Chartered Accountants
FRN 101118W

SANDEEP RAO
Partner
M.No. 47235

PUNE : April 17, 2019

For and on behalf of the Board of Directors

K. TARANATH
Chairman
(DIN:00051697)

RAVINDRA SAMANT
Managing Director
(DIN: 07002226)

VIJAYKUMAR KULKARNI
Chief Financial Officer

RAGHUNATH APTE
Company Secretary

PUNE : April 17, 2019

Statement of profit and loss for the period ended March 31, 2019

(INR in Lakhs)

Particulars	Note No.	For the year 2018-19	For the year 2017-18
Revenue from Operations	17	**32,542.145**	33,630.554
Other Income	18	**147.830**	63.140
Total Income		**32,689.975**	33,693.693
Expenses			
Cost of materials consumed	19	**23,388.251**	24,064.829
Purchases of Stock-in-Trade			
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	19	**97.795**	(256.063)
Employee benefits expense	20	**1,762.839**	1,643.157
Finance costs	21	**68.631**	60.988
Depreciation and amortization expense	22	**548.503**	513.681
Other expenses	23	**4,382.811**	5,646.432
Total expenses		**30,248.830**	31,673.025
Profit/(loss)before exceptional items and tax		**2,441.145**	2,020.668
Exceptional items			
Profit / (loss) before tax		**2,441.145**	2,020.668
Tax expenses			
(1) Current tax	7	**610.000**	440.000
(2) Income tax for earlier	7	**9.474**	-
(3) Deferred tax	7	**(53.001)**	(59.038)
Profit / (Loss) for the period from continuing operations		**1,874.672**	1,639.706
Profit/(loss) from discontinued operations			
Tax expenses of discontinued operations			
Profit/(loss) for the period		**1,874.672**	1,639.706
Other Comprehensive Income			
Items that will not be reclassified to profit or loss	24	**(7.530)**	17.403
Income tax relating to items that will not be reclassified to profit or loss	24	**2.631**	(6.081)
Items that will be reclassified to profit or loss			
Income tax relating to items that will be reclassified to profit or loss			
Total Other Comprehensive Income		**(4.899)**	11.322
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)		**1,869.773**	1,651.028
Earnings per equity share (for continuing operations)			
(1) Basic		**13.44**	11.75
(2) Diluted		**13.44**	11.75
Earnings per equity share (for discontinued operations)			
(1) Basic		**-**	-
(2) Diluted		**-**	-
Earnings per equity share (for discontinued and continuing operations)			
(1) Basic		**13.44**	11.75
(2) Diluted		**13.44**	11.75

Corporate Information 1
Summary of significant accounting policies 2
See accompanying notes to financial statements 3-41
The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For M/s P. G. Bhagwat
Chartered Accountants
FRN 101118W

SANDEEP RAO
Partner
M.No. 47235

PUNE : April 17, 2019

For and on behalf of the Board of Directors

K. TARANATH
Chairman
(DIN:00051697)

RAVINDRA SAMANT
Managing Director
(DIN: 07002226)

VIJAYKUMAR KULKARNI
Chief Financial Officer

RAGHUNATH APTE
Company Secretary

PUNE : April 17, 2019

Statement of cash flow for the year ended March 31, 2019
(As per indirect method - IND AS 7)

(INR in Lakhs)

	Particulars	For the year 2018-19	For the year 2017-18
A	**Cash flows from Operating Activities**		
	Net Profit before Taxes and Extraordinary Items	**2,441.145**	2,020.668
	Adjustments for :-		
1	Depreciation / Amortization	**548.503**	513.681
2	(Profit)/Loss on sale of Fixed Assets(Net)	**(1.069)**	(2.488)
3	Provision for Doubtful Debts/Advances/Bad debts written off	**275.000**	-
4	Interest Income	**(66.936)**	(51.891)
5	Dividend Income	**(0.001)**	(0.001)
6	Interest Expenses	**68.631**	36.824
7	Unrealized exchange (gain)/ Loss	**(4.226)**	(4.973)
	Profit on sale of investment	**-**	-
	Provision for diminution on investment written off	**-**	-
8	Excess provision written back	**(76.464)**	(1.687)
9	Depreciation written back	**-**	-
	Operating Profit Before Working capital changes	**3,184.583**	2,510.134
	Adjustments for :-		
1	(Increase)/decrease in Trade receivables	**(1924.043)**	(240.243)
2	(Increase)/decrease in other financial assets	**(86.236)**	(599.077)
3	(Increase)/decrease in other non- financial assets	**231.782**	(34.441)
4	(Increase)/decrease in Inventories	**194.239**	(464.282)
5	Increase/(decrease) in Trade payables	**696.387**	(566.632)
6	Increase/(decrease) in other financial liabilities	**(47.669)**	694.686
7	Increase/(decrease) in other non-financial liabilities	**119.551**	323.356
8	Increase/(decrease) in provisions	**227.948**	67.689
9	Cash Generated from Operations	**2,596.543**	1,691.190
10	Income Tax (Paid)/Refunded	**(610.319)**	(770.419)
	Net Cash from Operating Activities	**1,986.224**	920.771
B	**Cash flows from Investing Activities**		
1	Purchase of property, plant and equipment and intangible assets / Capital Advance	**(1,593.567)**	(646.140)
2	Sale of Fixed Assets	**1.223**	2.509
3	(Purchase)/sale of Investments	**-**	-
4	Interest Received	**67.014**	50.289
5	Dividend Received	**0.001**	0.001
	Net Cash from Investment Activities	**(1,525.330)**	(593.342)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019 (Contd.)

(INR in Lakhs)

	Particulars	For the year 2018-19	For the year 2017-18
C	**Cash Flows from Financing Activities**		
1	(Repayment)/Proceeds of /from long term borrowing (net)	**-**	-
2	(Repayment)/Proceeds of /from Short term borrowing (net)	**28.713**	0.013
	(Repayment)/Proceeds of /from other borrowing (net)	**-**	-
3	Interest Paid	**(68.631)**	(36.824)
4	Dividend Paid (Including tax on Dividend)	**(420.510)**	(302.271)
5	Increase in Share Capital	**-**	-
6	Increase in Share Premium	**-**	-
	Net Cash used in Financing Activities	**(460.429)**	(339.082)
D	**Unrealized Exchange Gain / (Loss) in cash and cash equivalents**	**3.211**	–
	Net Increase/(Decrease) in Cash and Cash Equivalents	**3.676**	(11.653)
1	**Cash & Cash Equivalents at beginning of period (Refer Note 10)**	**111.433**	123.086
2	**Cash & Cash Equivalents at end of period (Refer Note 10)**	**115.109**	111.433

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P. G. Bhagwat
Chartered Accountants
FRN 101118W

K. TARANATH
Chairman
(DIN:00051697)

RAVINDRA SAMANT
Managing Director
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SANDEEP RAO
Partner
M.No. 47235

VIJAYKUMAR KULKARNI
Chief Financial Officer

RAGHUNATH APTE
Company Secretary

PUNE : April 17, 2019

PUNE : April 17, 2019

Statement of Changes in Equity for the period ended 31 March 2019

A. Equity Share Capital

(INR in Lakhs)

Balance as on 31 March 2018	Changes in equity share capital during the year	Balance as on 31 March 2019
139,524,500	–	**139,524,500**

B. Other Equity

	Reserves and Surplus				Total
	Capital Reserve	Securities Premium Reserve	General reserve	Retained Earnings	
Balance as on 31 March 2018	**179.076**	**2,982.233**	**140.945**	**4,753.884**	**8,056.137**
Profit for the year	-	-	-	1,874.672	1,874.672
Other comprehensive income	-	-		(4.899)	(4.899)
Dividends & Tax on Dividend	-	-	-	(420.510)	(420.510)
Transfer to retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
Balance as on 31 March 2019	**179.076**	**2,982.233**	**140.945**	**6,203.146**	**9,505.400**

Notes to Accounts

Note 3: Property, Plant and Equipment and Intangible Assets

(INR in Lakhs)

Particulars	Tangible Assets								Intangible Assets
	Land Free hold	Land Lease hold	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total	Computer Softwares
Gross Block									
As at 1 April 2017	1.257	79.733	721.300	5154.183	83.144	66.580	63.591	6,169.787	155.165
Additions	-	-	-	271.712	0.366	10.172	-	282.249	-
Disposals	-	-	-	5.902	-	-	-	5.902	-
As at 31 March 2018	1.257	79.733	721.300	5,419.993	83.510	76.751	63.591	6,446.135	155.165
Additions	-	-	390.487	1209.807	57.932	14.072	-	1,672.297	-
Disposals	-	-	0.000	19.629	0.000	6.834	-	26.463	1.619
As at 31 March 2019	**1.257**	**79.733**	**1,111.787**	**6,610.171**	**141.441**	**83.990**	**63.591**	**8,091.969**	**153.546**
Depreciation/ Amortisation								-	-
As at 1 April 2017	-	12.709	147.197	3,213.110	48.015	51.683	17.211	3,489.925	148.732
Charge for the year	-	0.837	31.446	456.200	7.890	5.984	7.122	509.480	4.202
Depreciation on disposal	-	-	-	5.881	-	-	-	5.881	-
As at 31 March 2018	-	13.547	178.643	3,663.429	55.905	57.667	24.333	3,993.523	152.934
Charge for the year	-	0.837	33.233	489.936	8.019	7.845	7.122	546.993	1.510
Depreciation on disposal	-	-	-	19.475	-	6.834	-	26.309	1.619
As at 31 March 2019	**-**	**14.384**	**211.876**	**4,133.890**	**63.924**	**58.677**	**31.456**	**4,514.207**	**152.825**
Net block									
At 31 March 2019	**1.257**	**65.349**	**899.911**	**2,476.281**	**77.517**	**25.312**	**32.135**	**3,577.762**	**0.721**
At 31 March 2018	**1.257**	**66.187**	**542.657**	**1,756.564**	**27.605**	**19.085**	**39.257**	**2,452.611**	**2.231**

Notes:

1) **Assets on lease**

The lease term in respect of assets acquired under finance lease expires in 95 years. Company has paid the lumpsum consideration to MIDC at the time of inception of lease. Under the terms of lease, the company has option to renew the agreement for further period of 95 years.

2) **Contractual obligations**

Refer note 26 for estimated amount of contracts remaining to be executed on capital account and not provided for.

3) **Capital work-in-progress**

Capital work-in-progress mainly comprises machinery Rs.59,75,996 machinery are to be constructed at Karad plant.

Notes to Accounts

Note 4: Investment Properties
(INR in Lakhs)

Particulars	Land
Gross Block	
As at 1 April 2017	179.240
Additions	-
Disposals	-
As at 31 March 2018	179.240
Additions	-
Disposals	-
As at 31 March 2019	**179.240**

The company obtains independent valuations for its investments properties at least annually. The best evidence of fair value is current prices in active market for similar properties. Where such information is not available, the company consider information from varity of sources including,

1. Current prices in active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
2. Discounted cash-flow projection based on reliable estimates of future cash-flows.
3. Capitalised income projections based upon a property's estimated net market income and capitalisation rate derived from an analysis of market evidence.

The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3

Particulars	Vacant land
Opening balance as at 1 April 2018	**179.240**
Fair value difference	-
Purchases	-
Closing Balance as at 31 March 2019	**179.240**

Notes to Accounts

Note 5: Other Financial Asset- Investments

(INR in Lakhs)

Particulars	31 March 2019	31 March 2018
Investments		
Investments at Fair value through other comprehensive income		
a) Unquoted equity shares (fully paid)		
1) 510 (31 March 2018 : 510) Equity Shares of Kirloskar Proprietary Limited of Rs. 10 each	**0.051**	0.051
	0.051	0.051

Particulars	31 March 2019	31 March 2018
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	**0.051**	0.051

Notes to Accounts

Note 6: Financial Asset **(INR in Lakhs)**

Particulars	31 March 2019	31 March 2018
Current		
1) Trade receivable		
From related parties	**9,214.714**	7,394.826
From others	**2,084.110**	2,253.694
Unsecured, considered good	**11,298.824**	9,648.520
Doubtful	**1,140.204**	865.204
	12,439.028	10,513.724
Less: Impairment allowance	**1,140.204**	865.204
Current Trade Receivable	**11,298.824**	9,648.520
Non-Current		
1) Loans		
(i) Security Deposits		
Unsecured, considered good	**150.496**	105.396
Doubtful	**-**	-
	150.496	105.396
Less:Impairment allowance	**-**	-
	150.496	105.396
Non-current security deposits	**150.496**	105.396
Current		
1) Loans		
(i) Security Deposits		
Unsecured, considered good	**-**	50.000
Doubtful	**-**	-
	-	50.000
Less: Impairment allowance	**-**	-
	-	50.000
Current security deposits	**-**	50.000
Non-Current		
1) Other finacial assets		
(i) Claims receivable	**12.740**	12.865
(ii) Fixed deposits with banks of maturity of more than 12 months (Rs. 44,80,333 (31 March 2018:41,56,701) are held as margin money against guarantee)	**45.053**	42.215
(iii) Interest accrued	**-**	-
Non-current other financial assets	**57.793**	55.080
Current		
1) Other financial assets		
(i) Claims receivable	**-**	-
(ii) Interest accrued	**2.630**	2.707
Current other financial assets	**2.630**	2.707

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 31. Trade receivables are non-interest bearing and are generally on terms of 45 to 60 days.

Note 7: Deferred tax

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

Profit or loss **(INR in Lakhs)**

Particulars	2018-19	2017-18
Current income tax:		
Current income tax charge	**610.000**	440.000
Adjustments in respect of current income tax of previous year	**9.474**	-
Deferred tax :		
Relating to origination and reversal of temporary differences	**(53.001)**	(59.038)
Income tax expense reported in the statement of profit or loss	**566.473**	380.962

Notes to Accounts

Other Comprehensive Income **(INR in Lakhs)**

Current tax related to items recognised in OCI during in the year:

Particulars	2018-19	2017-18
Net loss/(gain) on remeasurements	**(2.631)**	6.081
Income tax charged to OCI	**(2.631)**	6.081

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2019 and 31 March 2018.;

Particulars	2018-19	2017-18
Accounting profit before tax	**2,441.145**	2,020.668
At statutory income tax rate of 34.944% (34.608%) (a) **Adjustments**	**853.034**	699.313
Tax rate Difference (34.944% - 21.5488%)	**(326.997)**	(268.070)
Subtotal (b)	**(326.997)**	(268.070)
Deferred Tax Credit having no effect on MAT Deferred tax on timing difference not having effect on MAT	**(53.001)**	(59.038)
Subtotal (c)	**(53.001)**	(59.038)
Other Differences Due to effect on tax on OCI, and others MAT disallowances and exempt Income and rounding off of the provisions and tax in respect of earlier year	**93.437**	8.757
Subtotal (d)	**93.437**	8.757
Sub total (e) = (b+c+d)	**(286.561)**	(318.351)
Total (f)=(a-e)	**566.473**	380.962
Tax expenses recored in books	**566.473**	380.962

Deferred tax

Deferred tax relates to the following: DTL/ (DTA)	Balance Sheet		Statement of profit and loss	
	31 March 2019	31 March 2018	**2018-19**	2017-18
Property, plant and equipment (Depreciation)	**93.533**	64.856	**28.677**	12.869
Employee benefits - compensated absences	**(76.698)**	(60.022)	**(16.676)**	2.404
Employee benefits - VRS	**-**	(2.554)	**2.554**	2.505
Provision for doubtful debts and advances	**(398.433)**	(302.337)	**(96.096)**	(2.907)
Amalgamation expenses	**(23.247)**	(10.483)	**(12.764)**	3.360
Defferred Tax Asset (43 B)	**(223.369)**	(262.041)	**38.672**	(71.187)
Corporate guarantee	**-**	-	**-**	-
Deferred tax expense/(income)	-	**-**	**(55.632)**	(52.956)
Net deferred tax (assets)/liabilities	**(628.214)**	(572.582)	**-**	-

Notes to Accounts

Reflected in balance sheet as

1) Deferred tax **(INR in Lakhs)**

Particulars	31 March 2019	31 March 2018
Deferred tax asset	**(721.747)**	(637.438)
Deferred tax liability	**93.533**	64.856
Net Deferred tax asset	**(628.214)**	(572.582)

2) Current tax **(INR in Lakhs)**

Particulars	31 March 2019	31 March 2018
Current tax asset	**384.732**	393.887

During the year 31 March 2019, the company had paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. Company believes that dividend distribution tax represents additional payment to taxation authority on behalf of the shareholders. Hence dividend distribution tax paid is charged to equity.

Note 8: Other non-financial assets **(INR in Lakhs)**

	Particulars	31 March 2019	31 March 2018
	Non-Current		
1	**Capital advances**		
	Unsecured, considered good	**47.451**	36.442
2	**Other loans and advances**		
	(i) Advances to supplier and others Unsecured, considered good	**119.077**	183.751
	(ii) Gross amount due from customer	**-**	-
	(iii) Prepaid expenses	**-**	7.300
	(iv) Claims receivable	**-**	-
	Total Non-Current	**166.528**	227.494
	Current		
1	**Other loans and advances**		
	(i) Advances to supplier and others Unsecured, considered good	**115.666**	198.476
	(ii) Gross amount due from customer	**-**	92.202
	(iii) Prepaid expenses	**29.917**	24.273
	(iv) Claims receivable	**11.593**	2.032
	Total Current	**157.176**	316.983

Note 9: Inventories **(INR in Lakhs)**

Particulars	31 March 2019	31 March 2018
(i) Raw Materials	**1,246.901**	1,350.411
(ii) Finished goods	**578.805**	538.973
(iii) Stores and spares	**158.778**	151.712
(iv) Work in progress	**1,189.742**	1,327.369
	3,174.226	3,368.465

Amounts recognised in profit or loss

Write-down of inventories to net realisable value amounted to Rs 79.71 lakhs (31 March 2018: Rs 21.84 lakhs write back). These were recognised as an expense during the year and included in ' material consumption'.

Notes to Accounts

Note 10: Cash and cash equivalents **(INR in Lakhs)**

Particulars	31 March 2019	31 March 2018
(a) Cash and Cash equivalents		
(i) Cash on hand	**1.928**	1.104
(ii) EEFC accounts	**55.763**	43.624
(iii) Balances with banks	**57.418**	66.706
	115.109	111.433
(b) Other bank balances		
(i) Fixed deposits (with maturity less than 12 months)	**1,198.396**	1,109.973
	1,198.396	1,109.973

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 March:

a) Cash on hand

b) EEFC accounts

c) Balances with banks

Note 11: Share Capital **(INR in Lakhs)**

Particulars	31 March 2019	31 March 2018
Authorised		
180,00,000 (180,00,000) Equity shares of Rs.10 each	**1,800.000**	1,800.000
250,00,000 (250,00,000) Preference shares of Rs.10 each	**2,500.000**	2,500.000
	4,300.000	4,300.000
Issued, subscribed & fully paid up		
13,952,450 (13,952,450) Equity shares of Rs.10 each fully paid	**1,395.245**	1,395.245
	1,395.245	1,395.245

a) Terms/rights attached to equity shares

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 distributing of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

For the year ended 31 March 2019 the Board of Directors has proposed Rs.3.50 dividend .(31 March 2018: Rs. 2.50).

b) Reconciliation of share capital

Particulars	31 March 2019		31 March 2018	
	Number	**(Rs)**	Number	(Rs)
Shares outstanding at the beginning of the year	**13,952,450**	**139,524,500**	13,952,450	139,524,500
Shares outstanding at the end of the year	**13,952,450**	**139,524,500**	13,952,450	139,524,500

Notes to Accounts

c) Details of shareholder holding more than 5% shares

Particulars	31 March 2019		31 March 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Brothers Ltd. - Holding Company	**13,952,450**	**100.00%**	13,952,450	100.00%

d) Other details

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Equity Shares :					
Issued Fully paid up pursuant to contract(s) without payment being received in cash			-	-	9,837,450
Issued Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back		-	-	-	-

Note 12: Other Equity

(INR in Lakhs)

Particulars	31 March 2019	31 March 2018
1) Capital reserve	**179.076**	179.076
2) Securities Premium Reserve	**2,982.233**	2,982.233
3) General reserve	**140.945**	140.945
4) Retained Earnings		
Opening balance	**4,753.884**	3,405.127
Add : Total Comprehensive Income for the period	**1,869.773**	1,651.028
Balance available for appropriation	**6,623.657**	5,056.155
Less : Appropriations :		
Dividend	**348.811**	251.144
Tax on Dividend	**71.699**	51.127
Sub total	**420.510**	302.271
Closing balance	**6,203.146**	4,753.884
Total Other Equity	**9,505.400**	8,056.137

Notes to Accounts

Note 13: Financial Liabilities - Borrowings (INR in Lakhs)

Particulars	31 March 2019	31 March 2018
1) Current borrowings		
(a) Secured		
Loans repayable on demand from bank		
(i) Cash / export credit facilities (Loan carries interest rate of 10.50% and is secured by hypothecation of stock of Raw material, Consumables stores, Finished, semi finished goods.)	**139.122**	110.409
	139.122	110.409

Note 14: Financial liabilities (INR in Lakhs)

Particulars	31 March 2019	31 March 2018
1) Current Trade payable		
Due to related parties	**190.087**	297.760
Due to others (Other than MSME)	**5,285.552**	4,560.666
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	**5,475.639**	4,858.426
Due to MSME	**2.956**	-
Total outstanding dues of Creditors	**5,478.595**	4,858.426
2) Other current financial liabilities		
(i) Salary & Reimbursements	**223.895**	185.360
(iii) Capital creditors	**187.206**	93.709
(iii) Provision for expenses	**3,105.399**	3,191.604
	3,516.500	3,470.672

Terms and conditions of the above financial liabilities:

1) Trade payables are generally non-interest bearing and are normally settled between 60-90 days terms.
2) Other payables are non-interest bearing and have an average term of six months.
3) For terms and conditions with related parties, refer to Note 31.
4) For explanations on the Group's credit risk management processes, refer to Note 36.

Note 15: Provisions (INR in Lakhs)

Particulars	31 March 2019	31 March 2018
Non-Current Provisions		
1) Provision for employee benefits		
(i) Leave encashment (Refer note 32)	**155.156**	70.646
(ii) Gratuity (Refer note 30)	-	-
2) Other Provisions		
Warranty Provision	-	-
	155.156	70.646
Current Provisions		
1) Provision for employee benefits		
(i) Leave encashment (Refer note 32)	**20.824**	81.924
(ii) Gratuity (Refer note 30)	**43.509**	19.197
2) Other Provisions		
Warranty Provision	**246.657**	58.900
	310.990	160.021

Notes to Accounts

Note 16: Other current non-financial liabilities **(INR in Lakhs)**

Particulars	31 March 2019	31 March 2018
1) Contribution to PF and superannuation	**27.016**	23.989
2) Statutory dues	**168.530**	146.906
3) Advances from customer	**455.105**	360.204
	650.651	531.100

Note 17 : Revenue from operations **(INR in Lakhs)**

Particulars	For the year 2018-19	For the year 2017-18
Sale of product (Including excise duty)	**30,457.921**	31,305.917
Sale of services	**7.587**	0.923
	30,465.508	31,306.841
Project related revenue (refer note 29)	**70.410**	122.534
Other operating revenues	**2,006.227**	2,201.179
	32,542.145	33,630.554

Note 18: Other Income **(INR in Lakhs)**

Particulars	For the year 2018-19	For the year 2017-18
(a) Interest Income		
(i) From Bank	**62.813**	44.099
(ii) Income Tax Refund	-	2.693
(iii) From others	**4.123**	5.099
	66.936	51.891
(b) Dividend Income		
(i) From other than subsidiary companies	**0.001**	0.001
(c) Finance income		
(i) Corporate guarantee fair valuation	**-**	-
(ii) Net interest income on defined benefit obligation	**-**	-
	-	-
(d) Other non-operating income		
(iii) Miscelleneous Income	**80.893**	11.248
	80.893	11.248
	147.830	63.140

Notes to Accounts

Note 19 : Cost of material consumed and changes in inventories of finished goods, work-in-progress and stock-in-trade

(INR in Lakhs)

Particulars	For the year 2018-19	For the year 2017-18
Raw material consumed	**23,388.251**	**24,064.829**
	23,388.251	**24,064.829**
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock		
Finished goods	**538.973**	289.125
Work-in- progress	**1,327.369**	1,321.154
Stock in trade	**-**	-
	1,866.342	1,610.279
Closing Stock		
Finished goods	**578.805**	538.973
Work-in- progress	**1,189.742**	1,327.369
Stock in trade	**-**	-
	1,768.547	1,866.342
	97.795	(256.063)

Note 20 : Employee benefits expenses **(INR in Lakhs)**

Particulars	For the year 2018 -19	For the year 2017-18
Salaries, wages and bonus	**1,585.780**	1,513.367
Defined Contribution Plan		
Contribution to provident fund, super annuation fund and E.S.I.	**99.192**	76.175
Defined Benefit Plan		
Gratuity	**21.944**	18.496
Welfare expenses	**55.923**	35.119
	1,762.839	1,643.157

Note 21: Finance cost **(INR in Lakhs)**

Particulars	For the year 2018-19	For the year 2017-18
Interest expense	**38.708**	35.273
Other borrowing costs	**28.660**	24.164
Net Interest Expense on defined benefit obligation	**1.263**	1.551
	68.631	60.988
Unwinding of discount on corporate guarantees	**-**	-
	68.631	60.988

Note 22: Depreciation and amortisation **(INR in Lakhs)**

Particulars	For the year 2018-19	For the year 2017-18
Depreciation on tangible assets	**546.993**	509.480
Depreciation on intangible assets	**1.510**	4.202
	548.503	513.681

Notes to Accounts

Note 23: Other expenses **(INR in Lakhs)**

Particulars	For the year 2018-19	For the year 2017-18
Stores and spares consumed	**911.055**	1,199.966
Processing charges	**1,723.599**	1,320.930
Power & fuel	**245.918**	278.384
Repairs and maintenance		
Plant and machinery	**136.814**	205.149
Buildings	**49.069**	52.967
Others	**7.276**	7.506
Rent	**6.144**	3.815
Rates and taxes	**52.184**	21.994
Travel and conveyance	**72.303**	60.498
Postage and telephone	**12.372**	10.700
Insurance	**16.383**	16.997
Directors sitting fees	**0.975**	1.075
Director's remuneration		
Royalties and fees	-	-
Cash discount	-	-
Freight and forwarding charges	**342.309**	445.226
Brokerage & Commission	**1.755**	-
Advertisements and publicity	**0.452**	10.516
Settlement on Discontinuation of Project	**-**	687.000
Provision for doubtful debts, advances and claims	**275.000**	-
Auditors remuneration (Refer Note - 27)	**17.753**	17.642
Legal Expenses and Consulting Fees	**57.545**	40.866
Stationery and printing	**11.237**	8.897
Computer Services	**62.300**	56.721
Foreign exchange difference Loss (Net)	**6.392**	8.216
Warranty Expenses	**187.757**	58.900
CSR Expenses	**25.986**	13.191
Other miscellaneous expenses	**160.233**	126.582
Excise duty	**-**	992.696
	4,382.811	5,646.432

Note 24: Other Comprehensive Income **(INR in Lakhs)**

Particulars	For the year 2018-19	For the year 2017-18
Remeasurements gains and losses on post employements benefits	**7.530**	(17.403)
Tax on remeasurements gains and losses	**2.631**	(6.081)
	4.899	(11.322)

Notes to Accounts

Significant Accounting Policies

Notes to the financial statements for the year ended 31 March 2019

1. **Corporate information**

Karad Projects and Motors Limited (KPML) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. KPML is engaged in manufacturing of wound stators, die-cast, stator/rotor stacks, electric motors, pumps and construction contracts and projects.

The Company is wholly owned subsidiary of Kirloskar Brothers Limited.

2. **Significant accounting policies**

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements were authorised for issue by the Board of Directors on 17 April 2019.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Non-derivative financial instruments at fair value through profit or loss	Fair value
Defined benefit plan assets	Fair value

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information is presented in INR rounded to the nearest Lakhs, except share and per share data and/or unless otherwise stated.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions 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 each 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 value of assets or liabilities in future periods.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

1. **Estimation of defined benefit obligation - Refer Note 30**

The cost of the defined benefit gratuity plan / leave encashment and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Notes to Accounts

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables which tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

2. **Impairment of financial assets**

   The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3. **Estimated useful life of intangible assets -** Refer note 3 Intangible asset and amortization.

4. **Estimation of provision for warranty claims -** Key assumptions about likelihood and magnitude of an outflow of resources.

Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The cost is calculated on moving weighted average method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of fixed manufacturing overheads based on the normal operating capacity and variable overheads, but excluding borrowing costs.The cost is determined on moving weighted average method.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Notes to Accounts

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.6 Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and highly liquid short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.7 Property, plant and equipment

- **Recognition and measurement -**

Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to the construction of a qualifying asset are capitalised as part of the cost. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment under construction are disclosed as capital work-in-progress.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

- **Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

- **Disposal**

An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within other income/expenses in the statement of profit and loss on net basis.

- **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost. Depreciation is recognised in the statement of profit and loss generally on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013 or as assessed by the Management of the Company based on technical evaluation. In the cases mentioned below where the management based on the technical evaluation have estimated the life to be higher or lower than the life prescribed in schedule II.

Sr.No	Particulars	Life
1	Solar System	20 years
2	Solar Inverter	5 years
3	Stamping tools	3 years

Notes to Accounts

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

2.8 Intangible assets and amortisation

- **Recognition and measurement**

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

- **Subsequent measurement**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

- **Amortisation**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Sr.No	Particulars	Life
1	Computer Software	3 years

2.9 Investment Properties

Investment property is a property, being land or building or part of it, that is held to earn rental income or for capital appreciation or both but not held for sale in ordinary course of business, use in manufacturing or rendering services or for administrative purposes.

Upon initial recognition, investment property is measured at cost. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment property in the form of land is not depreciated.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement profit and loss in the period of derecognition.

2.10 Recognition of revenue from contract with customers

Company recognises revenue when it transfers control over a good or service to a customer and when it has fulfilled all 5 steps as given by Ind AS 115.

Revenue is measured at transaction price i.e. Consideration to which a company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and after considering effect of variable consideration and significant financing component.

Notes to Accounts

For contracts with multiple performance obligations, transaction price is allocated to different obligations based on their standalone selling price. In such case, revenue recognition criteria are applied separately for each different performance obligations, in order to reflect the substance of the transaction and revenue for each obligation as and when the recognition criteria for the component is fulfilled.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Amounts included in revenue are net of returns, trade allowances, rebates, goods and service tax, value added taxes.

Rendering of services

Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on surveys of work performed.

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Company sells the services in separate transactions.

Construction Contracts

Contract revenue includes initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

Contract revenue and contract cost arising from fixed price contract are recognized in accordance with the percentage completion method (POC). The stage of completion is measured with reference to cost incurred to date as a percentage of total estimated cost of each contract. Until such time (25% of Project Cost) where the outcome of the contract cannot be ascertained reliably, the company recognizes revenue equal to actual cost.

Full provision is made for any loss estimated on a contract in the year in which it is first foreseen.

For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognised profits (or recognised losses, as the case may be), the surplus is shown as the amount due to customers.

For contracts where the aggregate of contract costs incurred to-date and recognised profits (or recognised losses, as the case may be) exceed progress billing, the deficit is shown as the amount due from customers.

Amounts received before the related work is performed are disclosed in the Balance Sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance Sheet as trade receivables.

Other income

Other income comprises of interest income, dividend income, foreign currency gain on financial assets and liabilities and export benefits.

Interest income is recognised as it accrues in the statement of profit and loss, using the effective interest method. Dividend income and export benefits in the form of Duty Draw Back claims are recognised in the statement of profit and loss on the date that the Company's right to receive payment is established.

2.11 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences in relation to the foreign currency borrowings to the extent those are regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised in the cost of that asset. Qualifying assets are those assets which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Notes to Accounts

2.12 Foreign currencies transactions

Transactions and balances

Transactions in foreign currencies are initially recorded at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.13 Employee Benefits

Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short term compensated absences, leave travel allowance etc. are recognized in the period in which the employee renders the related service.

Post-Employment Benefits

Defined Contribution Plans

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

Defined Benefit Plans

The employees' gratuity fund scheme is the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expenses on a straight-line basis over the average period until the benefits become vested.Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Notes to Accounts

Long Term Employee Benefit

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned above except for actuarial gains and losses which are recognized in the statement of profit and loss.

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

2.14 Income Taxes

Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of tax laws enacted at the end of reporting period. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in a year is charge to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the assets to the extent company does not have the convincing evidence that it will pay normal tax during the specified period.

Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes to Accounts

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.15 Provisions

A Provision is recognized when the Company has a present obligation (legal or constructive) 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty is recognized when the underlying products and services are sold to the customer based on historical warranty data and at its best estimate using expected value method. The initial estimate of warranty-related costs is revised annually.

Contingent liability is disclosed in case of

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

b) present obligation arising from past events, when no reliable estimate is possible.

c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are not recognized in the financial statements.A contingent asset is disclosed, where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.16 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

- **Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term except for general inflation.

Notes to Accounts

- **Company as a lessor**

  Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

  Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.17 Impairment of non-financial assets

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's net selling price or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognized in the statement of profit and loss.

2.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to Accounts

2.19 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

1) Debt instruments at amortised cost.

2) Debt instruments at fair value through other comprehensive income (FVTOCI).

3) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).

4) Equity instruments measured at fair value through other comprehensive income (FVTOCI).

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial asset

Company applies expected credit loss (ECL) model for measurement and recognitionof impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b. Financial assets that are debt instruments and are measured as at FVTOCI

c. Lease receivables

d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

e. Loan commitments which are not measured as at FVTPL

f. Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on:

a. Trade receivables or contract revenue receivables; and

b. All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

Notes to Accounts

Financial liabilities

Initial recognition and measurement

The company initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, orthe terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.20 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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. If it is antidilutive, it is ignored.

Recent Accounting Pronouncements

Ind AS 116

Ind AS 116 was notified by Ministry of Corporate Affairs in March 2019 and the same will come in force from financial year beginning from 1st April 2019. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Company is currently evaluating the requirements of Ind AS 116 and its impact on the financial statements.

Notes to Accounts

Note 25: Contingent Liabilities

(INR in Lakhs)

Particulars	31 March 2019	31 March 2018
a) Claims against the company not acknowledged as debt	**3855.761**	4686.786
Claims are in the nature of legal notices received from vendors, customers and contested by the Company.		
b) Other money for which company is contingently liable		
i) Demand in respect of excise matters	**18.996**	18.996
ii) Demand in respect of labour matters	**53.217**	53.217
iii) In respect of sales tax matters for the year 2014-15 (2010-11)	**122.513**	122.513
iv) In respect of Service Tax for the Year 2007-08 to 2009-10	**370.267**	370.267
Total contingent liabilities	**4,420.755**	5,251.780

Note 26: Commitments

(INR in Lakhs)

Particulars	31 March 2019	31 March 2018
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**32.615**	645.805
Total commitments	**32.615**	645.805

Note 27: Remuneration to Auditors

(INR in Lakhs)

Particulars	2018 - 2019	2017 - 2018
a) Audit Fees	**14.750**	14.750
b) Tax Audit	**1.250**	1.250
c) For company law matters	**-**	-
d) For other services: Certification fees	**1.700**	1.550
e) Expenses reimbursed	**0.053**	0.092
Total audit fees payable	**17.753**	17.642

Notes to Accounts

Note 28: Earning per Share (Basic and diluted) **(INR in Lakhs)**

	Particulars	2018-19	2017-18
a)	Profit for the year before tax	**2441.145**	2020.668
	Less : Attributable Tax thereto	**566.473**	380.962
	Profit after Tax	**1874.672**	1639.706
b)	Weighted average number of equity shares used as denominator	**139.525**	139.525
		-	-
c)	Basic earning per share of nominal value of Rs 10/- each	**13.436**	11.752

Note 29: Construction contract **(INR in Lakhs)**

Particulars	2018-19	2017-18
Contract revenue recognized for the year	**70.410**	122.534
Amount of advances received for contracts in progress	**0.044**	0.044
Amount of retentions for contracts in progress	**189.550**	183.490
Gross Amount Due From Customer:	**0.000**	-
Contract cost incurred	**1487.640**	1,408.144
Recognized profit less recognized losses	**(136.91)**	(147.33)
Less : Progress Billing	**(1,350.73)**	(1,168.61)
POC	**0.000**	92.202

Note 30: Employee Benefits :

i Defined Contribution Plans:

Amount of Rs. 94.02 Lakhs (Previous year Rs. 71.74 Lakhs), is recognized as an expense and included in 'Payments to and Provision for Employees' in the statement of profit and loss.

ii Defined Benefit Plans:

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

	Particulars	31 March 2019 Gratuity Plan (Funded)	31 March 2018 Gratuity Plan (Funded)
A.	Amount to be recognised in Balance Sheet		
	Present Value of Defined Benefit Obligation	**240.842**	238.213
	Less: Fair Value of Plan Assets	**197.334**	219.016
	Amount to be recognised as liability or (asset)	**43.508**	19.197
B.	Amounts reflected in the Balance Sheet		
	Liabilities	**43.508**	19.197
	Assets	**-**	
	Net Liability/(Assets)	**43.508**	19.197

Notes to Accounts

b) The amounts recognised in the Profit and Loss Statement are as follows: **(INR in Lakhs)**

	Particulars	2018-2019 Gratuity Plan (Funded)	2017-2018 Gratuity Plan (Funded)
1	Current Service Cost	**21.944**	18.496
2	Acquisition (gain)/ loss	**-**	-
3	Past Service Cost	**-**	-
4	Net Interest (income)/expenses	**1.263**	1.551
5	Curtailment (Gain)/ loss	**-**	-
6	Settlement (Gain)/loss	**-**	-
	Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 20)	**23.207**	20.048

c) The amounts recognised in the statement of other comprehensive income (OCI)

(INR in Lakhs)

	Particulars	2018-2019 Gratuity Plan (Funded)	2017-2018 Gratuity Plan (Funded)
1	Opening amount recognised in OCI outside profit and loss account	**-**	-
2	Remeasurements for the year - Obligation (Gain)/loss	**6.479**	(15.675)
3	Remeasurements for the year - Plan assets (Gain) / Loss	**1.052**	(1.728)
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	**7.531**	(17.403)
5	Less: Accumulated balances transferred to retained earnings	**7.531**	(17.403)
	Closing balances (Remeasurements (gain)/loss recognised OCI	**-**	-

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows: **(INR in Lakhs)**

	Particulars	31 March 2019 Gratuity Plan (Funded)	31 March 2018 Gratuity Plan (Funded)
1	Balance of the present value of	**238.213**	253.409
	Defined benefit Obligation at beginning of the period	-	-
2	Acquisition adjustment	-	-
3	Transfer in/ (out)	-	-
4	Interest expenses	**17.124**	16.073
5	Past Service Cost	-	-
6	Current Service Cost	**21.944**	18.496
7	Curtailment Cost / (credit)	**-**	-
8	Settlement Cost/ (credit)	-	-
9	Benefits paid	**(42.917)**	(34.090)
10	Remeasurements on obligation - (Gain) / Loss	**6.479**	(15.675)
	Present value of obligation as at the end of the period	**240.843**	238.213

Notes to Accounts

e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(INR in Lakhs)

Particulars	Gratuity Plan (Funded)	
	31 March 2019	31 March 2018
1 Fair value of the plan assets as at beginning of the period	**219.016**	224.34
2 Acquition adjustment	**-**	-
3 Transfer in/(out)	**-**	-
4 Interest income	**15.861**	14.52
5 Contributions	**6.425**	12.52
6 Benefits paid	**(42.917)**	(34.090)
7 Amount paid on settlement	**-**	-
8 Return on plan assets, excluding amount recognized in Interest Income - (Gain) / Loss	**(1.051)**	1.73
9 Fair value of plan assets as at the end of the period	**197.334**	219.016
10 Actual return on plan assets	**14.809**	16.249

f) Net interest (Income) /expenses **(INR in Lakhs)**

Particulars	Gratuity Plan (Funded)	
	31 March 2019	31 March 2018
1 Interest (Income) / Expense – Obligation	**17.124**	16.072
2 Interest (Income) / Expense – Plan assets	**(15.861)**	(14.521)
3 Net Interest (Income) / Expense for the year	**1.263**	1.551

g) The broad categories of plan assets as a percentage of total plan assets as at reporting date of Employee's Gratuity Scheme are as under: **(INR in Lakhs)**

Particulars	Gratuity Plan (Funded)
	As at 31 March 2019
Government of India securities	**31.42**
State Government securities	**10.65**
Other approved securities(Govt. guaranted securitties)	**1.34**
High quality corporate bonds	**42.85**
Equity shares of listed companies	**5.23**
Special deposit scheme	**8.29**
Others	**0.22**
Total	**100.00**

1 Discount rate as at 31 March 2019 - 7.60% (31 March 2018- 7.90%)

2 Expected return on plan assets as at 31 March 2019 - 7.90% (31 March 2018- 6.80%)

3 Salary growth rate : For Gratuity Scheme - 10% (31 March 2018- 10%)

4 Attrition rate: For gratuity scheme the attrition rate is taken at 5% (31 March 2018- 5%)

5 The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Notes to Accounts

h) General descriptions of defined plans:

1 Gratuity Plan:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

i) The Company expects to fund Rs. 44.00 Lakhs towards its gratuity plan in the year 2019-20.

j) Sensitivity analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation(PVO). Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

(INR in Lakhs)

	Change in assumption	Effect on gratuity obligation	
		31 March 2019	31 March 2018
1	**Discount rate**		
	Increase by 1% to 8.6% (7.9%)	**225.149**	223.820
	Decrease by 1% to 6.6% (6.9%)	**258.844**	254.600
2	**Salary increase rate**		
	Increase by 1% to 11.0% (11.0%)	**256.129**	252.007
	Decrease by 1% to 9.0% (9.0%)	**227.200**	225.837
3	**Withdrawal rate**		
	Increase by 1% to 6.0% (6.0%)	**238.609**	236.479
	Decrease by 1% to 4.0% (4.0%)	**243.348**	240.147

Note 31: Related Party Disclosures

(a) Names of the related party and nature of relationship where control exists

Holding company

Kirloskar Brothers Limited

Fellow Subsidiary

Kirloskar Brothers International BV, Kirloskar Pompen BV, SPP Pumps Ltd, Rotaserve Limited, SPP Pumps MENA LLC, SPP Pumps International Pty, Micawber 784 Proprietary Limited, Rodelta Pumps International BV, Rotaserve BV, SPP Pumps SAS, SPP Pumps Inc, SPP Pumps (Asia) Company Limited, Braybar Pumps (Proprietary) Limited, SPP Pumps (South Africa) Pty Ltd., Rotaserve Mozambique , SPP Pumps (Singapore) Ltd, SPP Pumps Real estate LLC, Syncroflo Inc

(b) Names of the related party and nature of relationship under common control

Kirloskar Ebara Pumps Ltd., The Kolhapur Steel Limited, Kirloskar Corrocoat Pvt. Ltd.
Kirloskar Brothers (Thailand) Limited.

Notes to Accounts

(c) Key management personnel and their relatives with whom company had transacted during the year.

Name of the related party	Nature of relationship
Mr. Ravindra Samant	Managing Director
Mr. K. Taranath	Chairman
Mr. Anant Sathe	Director
Mr. Achyut Gokhale (up to 27.07.2018)	Director
Mr. Sandeep Phadnis	Director
Ms. Rama Kirloskar	Director
Mr. Vijaykumar Kulkarni	CFO

(d) Transactions with related parties **(INR in Lakhs)**

Nature of Transactions	Year	Where control exists	Enterprises under common control	KMP and relatives of KMP
Purchases/ Job work			-	
Kirloskar Brothers Limited		310.019		
Kirloskar Corrocoat Pvt Ltd.			0.201	
	2018-2019	**310.019**	**0.201**	
Kirloskar Brothers Limited		414.744		
Kirloskar Corrocoat Pvt Ltd.			0.960	
	2017-2018	**414.744**	**0.960**	
Sales/Job work				
Kirloskar Brothers Limited				
The Kolhapur Steel Limited		28,650.721		
			18.828	
Kirloskar Ebara Pumps Ltd.		-	0.093	
	2018-2019	**28,650.721**	**18.921**	
Kirloskar Brothers Limited		28,258.759		
The Kolhapur Steel Limited			9.202	
Kirloskar Ebara Pumps Ltd.			0.063	
	2017-2018	**28,258.759**	**9.265**	
Final/ Interim dividend				
Kirloskar Brothers Limited		348.811		
	2018-2019	**348.811**		
Kirloskar Brothers Limited		251.144		
	2017-2018	**251.144**		
Receiving services/ expenses				
Kirloskar Brothers Limited		96.085		
Kirloskar Brothers (Thailand) Limited			15.993	
Kirloskar Corrocoat Pvt Ltd.		-		
	2018-2019	**96.085**	**15.993**	
Kirloskar Brothers Limited		103.687		
Kirloskar Brothers (Thailand) Limited			46.155	
Kirloskar Corrocoat Pvt Ltd.			0.144	
	2017-2018	**103.687**	**46.299**	
Sitting Fees				
K. Taranath				0.325
Achyut Gokhale				0.300
Anant Sathe				0.350
	2018-2019			**0.975**
K. Taranath				0.775
Achyut Gokhale				0.300
	2017-2018			**1.075**

Notes to Accounts

(e) Key management personnel compensation

(INR in Lakhs)

	2018-19	2017-18
Ravindra Samant		
Short term employee benefits	**57.872**	48.961
Post employment benefits	**8.424**	8.073
Other long term employee benefit	**1.245**	2.654
	67.541	59.688

(f) Outstanding balances arising from transactions with related parties

(INR in Lakhs)

Nature of Transactions	Year	Where control exists	Enterprises under common control
Receivables (net)			
Kirloskar Brothers Limited		8,783.305	
The Kolhapur Steel Limited			7.535
Kirloskar Ebara Pumps Ltd.		-	-
	2018-2019	**8,783.305**	**7.535**
Kirloskar Brothers Limited		6,807.830	
The Kolhapur Steel Limited			6.363
Kirloskar Ebara Pumps Ltd.			0.048
	2017-2018	**6,807.830**	**6.411**
Payables(net)			
Kirloskar Brothers (Thailand) Limited			(9.870)
Kirloskar Brothers Limited		(180.217)	
Kirloskar Corrocoat Pvt Ltd.		-	
	2018-2019	**(180.217)**	**(9.870)**
Kirloskar Brothers (Thailand) Limited			(46.156)
Kirloskar Corrocoat Pvt Ltd.			(0.026)
	2017-2018	**-**	**(46.182)**

Notes to Accounts

Note 32 : Movement in Provision

(INR in Lakhs)

Particulars	Compensated Absenses	**Product Warranty**
Carrying amount as at 1 April 2017	151.308	-
Additional provision recognised during year	8.844	58.900
Amount utilised during the year	7.582	-
Unused amounts reversed during the year	-	-
Unwinding of provision during the year	-	-
Carrying amount as at 31 March 2018	152.570	58.900
Additional provision recognised during year	31.845	187.757
Amount utilised during the year	8.435	-
Unused amounts reversed during the year	-	-
Unwinding of provision during the year	-	-
Carrying amount as at 31 March 2019	175.980	246.657

Note 33: Expenditure on Research & Development

(INR in Lakhs)

Particulars	**31 March 2019**	31 March 2018
A. On revenue account		
Manufacturing expenses		
Materials	**26.976**	8.301
Repairs & maintenance	**-**	-
Payment to and provision for employee		
Salaries , wages , bonus, allowances, contribution to provident & other funds	**30.495**	36.012
Other expenses		
Travel expenses	**4.530**	3.778
Others	**0.329**	0.072
Total	**62.329**	48.162
B. On capital account		
Assets capitalised	**575.882**	1.000
CWIP	**16.432**	-
Total	**592.314**	1.000
Total	**654.644**	49.162

Notes to Accounts

Note 34: Segment Reporting

The company's Managing Director,the Chief Financial Officer, examine the company's performance both from a product and geographic perspective and has identified two reportable segments of its business.

Project division:

For project division, policy decision is taken by the management to close down existing projects business and not to go for further projects in view of proposed closure of this division.

Product division:

Product division consists of three verticals as motor, stamping and component. Managing Director and the Chief Financial Officer along with Plant Heads monitor product division as whole and not at vertical level.

The Managing Director & Chief Financial Officer , primarily use profit before tax to assess the performance of operating segments.

a) Segment results **(INR in Lakhs)**

Year ended 31 March 2019	Product sector	Project sector	Total
Revenue (Total Income)	32,615.445	74.530	32,689.975
External customers			
Inter-segment			
Total revenue	**32,615.445**	**74.530**	**32,689.975**
Income/(Expenses)			
1) Material Consumed	23,484.086	1.960	23,486.046
2) Depreciation	548.503	-	548.503
3) Other Expenses	6,044.185	174.995	6,219.180
Segment Profit	**2,538.671**	**(102.425)**	**2,436.246**
Less:- Tax Expenses			(566.473)
Total Comprehensive income for the year			1,869.773
Segment Assets	19,276.633	862.079	20,138.712
Unallocated Assets			1,012.946
Total assets	**19,276.633**	**862.079**	**21,151.658**
Segment liabilities	7,376.596	2,874.417	10,251.013
Unallocated Liabilities			10,900.645
Total Liabilities	**7,376.596**	**2,874.417**	**21,151.658**
Year ended 31 March 2018	**Product sector**	**Project sector**	**Total**
Revenue (Total Income)	33,567.109	126.584	33,693.693
External customers			
Inter-segment			
Total revenue	**33,567.109**	**126.584**	**33,693.693**
Income/(Expenses)			
1) Material Consumed	23,644.751	164.015	23808.766
2) Depreciation	513.681	-	513.681
3) Other expenses	6,584.330	754.925	7339.255
Segment Profit	2,824.347	(792.356)	2,031.991
Less:- Tax Expenses		(380.962)	
Total Comprehensive income for the year			1,651.029
Segment Assets	16,849.438	836.750	17,686.187
Unallocated Asset			966.469
Total assets	**16,849.438**	**836.750**	**18,652.656**
Segment liabilities	6,308.783	2,892.491	9,201.274
Unallocated Liabilities			9,451.382
Total Liabilities	**6,308.783**	**2,892.491**	**18,652.656**

Notes to Accounts

(b) Reconciliations to amounts reflected in the financial statements **(INR in Lakhs)**

(i) Reconciliation of profit		March 31, 2019	March 31, 2018
i)	Segment profit	**2,436.246**	2,031.991
	Intra segment elimination		
	Current tax expense	**(619.474)**	(440.000)
	Deferred tax expenses	**53.001**	59.038
	Finance income	**-**	-
	Any other items of reconciliations which are considered as adjustments/ elimination above	**-**	-
	Total Comprehensive income for the year	**1,869.773**	1,651.029
ii)	**Reconciliation of assets**		
	Segment operating assets	**20,138.712**	17,686.187
	Reconciliation items such as DTA/ Current tax assets	**1,012.946**	966.469
	Total assets	**21,151.658**	18,652.656
(iii)	Reconciliation of liabilities		
	Segment operating liabilities	**10,251.013**	9,201.274
	Reconciliation items - Total Equity	**10,900.645**	9,451.382
	Total liabilities	**21,151.658**	18,652.656

c) Geographic information

	31 March 2019	31 March 2018
Revenue from external customers		
India	**31,972.564**	33,094.698
Outside India	**569.581**	535.855
	32,542.145	33,630.554
Non current assets (other than deferred tax asset & financial asset)		
India	**3,984.012**	2,917.578
Outside India	**-**	-
	3,984.012	2,917.578

Notes to Accounts

Note 35 : Fair Value of financial assets and liabilities

Set out below, is a comparison by class of the carrying amounts and fair value of the company's financial instruments that are recognised in the financial statements

(INR in Lakhs)

Sr. No.	Particulars	Carrying value	
		31 March 2019	31 March 2018
	Financial Asset		
a)	**Carried at fair value through Other Comprehensive Income (FVTOCI)- Level 3**		
	Unquoted investment	**0.051**	0.051
b)	**Carried at amortised cost- Level 2**		
	Security Deposits-Non-Current	**150.496**	105.396
	Security Deposits-Current	**-**	50.000
	Other financial assets- Non-Current	**57.793**	55.080
	Other financial assets- Current	2.630	2.707
	Trade receivable	**11,298.824**	9,648.520
	Cash and cash equivalent and bank balances	**1,313.505**	1,221.406
		12,823.299	11,083.161
	Financial Liabilities		
c)	**Carried at amortised cost- Level 2**		
	Current borrowings at fixed rate of interest	**139.122**	110.409
	Other current financial liabilities	**3,516.500**	3,470.672
	Trade payable	**5,478.595**	4,858.426
		9,134.217	8,439.508

As per assessments made by the management fair values of all financial instruments carried at amortised costs (except as specified above in (a)) are not materially different from their carrying amounts since they are either short term in nature or the interest rates applicable are equal to the current market rate of interest.

The company has not performed a fair valuation of its investments in unquoted shares which are classified as FVOCI as the company believes that impact of change on account of fair value is insignificant.

Note 36 : Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance company's operations and to provide guarantees to support its operations. Company's principal financial assets include trade and other receivables, and cash and cash equivalents, that derive directly from its operations.

Company is exposed to market risk, credit risk and liquidity risk.

Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and appropriate financial risk performance for company are accountable to the Board Audit Committee. This process provides assurance to the company's senior management that company's financial risk- taking activities are governed by the appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company's policies and risk appetite.

The board of directors reviews and agrees policies for managing each of these risk is summarised below

Notes to Accounts

1) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Company uses expected credit loss model for assessing and providing for credit risk. Refer note 36 for expected credit loss model analysis.

a) Trade receivable

Customer credit risk is managed by each business unit subject to the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. Trade receivables are non interest bearing and are generally on, 45 days to 60 days credit term. The ageing analysis of trade receivable as on reporting date is as follows

	Not Due	Past due but not impaired			Impaired	Total	Expected Loss	Net Receivable after impairment
		Less than 180 days	181 to 365 days	above 366 days				
31 March 2019	8,659.364	2,287.060	352.400	-	1,140.204	12,439.028	(1,140.204)	11,298.824
31 March 2018	7,403.868	2,071.320	170.842	2.490	865.204	10,513.724	(865.204)	9,648.520

Reconciliation of loss provision

Particulars	Trade receivables
Loss allowance as at 01 April 2018	865.204
Changes in loss allowance	275.000
Loss allowance as at 31 March 2019	1,140.204

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the company's finance team in accordance with company's policy. Investments of surplus funds are made on the basis of Company policy and reviewed by Managing Director & Chief Financial Officer of the Company.Company's maximum exposure to credit risk for the components of statement of financial position is the carrying amount as disclosed in Note 10.

Notes to Accounts

2) Liquidity risk

Liquidity risk is the risk that the company may not be able to meet it's present and future cash flow and collateral obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet it's cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic banks at optimised cost.

The table summarises the maturity profile of company's financial liabilities based on contractual undiscounted payments

31 March 2019						
	Carrying amount	**On demand**	**Less than 180 days**	**181 to 365 days**	**above 366 days**	**Total**
Interest bearing borrowings	139.122	139.122	-	-	-	139.122
Other liabilities	3,516.500		3,516.500	-	-	3,516.500
Trade and other payable	5,478.595	-	5,478.595	-	-	5,478.595

31 March 2018						
	Carrying amount	**On demand**	**Less than 180 days**	**181 to 365 days**	**above 366 days**	**Total**
Interest bearing borrowings	110.409	110.409	-	-	-	110.409
Other liabilities	3,470.672		3,470.672	-	-	3,470.672
Trade and other payable	4,858.426	-	4,858.426	-	-	4,858.426

The company has access to following undrawn facilities at the end of the reporting period

	31 March 2019	31 March 2018
Floating rate	**10.50%**	10.50%
Expiring within one year	**860.878**	889.591
Expiring beyond one year	**-**	-

3) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2019 and 31 March 2018. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, proportion of financial instruments in foreign currencies are all constant at 31 March 2019.

Company's activities expose it to variety of financial risks, including effect of changes in foreign currency exchange rate and interest rate.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Notes to Accounts

b) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in local currency INR and in different foreign curren cies. Company has foreign currency trade receivables, trade payables, advances, deposits and therefore is exposed to foreign exchange risk. The company has not hedged it's foreign currency exposure by derivative instruments or otherwise. Below is the sensitivity analysis for the foreign currency risk.

(INR in Lakhs)

Particulars	Currency	Amount in Foreign Currency		Amount in INR	
		31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Financial Assets					
Trade Receivables	USD	**1.188**	1.877	**82.204**	122.115
	EUR	**0.425**	1.595	**33.028**	128.555
Financial liabilities					
Trade Payables	USD	**0.267**	4.997	**18.467**	325.017
	EUR	**0.003**	0.234	**0.233**	18.832

Currency wise net exposure (Assets-Liabilities)

(INR in Lakhs)

Particulars	Amount in Foreign Currency		Amount in INR	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
USD	0.921	(3.119)	63.737	(202.902)
EUR	0.422	1.361	32.795	109.723

Sensitivity Analysis

Currency	Amount in INR		Sensitivity %	Impact on profit (strengthen)		Impact on profit (weakening)	
	2019	2018		**2019**	2018	**2019**	2018
USD	**63.737**	(202.902)	2.72%	**1.734**	(5.519)	**(1.734)**	5.519
EUR	**32.795**	109.723	2.06%	**0.676**	2.260	**(0.676)**	(2.260)
Total	**96.531**	(93.180)	2.409		(3.259)	**(2.409)**	3.259

(EUR- Euro, USD - US Dollar)

Notes to Accounts

Note 37: Capital management

For the purpose of the company's capital management, capital includes issued equity capital , share premium and all other equity reserves. The primary objective of the company's capital management is to maximise the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure,comapny may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Company's policy is to keep the gearing ratio between 20% and 30%. The company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

A: Gearing ratio

Particulars	31 March 2019	31 March 2018
Loans and borrowings	**139.122**	110.409
Less: Cash and cash equivalents	**1,313.505**	1,221.406
Net debt	**(1,174.384)**	(1,110.997)
Equity	**10,900.645**	9,451.382
Capital and net debt	**9,726.261**	8,340.385
Gearing ratio	**-12.07%**	-13.32%

B: Dividend

	31 March 2019	31 March 2018
(i) Equity Shares		
Final dividend for the year ended 31 March 2018 is INR 2.50 (31 March 2017- 1.80) per fully paid share	**348.811**	251.144
Interim dividend for the year ended 31 March 2019 of INR Nil per fully paid share (31 March 2018- Nil) per fully paid share	**Nil**	Nil
(ii) Dividends not recognised at the end of the reporting period	**488.336**	348.811

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR Rs.3.50 per fully paid equity share (31 March 2018 - INR 2.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

Note 38 : Corporate social responsibility expenditures

(a) Amount required to be spent by the Company during the current year is Rs. 25.986 Lakhs

(b) Amount spent by the Company during the current year is Rs. 25.986 Lakhs

The company as per its policy on Corporate Social Responsibility(CSR) and recommendation and approval of the CSR committee has contributed Rs. 18.33 Lakhs towards Educational aid & Rs. 7.65 lakhs for other activities in local area in the current financial year.

Notes to Accounts

Note 39

During the year, Suppliers/Service providers covered under Micro, Small, Medium Enterprises Development Act, 2006 have furnished the information regarding filing of necessary memorandum with the appropriate authority. In view of this, information required has been disclosed.

	Particulars	**FY 2018-19**
(a)	Principal amount and interest due thereon (separately) remaining unpaid to any supplier as at the end of accounting year	2.956
(b)	Amount of interest paid by the buyer under MSMED along with payments made to supplier beyond appointed day during each accounting year	-
(c)	Interest due and payable for the period (where the principal has been paid but interest under MSMED not paid)	0.043
(d)	Interest accrued and remaining unpaid at the end of accounting year	0.043
(e)	Amount of further interest due and payable even in succeeding year, until when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure u/s 23 of MSMED 2006.	0.043

Note 40

In respect of Project Division of the Company, balances of some of the trade payable and advance to vendors are pending reconciliation / confirmations. These balances are in the process of reconciliation and the net adjustments, if any, arising out of this process of reconciliation will be accounted for after the completion of entire reconciliation process. Such net adjustments are not expected to have a material effect on the financial statements of the Company.

Note 41

Previous years' figures have been regrouped and reclassified, wherever necessary to conform to current year's classification.

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