Enriching Lives

KARAD PROJECTS AND MOTORS LIMITED

A Kirloskar Group Company

17th ANNUAL REPORT 2017 - 2018

INSPIRING TRUST. LEADING INNOVATION.

Won First Prize in "LAKAKI" Business Excellence Award Competition

Annual Report for the financial year ended on 31st March 2018

BOARD OF DIRECTORS

K. Taranath	-	Chairman
Ravindra R. Samant	-	Managing Director
Achyut B. Gokhale	-	Independent Director
Anant R. Sathe	-	Director
Sandeep A. Phadnis	-	Director
Ms. Rama S. Kirloskar	-	Additional Director (w.e.f. 21.07.2017)

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,
Taswade, 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	:	Tuesday, 17th July 2018
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 **Seventeenth** Annual Report and Audited Financial Statements of the Company for the year ended **March 31, 2018.**

1. FINANCIAL PERFORMANCE

The financial results of the Company for the year 2017-18 as compared with the previous year are as under:-

Particulars		**Current Year ended March 31, 2018 (Rs. In Lakhs)**	Previous Year ended March 31, 2017 (Rs. In Lakhs)
Revenue from Operations		**32636.44**	29927.34
Excise Duty recovered		**994.11**	3715.04
Total Revenue from Operations		**33630.55**	33642.38
Other Income		**63.13**	101.16
Total		**33693.69**	33743.54
Less -	Depreciation	**513.68**	540.64
	Finance Costs	**60.98**	99.59
	Other Expenses	**31098.36**	31795.16
Profit / (Loss) before tax		**2020.66**	1308.15
Provision for Income / deferred tax		**369.64**	57.43
Net Profit / (Loss) for the year		**1651.02**	1250.72

APPROPRIATIONS :

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

Particulars	**Current Year ended March 31, 2018 (Rs. In Lakhs)**	Previous Year ended March 31, 2017 (Rs. In Lakhs)
Dividend	**348.81**	251.10
Tax on Dividend	**71.70**	51.10
Transfer to General Reserve	**-**	-
Balance Carried to Balance Sheet	**420.51**	302.20
Total	**420.51**	302.20

2. STATEMENT OF AFFAIRS :

During the year, the total revenue from operations of the Company reached to the level of Rs. 32636 lakhs (before excise duty) which is 9% higher in comparison with previous year(In absolute terms). The Company has also earned a profit before tax of Rs. 2020 lakhs in comparison with previous yearprofit of Rs. 1308 lakhs.Company has successfully developed IE2 efficiency level motors & started deliveries to the end customers. Company has taken many initiatives to reduce energy consumption and results are encouraging. Company has received prestigious URJA order which includes new development and repeat order.

3. DIVIDEND

Your Company has proposed dividend @ 25% for the year ended 31.03.2018.

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 given in Annexure I to this report.

5. BOARD MEETINGS :

During the Financial year 2017-18, Six Board Meetings were held : 14th April 2017, 21st July 2017, 1th October 2017, 12th January 2018, 28th February 2018.

6. DIRECTORS' RESPONSIBILITY STATEMENT :

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

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. INDEPENDENT DIRECTORS DECLARATION

All independent directors of the Company have given declarations under sub-section (7) of section 149 of the Companies Act, 2013.

8. 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.

Remuneration Policy provides for component of remuneration to be paid to Key Managerial Personnel. The Remuneration policy is given in Annexure II to this report.

The Independent Directors of the Company are entitled to receive sitting fees for every meeting of Board and Committee thereof attended by them.

9. 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 No.10 of the Financial Statements.

10. 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 in Form AOC-2 is as below:

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

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 –

Name(s) of the related party and nature of relationship	Kirloskar Brothers Limited (KBL) – Holding company
Nature of contracts/ arrangements/ transactions	Service Facility Management Agreement
Duration of the contracts / arrangements/ transactions	2017-18
Salient terms of the contracts or arrangements or transactions including the value, if any	1. Execution of Service Facility Management Agreement for the year 2017-18 for availing certain services to KBL; 2. Total consideration Rs.67,15,349/- P.A.
Justification for entering into such contracts or arrangements or transactions	To allow the Company, to utilize certain services from KBL e.g. common facilities at Udyog Bhavan, Shuttle Services, Guest House Facilities and other services, etc., at the estimated cost which was derived considering the total cost to be incurred by the Company and on a sharing basis.
Date(s) of approval by the	October 11, 2017
Amount paid as advances, if any	Nil
Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

ii. Details of material contracts or arrangements 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, 2018 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

11. 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 III to this report.

12. 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.

13. 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 7 meetings were held during the year. In the opinion of the Board, none of the identified risks threaten the existence of the Company.

14. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Ms. Rama S. Kirloskar (DIN 07474724) – Additional Director, was appointed by the Board with effect from July 21, 2017. The Board recommends her appointment as a Non-Executive Director at the ensuing Annual General Meeting.

Mr. Sandeep Phadnis, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

15. PARTICULARS OF EMPLOYEE:

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

16. DISCLOSURE ON SECRETARIAL STANDARDS :

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

17. 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-IV.

18. 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.

19. 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.

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

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

21. HOLDING COMPANY

Kirloskar Brothers Limited is holding100% paid up capital of the company.

22. AUDITORS

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

Parkhi Limaye & Co. (Firm Registration No. 191) have been appointed as Cost Accountant as per Section 148 of the Act, read with applicable rules made thereunder for the Financial Year 2018-19. Their remuneration is subject to approval by the shareholders at the ensuing Annual General Meeting.

23. 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.

24. SECRETARIAL AUDITORS

Mr. Abhijit Dakhawe, Practicing Company Secretary (CP No. 4474) has been appointed as Secretarial Auditor as per Section 204 of the Act, 2013 for the Financial Year 2017-18.

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.

25. COMPOSITION OF AUDIT COMMITTEE

As required under section 177 of the Companies Act, 2013, your Board has constituted Audit Committee, comprising of the following Directors:

Mr. Taranath – Chairman
Mr. Achyut Gokhale – Member
Mr. A. R. Sathe – Member

26. DISCLOSURE UNDER THE "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, 2018:

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 conducted in the year;	03
Nature of action by employer or District Officer, if any	Nil

27. 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 19, 2018

Achyut Gokhale
Director

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, 2018**

[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	27%
2	Wound Stators	31909	29%
3	Stamping and Lamination	28910	10%
4	Die-cast rotors	31909	9%

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**	**100.00**	**13952450**	**0**	**13952450**	**100.00**	**0%**
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**13952450**	**-**	**13952450**	**100.00**	**13952450**	**0**	**13952450**	**100.00**	**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**	**100.00**	**13952450**	**0**	**13952450**	**100.00**	**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**	**100.00**	**13952450**	**0**	**13952450**	**100.00**	**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 Directors 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
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

(in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	110.396	-	-	110.396
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	**110.396**	**-**	**-**	**110.396**
Change in Indebtedness during the financial year				
• Addition	0.013	-	-	0.013
• Reduction	-	-	-	-
Net Change	**0.013**	**-**	**-**	**0.013**
Indebtedness at the end of the financial year	**110.409**	**-**	**-**	**110.409**
i) Principal Amount	110.409	-	-	110.409
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**110.409**	**-**	**-**	**110.409**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager (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	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48.63
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6.03
	(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)	**54.66**
	Ceiling as per the Act	-

B. Remuneration to other directors

(in Lakhs)

Sr. No.	Particulars of Remuneration	Mr. K. Taranath	Mr. Achyut Gokhale	Total
1	Independent Directors			
	Fee for attending board / committee meetings	0.8	0.3	1.0
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	**0.8**	**0.3**	**1.0**

(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	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**
	Total (B) = (1+2)	**-**	**-**	**-**	**1.0**
	Total Managerial Remuneration	**Not Applicable**			
	Overall Ceiling as per the Act	**Not Applicable**			

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

(in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Vijay Kulkarni CFO	Mr. Raghunath Apte (Company Secretary)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20.79	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.37	-
	(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	22.16	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

(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	Not Applicable				
	Penalty					
	Punishment					
	Compounding					
B.	DIRECTORS					
	Penalty					
	Punishment					
	Compounding					
C.	OTHER OFFICERS IN DEFAULT					
	Penalty					
	Punishment					
	Compounding					

ANNEXURE II

REMUNERATION POLICY

PHILOSOPHY :

As per the Corporate Governance philosophy followed by the Kirloskar Brothers Limited group, the Company believes that the system of Corporate Governance protects the interest of all the stakeholders by inculcating transparent business operations and accountability from management towards fulfilling the consistently high standard of Corporate Governance in all facets of the Company's operations.

The Company is committed to provide employment to all eligible applicants on the principles of equality without any discrimination.

The employees have to strictly follow the code of ethics and the management practices zero tolerance for the same.

OBJECTIVE :

- Transparent process of determining remuneration at Board and Senior Management level of the Company would strengthen confidence of stakeholders in the Company and its management and help in creation of long term value for them.
- Appropriate balance between the elements comprising the remuneration so as to attract potential high performing candidates for critical position in the Company for attaining continual growth in business.

COVERAGE :

Guidelines of determining remuneration of:

i. Managing Director
ii. Non Managing Director
iii. Key Managerial Personnel
iv. Senior Management Personnel

I. DIRECTORS

i. Managing Director:

The Board of Directors of the Company shall decide the remuneration of Managing Directors on the basis of recommendation from Nomination and Remuneration Committee (N&RC) subject to the overall limits provided under the Companies Act, 2013 and rules made thereunder, including any amendments, modifications and re-enactments thereto ('the Act') and compliance of related provisions provided therein.
The remuneration shall be approved by the shareholders of the Company as and when required.

The Company shall enter into a contract with every Managing Director, which will set out the terms and conditions of appointment. The contract shall be recommended by the N&RC and approved by the Board. The contract shall be for such tenure as may be decided by the Board but which in any case shall not exceed the tenure as is provided in the Act and subject to such approvals as may be required.

Board may vary any terms and conditions of the contract from time to time during the tenure subject to such approvals, as may be required under the Act.

Every notice sent to the shareholder for seeking their approval for appointment / re-appointment / remuneration of the Managing Director shall contain the gist of terms and conditions of the contract.

The remuneration components shall include inter alia:

a. Fixed salary:

Each Managing Director shall be paid fixed salary consisting of basic salary and such allowances and perquisites as may be recommended by N&RC and decided by Board based on recommendations of N&RC and performance evaluation of each Managing Director from time to time, subject to overall limits as prescribed under Act.

The same shall be reviewed annually based on the Company's annual appraisal policy.

b. Commission:

The Board may approve payment of commission subject to the limits provided in the Act. The eligibility and the amount of commission to be paid to each director shall be recommended by the N&RC on the basis of the performance evaluation of the Managing Director undertaken by the N&RC and Board.

c. Non-monetary benefits:

Managing Director may be entitled to club membership, company vehicle with driver, reimbursement of fuel expenses, vehicle maintenance, telephone, fax, internet at residence, reimbursement of mobile phone bill, fully furnished accommodation (in case of use of own residential property for accommodation, house rent allowance shall be paid), furnishings, reimbursement of house maintenance expenditure, reimbursement of gas, electricity bill, water & other utilities and repairs at residence, reimbursement of medical expenditure for self and family and leave travel assistance.

The Managing Directors shall not be entitled for sitting fess for attending the Board and any Committee meetings.

Managing Director may also be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. as per the Company's policy.

d. Compensation for loss of office may be paid as may be approved by the Board subject to the provisions of Section 202 of the Act.

e. Separation / Retirement benefits:

Managing Director shall be eligible to the following perquisites which shall be included in the computation of the ceiling on remuneration provided in the Act except in case of loss or inadequacy of profits of the Company:

(a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961 or any amendment thereof

(b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and

(c) Encashment of leave at the end of the tenure.

g. Performance Evaluation:

Performance evaluation of each Managing Director will be based on the key parameters for short and long term performance objectives appropriate to the working of the Company and its goals.

ii. Non Managing Director:

The Company shall issue a letter of engagement or appointment to every non- executive - Independent director. The components of payment of remuneration to Non Managing Directors shall be as follows:

a. Sitting fees :

Sitting fees may be paid for Board Meetings and any Committee Meetings attended by the non- Managing Director or independent directors. The fees may be same or different for attending the Board or Committee meetings or Board may determine the amount of sitting fees that may be paid for different types of meetings within limits as prescribed under the Act. Different sitting fees may be paid to non-Managing Directors or independent directors.

Committee shall include Audit Committee, Nomination & Remuneration Committee, Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee, Corporate Social Responsibility Committee or such Committees as may be constituted by the Board.

b. Commission

The Board may approve payment of commission subject to the limits provided in the Act. The eligibility and the amount of commission to be paid to each director shall be recommended by the N&RC on the basis of annual performance evaluation of the director based on directors' attendance in board meeting, membership / chairmanship of the committees of the Board, time devoted for the Company, contribution in the Board process and such other criteria like duties delegated to the director etc. and which requires payment of higher commission to the director.

c. Professional fees:

Non Managing Directors may be paid fees for services of professional nature, if in the opinion of N&RC, the director possesses the requisite qualification for practicing the profession. N&RC may decide the qualifications which shall be deemed to be requisite qualification possessed by the Director(s) for providing services of the professional nature and the N&RC is not required to give its opinion to the company in that capacity. Such professional fees shall not be considered as remuneration for the purpose of Act.

EXCESS REMUNERATION :

The Board of Directors may decide to remunerate the Director/s beyond the overall limits provided under the Companies Act, 2013 subject to compliance of provisions in this regard including obtaining approval of shareholders / Central Government, if required, owing to loss incurred by the Company or inadequacy of profits and situation entails providing such remuneration.

WAIVING OF EXCESS REMUNERATION:

Any remuneration or sitting fees paid, whether directly or indirectly, to any director beyond the limits prescribed under the Act and for which approval of the shareholders or Central Government is not obtained, if required to be obtained, the same shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

The Company shall not, in any case, waive the recovery of any such sum unless specific permission is obtained from Central Government for waiving such excess payment.

II. KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT

For the purpose of this Policy, Key Managerial Personnel (KMP) includes Managing Director, Chief Executive Officer, Manager, Chief Financial Officer and Company Secretary and such other officers as may be prescribed under Act from time to time, but shall not include members of the Board of Directors.

The Company shall issue an appointment letter to every KMP to be signed by such director as may be authorised by the Board. The letter shall detail the job profile, duties, remuneration, other benefits and other terms and conditions.

The Company shall issue an appointment letter to every senior management personnel (SMP) to be signed such director as may be authorised by the Board or any KMP. The letter shall provide details of the job profile, duties, remuneration package and other terms and conditions.

SMP means personnel of the Company who are members of its core management team excluding Board of Directors comprising of all members of management one level below the Managing Directors, if any, including the functional heads i.e. all sector/divisional heads.

The remuneration components may include:

a. Fixed salary:

Each KMP / SMP shall be paid fixed salary consisting of basic salary and such allowances and perquisites as per service rules of the Company. The band of the salary shall be determined according to the industry standards, market conditions, scale of the Company's business relating to the position, educational qualification parameters and personal experience in the industry as detailed in the service rules of the Company and such other factors as may be prescribed therein.

The same shall be reviewed annually based on the Company's annual appraisal policy.

b. Variable pay:

Variable pay to every KMP/SMP shall be as per the Performance Linked Pay Scheme of the Company, which is designed to bring about increase in overall organizational effectiveness through alignment in the objectives of the Company and the Individual.

The variable pay shall be payable based on absolute & relative performance of the Company and Business Units. The performance will be measured on the basis of contribution made by the respective Business Unit to the Company. The weightage of the same will as per Company policy which may be reviewed by the N&RC in each case before the beginning of the each financial year.

The entitlement as per the Performance Linked Variable Pay Scheme shall be disclosed in the appointment letter. The particulars of the payment shall be communicated to the concerned in his / her salary slip relevant for the month in which the variable pay is paid.

c. Perquisites / Other Benefits:

Perquisites / Other Benefits to KMP / SMP may include a Company provided car, petrol reimbursement, vehicle maintenance, telephone, reimbursement of mobile phone bill and reimbursement of medical expenditure for self and family as per Company Policy.

KMP / SMP may be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. as per Company policy.

d. Annual Pay Revision / Promotion

There are Key Result Areas which will be set in the beginning of the year and the performance appraisal shall be done in the format provided by the HR department. Based on this annual pay revision and/or promotion will be decided.

e. Stock options:

To motivate executives to pursue long term growth and objectives of the Company, the N&RC may nominate KMP / SMP for receiving stock options on the basis of the eligibility criterion of any scheme of stock options, if any, declared in the future by the Company or existing or future scheme of its holding company, to be approved by the Board or Committee thereof of its holding company.

f. Compensation for loss of office may be paid as may be set out in the appointment letter.

g. Separation / Retirement benefits:

Separation / retirement benefits as per Company policy which shall include contribution to provident fund, superannuation, gratuity and leave encashment.

h. Retention Bonus

Senior Management Personnel may be entitled to retention bonus based on the industry standards, market conditions, and scale of Company's business relating to the position, educational qualification parameters and personal experience in the industry.

DIRECTORS' & OFFICERS' LIABILITY INSURANCE :

The Company may take Directors & Officers liability insurance or such insurance of like nature for indemnifying any of the Directors or its KMP against any liability in respect of any negligence, default, misfeasance, breach of duty or trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of remuneration payable to such personnel. Provided that if such person is proved to be guilty, the premium paid shall be treated as part of remuneration.

CONSULTANTS & ADVISORS :

The N&RC may take services of such consultants & advisors as may be required to assist in determination of optimum remuneration structure and evaluation of the same for the Company's Directors, KMPs and senior management and shall have the authority to approve the fees payable to such consultants & advisors.

The N&RC shall have access to data of the Company relating to annual operating plan, management & leadership programs, employee survey, initiatives, operational reviews for purpose of undertaking their terms of reference and providing such recommendations as are required under the policy and take such assistance from the Head of the Human Resource Department as may be required for assessing the effectiveness and performance of any employee covered under the policy.

By order of the Board of Directors
For Karad Projects And Motors Limited

Place : Pune
Date : April 19, 2018

Achyut Gokhale
Director

Annexure III 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 or impact on conservation of energy

Net metering started for 850 KW solar power project.We have maintained our plant power factor at unity i.e. one.

(ii) The steps taken by the Company for utilizing alternate sources 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 clean energy started from 850 KW solar power plant.This has resulted in 30 % reduction in power cost.

(iii) The capital investment on energy conservation equipment: Rs. 380 Lakhs.

(B) Technology absorption:

(i) The efforts made towards technology absorption :

1. Usage of carbide auto stacking of tools
2. Energy efficient compressor(with IE3 motor)
3. URJA stator/Tacho generator development for KBL KOV
4. Development & productionisation of IE2 motors.

(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

(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.49.162 lakhs

(C) Foreign Exchange earnings and outgo :

Earnings – Rs. 535.71 Lakhs

Outgo – Rs. 2426.24 Lakhs

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

Place: Pune	**Achyut Gokhale**	**Ravindra Samant**
Date: April 19, 2018	Director	Managing Director

ANNEXURE IV TO BOARD'S REPORT

ANNUAL REPORT FOR CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITES FOR THE FINANCIAL YEAR 2017-18

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 takeholders 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.	
2	Composition of CSR Committee	Mr. Taranath Sitaramarao Kondebettu – Chairman Mr. Ravindra Samant – Member Mr. Sandeep Phadnis– Member
3	Average Net Profit of the company for last 3 financial years	69.76 lakhs
4	Prescribed CSR Expenditure (2% of amount as in item 3 above)	13.95 lakhs
5	Details of CSR spent during the financial year:	
	Total amount to be spent for the year:	13.19 lakhs
	Amount unspent, if any	0.75 lakhs
	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: Direct or through Implementing agency***
1	To provide educational facilities to nearby schools	Education	Karad Dist. Satara	3.59 lakhs	Direct expenses Rs. 3.59 lakhs	-	-	3.59 lakhs
	To provide infrastructure facilities and promotion of Education	Education	Karad, Dist. Satara	9.60 lakhs	Through implementing agency Rs.9.60 lakhs	-	-	9.60 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 19, 2018

Achyut Gokhale
Director

Ravindra Samant
Managing Director

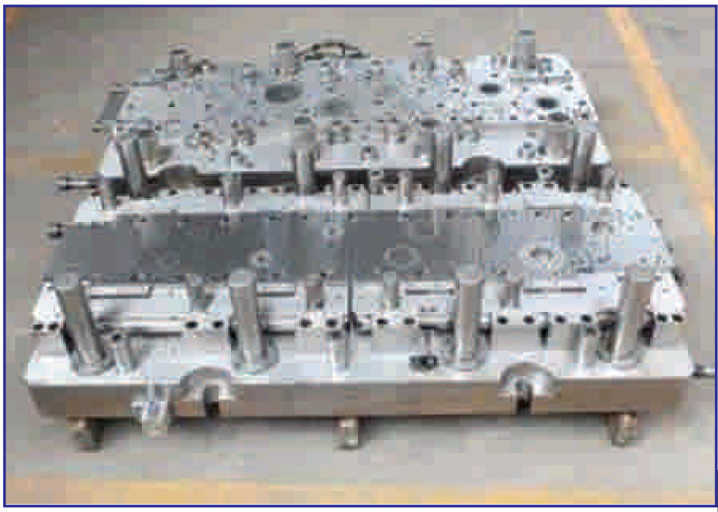
CORPORATE SOCIAL RESPONSIBILITY

Donated 10 Nos Celling Fan to
Saraswati Vidya Mandir, Karad.

Donated LCD Projector For
Digital classroom to Z.P. School,
Jamdadwadi, Karad.

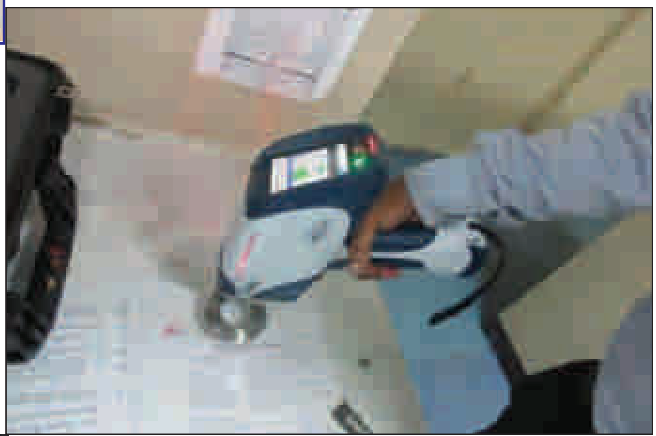
Donated 1000 Nos Dust Bin For
Collection of House Hold Garbage
To Grampanchayat Talbid, Karad.

TECHNOLOGY UPGRADATION



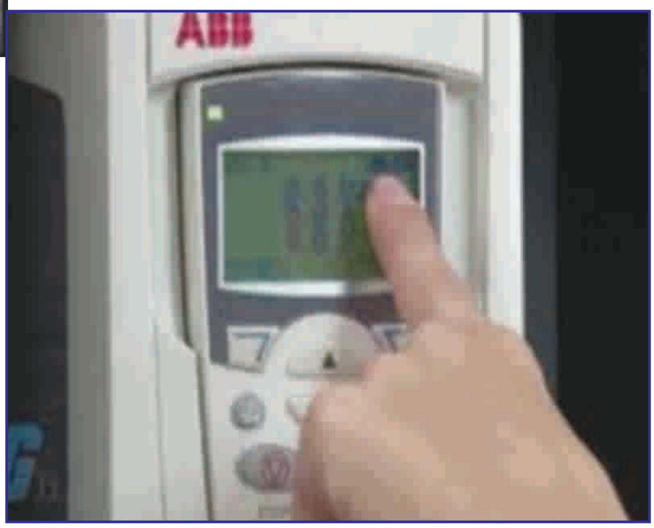
Adoption of Carbide Tool in Stamping Division

Positive Material Identification Machine in Component Division



Automatic Furnace Door To Avoid Heat Loss In Aluminium Melting Furnace At Rotor Die Casting Section

Energy Conservation Through VFD Installation



NEW PRODUCTS DEVELOPMENT

Development Of Higher Energy Efficient IE2 Motor

NESSUS QUANTUM

Ulysses Vamana Rad

New Office Infrastructure In Stamping Division

Water Conservation / Rain Water Harvesting

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2018

[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 Karad Projects and Motors Limited'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 2018** 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 hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Karad Projects and Motors Limited ("The Company") for the financial year period ended on **31st March 2018** 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, 2009 (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, 1998 (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.

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 decision of the Board is 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
UCN#I2001MH274200

Place : Pune
Date : April 19, 2018

From No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
*Kirloskar Brothers Limited (KBL) - Holding company	Service Facility Management Agreement	2017-18	1. Execution of Service Facility Management Agreement for the year 2017-18 for availing certain services to KBL; 2. Total consideration Rs.67,15,349/- P.A.	To allow the Company, to utilize certain services from KBL e.g. common facilities at Udyog Bhavan, Shuttle Services, Guest House Facilities and other services, etc., at the estimated costwhich was derived considering the total cost to be incurred by the Company and on a sharing basis.	October 11, 2017	Nil	NA

*The transaction is not in the ordinary course of business but at arms' length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis;

Please refer Note No.31 of the Standalone Financial Statements of the Company.

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

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

We have audited the accompanying Ind AS financial statements of **Karad Projects and Motors Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:
Refer Note 40 to the financial statements regarding some of the Trade Payable and Advances to Vendors which are pending reconciliation and confirmation.

Our opinion is not modified in respect of this matter.

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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   f) On the basis of the written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 frombeing appointed as a director in terms of Section164(2) of the Act.

   g) 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".

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 25 to the Ind AS financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material for eseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Sandeep Rao
Partner
Membership No.: 47235

Place : Pune
Date : 19, April, 2018

Annexure A

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

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

(b) The fixed assets are been physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. All the major fixed assets have been verified by the management in the current year and discrepancies noticed on such physical verification were not material and the same have been properly dealt with in the books of account.

(c) The title deeds of immovable properties are held in the name of the company.

ii. Physical verification of inventory has been conducted by the management during the current year. In our opinion, the interval of such verification is reasonable. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.

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 Companies Act, 2013. Therefore, clause (iii) a, b and c of the Order are not applicable to the Company.

iv. According to the information and explanations provided to us, in respect of loans, investments, guarantees, and security; provisions of section 185 and 186 of the Companies Act, 2013 have been complied with wherever applicable.

v. According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to the Company. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and we 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 records with a view to determine whether they are accurate and complete.

vii. (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, goods and services tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31 March 2018, for a period more than six months from the date they became payable except Rs. 39.12 Lakhs on account of sales tax which was in arrears for more than six months. We were informed that these sales tax liabilities are subject to reconciliations and would get crystallized on their respective assessments.

(b) According to the information and explanation provided to us, there are no dues of income tax, sales tax, Goods and Services tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of any dispute except those mentioned below:

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	42.75	2003-04	Sales tax Appellate Tribunal
W.Bengal Value Added Tax	Value Added Tax	114.29	2005-06	Jt. Commissioners Appeals
W.Bengal Value Added Tax	Value Added Tax	59.95	2006-07	Jt. Commissioners Appeals
W.Bengal Value Added Tax	Value Added Tax	76.97	2008-09	Jt. Commissioners Appeals
Finance Act 1994	Service Tax	140.04	2007-08 to 2009-10	CESTAT / Asst. Comm. Central Excise
MP Value Added Tax	Value Added Tax	110.26	2014-15	Asst. Commissioner Sale Tax

viii. Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company does not have any debenture holders.

ix. According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The Company has not raised any term loans during the year.

x. Based upon the audit procedures performed by us and according to the information and explanations provided to us by the management, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported to us during the year.

xi. According to the information and explanation provided to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

xii. The Company is not a Nidhi Company and accordingly, Clause (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanation provided to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Ind AS financial statements as required by the applicable Indian Accounting Standards.

xiv. According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

xv. According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

xvi. According to the information and explanation provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sandeep Rao
Partner
Membership No.: 47235

Place : Pune
Date : 19 April 2018

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 2018 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 reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, 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 reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2018, 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 : 19 April 2018

BALANCE SHEET AS AT MARCH 31, 2018

(INR in Lakhs)

Particulars	Note No.	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	**2,452.611**	2,679.862
Capital work-in-progress		**56.002**	20.100
Investment Property	4	**179.240**	179.240
Goodwill			
Other Intangible assets	3	**2.231**	6.433
Intangible assets under development			
Biological Asset other than bearer plants			
Financial Assets			
Investments	5	**0.051**	0.051
Trade receivables	6	**-**	-
Loans	6	**105.396**	105.351
Others	6	**55.080**	30.913
Deferred tax assets (net)	7	**572.582**	519.626
Other non-current assets	8	**227.494**	197.981
Total non-current assets		**3,650.688**	3,739.557
Current assets			
Inventories	9	**3,368.465**	2,904.182
Financial Assets			
Investments			
Trade receivables	6	**9,648.520**	9,399.413
Cash and cash equivalents	10	**111.433**	123.086
Bank balance	10	**1,109.973**	535.108
Loans	6	**50.000**	50.000
Others	6	**2.707**	1.105
Current Tax Assets (net)	7	**393.887**	63.468
Other current assets	8	**316.983**	289.708
Total current assets		**15,001.968**	13,366.070
TOTAL ASSETS		**18,652.656**	17,105.627
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	**1,395.245**	1,395.245
Other equity	12	**8,056.137**	6,707.380
Total equity		**9,451.382**	8,102.625
LIABILITIES			
Non-current liabilities		**-**	-
Financial Liabilities		**-**	-
Borrowings		**-**	-
Trade payables		**-**	-
Other financial liabilities			
Provisions	15	**70.646**	76.683
Deferred tax liabilities (net)	7	**-**	-
Other non-current liabilities			
Total non-current liabilities		**70.646**	76.683
Current liabilities			
Financial liabilities			
Borrowings	13	**110.409**	110.396
Trade payables	14	**4,858.426**	5,422.854
Other financial liabilities	14	**3,470.672**	3,081.627
Other current liabilities	16	**531.100**	207.743
Provisions	15	**160.021**	103.698
Current tax liabilities (net)			
Total current liabilities		**9,130.628**	8,926.318
Total liabilities		**9,201.274**	9,003.001
TOTAL EQUITY AND LIABILITIES		**18,652.656**	17,105.627

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 and on behalf of the Board of Directors

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

ACHYUT GOKHALE
Director
(DIN:00198894)

RAVINDRA SAMANT
Managing Director
(DIN: 07002226)

SANDEEP RAO
Partner
M.No. 47235

VIJAYKUMAR KULKARNI
Chief Financial Officer

RAGHUNATH APTE
Company Secretary

PUNE : April 19, 2018

PUNE : April 19, 2018

Statement of profit and loss for the period ended 31 March 2018

(INR in Lakhs)

Particulars	Note No.	For the year 2017-18	For the year 2016-17
Revenue from Operations	17	**33,630.554**	33,642.386
Other Income	18	**63.140**	101.157
Total Income		**33,693.693**	**33,743.543**
Expenses			
Cost of materials consumed	19	**24,127.925**	21,418.616
Purchases of Stock-in-Trade			
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	19	**-246.213**	-122.132
Employee benefits expense	20	**1,116.257**	976.375
Finance costs	21	**60.988**	99.590
Depreciation and amortization expense	22	**513.681**	540.646
Other expenses	23	**6,100.386**	9,522.296
Total expenses		**31,673.025**	32,435.391
Profit/(loss)before exceptional items and tax		**2,020.668**	1,308.151
Exceptional items			
Profit / (loss) before tax		**2,020.668**	1,308.151
Tax expenses			
(1) Current tax	7	**440.000**	401.500
(2) Deferred tax	7	**-59.038**	-357.899
Profit / (Loss) for the period from continuing operations		**1,639.706**	1,264.550
Profit/(loss) from discontinued operations			
Tax expenses of discontinued operations			
Profit/(loss) from discontinued operations (after tax)		**-**	-
Profit/(loss) for the period		**1,639.706**	1,264.550
Other Comprehensive Income			
Items that will not be reclassified to profit or loss	24	**17.403**	-21.142
Income tax relating to items that will not be reclassified to profit or loss	24	**-6.081**	7.317
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		**11.322**	-13.825
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)		**1,651.028**	1,250.725
Earnings per equity share (for continuing operations)			
(1) Basic		**11.75**	9.06
(2) Diluted		**11.75**	9.06
Earnings per equity share (for discontinued operations)			
(1) Basic		-	-
(2) Diluted		-	-
Earnings per equity share (for discontinued and continuing operations)			
(1) Basic		11.75	9.06
(2) Diluted		11.75	9.06

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 19, 2018

For and on behalf of the Board of Directors

ACHYUT GOKHALE
Director
(DIN:00198894)

RAVINDRA SAMANT
Managing Director
(DIN: 07002226)

VIJAYKUMAR KULKARNI
Chief Financial Officer

RAGHUNATH APTE
Company Secretary

PUNE : April 19, 2018

Statement of cash flow for the year ended 31 March 2018
(As per indirect method - IND AS 7)

(INR in Lakhs)

	Particulars	For the year 2017-18	For the year 2016-17
A	**Cash flows from Operating Activities**		
	Net Profit before Taxes and Extraordinary Items	**2020.668**	1,308.151
	Adjustments for :-		
1	Depreciation / Amortization	**513.681**	540.646
2	(Profit)/Loss on sale of Fixed Assets(Net)	**-2.488**	-0.543
3	Provision for Doubtful Debts/Advances/Bad debts written off	**-**	581.786
4	Interest Income	**-51.891**	-16.580
5	Dividend Income	**-0.001**	-0.001
6	Interest Expenses	**36.824**	69.976
7	Unrealized exchange (gain)/ Loss	**-4.973**	
	Profit on sale of investment	**0.000**	-
	Provision for diminution on investment written off	**0.000**	
8	Excess provision written back	**-1.687**	-15.142
9	Depreciation written back	**0.000**	
	Operating Profit Before Working capital changes	**2,510.134**	2,468.295
	Adjustments for :-		
1	(Increase)/decrease in Trade receivables	**-240.243**	-3,586.490
2	(Increase)/decrease in other financial assets	**-599.077**	-498.672
3	(Increase)/decrease in other non- financial assets	**-34.441**	441.948
4	(Increase)/decrease in Inventories	**-464.282**	-351.778
5	Increase/(decrease) in Trade payables	**-566.632**	1,201.985
6	Increase/(decrease) in other financial liabilities	**694.686**	907.216
7	Increase/(decrease) in other non-financial liabilities	**323.356**	38.298
8	Increase/(decrease) in provisions	**67.689**	37.863
9	Cash Generated from Operations	**1691.190**	658.664
10	Income Tax (Paid)/Refunded	**-770.419**	-160.775
	Net Cash from Operating Activities	**920.771**	497.889
B	**Cash flows from Investing Activities**		
1	Purchase of property, plant and equipment and intangible assets /Capital Advance	**-646.140**	-509.592
2	Sale of Fixed Assets	**2.509**	0.543
3	(Purchase)/sale of Investments	**0.000**	-
4	Interest Received	**50.289**	19.339
5	Dividend Received	**0.000**	0.001
	Net Cash from Investment Activities	**(593.342)**	-489.709
C	**Cash Flows from Financing Activities**		
1	(Repayment)/Proceeds of /from long term borrowing (net)	**-**	-
2	(Repayment)/Proceeds of /from Short term borrowing (net)	**0.013**	108.170
	(Repayment)/Proceeds of /from other borrowing (net)	-	
3	Interest Paid	**-36.824**	-69.976
4	Dividend Paid (Including tax on Dividend)	**-302.271**	-
5	Increase in Share Capital	**-**	-
6	Increase in Share Premium	**-**	-
	Net Cash used in Financing Activities	**(339.082)**	38.194

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

(INR in Lakhs)

	Particulars	For the year 2017-18	For the year 2016-17
D	Unrealized Exchange Gain / (Loss) in cash and cash equivalents		
	Net Increase/(Decrease) in Cash and Cash Equivalents	**-11.653**	**46.374**
1	**Cash & Cash Equivalents at beginning of period** (Refer Note 10)	**123.086**	**76.712**
2	**Cash & Cash Equivalents at end of period (Refer Note 10)**	**111.433**	**123.086**

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 19, 2018

For and on behalf of the Board of Directors

ACHYUT GOKHALE
Director
(DIN:00198894)

RAVINDRA SAMANT
Managing Director
(DIN: 07002226)

VIJAYKUMAR KULKARNI
Chief Financial Officer

RAGHUNATH APTE
Company Secretary

PUNE : April 19, 2018

Statement of Changes in Equity for the period ended 31 March 2018

A. Equity Share Capital

Balance as on 31 March 2017	Changes in equity share capital during the year	Balance as on 31 March 2018
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 2017	**179.076**	**2,982.233**	**140.945**	**3,405.127**	**6,707.380**
Profit for the year	-	-	-	1,639.706	1,639.706
Other comprehensive income	-	-		11.322	11.322
Dividends & Tax on Dividend	-	-	-	-302.271	-302.271
Transfer to retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
Balance as on 31 March 2018	**179.076**	**2,982.233**	**140.945**	**4,753.884**	**8,056.137**

Notes to Accounts (Continued)

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 2016	1.257	79.733	698.426	4,379.147	66.958	59.982	35.032	5,320.535	152.197
Additions			22.875	775.175	16.186	6.598	37.719	858.552	2.968
Disposals			-	0.140	-	-	9.160	9.300	
As at 31 March 2017	**1.257**	**79.733**	**721.300**	**5,154.183**	**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**
Depreciation/ Amortisation									
As at 1 April 2016	-	11.872	116.344	2,729.820	40.989	46.641	22.008	2,967.674	139.637
Charge for the year		0.837	30.853	483.430	7.026	5.042	4.363	531.551	9.095
Depreciation on disposal				0.140			9.160	9.300	
As at 31 March 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**
Net block									
At 31 March 2018	**1.257**	**66.187**	**542.657**	**1,756.564**	**27.605**	**19.085**	**39.257**	**2,452.611**	**2.231**
At 31 March 2017	**1.257**	**67.024**	**574.103**	**1,941.073**	**35.129**	**14.897**	**46.380**	**2,679.862**	**6.433**

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 new office furniture amounting to Rs.30,86,091 and machinery amounting to Rs.25,14,147 to be constructed at Karad plant.

Notes to Accounts

Note 4: Investment Properties
(Amount in Indian rupees)

Particulars	Land
Gross Block	
As at 1 April 2016	179.240
Additions	-
Disposals	-
As at 31 March 2017	179.240
Additions	-
Disposals	-
As at 31 March 2018	**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 vacency rates, terminal yields and discount rates based on comparble 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 2017	**179.240**
Fair value difference	-
Purchases	-
Closing Balance as at 31 March 2018	**179.240**

Notes to Accounts

Note 5: Other Financial Asset- Investments

(INR in Lakhs)

Particulars	31 March 2018	31 March 2017
Investments		
Investments at Fair value through other comprehensive income		
a) Unquoted equity shares (fully paid)		
1) 510 (31 March 2017 : 510) Equity Shares of Kirloskar Proprietary Limited of Rs. 10 each	**0.051**	0.051
	0.051	0.051

Particulars	31 March 2018	31 March 2017
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	**0.051**	0.051

Notes to Accounts (Continued)

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

Particulars	31 March 2018	31March 2017
Current		
1) Trade receivable		
From related parties	**7,394.826**	6,940.504
From others	**2,253.694**	2,458.909
Unsecured, considered good	**9,648.520**	9,399.413
Doubtful	**865.204**	865.204
	10,513.724	10,264.617
Less: Impairment allowance	**865.204**	865.204
Current Trade Receivable	**9,648.520**	9,399.413
Non-Current		
1) Loans		
(i) Security Deposits		
Unsecured, considered good	**105.396**	105.351
Doubtful	**-**	-
	105.396	105.351
Less:Impairment allowance	**-**	-
	105.396	105.351
Non-current security deposits	**105.396**	105.351
Current		
1) Loans		
(i) Security Deposits		
Unsecured, considered good	**50.000**	50.000
Doubtful	**-**	-
	50.000	50.000
Less: Impairment allowance	**-**	-
	50.000	50.000
Current security deposits	**50.000**	50.000
Non-Current		
1) Other finacial assets		
(i) Claims receivable	**12.865**	-
(ii) Fixed deposits with banks of maturity of more than 12 months (Rs. 41,56,701 (31 March 2017: 30,01,487) are held as margin money against guarantee)	**42.215**	30.913
(iii) Interest accrued	**-**	-
Non-current other financial assets	**55.080**	30.913
Current		
1) Other financial assets		
(i) Claims receivable	**-**	-
(ii) Interest accrued	**2.707**	1.105
Current other financial assets	**2.707**	1.105

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 2018 and 31 March 2017 are:

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

Particulars	2017-18	2016-17
Current income tax:		
Current income tax charge	**440.000**	401.500
Adjustments in respect of current income tax of previous year		
Deferred tax:		
Relating to origination and reversal of temporary differences	**-59.038**	-357.899
Income tax expense reported in the statement of profit or loss	**380.962**	43.601

Other Comprehensive Income

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

Particulars	2017-18	2016-17
Net loss/(gain) on remeasurements	**6.081**	-7.317
Income tax charged to OCI	**6.081**	-7.317

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2017.

Particulars	2017-18	2016-17
Accounting profit before tax	**2,020.668**	1,308.151
At statutory income tax rate of 34.608% on 13,08,15,117 (a) **Adjustments**	**699.313**	452.725
Less: tax rate Difference (34.608% - 21.34%)	**-268.070**	-173.545
Subtotal (b)	**-268.070**	-173.545
Less: Deferred Tax Credit having no effect on MAT Deferred tax on timing difference not having effect on MAT	**-59.038**	-233.736
Subtotal (c)	**-59.038**	-233.736
Less : Other Differences Due to effect on tax on OCI, and others MAT disallowances and exempt Income and rounding off of the provisions	**8.757**	-1.843
Subtotal (d)	**8.757**	-1.843
Sub total (e) = (a+b-c)	**-318.351**	-409.124
Total (f)=(a-e)	**380.962**	43.601
Tax expenses recorded in books	**380.962**	43.601

Deferred tax

Deferred tax relates to the following: DTL/ (DTA)	Balance Sheet		Statement of profit and loss	
	31 March 2018	31 March 2017	2017-18	2016-17
Property, plant and equipment (Depreciation)	**64.856**	51.987	**12.869**	60.043
Employee benefits - compensated absences	**-60.022**	-62.426	**2.404**	-20.420
Employee benefits - VRS	**-2.554**	-5.060	**2.505**	2.529
Provision for doubtful debts and advances	**-302.337**	-299.430	**-2.907**	-201.345
Amalgamation expenses	**-10.483**	-13.843	**3.360**	-13.457
Defferred Tax Asset (43 B)	**-262.041**	-190.854	**-71.187**	-190.854
Corporate guarantee	-	-	-	-1.326
Deferred tax expense/(income)			**-52.956**	-364.830
Net deferred tax (assets)/liabilities	**-572.582**	-519.626		

Notes to Accounts (Continued)

Reflected in balance sheet as

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

Particulars	31 March 2018	31 March 2017
Deferred tax asset	**-637.438**	-571.612
Deferred tax liability	**64.856**	51.987
Net Deferred tax asset	**-572.582**	-519.626

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

Particulars	31 March 2018	31 March 2017
Current tax asset	**393.887**	63.468

During the year 31 March 2018, 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 2018	31 March 2017
	Non-Current		
1	**Capital advances**		
	Unsecured, considered good	**36.442**	14.095
2	**Other loans and advances**		
	(i) Advances to supplier and others Unsecured, considered good	**183.751**	183.886
	(ii) Gross amount due from customer	**-**	-
	(iii) Prepaid expenses	**7.300**	-
	(iv) Claims receivable	**-**	-
	Total Non-Current	**227.494**	197.981
	Current		
1	**Other loans and advances**		
	(i) Advances to supplier and others Unsecured, considered good	**198.476**	130.137
	(ii) Gross amount due from customer	**92.202**	11.530
	(iii) Prepaid expenses	**24.273**	42.741
	(iv) Claims receivable	**2.032**	105.300
	Total Current	**316.983**	289.708

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

Particulars	31 March 2018	31 March 2017
(i) Raw Materials	**1,350.411**	1,198.233
(ii) Finished goods	**529.123**	289.125
(iii) Stores and spares	**161.562**	95.670
(iv) Work in progress	**1,327.369**	1,321.154
	3,368.465	2,904.182

Amounts recognised in profit or loss

Write-back of inventories to net realisable value amounted to Rs 21.84 lakhs (31 March 2017: Rs 17.18 lakhs write down). These were recognised as an expenses during the year and included in ' material consumption'

Notes to Accounts (Continued)

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

Particulars	31 March 2018	31 March 2017
(a) Cash and Cash equivalents		
(i) Cash on hand	**1.104**	0.297
(ii) EEFC accounts	**43.624**	7.793
(iii) Balances with banks	**66.706**	114.995
	111.433	123.086
(b) Other bank balances		
(i) Fixed deposits (with maturity less than 12 months)	**1,109.973**	535.108
	1,109.973	535.108

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 2018	31 March 2017
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 2018 the Board of Directors has proposed Rs.2.50 dividend .(31 March 2017: Rs. 1.80).

b) Reconciliation of share capital **(INR in Lakhs)**

Particulars	31 March 2018		31 March 2017	
	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 (Continued)

c) **Details of shareholder holding more than 5% shares**

Particulars	31 March 2018		31 March 2017	
	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	2016-17	2015-16	2014-15	2013-14	2012-13
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 2018	31 March 2017
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	**3,405.127**	2,154.402
Add : Total Comprehensive Income for the period	**1,651.028**	1,250.725
Balance available for appropriation	**5,056.155**	3,405.127
Less : Appropriations :		
Dividend	**251.144**	-
Tax on Dividend	**51.127**	-
Sub total	**302.271**	-
Closing balance	**4,753.884**	3,405.127
Total Other Equity	**8,056.137**	6,707.380

Notes to Accounts (Continued)

Note 13: Financial Liabilities - Borrowings

(INR in Lakhs)

Particulars	31 March 2018	31 March 2017
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.)	**110.409**	110.396
	110.409	**110.396**

Note 14: Financial liabilities

(INR in Lakhs)

Particulars	31 March 2018	31 March 2017
1) Current Trade payable		
Due to related parties	**297.760**	430.220
Due to others	**4,560.666**	4,992.634
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	**4,858.426**	5,422.854
	4,858.426	5,422.854
2) Other current financial liabilities		
(i) Salary & Reimbursements	**185.360**	129.469
(iii) Capital creditors	**93.709**	399.350
(iii) Provision for expenses	**3,191.604**	2,552.808
	3,470.672	3,081.627

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 2018	31 March 2017
Non-Current Provisions		
1) Provision for employee benefits		
(i) Leave encashment (Refer note 32)	**70.646**	76.683
(ii) Gratuity (Refer note 30)	-	-
2) Other Provisions		
Warranty Provision	-	
	70.646	76.683
Current Provisions		
1) Provision for employee benefits		
(i) Leave encashment (Refer note 32)	**81.924**	74.625
(ii) Gratuity (Refer note 30)	**19.197**	29.073
2) Other Provisions		
Warranty Provision	**58.900**	-
	160.021	103.698

Notes to Accounts (Continued)

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

Particulars	31 March 2018	31 March 2017
1) Contribution to PF and superannuation	**23.989**	7.235
2) Statutory dues	**146.906**	160.781
3) Advances from customer	**360.204**	39.727
	531.100	207.743

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

Particulars	For the year 2017-18	For the year 2016-17
Sale of product (Including excise duty)	**30,181.687**	31,072.437
Sale of services	**0.923**	12.396
	30,182.611	31,084.832
Project related revenue (refer note 29)	**122.534**	106.016
Other operating revenues	**3,325.409**	2,451.537
	33,630.554	33,642.386

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

Particulars	For the year 2017-18	For the year 2016-17
(a) Interest Income		
(i) From Bank	**44.099**	12.592
(ii) Income Tax Refund	**2.693**	-
(iii) From others	**5.099**	-46.489
	51.891	-33.897
(b) Dividend Income		
(i) From other than subsidiary companies	**0.001**	50.000
(c) Finance income		
(i) Corporate guarantee fair valuation	**-**	-
(ii) Net interest income on defined benefit obligation	**-**	0.478
	-	0.478
(b) Other non-operating income		
(iii) Miscelleneous Income	**11.248**	84.577
	11.248	84.577
	63.140	101.157

Notes to Accounts (Continued)

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

Particulars	For the year 2017-18	For the year 2016-17
Raw material consumed	**24,127.925**	21,418.616
	24,127.925	21,418.616
Changes in inventories of finished goods, Work in Progress, Opening Stock		
Finished goods	**289.125**	370.381
Work-in- progress	**1,321.154**	1,117.766
Stock in trade	**-**	-
	1,610.279	**1,488.147**
Closing Stock		
Finished goods	**529.123**	289.125
Work-in- progress	**1,327.369**	1,321.154
Stock in trade	**-**	-
	1,856.492	1,610.279
	-246.213	-122.132

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

Particulars	For the year 2017-18	For the year 2016-17
Salaries, wages and bonus	**986.467**	870.542
Defined Contribution Plan		
Contribution to provident fund, super annuation fund and E.S.I	**76.175**	57.343
Defined Benefit Plan		
Gratuity	**18.496**	14.612
Welfare expenses	**35.119**	33.877
	1,116.257	976.375

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

Particulars	For the year 2017-18	For the year 2016-17
Interest expense	**35.273**	66.144
Other borrowing costs	**24.164**	29.614
Net Interest Expense on defined benefit obligation	**1.551**	-
	60.988	95.758
Unwinding of discount on corporate guarantees	**-**	3.832
	60.988	99.590

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

Particulars	For the year 2017-18	For the year 2016-17
Depreciation on tangible assets	**509.480**	531.551
Depreciation on intangible assets	**4.202**	9.095
	513.681	540.646

Notes to Accounts (Continued)

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

Particulars	For the year 2017-18	For the year 2016-17
Stores and spares consumed	**1,127.020**	1,021.822
Processing charges	**1,847.830**	1,848.442
Power & fuel	**278.384**	378.161
Repairs and maintenance		
Plant and machinery	**205.149**	158.107
Buildings	**52.967**	81.113
Others	**7.506**	9.613
Rent	**3.815**	6.099
Rates and taxes	**21.994**	352.028
Travel and conveyance	**60.498**	65.253
Postage and telephone	**10.700**	16.539
Insurance	**16.997**	18.060
Directors sitting fees	**1.075**	1.375
Freight and forwarding charges	**445.226**	412.478
Advertisements and publicity	**10.516**	10.038
Settlement on Discontinuation of Project	**687.000**	347.400
Provision for doubtful debts, advances and claims	**-**	581.786
Bad debts, advances and claims written off	**-**	-
Auditors remuneration (Refer Note - 27)	**17.642**	17.659
Legal Expenses and Consulting Fees	**40.866**	50.604
Stationery and printing	**8.897**	8.306
Computer Services	**56.721**	87.901
Foreign exchange difference Loss (Net)	**8.216**	10.903
Warranty Expenses	**58.900**	-
CSR Expenses	**13.191**	0.743
Other miscellaneous expenses	**126.582**	313.500
Excise duty	**992.696**	3,724.366
	6,100.386	9,522.296

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

Particulars	For the year 2017-18	For the year 2016-17
Remeasurements gains and losses on post employements benefits	**-17.403**	21.142
Tax on remeasurements gains and losses	**-6.081**	7.317
	-11.322	13.825

Notes to Accounts

Significant Accounting Policies

Notes to the financial statements for the year ended 31 March 2018

1. Corporate information

Karad Projects and Motors Limited (KPML) is a public company domiciled in India and incorporated under the provisions of the Indian 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.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

31 March 2017 were the Company's first financial statements prepared in accordance with Ind AS and Ind AS 101 First-time Adoption of Indian Accounting Standards has been applied. The transition has been carried out from Indian GAAP which is considered as the Previous GAAP, as defined in Ind AS 101.

The financial statements were authorised for issue by the Board of Directors on 19 April 2018.

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.

Notes to Accounts (Continued)

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.

   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.

Notes to Accounts (Continued)

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.

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 net within other income/expenses in the statement of profit and loss.

- **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.

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.

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

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.

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 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured

Notes to Accounts (Continued)

at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Company has assumed that recovery of excise duty flows to the Company on its own account. Accordingly, it is the liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/value added tax (VAT) / goods and services tax (GST)is not received by the Company on its own account. Accordingly, it is excluded from revenue.

Construction Contracts

a) Contract revenue and contract costs arising from fixed price contracts are recognized in accordance with the percentage completion method. Revenue is recognized only to the extent of actual cost incurred till such time the outcome of the contract cannot be ascertained reliably.

b) The stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract.

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

d) In case of multiple elements transaction, revenue recognition criteria is applied for each separately identifiable component of transaction in order to reflect the substance of the transaction. Revenue is recognised separately for each component as and when the recognition criteria for the component is fulfilled.

Sale of goods and rendering of services

Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and when services are rendered. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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.

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.

Notes to Accounts (Continued)

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.

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.

Notes to Accounts (Continued)

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.

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.

Notes to Accounts (Continued)

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.

- **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

Notes to Accounts (Continued)

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.

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.

Notes to Accounts (Continued)

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 recognition of 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 11 and Ind AS 18
e. Loan commitments which are not measured as at FVTPL
f. Financial guarantee contracts which are not measured as at FVTPL

The group 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 group 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 group 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.

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.

Notes to Accounts (Continued)

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, or the 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 consolidated 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.

2.21 Recent Accounting Pronouncements

Ind AS 115 - Revenue from Contracts with Customers

On 28 March 2018, the Ministry of Corporate Affairs (the MCA) notified the Ind AS 115. The effective date for adoption of Ind AS 115 is financial period beginning on or after 1 April 2018. Ind AS 115 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the requirements of Ind AS 115 and its impact on the financial statements.

Note 25: Contingent Liabilities **(INR in Lakhs)**

Particulars	31 March 2018	31 March 2017
a) Claims against the company not acknowledged as debt	**4686.786**	4,676.692
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**	15.189
Total contingent liabilities	**4,881.513**	4,764.094

Note 26: Commitments **(INR in Lakhs)**

Particulars	31 March 2018	31 March 2017
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**645.805**	120.542
ii) Export obligation under EPCG License obtained from DGFT. Export obligation fulfilled upto 31st March, 2018 is Rs. 9,13,04,422 (upto previous year 7,43,47,877)	**-**	119.819
Total commitments	**645.805**	240.361

Note 27: Remuneration to Auditors **(INR in Lakhs)**

Particulars	2017 - 2018	2016 - 2017
a) Audit Fees	**14.750**	14.750
b) Taxation matters	**1.250**	1.250
c) For company law matters	**-**	-
d) For other services: Certification fees	**1.550**	1.519
e) Expenses reimbursed	**0.092**	0.141
Total audit fees payable	**17.642**	17.660

Notes to Accounts (Continued)

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

Particulars	2017-18	2016-17
a) Profit for the year before tax	**2020.668**	1,308.151
Less : Attributable Tax thereto	**380.962**	43.601
Profit after Tax	**1639.706**	1,264.550
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	**11.752**	9.063

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

Particulars	2017-18	2016-17
Contract revenue recognized for the year	**122.534**	106.016
Amount of advances received for contracts in progress	**0.044**	0.044
Amount of retentions for contracts in progress	**183.490**	180.853
Gross Amount Due From Customer:	**0.000**	-
Contract cost incurred	**1408.144**	5,441.394
Recognized profit less recognized losses	**(147.33)**	(1,891.941)
Less : Progress Billing	**(1,168.61)**	(3,537.922)
POC	**92.202**	11.530

Note 30: Employee Benefits :

i Defined Contribution Plans:

Amount of Rs. 71.74 Lakhs (Previous year Rs. 53.090 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 2018 Gratuity Plan (Funded)	31 March 2017 Gratuity Plan (Funded)
A. Amount to be recognised in Balance Sheet		
Present Value of Defined Benefit Obligation	**238.21**	253.409
Less: Fair Value of Plan Assets	**219.02**	224.336
Amount to be recognised as liability or (asset)	**19.197**	29.073
B. Amounts reflected in the Balance Sheet		
Liabilities	**19.197**	29.073
Assets	**-**	
Net Liability/(Assets)	**19.197**	29.073

Notes to Accounts

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

	Particulars	2017-2018 Gratuity Plan (Funded)	2016-2017 Gratuity Plan (Funded)
1	Current Service Cost	**18.50**	14.612
2	Acquisition (gain)/ loss	**-**	-
3	Past Service Cost	**-**	-
4	Net Interest (income)/expenses	**1.55**	(0.478)
5	Curtailment (Gain)/ loss	**-**	-
6	Settlement (Gain)/loss	**-**	-
	Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 20)	**20.048**	14.135

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

	Particulars	2017-2018 Gratuity Plan (Funded)	2016-2017 Gratuity Plan (Funded)
1	Opening amount recognised in OCI outside profit and loss account	**-**	-
2	Remeasurements for the year - Obligation (Gain)/loss	**(15.675)**	20.841
3	Remeasurements for the year - Plan assets (Gain) / Loss	**(1.728)**	0.301
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	**(17.403)**	21.142
5	Less: Accumulated balances transferred to retained earnings	**(17.403)**	21.142
	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 2018 Gratuity Plan (Funded)	31 March 2017 Gratuity Plan (Funded)
1	Balance of the present value of Defined benefit Obligation at beginning of the period	**253.409**	224.313
2	Acquisition adjustment	**-**	-
3	Transfer in/ (out)	**-**	-
4	Interest expenses	**16.073**	16.396
5	Past Service Cost	**-**	-
6	Current Service Cost	**18.496**	14.612
7	Curtailment Cost / (credit)	**-**	-
8	Settlement Cost/ (credit)	**-**	-
9	Benefits paid	**(34.090)**	(22.754)
10	Remeasurements on obligation - (Gain) / Loss	**(15.675)**	20.841
	Present value of obligation as at the end of the period	**238.213**	253.409

Notes to Accounts (Continued)

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 2018	31 March 2017
1 Fair value of the plan assets as at beginning of the period	**224.336**	230.517
2 Acquition adjustment	-	-
3 Transfer in/(out)	-	-
4 Interest income	**14.520**	16.874
5 Contributions	**12.520**	-
6 Benefits paid	**(34.090)**	(22.754)
7 Amount paid on settlement	**-**	-
8 Return on plan assets, excluding amount recognized in Interest Income - (Gain) / Loss	**1.728**	(0.301)
9 Fair value of plan assets as at the end of the period	**219.016**	224.336
10 Actual return on plan assets	**16.249**	16.573

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

Particulars	Gratuity Plan (Funded)	
	31 March 2018	31 March 2017
1 Interest (Income) / Expense – Obligation	**16.072**	16.396
2 Interest (Income) / Expense – Plan assets	**(14.521)**	(16.874)
3 Net Interest (Income) / Expense for the year	**1.551**	(0.478)

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 2017
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**

(Infromation for 31 March 2018 is awaited)

1 Discount rate as at 31 March 2018 - 7.90% (31 March 2017- 6.80%)
2 Expected return on plan assets as at 31 March 2018 - 6.80% (31 March 2017- 7.70%)
3 Salary growth rate : For Gratuity Scheme - 10% (31 March 2017- 10%)
4 Attrition rate: For gratuity scheme the attrition rate is taken at 5% (31 March 2017- 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 (Continued)

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. 20 Lakhs towards its gratuity plan in the year 2018-19.

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 2018	31 March 2017
1	**Discount rate**		
	Increase by 1% to 8.9% (7.8%)	223.820	237.927
	Decrease by 1% to 6.9% (5.8%)	254.600	271.072
2	**Salary increase rate**		
	Increase by 1% to 11.0% (11.0%)	252.007	268.086
	Decrease by 1% to 9.0% (9.0%)	225.837	240.240
3	**Withdrawal rate**		
	Increase by 1% to 6.0% (6.0%)	236.479	250.737
	Decrease by 1% to 4.0% (4.0%)	240.147	256.396

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

The Kolhapur Steel Limited, Kirloskar Corrocoat Limited,Kirloskar Brothers International BV, Kirloskar Pompen BV, SPP Pumps Ltd, Rotaserve Limited, SPP Pumps MENA LLC, Kirloskar Brothers (Thailand) Limited, Kirloskar Brothers 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 Pvt Ltd.

Notes to Accounts (Continued)

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

(INR in Lakhs)

Name of the related party	Nature of relationship
Ravindra Samant	Managing Director
Mr. K. Taranath	Chairman
Mr. Anant Sathe	Director
Mr. Achyut Gokhale	Director
Mr. Sandeep Phadnis	Director
Mr. Vijaykumar Kulkarni	Chief Financial Officer

(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		414.744		
Kirloskar Proprietary Limited		0.960		
	2017-2018	**415.704**		
Kirloskar Brothers Limited		579.630		
Kirloskar Corrocoat Limited		0.239		
	2016-2017	**579.869**		
Sales/Job work				
Kirloskar Brothers Limited		28,258.759		
The Kolhapur Steel Limited		9.202		
Kirloskar Ebara Pumps Pvt Ltd.			0.063	
	2017-2018	**28,267.961**	**0.063**	
Kirloskar Brothers Limited		24,515.573		
	2016-2017	**24,515.573**		
Proposed/ interim dividend				
Kirloskar Brothers Limited		251.144		
	2017-2018	**251.144**		
	2016-2017	Nil		
Receiving services/ expenses reimbursed				
Kirloskar Brothers Limited		103.687		
Kirloskar Brothers (Thailand) Limited		46.155		
Kirloskar Corrocoat Private Limited		0.144		
	2017-2018	**149.986**		
Kirloskar Brothers Limited		118.269		
	2016-2017	**118.269**		
Sitting Fees				
K. Taranath				0.775
Achyut Gokhale				0.300
	20**17-2018**			**1.075**
K. Taranath				0.800
Achyut Gokhale				0.575
	2016-2017			**1.375**

Notes to Accounts (Continued)

(e) Key management personnel compensation

(INR in Lakhs)

	2017-18	2016-17
Ravindra Samant		
Short term employee benefits	**48.961**	42.667
Post employment benefits	**8.073**	-
Other long term employee benefit	**2.654**	4.588
	59.688	47.255

(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		6,807.830	
The Kolhapur Steel Limited		6.363	
Kirloskar Ebara Pumps Pvt Ltd.			0.048
	2017-2018	**6,814.193**	**0.048**
Kirloskar Brothers Limited		6,510.413	
	2016-2017	**6,510.413**	
Payables(net)			
Kirloskar Brothers (Thailand) Limited		(46.156)	
Kirloskar Corrocoat Private Limited		(0.026)	
	2017-2018	**(46.181)**	
Kirloskar Corrocoat Private Limited		(0.129)	
	2016-2017	**(0.129)**	

Notes to Accounts (Continued)

Note 32 : Movement in Provision

Particulars	Compensated Absenses	Product Warranty
Carrying amount as at 1 April 2016	121.376	-
Additional provision recognised during year	38.048	-
Amount utilised during the year	8.116	-
Unused amounts reversed during the year	-	-
Unwinding of provision during the year	-	-
Carrying amount as at 31 March 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

Note 33: Expenditure on Research & Development

	Particulars	31 March 2018	31 March 2017
A.	**On revenue account**		
	Manufacturing expenses		
	Materials	**8.301**	6.792
	Repairs & maintenance	**-**	-
	Payment to and provision for employee		
	Salaries, wages, bonus, allowances, contribution to provident & other funds	**36.012**	49.414
	Other expenses		
	Travel expenses	**3.778**	2.483
	Others	**0.072**	0.908
	Total	**48.162**	59.598
B.	**On capital account**		
	Assets capitalised	**1.000**	3.471
	CWIP	**-**	-
	Total	**1.000**	3.471
	Total	**49.162**	63.069

Notes to Accounts (Continued)

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 2018	Product sector	Project sector	Total
Revenue	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	23,717.697	164.015	23,881.712
2) Depreciation	513.681	-	513.681
3) Other Expenses	6,522.706	754.925	7,277.631
Segment Profit	2,813.025	(792.356)	2,020.669
Less:- Tax Expenses			(380.962)
Profit for the year			1,639.707
Segment Assets	16,849.438	836.750	17,686.187
Unallocated Assets	-	-	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**
Year ended 31 March 2017	**Product sector**	**Project sector**	**Total**
Revenue	33,565.352	178.191	33,743.543
External customers			
Inter-segment			
Total revenue	**33,565.352**	**178.191**	**33,743.543**
Income/(Expenses)			
1) Material Consumed	20,788.005	491.297	21,279.302
2) Depreciation	540.646	-	540.646
3) Other expenses	9,620.230	995.213	10,615.443
Segment Profit	2,616.470	(1,308.319)	1,308.151
Segment Assets	15,699.722	822.811	16,522.533
Unallocated Assets	-	-	583.094
Total assets	**15,699.722**	**822.811**	**17,105.627**
Segment liabilities	6,838.809	2,164.193	9,003.001
Unallocated Liabilities	-	-	8,102.625
Total Liabilities	**6,838.809**	**2,164.193**	**17,105.627**

Notes to Accounts (Continued)

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

	Particulars	31 March 2018	31 March 2017
i)	**Reconciliation of profit**		
	Segment profit	**2,020.669**	1,308.151
	Intra segment elimination		
	Current tax expense	**(440.000)**	(401.500)
	Deferred tax expenses	**59.038**	357.899
	Finance income	**-**	-
	Any other items of reconciliations which are considered as adjustments/ elimination above	**-**	-
	Profit after tax and discontinued operations	**1,639.707**	1,264.550
ii)	**Reconciliation of assets**		
	Segment operating assets	**17,686.187**	16,522.533
	Reconciliation items such as DTA/ assets held for sale etc. which not allocated to any segments	**966.469**	583.094
	Total assets	**18,652.656**	17,105.627
iii)	Reconciliation of liabilities		
	Segment operating liabilities	**9,201.274**	9,003.001
	Reconciliation items - liabilities which are not allocated to any particular segment	**9,451.382**	8,102.625
	Total liabilities	**18,652.656**	17,105.627

c) Geographic information

	31 March 2018	31 March 2017
Revenue from external customers		
India	**33,094.698**	33,331.633
Outside India	**535.855**	310.753
	33,630.554	33,642.386
Non current assets (other than deferred tax asset & financial asset)		
India	**2,917.629**	3,133.616
Outside India	**-**	-
	2,917.629	3,133.616

Notes to Accounts (Continued)

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 2018	31 March 2017
	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	105.396	105.351
	Security Deposits-Current	50.000	50.000
	Other financial assets- Non-Current	55.080	30.910
	Other financial assets- Current	2.707	1.105
	Trade receivable	9,648.520	9,399.413
	Cash and cash equivalent and bank balances	1,221.406	658.194
		11,083.161	10,245.024
	Financial Liabilities		
c)	**Carried at amortised cost- Level 2**		
	Current borrowings at fixed rate of interest	110.409	110.396
	Other current financial liabilities	3,470.672	3,081.627
	Trade payable	4,858.426	5,422.854
		8,439.508	**8,614.877**

As per assessments made by the management fair values of all financial instruments carried at amortised costs (except as specified above) 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 (Continued)

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
		Less than 180 days	181 to 365 days	above 366 days	above 366 days			
31 March 2018	7,403.868	2,071.320	170.842	2.490	865.204	10,513.724	(865.204)	9,648.520
31 March 2017	7,303.047	1,864.967	231.399	-	865.204	10,264.617	(865.204)	9,399.413

Reconciliation of loss provision

Particulars	Trade receivables
Loss allowance as at 01 April 2017	865.204
Changes in loss allowance	0.000
Loss allowance as at 31 March 2018	865.204

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 (Continued)

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 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

31 March 2017						
	Carrying amount	**On demand**	**Less than 180 days**	**181 to 365 days**	**above 366 days**	**Total**
Interest bearing borrowings	110.396	110.396	-	-	-	110.396
Other liabilities	3,081.627		3,081.627	-	-	3,081.627
Trade and other payable	5,422.854	-	5,422.854	-	-	5,422.854

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

	31 March 2018	31 March 2017
Floating rate	**10.50%**	12.35%
Expiring within one year	**889.591**	889.604
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 2018 and 31 March 2017. 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 2018.

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 (Continued)

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 currencies. 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 2018	31 March 2017	**31 March 2018**	31 March 2017
Financial Assets					
Trade Receivables	USD	1.877	-	122.115	-
	EUR	1.595	0.924	128.555	63.988
Financial liabilities					
Trade Payables	USD	4.997	2.930	325.017	190.002
EUR		0.234	0.143	18.832	9.884

Currency wise net exposure (Liabilities- Assets)

(INR in Lakhs)

Particulars	Amount in Foreign Currency		Amount in INR	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
USD	(3.119)	(2.930)	(202.902)	(190.002)
EUR	1.361	0.781	109.723	54.103

Sensitivity Analysis

Currency	Amount in INR		Sensitivity %	Impact on profit (strengthen)		Impact on profit (weakening)	
	2018	**2017**		**2018**	**2017**	**2018**	**2017**
USD	(202.902)	(190.002)	3.40%	(6.899)	(6.460)	6.899	6.460
EUR	109.723	54.103	1.85%	2.030	1.001	(2.030)	(1.001)
Total	**(93.180)**	**(135.898)**		**(4.869)**	**(5.459)**	**4.869**	**5.459**

(EUR- Euro, USD - US Dollar)

Notes to Accounts (Continued)

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 2018	31 March 2017
Loans and borrowings	**110.409**	110.396
Less: Cash and cash equivalents	**1,221.406**	658.194
Net debt	**(1,110.997)**	(547.798)
Equity	**9,451.382**	8,102.625
Capital and net debt	**8,340.385**	7,554.828
Gearing ratio	**-13.32%**	-7.25%

B: Dividend

		31 March 2018	31 March 2017
(i)	Equity Shares		
	Final dividend for the year ended 31 March 2017 is INR 1.80 (31 March 2016- Nil) per fully paid share	**251.144**	-
	Interim dividend for the year ended 31 March 2018 of INR Nil per fully paid share (31 March 2017- Nil) per fully paid share	**Nil**	Nil
(ii)	Dividends not recognised at the end of the reporting period	**348.811**	251.144

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR Rs. 2.50 per fully paid equity share (31 March 2017 - INR 1.80). 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. 13.953 Lakhs

(b) Amount spent by the Company during the current year is Rs. 13.190 Lakhs

The company as per its policy on Corporate Social Responsibility (CSR) and recommendation and approval of the CSR committee has contributed Rs. 13.190 Lakhs towards Educational aid in the current financial year.

Notes to Accounts (Continued)

Note 39

Suppliers/Service providers covered under Micro, Small, Medium Enterprises Development Act, 2006 have not furnished the information regarding filing of necessary memorandum with the appropriate authority. In view of this, information required to be disclosed cannot be given.

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.

Won KBL-ENCON Awards for Best ENCON Project in Large Manufacturing Category

Enriching Lives

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