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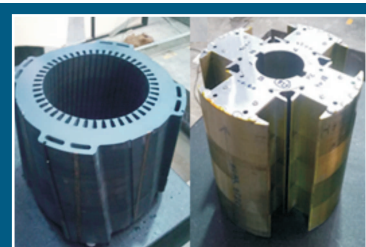
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Enriching Lives

Committed to Innovation,  
Solutions and reliability

**Annual Report 2019-20**



**KARAD PROJECTS AND MOTORS LIMITED**

A Kirloskar Group Company



Inauguration of New Manufacturing Facility for Special Products "URJA"  
by Shri Sanjay C. Kirloskar, CMD, Kirloskar Brothers Limited.



Mr. Dinesh Babu, Head LWRD, BARC, Mumbai visited Urja Workstation

Annual Report for the financial year ended on 31<sup>st</sup> March 2020

### **BOARD OF DIRECTORS**

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

### **CHIEF FINANCIAL OFFICER**

Vijaykumar V. Kulkarni

### **COMPANY SECRETARY**

Raghunath Apte

### **AUDITORS**

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

### **BANKERS**

HDFC Bank Limited

### **REGISTERED OFFICE**

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

### **WORKS/DIVISIONS**

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

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

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

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

### **Information for shareholders**

Annual General Meeting

Day & date	:	Friday, 7 <sup>th</sup> August 2020
Time	:	11.00 AM.
Venue	:	Registered Office, Plot B-67 & 68, MIDC Karad Industrial Area, Tasawade, Karad - 415 109

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## BOARD'S REPORT

The Members  
Karad Projects and Motors Limited

Your Directors present the **Nineteenth Annual Report** and Audited Financial Statements of the Company for the year ended **March 31, 2020**.

### 1. FINANCIAL PERFORMANCE

The financial results of the Company for the year 2019-20 as compared with the previous year are as under:-

Particulars	Current year ended March 31, 2020 (Rs. in Lakhs)	Current year ended March 31, 2019 (Rs. in Lakhs)
Revenue from Operations	32,186.21	32,542.15
Excise Duty recovered	-	-
Total Revenue from Operations	32,186.21	32,542.15
Other Income	828.69	147.82
<b>Total</b>	<b>33,014.90</b>	<b>32,689.97</b>
Less - Depreciation	609.08	548.50
Finance Costs	44.19	68.63
Other Expenses	29,646.67	29,631.69
Profit / (Loss) before tax	2,714.96	2,441.14
Provision for Income / deferred tax	725.35	566.47
Profit / (Loss) after Tax	1989.61	1874.67
Other Comprehensive Income (OCI)	1.78	(4.90)
<b>Net Profit / (Loss) after OCI for the year</b>	<b>1991.39</b>	<b>1869.77</b>

### APPROPRIATIONS :

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

Particulars	Current year ended March 31, 2020 (Rs. in Lakhs)	Current year ended March 31, 2019 (Rs. in Lakhs)
Dividend	488.33	488.33
Tax on Dividend	-	100.37
Transfer to General Reserve	-	-
<b>Total</b>	<b>488.33</b>	<b>588.71</b>

### 2. STATEMENT OF AFFAIRS :

During the year, the total revenue from operations of the Company is Rs. 32,186 lakhs which is lower by Rs. 355 lakhs than previous year mainly because of loss of opportunity to generate revenue due to close down of operation in epidemic situation- COVID-19.

The Company has reported significant rise in other income this year Rs. 828 lakhs as against last year Rs.148 lakhs. This Increase is mainly due to reversal of provisions made earlier in projects division more specifically towards GAIL & BHEL Projects and recovery of overdue interest from KBL on the delayed payments made by them for FY 2019-20. During the year the Company has earned Profit before tax Rs. 2714.96 lakhs in comparison with previous year Rs.2441.14 lakhs.

Impact of the outbreak of COVID-19 has affected our Company.We have to shut down all operations in March end. As a result of this, KPML lost an opportunity to generate additional revenue during March 2020.

In connection with the COVID-19 outbreak, KPML have implemented precautionary measures and protocols based on recommendations from the Government & as per the guidelines of KBL.

Your company has proved Work from Home(WFH) arrangement to complete necessary activities. Revised guidelines and infrastructure is in place to ensure business continuity.

### **3. DIVIDEND**

Your Board has proposed a dividend @ 35% on outstanding share capital of Rs. 139,524,500/- for the year ended 31.03.2020.

## **STATUTORY DISCLOSURES**

### **4. EXTRACT OF THE ANNUAL RETURN:**

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

### **5. BOARD MEETINGS:**

During the Financial year 2019-20, Five Board Meetings were held:

- i) 17th April 2019;
- ii) 17th July 2019;
- iii) 22nd October 2019;
- iv) 17th January 2020; and
- v) 10th March 2020.

### **6. DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors, had laid down internal financial controls to be followed by the Company, wherever required, and that such internal financial controls are adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

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

### **8. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

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

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

A	Name(s) of the related party and nature of relationship	Kirloskar Brothers Limited - Holding company
B	Nature of contracts/arrangements/transactions	Sale / Purchase and rendering / receiving services
C	Duration of the contracts/arrangements/transactions	On monthly basis
D	Salient terms of the contracts or arrangements or transactions including the value, if any;	Transactions with related parties for the year ended March 31, 2020 is attached to the Notes to accounts of the Financial Statement.
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

**9. 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.

**10. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION AFTER THE END OF FINANCIAL YEAR:**

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.

**11. BUSINESS RISK MANAGEMENT :**

The Company has formulated a Risk Management System and has constituted a Risk Management Committee. Senior management team periodically reviews the working conditions affecting the Company and reports the same to the Board. Total 09 meetings were held during the year. In the opinion of the Board, none of the identified risks threaten the existence of the Company.

**12. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Mr. Sandeep Phadnis (DIN 06561013), Director retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

**13. 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.

**14. DISCLOSURE ON SECRETARIAL STANDARDS:**

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

**15. 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.

**16. 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.

**17. 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.

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

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

**19. HOLDING COMPANY**

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

**20. AUDITORS**

M/s P. G. Bhagwat, Chartered Accountants (Firm Registration No. 101118W) were re-appointed as auditors for a further period of 4 years in the 18th Annual General Meeting of the Company held on July 17, 2019 till the conclusion of 22nd Annual General Meeting of the Company to be held in calendar year 2022.

Parkhi Limaye & Co. (Firm Registration No. 191) were appointed as Cost Accountant as per Section 148 of the Companies Act, 2013, read with applicable rules made thereunder for the Financial Year 2019-20.

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 2020-21. Their remuneration is subject to approval by the shareholders at the ensuing Annual General Meeting.

Your Company is required to maintain the Cost Records as required under section 148(1) of the Companies Act, 2013 and accordingly such records are maintained by the Company for the year ended March 31, 2020.

**21. 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.

**22. REPORTING ON FRAUDS BY AUDITORS**

During the year under review, no frauds were reported by the Auditors of the Company.

**23. SECRETARIAL AUDITORS**

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

Mr. Abhijit Dakhawe, Practicing Company Secretary (CP No. 4474) has been appointed as a Secretarial Auditor as per section 204 of the Companies Act, 2013 for the Financial Year 2020-21.

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

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

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

In terms of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rule 2013, the report for the year ended on March 31, 2020:

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

**25. 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: May 27, 2020

**K. Taranath**  
Chairman

**Ravindra Samant**  
Managing Director



## ANNEXURE I TO BOARD'S REPORT

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on **March 31, 2020**

[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	11%
2	Wound Stators	31909	37%
3	Mini pumps	28910	9%
4	Motor for Submersible Pump	31103	12%
5	Die-cast rotors	31909	7%

## 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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
<b>d) Bodies Corp.</b>		<b>13952450</b>	<b>13952450</b>	<b>100.0</b>	<b>13952450</b>	<b>0</b>	<b>13952450</b>	<b>100.0</b>	<b>0%</b>
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>		<b>13952450</b>	<b>13952450</b>	<b>100.0</b>	<b>13952450</b>	<b>0</b>	<b>13952450</b>	<b>100.0</b>	<b>0%</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Total shareholding of Promoter(A)=(A)(1)+(A)(2)</b>		<b>13952450</b>	<b>13952450</b>	<b>100.0</b>	<b>13952450</b>	<b>0</b>	<b>13952450</b>	<b>100.0</b>	<b>0%</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>									
<b>2. Non-Institutions</b>									
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)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>									
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>13952450</b>	<b>13952450</b>	<b>100.00</b>	<b>13952450</b>	<b>0</b>	<b>13952450</b>	<b>100.0</b>	<b>0%</b>

**(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%
	<b>Total</b>	<b>13952450</b>	<b>100%</b>	<b>0</b>	<b>13952450</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

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

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

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

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

**(v) Shareholding of Directors and Key Managerial Personnel:**

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

**V. INDEBTEDNESS:****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs. in Lakhs)

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	139.121			139.121
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-			-
<b>Total (i+ii+iii)</b>	<b>139.121</b>			<b>139.121</b>
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	139.121			139.121
<b>Net Change</b>	<b>139.121</b>			<b>139.121</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0.00			0.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>0.00</b>			<b>0.00</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(Rs. in Lakhs)

<b>Sr. No.</b>	<b>Particulars of Remuneration</b>	
<b>A.</b>	<b>Remuneration to Managing Director, Whole-time Directors and/or Manager:</b>	<b>Ravindra Samant Managing Director</b>
1	Gross salary	59.31
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7.17
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	
	- as % of profit	-
	- others, specify	-
5	Others, please specify	-
	<b>Total (A)</b>	<b>66.48</b>
	Ceiling as per the Act	-

**B. Remuneration to other directors**

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration		Total
1	Independent Directors Fee for attending board / committee meetings Commission Others, please specify <b>Total (1)</b>	<b>Not Applicable</b>	

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Mr. K.Taranath	Anant Sathe	P.S.Jawadekar	Sandeep Phadnis	Rama Kirloskar	Total
2	Other Non-Executive Directors						
	Fee for attending board / committee meetings	0.425	0.375	0.300	0	0	1.100
	Commission						
	Others, please specify						
	<b>Total (2)</b>	0.425	0.375	0.300	0	0	1.100
	<b>Total (B) = (1+2)</b>	0.425	0.375	0.300	0	0	1.100
	<b>Total Managerial Remuneration</b>	<b>Not Applicable</b>					
	<b>Overall Ceiling as per the Act</b>	<b>Not Applicable</b>					

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

(Rs. in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Vijay Kulkarni (CFO)	Mr. Raghunath Apte (Company Secretary)
1	Gross salary	25.24	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.88	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(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	-	-
	<b>Total</b>	<b>27.13</b>	<b>-</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

(Rs. in Lakhs)

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

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

Place: Pune  
Date: May 27, 2020

**K. Taranath**  
Chairman

**Ravindra Samant**  
Managing Director

**Annexure II to Board's Report****The report on conservation of energy, technology absorption, foreign exchange earnings and outgo as per Rule 8(3) of the Companies (Accounts) Rules, 2014:****(A) Conservation of energy :****(i) The steps taken by the Company for utilizing alternate sources of energy**

Effective utilization of Solar Power project of 300 KW at Motor division and Net metering started. We received first price for this project as best renewable project in ENCON competition.

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

1. In case of Capital Investments, care had been taken that the machines are energy efficient. New Air compressor of Atlas Copco make having 600CFM capacity was commissioned at Stamping division with VFD(Variable Frequency Drive). Expected saving is Rs. 0.5 Mn/annum
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. Our engineers made Resistance heating system inhouse for stator heating. This will save approx. Rs. One Mn per annum.
4. We have reduced maximum demand load at motor Division.This will save around Rs.One Mn/annum.
5. We have horizontally deployed some initiatives like Usage of HVLS fans,Induction lamps in other units.
6. We have horizontally deployed energy saving concepts with some of our vendors. Eg-Usage of IE3 motors,VFD at Diecasting vendors.

**(iii) The capital investment on energy conservation equipment : Rs. 38 Lakhs.****(B) Technology absorption:****(i) The efforts made towards technology absorption :**

1. Usage of carbide auto stacking of tools
2. Energy efficient motor development of IE3 & IE4 motors
3. URJA stator/Tacho generator development for KBL KOV
4. Development of resistance heating system for stators.
5. Thyristor based power source for welding machines

**(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. Reduction in Energy & varnish consumption.
3. Started getting orders of IE3 Motors.
4. Reduction in Energy consumption.

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

- (a) the details of technology imported: Not Applicable
- (b) the year of import: Not Applicable
- (c) Whether the technology been fully absorbed: Not Applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

**(iv) Expenditure incurred on Research and Development: Rs. 207.88 lakhs****(C) Foreign Exchange earnings and outgo :**

Earnings - Rs.468.76 Lakhs

Outgo - Rs.688.40 Lakhs

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

Place: Pune  
Date: May 27, 2020

**K. Taranath**  
Chairman

**Ravindra Samant**  
Managing Director

**ANNEXURE III TO BOARD'S REPORT****ANNUAL REPORT FOR CORPORATE SOCIAL RESPONSIBILITY (CSR)  
ACTIVITIES FOR THE FINANCIAL YEAR 2019-20**

1	A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken.			The Company is committed to uphold the interest of stakeholders by implementing the guidelines as laid down by Kirloskar Brothers Limited, towards socio-economic development of the society. The focus of Corporate Social Responsibility (CSR) activities of the Company is primarily on Education,				
	The web-link to the CSR Policy.			<a href="https://www.kpml.co.in/index.php">https://www.kpml.co.in/index.php</a>				
2	Composition of CSR Committee			Mr. K. Taranath - Chairman Mr. Ravindra Samant - Member Mr. Sandeep Phadnis - Member				
3	Average Net Profit of the company for last 3 financial years			1926.76 lakhs				
4	Prescribed CSR Expenditure (2% of amount as in item 3 above)			38.53 lakhs				
5	Details of CSR spent during the financial year:							
	Total amount to be spent for the year:			38.54 lakhs				
	Amount unspent, if any			NIL				
	Manner in which the amount spent during the financial year is detailed in as below:							
1	2	3	4	5	6		7	8
Sr. No.	CSR project or Activity identified	Sector in which project is covered	Projects or programs	Amount outlay (Budget) project or program wise	Amount spent in the projects or programs Sub - Heads		Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementing agency*
			1. Local Area or Other 2. Specify the state and district where projects or programs were undertaken		1. Direct expenditure on projects or programs	2. Over-heads		
1	To provide infrastructure facilities and promotion of Education	Health & Education	Karad, Dist. Satara	10.85 lakhs	Direct expenses Rs.10.85 lakhs	-	-	Direct
	To provide infrastructure facilities and promotion of Education	Health & Education	Karad, Dist. Satara	27.69 lakhs	Through implementing agency Rs.27.69 lakhs	-	-	Vikas Charitable Trust
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: May 27, 2020

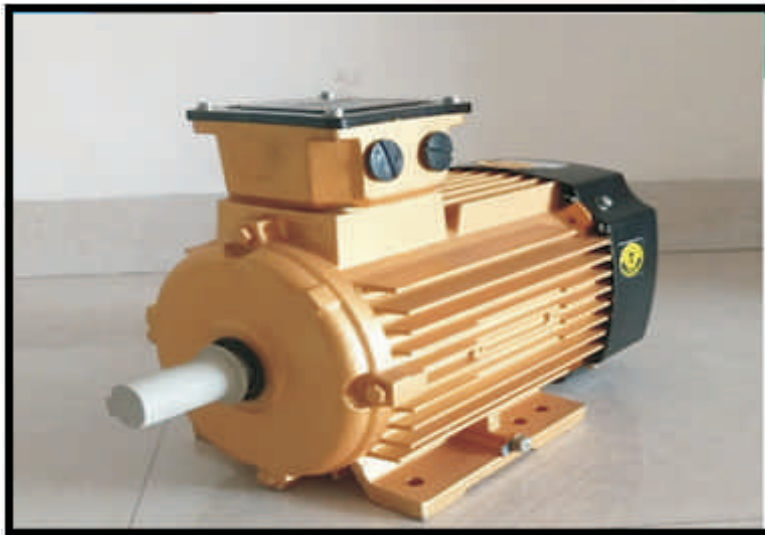
**K. Taranath**  
Chairman

**Ravindra Samant**  
Managing Director



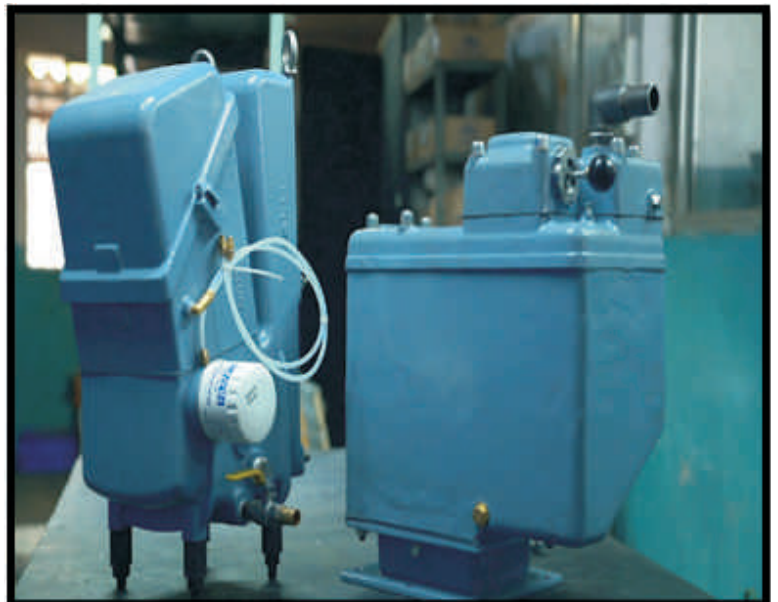
## New Product Development

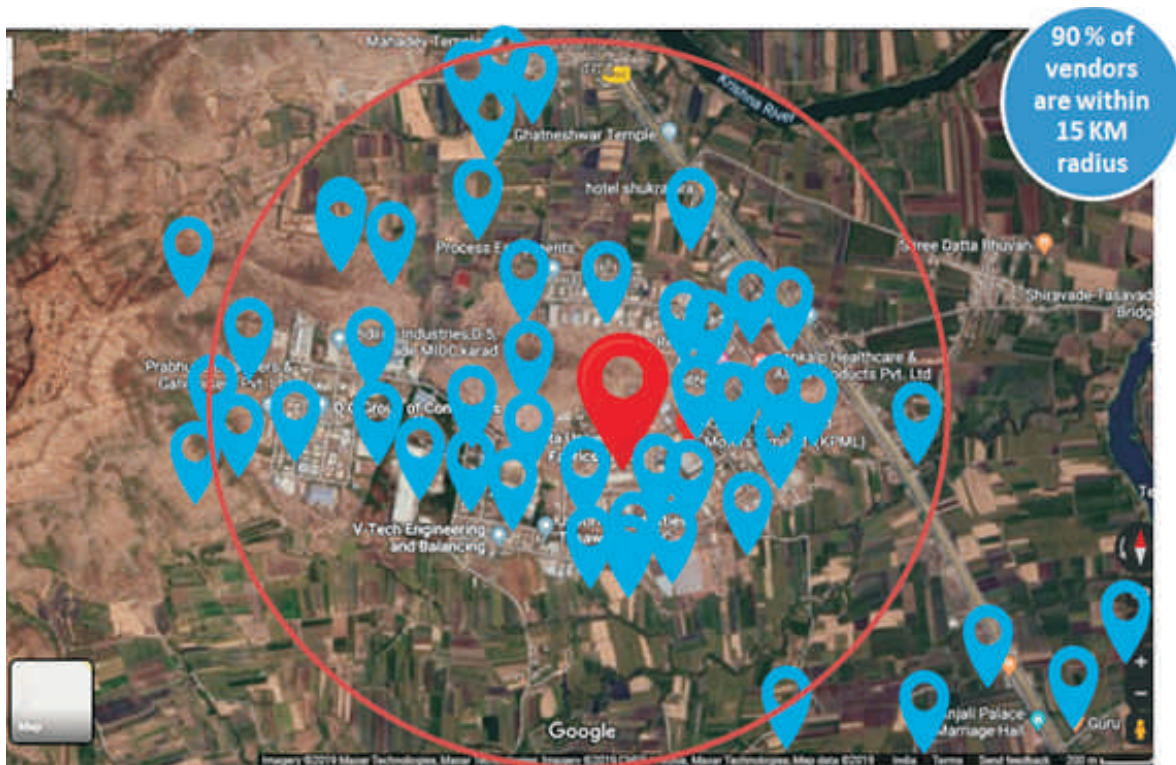
BLDC Pump



IE5 Motor

Components for Auto  
Priming System –  
Priming Tank and Coalescer





Vendor Management Initiative  
(90% of vendors are within 15 KM radius)



Installed Conveyor for Water  
Filled Submersible Motor Assembly



## Customer Visit



Officials from Montanari, India Visited KPML on 17<sup>th</sup> Feb 2020, KPML offered them the biography of Shri. Laxmanrao Kirloskar, titled "THE MAN WHO MADE MACHINE" as a souvenir



Delegates from Russia and BARC Visited Urja WorkStation and Plant locations



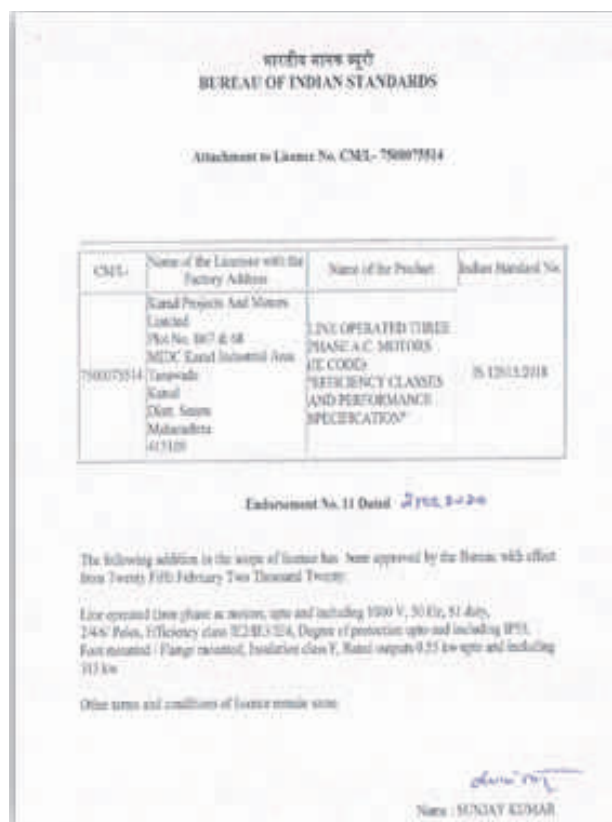
Inauguration of Six Sigma Drive by Mr. Shreepad Khare, VP & Head of CQA, KBL



Training for Six Sigma



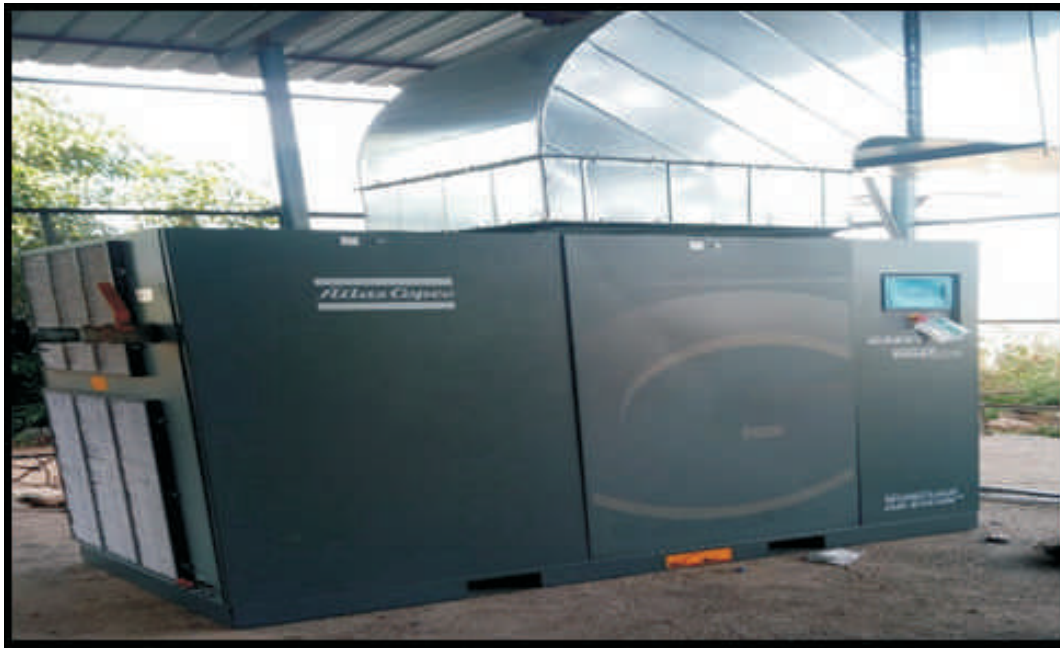
## Certifications



KPML's Motor Div. got Approval from Bureau of Indian Standards to use ISI mark from 0.55 kW to 315 kW 2P, 4P & 6P IE2, IE3 and IE4 motors



All the Motors are CE certified for its conformity for Health, Safety and Environmental protection as per EU council Directive 2014/35/EU and European Standards EN 60034-1 and IEC 60034-2-1



Installed 600 CFM VFD based Compressor



Meccalte Welding

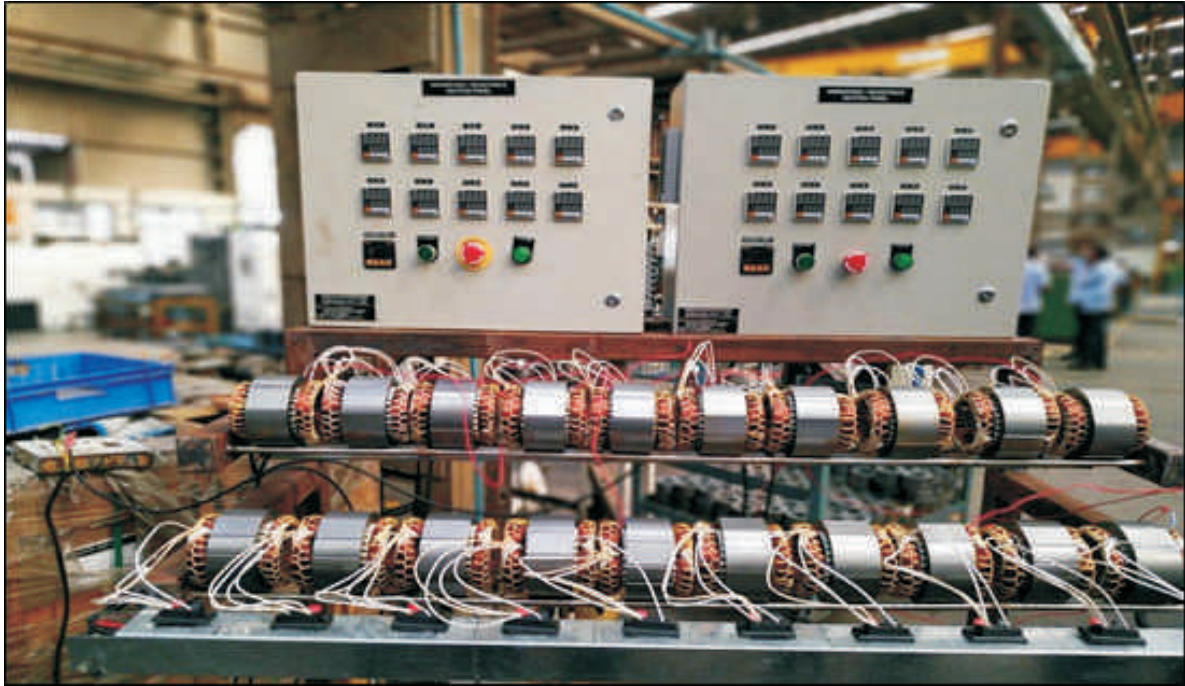


Cleating Machine

In-house low cost machine development



## Energy Conservation Projects



### Resistance Heating for Stator Varnishing

- Varnishing of stator by self-heating method
- Energy Saving upto 65%



Replaced 100 kW Induction Machine With 30 kW IGBT Based Self Semi-Automatic Induction Machine.

## Corporate Social Responsibility



Donated Two Electrical  
Ghanta Gadis  
for garbage collection at  
Village Talbid, Taluka-Karad,

Constructed Wall around the  
Graveyard in Village Talbid,  
Karad, for Hygienic Purpose



Provided 55 inch  
Smart TVs to Zilla Parishad School,  
Village – Talbid and Tasavade,  
Taluka-Karad



## New Technology Adaptation for Operational Safety



Inauguration of New Aerial Work Platform by Mr. A. M. Avasare, Deputy Director, Industrial Health and Safety, Satara District.



Gas leak  
Detection  
Sensor

Use of IOT in operations  
(Ammonia Gas Detection System with SMS Alert)



Appreciation of Employees for their Contribution in "URJA" Project.



Appreciation of workers for Best Suggestion for Safety in Daily Operations





Rainwater Harvesting Pond  
(Rainwater harvesting Pond has helped nearby farmers, as groundwater level have come up)



Tree Plantation on occasion of Environment Day





Street Play on Safety for all workers and Staff on Occasion of Safety Week



Appreciation of Security Guards for their sincere work

**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31.03.2020**

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **31st March 2020** 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 the Company for the financial year ended on **31st March 2020** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder(during the year under review not applicable to the Company);
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (during the year under review not applicable to the Company, as the shares of the company are not in dematerialized form);
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (during the year under review not applicable to the Company as the Company does not have any foreign direct investment, overseas direct investment and external commercial borrowings);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers)Regulations, 2011 (during the year under review not applicable to the Company as the Company is an unlisted company);
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015(during the year under review not applicable to the Company as the Company is an unlisted company);
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018(during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get its securities listed);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (during the year under review not applicable to the Company as the Company is an unlisted company);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the

year under review not applicable to the Company as the Company is an unlisted company and not proposing to get debt securities listed);

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client (during the year under review not applicable to the Company as the Company is not availing services of Registrars to an Issue and Share Transfer Agents);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company as the Company has not done delisting of shares); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (during the year under review not applicable to the Company as the Company is an unlisted company);

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

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

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

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

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

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

#### **The Companies Act, 2013 :**

- (a) Registration of Charge in respect of secured loan is pending.

#### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive 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. Being unlisted public company which is a wholly owned subsidiary, appointment of independent directors is exempted.

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

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

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

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

**ABHIJIT DAKHAWE**

Company Secretary

FCS # 6126

CP No # 4474

UDIN:F006126B000283502

Place : Pune

Date: 27-MAY-2020

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

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the Financial Statements of Karad Projects and Motors Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

#### **Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### **Report on Other Legal and Regulatory Requirements**

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



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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) According to information and explanation provided to us and based on our verification, remuneration paid by the Company to its directors is within the limits specified under the provisions of section 197 of the Act.
- 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 Financial Statements - Refer Note 25 to the Financial Statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable 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

Place : Pune  
Date : May 27, 2020

**Sandeep Rao**  
Partner  
Membership No.: 47235  
UDIN : 20047235AAAAABN2666

## Annexure A to the Independent Auditors' Report

**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 of the Company have been physically verified by the Management during the year and as informed to us no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (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. As informed to us, the 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 Act. Accordingly, clause (iii) a, b and c of the Order are not applicable to the Company.
- (iv) According to information and explanation provided to us, the Company has no transactions covered under the sections 185 and 186 of the Act.
- (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 Act and the rules framed there under, are not applicable to it. 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) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and service 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 March 31, 2020, for a period more than six month from the date they became payable except in respect of sales tax liabilities of Rs. 58.34 Lakhs which were explained to us are under reconciliations and would get crystalized on their respective assessments.

- (b) According to the information and explanation provided to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax or cess which have not been deposited because any dispute except the following

Name of Statute	Nature of Dues	Amount in (Rs lakhs)	Period to which it relates	Forum where dispute is pending
Central Excise Act	Excise Duty	12.35	2007-08	CESTAT
Gujrat Value Added Tax	Value Added Tax	53.28	2006-07	Dy comm. Sales Tax Appeals
W. Bengal Value Added Tax	Value Added Tax	114.29	2005-06	Jr. Commissioners Appeals
W. Bengal Value Added Tax	Value Added Tax	59.95	2006-07	Jr. Commissioners Appeals
W. Bengal Value Added Tax	Value Added Tax	76.97	2008-09	Jr. Commissioners Appeals
MP Value Added Tax	Value Added Tax	110.26	2014-15	Asst. Commissioner Sales 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 did not have any term loans.
- (x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, 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 information and explanation provided to us and based on our verification, remuneration paid by the Company to its directors is within the limits as per the provisions of section 197 of the Act read with Schedule V to the 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 Act wherever applicable and the details have been disclosed in the Financial Statements as required by the 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 current year.
- (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

Place : Pune  
Date : May 27, 2020

**Sandeep Rao**  
Partner  
Membership No.: 47235  
UDIN : 20047235AAAABN2666

## **Annexure B to the Independent Auditors' Report**

**Referred to in paragraph 2 (f) under the heading,  
"Report on Other legal and Regulatory Requirements" of our report on even date:**

### **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 March 31, 2020 in conjunction with our audit of the 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, 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, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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

UDIN : 20047235AAAABN2666

Place : Pune

Date : May 27, 2020

**BALANCE SHEET AS AT MARCH 31, 2020**

(INR in Lakhs)

Particulars	Note No.	31 March 2020	31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	3,279.866	3,577.762
Capital work-in-progress		47.046	59.760
Investment Property	4	179.240	179.240
Goodwill			
Other Intangible assets	3	2.465	0.721
Intangible assets under development			
Biological Asset other than bearer plants			
Financial Assets			
Investments	5	0.051	0.051
Trade receivables	6	-	-
Loans	6	150.496	150.496
Others	6	61.049	57.793
Deferred tax assets (net)	7	252.126	628.214
Other non-current assets	8	195.663	166.528
<b>Total non-current assets</b>		<b>4,168.002</b>	<b>4,820.566</b>
<b>Current assets</b>			
Inventories	9	3,321.220	3,174.226
Financial Assets			
Investments			
Trade receivables	6	10,725.246	11,298.824
Cash and cash equivalents	10	2,245.933	115.109
Bank balance	10	1,353.994	1,198.396
Loans	6	-	-
Others	6	3.015	2.630
Current Tax Assets (net)	7	589.708	384.732
Other current assets	8	179.937	157.176
<b>Total current assets</b>		<b>18,419.052</b>	<b>16,331.092</b>
<b>TOTAL ASSETS</b>		<b>22,587.054</b>	<b>21,151.658</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	1,395.245	1,395.245
Other equity	12	10,908.077	9,505.400
<b>Total equity</b>		<b>12,303.322</b>	<b>10,900.645</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings			
Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises; and			
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Other financial liabilities			
Provisions	15	88.938	155.156
Deferred tax liabilities (net)	7	-	-
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>88.938</b>	<b>155.156</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	13	-	139.122
Trade payables	14		
(A) Total outstanding dues of micro enterprises and small enterprises; and		17.571	2.956
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		5,681.061	5,475.639
Other financial liabilities	14	3,218.040	3,516.500
Other current liabilities	16	609.913	650.651
Provisions	15	668.209	310.990
Current tax liabilities (net)			
<b>Total current liabilities</b>		<b>10,194.794</b>	<b>10,095.858</b>
<b>Total liabilities</b>		<b>10,283.731</b>	<b>10,251.014</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,587.054</b>	<b>21,151.658</b>

Corporate Information 1  
Summary of significant accounting policies 2  
See accompanying notes to financial statements 3-42  
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 : May 27, 2020

K. TARANATH

Chairman

(DIN:00051697)

VIJAYKUMAR KULKARNI

Chief Financial Officer

For and on behalf of the Board of Directors

RAVINDRA SAMANT

Managing Director

(DIN: 07002226)

RAGHUNATH APTE

Company Secretary

PUNE : May 27, 2020

## Statement of profit and loss for the period ended March 31, 2020

(INR in Lakhs)

Particulars	Note No.	For the year 2019-20	For the year 2018-19
Revenue from Operations	17	32,186.208	32,542.145
Other Income	18	828.693	147.830
<b>Total Income</b>		<b>33,014.901</b>	<b>32,689.975</b>
<b>Expenses</b>			
Cost of materials consumed	19	23,473.097	23,388.251
Purchases of Stock-in-Trade			
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	19	(246.101)	97.795
Employee benefits expense	20	1,842.557	1,762.839
Finance costs	21	44.193	68.631
Depreciation and amortization expense	22	609.076	548.503
Other expenses	23	4,577.118	4,382.811
<b>Total expenses</b>		<b>30,299.939</b>	<b>30,248.830</b>
Profit/(loss) before exceptional items and tax		<b>2,714.961</b>	<b>2,441.145</b>
Exceptional items			
<b>Profit / (loss) before tax</b>		<b>2,714.961</b>	<b>2,441.145</b>
<b>Tax expenses</b>			
(1) Current tax	7	350.000	610.000
(2) Income tax for earlier	7	-	9.474
(3) Deferred tax	7	375.355	(53.001)
<b>Profit / (Loss) for the period from continuing operations</b>		<b>1,989.606</b>	<b>1,874.672</b>
		-	
Profit/(loss) from discontinued operations			
Tax expenses of discontinued operations			
<b>Profit/(loss) for the period</b>		<b>1,989.606</b>	<b>1,874.672</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss	24	2.519	(7.530)
Income tax relating to items that will not be reclassified to profit or loss	24	(0.734)	2.631
Items that will be reclassified to profit or loss			
Income tax relating to items that will be reclassified to profit or loss			
<b>Total Other Comprehensive Income</b>		<b>1.786</b>	<b>(4.899)</b>
<b>Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>1,991.392</b>	<b>1,869.773</b>
<b>Earnings per equity share (for continuing operations)</b>			
(1) Basic		14.26	13.44
(2) Diluted		14.26	13.44
<b>Earnings per equity share (for discontinued operations)</b>			
(1) Basic		-	-
(2) Diluted		-	-
<b>Earnings per equity share (for discontinued and continuing operations)</b>			
(1) Basic		14.26	13.44
(2) Diluted		14.26	13.44

Corporate Information 1  
Summary of significant accounting policies 2  
See accompanying notes to financial statements 3-42  
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 : May 27 , 2020

For and on behalf of the Board of Directors

**K. TARANATH**  
Chairman  
(DIN:00051697)

**RAVINDRA SAMANT**  
Managing Director  
(DIN: 07002226)

**VIJAYKUMAR KULKARNI**  
Chief Financial Officer

**RAGHUNATH APTE**  
Company Secretary

PUNE : May 27 , 2020

**Statement of cash flow for the period ended 31st March 2020**

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
<b>A Cash flows from Operating Activities</b>		
Net Profit before Tax	2,714.961	2,441.145
Adjustments for :-		
Loss / (profit) on sale of property, plant and equipment	(27.339)	(1.069)
Bad Debts / Provision for doubtful debts and advances	660.865	275.000
Excess provision / creditors written back (including advances)	(826.657)	(76.464)
Excess provision / creditors written back (including advances)	(239.626)	0.000
Unrealised foreign exchange (gain) / loss (net)	(12.101)	(4.226)
Income from Sale of Investment	-	0.000
Depreciation and amortisation	609.076	548.503
Interest earned	(368.42)	(66.936)
Unrealised (gain) / loss on mutual fund investments	-	-
Dividend from mutual fund investments	-	(0.001)
Interest charged	44.193	68.631
<b>Operating profit before working capital changes</b>	<b>2,554.956</b>	<b>3,184.583</b>
Changes in working capital		
(Increase) /decrease in trade receivables	745.967	(1,924.043)
(Increase)/decrease in inventories	(146.995)	194.239
(Increase)/decrease in non-current loans	-	0.000
(Increase)/decrease in other non-current assets	(7.630)	0.000
(Increase)/decrease in non-current financial assets-others	(3.256)	(86.236)
(Increase)/decrease in current financial assets-others	-	0.000
(Increase)/decrease in other current assets	(178.359)	231.782
Increase/(decrease) in other non current financial liabilities	-	0.000
Increase/(decrease) in trade payables	458.090	696.387
Increase/(decrease) in other current financial liabilities	(149.019)	119.551
Increase/(decrease) in other non current liabilities	-	0.000
Increase/(decrease) in other current liabilities	(40.738)	(47.669)
Increase/(decrease) in long term provisions	(66.218)	0.000
Increase/(decrease) in short term provisions	359.738	227.948
Cash generated from operations	3,526.539	2,596.543
Direct taxes paid (including taxes deducted at source), net of refunds	(554.976)	(610.319)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2,971.563</b>	<b>1,986.224</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(472.943)	(1,593.567)
Net addition to investments	0.000	0.000
Proceeds from sale of property, plant and equipment	29.125	1.223
Interest received on investments	368.031	67.014
Dividend received on investments	0.000	0.001
<b>NET CASH FROM / (USED) IN INVESTING ACTIVITIES</b>	<b>(75.786)</b>	<b>(1,525.330)</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)**

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
<b>C Cash Flows from Financing Activities</b>		
Increase / (Decrease) in Long term borrowings	-	
Increase / (Decrease) in borrowings	(139.122)	28.713
Dividend paid including dividend distribution tax	(588.715)	(420.510)
Interest paid	(44.193)	(68.631)
<b>NET CASH FROM / (USED) IN FINANCING ACTIVITIES</b>	<b>(772.029)</b>	<b>(460.429)</b>
	-	
<b>D Unrealised exchange Gain/(loss) in cash &amp; cash equivalent</b>	<b>7.076</b>	<b>3.211</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>2,130.824</b>	<b>3.676</b>
<b>Cash and cash equivalents at the beginning of the year (Refer Note 10)</b>	<b>115.109</b>	<b>111.433</b>
<b>Cash and cash equivalents at the end of the year (Refer Note 10)</b>	<b>2,245.933</b>	<b>115.109</b>

As per our report of even date attached

For and on behalf of the Board of Directors

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

**K. TARANATH**  
Chairman  
(DIN:00051697)

**RAVINDRA SAMANT**  
Managing Director  
(DIN: 07002226)

**SANDEEP RAO**  
Partner  
M.No. 47235  
PUNE : May 27, 2020

**VIJAYKUMAR KULKARNI**  
Chief Financial Officer

**RAGHUNATH APTE**  
Company Secretary

PUNE : May 27, 2020

## Statement of Changes in Equity for the period ended 31 March 2020

### A. Equity Share Capital

(INR in Lakhs)

Balance as on 31 March 2019	Changes in equity share capital during the year	Balance as on 31 March 2020
13,95,24,500	—	13,95,24,500

### B. Other Equity

	Reserves and Surplus				Total
	Capital Reserve	Securities Premium Reserve	General reserve	Retained Earnings	
<b>Balance as on 31 March 2019</b>	<b>179.076</b>	<b>2,982.233</b>	<b>140.945</b>	<b>6,203.146</b>	<b>9,505.400</b>
Profit for the year	-	-	-	1,989.606	1,989.606
Other comprehensive income	-	-	-	1.786	1.786
Dividends & Tax on Dividend	-	-	-	-588.715	-588.715
Transfer to retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
<b>Balance as on 31 March 2020</b>	<b>179.076</b>	<b>2,982.233</b>	<b>140.945</b>	<b>7,605.824</b>	<b>10,908.077</b>

## Notes to Accounts

### Note 3: Property, Plant and Equipment and Intangible Assets

(INR in Lakhs)

Particulars	Tangible Assets								Intangible Assets	
	Land Free hold	Land Lease hold	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total		
<b>Gross Block</b>										
As at 1 April 2018	1.257	79.733	721.300	5,419.993	83.510	76.751	63.591	6,446.135		155.165
Additions	-	-	390.487	1,209.807	57.932	14.072	-	1,672.297		-
Disposals	-	-	-	19.629	-	6.834	-	26.463		1.619
As at 31 March 2019	1.257	79.733	1,111.787	6,610.171	141.441	83.990	63.591	8,091.969		153.546
Additions	-	-	-	239.256	52.002	2.606	17.846	311.710		3.000
Disposals	-	-	-	117.161	-	-	6.803	123.965		-
As at 31 March 2020	1.257	79.733	1,111.787	6,732.266	193.443	86.595	74.633	8,279.714		156.546
<b>Depreciation/ Amortisation</b>										
As at 1 April 2018	-	13.547	178.643	3,663.429	55.905	57.667	24.333	3,993.523	-	152.934
Charge for the year	-	0.837	33.233	489.936	8.019	7.845	7.122	546.993		1.510
Depreciation on disposal	-	-	-	19.475	-	6.834	-	26.309		1.619
As at 31 March 2019	-	14.384	211.876	4,133.890	63.924	58.677	31.456	4,514.207		152.825
Charge for the year	-	0.837	51.141	525.161	14.448	8.106	8.126	607.819		1.257
Depreciation on disposal	-	-	-	117.161	-	-	5.017	122.178		-
As at 31 March 2020	-	15.221	263.017	4,541.890	78.371	66.783	34.565	4,999.848		154.081
<b>Net block</b>										
At 31 March 2020	1.257	64.512	848.770	2,190.376	115.072	19.812	40.068	3,279.866		2.465
At 31 March 2019	1.257	65.349	899.911	2,476.281	77.517	25.312	32.135	3,577.762		0.721

#### Notes:

##### 1) Assets on lease

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

##### 2) Contractual obligations

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

##### 3) Capital work-in-progress

Capital work-in-progress mainly comprises machinery Rs.47.046 Lakhs. Machinery are to be constructed at Karad plant.

## Notes to Accounts

### Note 4: Investment Properties (INR in Lakhs)

Particulars	Land
<b>Gross Block</b>	
As at 1 April 2018	179.240
Additions	-
Disposals	-
As at 31 March 2019	179.240
Additions	-
Disposals	-
<b>As at 31 March 2020</b>	<b>179.240</b>

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 variety of sources including,

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

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

Particulars	Vacant land
<b>Opening balance as at 1 April 2019</b>	<b>179.240</b>
Fair value difference	0.000
Purchases	0.000
<b>Closing Balance as at 31 March 2020</b>	<b>179.240</b>

## Notes to Accounts

### Note 5: Other Financial Asset- Investments

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
<b>Investments</b>		
<b>Investments at Fair value through other comprehensive income</b>		
<b>a) Unquoted equity shares (fully paid)</b>	<b>0.051</b>	0.051
1) 1 (31 March 2019 : 1)		
Equity Share of Kirloskar Proprietary Limited of Rs. 100 each		
	<b>0.051</b>	0.051

Particulars	31 March 2020	31 March 2019
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	<b>0.051</b>	0.051

## Notes to Accounts

### Note 6: Financial Asset

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
<b>Current</b>		
1) <b>Trade receivable</b>		
<b>From related parties</b>	<b>8,849.671</b>	9,214.714
<b>From others</b>	<b>1,875.575</b>	2,084.110
Unsecured, considered good	<b>10,725.246</b>	11,298.824
Doubtful	<b>313.548</b>	1,140.204
Less : Impairment allowance	<b>11,038.794</b>	12,439.028
	<b>313.548</b>	1,140.204
<b>Current Trade Receivable</b>	<b>10,725.246</b>	11,298.824
<b>Non-Current</b>		
1) <b>Loans</b>		
i) <b>Security Deposits</b>		
Unsecured, considered good	<b>150.496</b>	150.496
Doubtful	-	-
Less : Impairment allowance	<b>150.496</b>	150.496
	-	-
	<b>150.496</b>	150.496
<b>Non-current security deposits</b>	<b>150.496</b>	150.496
<b>Current</b>		
1) <b>Loans</b>		
i) <b>Security Deposits</b>		
Unsecured, considered good	-	-
Doubtful	-	-
Less : Impairment allowance	-	-
	-	-
<b>Current security deposits</b>	-	-
<b>Non-Current</b>		
1) <b>Other financial assets</b>		
i) Claims receivable	<b>12.251</b>	12.740
ii) Fixed deposits with banks of maturity of more than 12 months (Rs. 47,74,340 (31 March 2019 Rs: 44,80,333) are held as margin money against guarantee)	-	-
	<b>48.798</b>	45.053
iii) Interest accrued	-	-
<b>Non-current other financial assets</b>	<b>61.049</b>	57.793
<b>Current</b>		
1) <b>Other financial assets</b>		
i) Claims receivable	-	-
ii) Interest accrued	<b>3.015</b>	2.630
<b>Current other financial assets</b>	<b>3.015</b>	2.630

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 2020 and 31 March 2019 are:

Profit or loss (INR in Lakhs)

Particulars	2019-20	2018-19
<b>Current income tax:</b>		
Current income tax charge	<b>350.000</b>	610.000
Adjustments in respect of current income tax of previous year	-	9.474
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	<b>375.355</b>	(53.001)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>725.355</b>	566.473

## Notes to Accounts

### Other Comprehensive Income

(INR in Lakhs)

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

Particulars	2019-20	2018-19
Net loss/(gain) on remeasurements	0.734	(2.631)
<b>Income tax charged to OCI</b>	<b>0.734</b>	<b>(2.631)</b>

### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019

Particulars	2019-20	2018-19
Accounting profit before tax	<b>2,714.961</b>	2,441.145
<b>At statutory income tax rate of 29.120% (34.608%) (a)</b>	<b>790.597</b>	853.034
<b>Adjustments</b>		
<b>Less: tax rate Difference</b> (29.120%-17.472%) ( 34.944% - 21.550%)	<b>(316.239)</b>	(326.967)
<b>Subtotal (b)</b>	<b>(316.239)</b>	(326.967)
<b>Less: Deferred Tax Credit having no effect on MAT</b> Deferred tax on timing difference not having effect on MAT	<b>230.921</b>	(53.001)
<b>Subtotal (c)</b>	<b>230.921</b>	(53.001)
<b>Less : Other Differences</b> Due to effect on tax on OCI, and others MAT disallowances and exempt Income and rounding off of the provisions	<b>20.075</b>	93.407
<b>Subtotal (d)</b>	<b>20.075</b>	93.407
<b>Sub total (e) = (b+c+d)</b>	<b>(65.242)</b>	(286.561)
<b>Total (f)=(a-e)</b>	<b>725.355</b>	566.473
<b>Tax expenses recorded in books</b>	<b>725.355</b>	566.473

### Deferred tax

Deferred tax relates to the following: DTL/ (DTA)	Balance Sheet		Statement of profit and loss	
	31 March 2020	31 March 2019	2019-20	2018-19
Property, plant and equipment (Depreciation)	<b>95.893</b>	93.533	<b>2.360</b>	28.677
Employee benefits - compensated absences	<b>(62.169)</b>	(76.698)	<b>14.529</b>	(16.676)
Employee benefits - VRS	-	-	-	2.554
Provision for doubtful debts and advances	<b>(91.305)</b>	(398.433)	<b>307.128</b>	(96.096)
Amalgamation expenses	<b>(13.073)</b>	(23.247)	<b>10.174</b>	(12.764)
Deferred Tax Asset ( 43 B )	<b>(181.471)</b>	(223.369)	<b>41.898</b>	38.672
Corporate guarantee	-	-	-	-
<b>Deferred tax expense/(income)</b>	-	-	<b>376.088</b>	(55.632)
<b>Net deferred tax (assets)/liabilities</b>	<b>(252.126)</b>	(628.214)	-	-

## Notes to Accounts

### Reflected in balance sheet as

#### 1) Deferred tax (asset)/Liability

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
Deferred tax asset	(348.019)	(721.747)
Deferred tax liability	95.893	93.533
<b>Net Deferred tax asset</b>	<b>(252.126)</b>	<b>(628.214)</b>

#### 2) Current tax asset (net)

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
Current tax asset	589.708	384.732

During the year 31 March 2020, 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 2020	31 March 2019
<b>Non-Current</b>		
<b>1 Capital advances</b>		
Unsecured, considered good	68.957	47.451
<b>2 Other loans and advances</b>		
(i) Advances to supplier and others		
Unsecured, considered good	119.077	119.077
(ii) Gross amount due from customer	-	-
(iii) Prepaid expenses	7.630	-
(iv) Claims receivable	-	-
<b>Total Non-Current</b>	<b>195.663</b>	<b>166.528</b>
<b>Current</b>		
<b>1 Other loans and advances</b>		
(i) Advances to supplier and others	-	-
Unsecured, considered good	86.045	115.666
(ii) Gross amount due from customer	-	-
(iii) Prepaid expenses	36.470	29.917
(iv) Claims receivable	57.422	11.593
<b>Total Current</b>	<b>179.937</b>	<b>157.176</b>

#### Note 9: Inventories

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
(i) Raw Materials	1,145.814	1,246.901
(ii) Finished goods	744.056	578.805
(iii) Stores and spares	160.757	158.778
(iv) Work in progress	1,270.593	1,189.742
	<b>3,321.220</b>	<b>3,174.226</b>

#### Amounts recognised in profit or loss

Write-down of inventories to net realisable value amounted to Rs 103.24 lakhs (31 March 2019: Rs 79.71 lakhs write down). These were recognised as an expense during the year and included in 'material consumption'.



## Notes to Accounts

### Note 10: Cash and cash equivalents

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
<b>(a) Cash and Cash equivalents</b>		
(i) Cash on hand	0.858	1.928
(ii) EEFC accounts	49.831	55.763
(iii) Balances with banks	2,195.244	57.418
	<b>2,245.933</b>	<b>115.109</b>
<b>(b) Other bank balances</b>		
(i) Fixed deposits ( with maturity less than 12 months)	1,353.994	1,198.396
	<b>1,353.994</b>	<b>1,198.396</b>

### Note 11: Share Capital

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
<b>Authorised</b>		
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
	<b>4,300.000</b>	<b>4,300.000</b>
<b>Issued, subscribed &amp; fully paid up</b>		
13,952,450 (13,952,450) Equity shares of Rs.10 each fully paid	1,395.245	1,395.245
	<b>1,395.245</b>	<b>1,395.245</b>

#### 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 2020 the Board of Directors has proposed Rs.3.50 dividend .(31 March 2019: Rs. 3.50).

#### b) Reconciliation of share capital

Particulars	31 March 2020		31 March 2019	
	Number	(Rs)	Number	(Rs)
Shares outstanding at the beginning of the year	13,952,450	139,524,500	13,952,450	139,524,500
Shares outstanding at the end of the year	13,952,450	139,524,500	13,952,450	139,524,500

## Notes to Accounts

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

Particulars	31 March 2020		31 March 2019	
	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	2018-19	2017-18	2016-17	2015-16	2014-15
<b>Equity Shares :</b>					
Issued Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Issued Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-

### Note 12: Other Equity

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
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	6,203.146	4,753.884
Add: Total Comprehensive Income for the period	1,991.392	1,869.773
Balance available for appropriation	8,194.538	6,623.657
Less: Appropriations :		
Dividend	488.336	348.811
Tax on Dividend	100.379	71.699
Sub total	588.715	420.510
Closing balance	7,605.824	6,203.146
<b>Total Other Equity</b>	<b>10,908.077</b>	<b>9,505.400</b>

## Notes to Accounts

### Note 13: Financial Liabilities - Borrowings

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
<b>1) Current borrowings</b>		
<b>(a) Secured</b>		
<b>Loans repayable on demand from bank</b>		
(i) Cash / export credit facilities (Loan carries interest rate of 10.05% and is secured by hypothecation of stock of Raw material, Consumables stores, Finished, semi finished goods.)	-	139.122
	-	139.122

### Note 14: Financial liabilities

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
<b>1) Current Trade payable</b>		
<b>Due to related parties</b>	148.161	190.087
<b>Due to others (Other than MSME)</b>	5,532.899	5,285.552
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	5,681.061	5,475.639
<b>Due to MSME</b>	17.571	2.956
<b>Total outstanding dues of Creditors</b>	5,698.632	5,478.595
<b>2) Other current financial liabilities</b>		
(i) Salary & Reimbursements	259.717	223.895
(iii) Capital creditors	37.764	187.206
(iii) Provision for expenses	2,920.559	3,105.399
	3,218.040	3,516.500

#### 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 2020	31 March 2019
<b>Non-Current Provisions</b>		
<b>1) Provision for employee benefits</b>		
(i) Leave encashment (Refer note 32)	88.938	155.156
(ii) Gratuity (Refer note 30)	-	-
<b>2) Other Provisions</b>		
Warranty Provision	-	-
	88.938	155.156
<b>Current Provisions</b>		
<b>1) Provision for employee benefits</b>		
(i) Leave encashment (Refer note 32)	80.670	20.824
(ii) Gratuity (Refer note 30)	43.886	43.509
<b>2) Other Provisions</b>		
Warranty Provision	543.653	246.657
	668.209	310.990

## Notes to Accounts

### Note 16: Other current non-financial liabilities

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
1) Contribution to PF and superannuation	26.997	27.016
2) Statutory dues	132.763	168.530
3) Advances from customer	450.153	455.105
	<b>609.913</b>	<b>650.651</b>

### Note 17 : Revenue from operations

(INR in Lakhs)

Particulars	For the year 2019-20	For the year 2018-19
Sale of product	30,371.861	30,457.921
Sale of services	0.847	7.587
	<b>30,372.708</b>	30,465.508
Project related revenue (refer note 29)	-	70.410
Other operating revenues	1,813.500	2,006.227
	<b>32,186.208</b>	32,542.145

### Note 18: Other Income

(INR in Lakhs)

Particulars	For the year 2019-20	For the year 2018-19
<b>(a) Interest Income</b>		
(i) From Bank	68.341	62.813
(ii) Income Tax Refund	-	-
(iii) From others	300.075	4.123
	<b>368.416</b>	66.936
<b>(b) Dividend Income</b>		
(i) From other than subsidiary companies	-	0.001
<b>(c) Finance income</b>		
(i) Corporate guarantee fair valuation	-	-
(ii) Net interest income on defined benefit obligation	-	-
	-	-
<b>(d) Other non-operating income</b>		
(i) Miscellaneous Income	460.277	80.893
	<b>460.277</b>	80.893
	<b>828.693</b>	147.830

## Notes to Accounts

### Note 19 : Cost of material consumed and changes in inventories of finished goods, work-in-progress and stock-in-trade (INR in Lakhs)

Particulars	For the year 2019-20	For the year 2018-19
Raw material consumed	23,473.097	23,388.251
	23,473.097	23,388.251
<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>Opening Stock</b>		
Finished goods	578.805	538.973
Work-in- progress	1,189.742	1,327.369
Stock in trade	-	-
	1,768.547	1,866.342
<b>Closing Stock</b>		
Finished goods	744.056	578.805
Work-in- progress	1,270.593	1,189.742
Stock in trade	-	-
	2,014.648	1,768.547
	(246.101)	97.795

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

Particulars	For the year 2019-20	For the year 2018-19
Salaries, wages and bonus	1,656.353	1,585.780
<b>Defined Contribution Plan</b>		
Contribution to provident fund, super annuation fund and E.S.I	107.183	99.192
<b>Defined Benefit Plan</b>		
Gratuity	31.232	21.944
Welfare expenses	47.790	55.923
	1,842.557	1,762.839

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

Particulars	For the year 2019-20	For the year 2018-19
Interest expense	20.935	38.708
Other borrowing costs	21.110	28.660
Net Interest Expense on defined benefit obligation	2.148	1.263
	44.193	68.631
Unwinding of discount on corporate guarantees	-	-
	44.193	68.631

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

Particulars	For the year 2019-20	For the year 2018-19
Depreciation on tangible assets	607.819	546.993
Depreciation on intangible assets	1.257	1.510
	609.076	548.503

## Notes to Accounts

### Note 23: Other expenses

(INR in Lakhs)

Particulars	For the year 2019-20	For the year 2018-19
Stores and spares consumed	872.983	911.055
Processing charges	2,010.685	1,723.599
Power & fuel	230.634	245.918
Repairs and maintenance		
Plant and machinery	142.173	136.814
Buildings	77.493	49.069
Others	14.791	7.276
Rent	5.736	6.144
Rates and taxes	11.996	52.184
Travel and conveyance	58.644	72.303
Postage and telephone	10.687	12.372
Insurance	24.497	16.383
Directors sitting fees	1.100	0.975
Freight and forwarding charges	361.772	342.309
Brokerage & Commission	-	1.755
Advertisements and publicity	2.115	0.452
Settlement on Discontinuation of Project	125.000	-
Loss on sale/disposal of fixed assets	0.269	-
Bad debts, advances and claims written off	660.865	-
Provision for doubtful debts, advances and claims (written back)	(660.865)	275.000
Auditors remuneration ( Refer Note - 27 )	17.754	17.753
Legal Expenses and Consulting Fees	52.723	57.545
Stationery and printing	12.006	11.237
Computer Services	62.947	62.300
Foreign exchange difference Loss (Net)	(6.598)	6.392
Warranty Expenses	296.996	187.757
CSR Expenses	38.539	25.986
Other miscellaneous expenses	152.177	160.233
	<b>4,577.118</b>	<b>4,382.811</b>

### Note 24: Other Comprehensive Income

(INR in Lakhs)

Particulars	For the year 2019-20	For the year 2018-19
Remeasurements gains and losses on post employments benefits	(2.519)	7.530
Tax on remeasurements gains and losses	0.734	2.631
	<b>(1.786)</b>	<b>4.899</b>

## Notes to Accounts

### Significant Accounting Policies

#### Notes to the financial statements for the year ended 31 March 2020

#### 1. Corporate information

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

The Company is wholly owned subsidiary of Kirloskar Brothers Limited.

#### 2. Significant accounting policies

##### 2.1 Basis of preparation

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

The financial statements were authorized for issue by the Board of Directors on 27<sup>th</sup> May 2020.

##### 2.2 Basis of measurement

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

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

##### 2.3 Functional and presentation currency

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

##### 2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying value of assets or liabilities in future periods.

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

#### Critical estimates and judgements

The areas involving critical estimates or judgements are:

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

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

## Notes to Accounts

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

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

### 2. Impairment of financial assets

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

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

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

#### Current versus non-current classification

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

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

### 2.5 Inventories

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

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

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



## Notes to Accounts

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

### 2.6 Cash and short-term deposits

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

### 2.7 Property, plant and equipment

#### • Recognition and measurement -

Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to the construction of a qualifying asset are capitalized 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 recognized 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 recognized 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 recognized within other income/expenses in the statement of profit and loss on net basis.

#### • Depreciation

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

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

## Notes to Accounts

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

### 2.8 Intangible assets and amortisation

- **Recognition and measurement**

Intangible assets are recognized 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 amortization and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

- **Subsequent measurement**

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

- **Amortisation**

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

Sr.No	Particulars	Life
1	Computer Software	3 years

### 2.9 Investment Properties

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

Upon initial recognition, investment property is measured at cost. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalized 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 derecognized 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 recognized in the statement profit and loss in the period of derecognition.

### 2.10 Recognition of revenue from contract with customers

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

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

## Notes to Accounts

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

### **Sale of goods**

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

### **Rendering of services**

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

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

### **Construction Contracts**

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

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

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

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

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

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

### **Other income**

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

Interest income is recognized 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 recognized 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 capitalized in the cost of that asset. Qualifying assets are those assets which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

## Notes to Accounts

### 2.12 Foreign currencies transactions

#### Transactions and balances

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

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

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

Re-measurements, 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 recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

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

## Notes to Accounts

### Long Term Employee Benefit

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

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

### 2.14 Income Taxes

#### Current income tax

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

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

Minimum Alternate Tax (MAT) paid in a year is charged 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 recognized 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, 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 recognized 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 utilized

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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

## Notes to Accounts

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized 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 recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

### 2.15 Provisions

A Provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources is expected to settle the obligation, in respect of which a reliable estimate can be made.

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

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

#### • Company as a lessee

A lessee is required to recognize assets and liabilities for all leases and to recognize depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, it is not to recognize a right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

#### a.1 Right to use asset:

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before

## Notes to Accounts

the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

### a.2 Lease liability:

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reduction in the carrying amount to reflect the lease payments made.

### b. 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. Where the Company is a lessor under an operating lease, the asset is capitalized within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognized in the Statement of profit and Loss on a straight-line basis over the term 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

## Notes to Accounts

For assets and liabilities that are recognized in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognized 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 recognized 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 amortized 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 derecognizes 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 amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b. Financial assets that are debt instruments and are measured as at FVTOCI
- c. Lease receivables
- d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.
- e. Loan commitments which are not measured as at FVTPL
- f. Financial guarantee contracts which are not measured as at FVTPL

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

- a. Trade receivables or contract revenue receivables; and



## Notes to Accounts

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

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

### Financial liabilities

#### Initial recognition and measurement

The company initially recognizes 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 recognized on trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument.

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

#### Derecognition

A financial liability is derecognized 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 recognized in the statement of profit or loss.

#### Offsetting of financial instruments

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

### 2.20 Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. If it is antidilutive, it is ignored.

#### Recent Accounting Pronouncements

Exposure draft on amendments to following standards have been issued by the Institute of Chartered Accountants of India:

1. Ind AS 40, "Investment Property"
2. Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
3. Ind AS 103, "Business Combinations"
4. Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments: Disclosure"

However, such exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2020 as at the date of approval of these financial statements.

## Notes to Accounts

### Note 25: Contingent Liabilities

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
<b>a) Claims against the company not acknowledged as debt</b>	<b>3704.472</b>	3855.761
Claims are in the nature of legal notices received from vendors, customers and contested by the Company.		
<b>b) Other money for which company is contingently liable</b>		
i) Demand in respect of excise matters	<b>18.996</b>	18.996
ii) Demand in respect of labour matters	<b>53.217</b>	53.217
iii) In respect of sales tax matters for the year 2014-15	<b>122.513</b>	122.513
iv) In respect of Service Tax for the Year 2007-08 to 2009-10	<b>0.000</b>	370.267
<b>Total contingent liabilities</b>	<b>3,899.198</b>	4,420.755

### Note 26: Commitments

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	<b>276.053</b>	32.615
<b>Total commitments</b>	<b>276.053</b>	32.615

### Note 27: Remuneration to Auditors

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
a) Audit Fees	<b>14.750</b>	14.750
b) Tax Audit	<b>1.250</b>	1.250
c) For company law matters	-	-
d) For other services: Certification fees	<b>1.540</b>	1.700
e) Expenses reimbursed	<b>0.214</b>	0.053
<b>Total audit fees</b>	<b>17.754</b>	17.753

## Notes to Accounts

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

Particulars	31 March 2020	31 March 2019
a) Profit for the year before tax	2714.961	2441.145
Less : Attributable Tax thereto	725.354	566.473
Profit after Tax	1989.607	1874.672
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	14.260	13.436

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

Particulars	31 March 2020	31 March 2019
Contract revenue recognized for the year	0.000	70.410
Amount of advances received for contracts in progress	0.030	0.044
Amount of retentions for contracts in progress	130.426	189.550
Gross Amount Due From Customer:	0.000	0.000
Contract cost incurred	1487.640	1487.640
Recognized profit less recognized losses	(136.91)	(136.91)
Less : Progress Billing	(1,350.73)	(1,350.73)
POC	0.000	0.000

**Note 30: Employee Benefits :**
**i Defined Contribution Plans:**

Amount of Rs.101.55 Lakhs (Previous year Rs. 94.02 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 2020 Gratuity Plan (Funded)	31 March 2019 Gratuity Plan (Funded)
A. Amount to be recognised in Balance Sheet		
Present Value of Defined Benefit Obligation	251.913	240.842
Less: Fair Value of Plan Assets	208.027	197.334
Amount to be recognised as liability or (asset)	43.886	43.508
B. Amounts reflected in the Balance Sheet		
Liabilities	43.886	43.508
Assets	-	-
Net Liability/(Assets)	43.886	43.508

## Notes to Accounts

### b) The amounts recognised in the Profit and Loss Statement are as follows:

(INR in Lakhs)

Particulars	2019-2020 Gratuity Plan (Funded)	2018-2019 Gratuity Plan (Funded)
1 Current Service Cost	31.232	21.944
2 Acquisition (gain)/ loss	-	-
3 Past Service Cost	-	-
4 Net Interest (income)/expenses	2.148	1.263
5 Curtailment (Gain)/ loss	-	-
6 Settlement (Gain)/loss	-	-
Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 20 & Finance cost-Note 21)	33.380	23.207

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

(INR in Lakhs)

Particulars	2019-2020 Gratuity Plan (Funded)	2018-2019 Gratuity Plan (Funded)
1 Opening amount recognised in OCI outside profit and loss account	-	-
2 Remeasurements for the year - Obligation (Gain)/loss	(1.873)	6.479
3 Remeasurements for the year - Plan assets (Gain) / Loss	(0.647)	1.052
4 Total Remeasurements Cost / (Credit) for the year recognised in OCI	(2.519)	7.531
5 Less: Accumulated balances transferred to retained earnings	(2.519)	7.531
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 2020 Gratuity Plan (Funded)	31 March 2019 Gratuity Plan (Funded)
1 Balance of the present value of Defined benefit Obligation at beginning of the period	240.843	238.213
2 Acquisition adjustment	-	-
3 Transfer in/ (out)	-	-
4 Interest expenses	16.964	17.124
5 Past Service Cost	-	-
6 Current Service Cost	31.232	21.944
7 Curtailment Cost / (credit)	-	-
8 Settlement Cost/ (credit)	-	-
9 Benefits paid	(35.253)	(42.917)
10 Remeasurements on obligation - (Gain) / Loss	(1.873)	6.479
Present value of obligation as at the end of the period	251.913	240.843

## Notes to Accounts

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

(INR in Lakhs)

Particulars	Gratuity Plan (Funded)	
	31 March 2020	31 March 2019
1 Fair value of the plan assets as at beginning of the period	<b>197.334</b>	219.02
2 Acquisition adjustment	-	-
3 Transfer in/(out)	-	-
4 Interest income	<b>14.816</b>	15.861
5 Contributions	<b>30.484</b>	6.425
6 Benefits paid	<b>(35.253)</b>	(42.917)
7 Amount paid on settlement	-	-
8 Return on plan assets, excluding amount recognized in Interest Income - (Gain) / Loss	<b>0.647</b>	(1.051)
9 Fair value of plan assets as at the end of the period	<b>208.027</b>	197.334
10 Actual return on plan assets	<b>15.463</b>	14.809

- f) **Net interest (Income) /expenses**

(INR in Lakhs)

Particulars	Gratuity Plan (Funded)	
	31 March 2020	31 March 2019
1 Interest (Income) / Expense – Obligation	<b>16.964</b>	17.124
2 Interest (Income) / Expense – Plan assets	<b>(14.816)</b>	(15.861)
3 Net Interest (Income) / Expense for the year	<b>2.148</b>	1.263

- 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 2020
Government of India securities	-
State Government securities	-
Other approved securities(Govt. guaranteed securitties)	-
High quality corporate bonds	-
Equity shares of listed companies	-
Special deposit scheme	-
Others (with the Insurer)	<b>100.00</b>
Total	<b>100.00</b>

- Discount rate as at 31 March 2020 - 6.80% (31 March 2019- 7.60%)
- Expected return on plan assets as at 31 March 2020 - 7.60% (31 March 2019 - 7.90%)
- Salary growth rate : For Gratuity Scheme - 9% (31 March 2019- 10%)
- Attrition rate: For gratuity scheme the attrition rate is taken at 5% (31 March 2019- 5%)
- The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## Notes to Accounts

### h) General descriptions of defined plans:

#### 1 Gratuity Plan:

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

### i) The Company expects to fund Rs.43.88 Lakhs towards its gratuity plan in the year 2020-21.

### 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 2020	31 March 2019
<b>1 Discount rate</b>			
Increase by 1% to 7.8% (8.6%)		<b>233.892</b>	225.149
Decrease by 1% to 5.8% (6.6%)		<b>272.689</b>	258.844
<b>2 Salary increase rate</b>			
Increase by 1% to 10.0% (11.0%)		<b>269.716</b>	256.129
Decrease by 1% to 8.0% (9.0%)		<b>236.095</b>	227.200
<b>3 Withdrawal rate</b>			
Increase by 1% to 6.0% (6.0%)		<b>249.466</b>	238.609
Decrease by 1% to 4.0% (4.0%)		<b>254.669</b>	243.348

## Note 31: Related Party Disclosures

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

#### Holding company

Kirloskar Brothers Limited

#### Fellow Subsidiary

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

## Notes to Accounts

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

Name of the related party	Nature of relationship
Ravindra Samant	Managing Director
Mr. K. Taranath	Chairman
Mr. Anant Sathe	Director
Mr. Sandeep Phadnis	Director
Ms. Rama Kirloskar	Director
Mr. Vijaykumar Kulkarni	CFO

(d) Transactions with related parties

(INR in Lakhs)

Nature of Transactions	Year	Where control exists	Enterprises under common control	KMP and relatives of KMP
<b>Purchases/ Job work</b>			-	
Kirloskar Brothers Limited		181.251		
Kirloskar Corrocoat Private Limited			0.028	
	<b>2019-2020</b>	<b>181.251</b>	<b>0.028</b>	
Kirloskar Brothers Limited		310.019		
Kirloskar Corrocoat Private Limited			0.201	
	<b>2018-2019</b>	<b>310.019</b>	<b>0.201</b>	
<b>Sales/Job work/Others</b>				
Kirloskar Brothers Limited		30,722.114		
The Kolhapur Steel Limited		-	2.923	
Kirloskar Ebara Pumps Pvt Ltd.		-	0.899	
	<b>2019-2020</b>	<b>30,614.387</b>	<b>3.822</b>	
Kirloskar Brothers Limited		28,650.721		
The Kolhapur Steel Limited			18.828	
Kirloskar Ebara Pumps Pvt Ltd.			0.093	
	<b>2018-2019</b>	<b>28,650.721</b>	<b>18.921</b>	
<b>Final/ Interim dividend</b>				
Kirloskar Brothers Limited		488.336		
	<b>2019-2020</b>	<b>488.336</b>		
Kirloskar Brothers Limited		348.811		
	<b>2018-2019</b>	<b>348.811</b>		
<b>Receiving services/ expenses reimbursed</b>				
Kirloskar Brothers Limited		101.853		
Kirloskar Brothers ( Thailand) Limited		-	-	
Kirloskar Corrocoat Private Limited		-	-	
	<b>2019-2020</b>	<b>101.853</b>	<b>-</b>	
Kirloskar Brothers Limited		96.085		
Kirloskar Brothers ( Thailand) Limited			15.993	
Kirloskar Corrocoat Private Limited			-	
	<b>2018-2019</b>	<b>96.085</b>	<b>15.993</b>	
<b>Sitting Fees</b>				
K. Taranath				0.425
Padmakar Jawadekar				0.300
Anant Sathe				0.375
	<b>2019-2020</b>			<b>1.100</b>
K. Taranath				0.325
Achyut Gokhale				0.300
Anant Sathe				0.350
	<b>2018-2019</b>			<b>0.975</b>

## Notes to Accounts

### (e) Key management personnel compensation

(INR in Lakhs)

	2019-20	2018-19
<b>Ravindra Samant</b>		
Short term employee benefits	59.637	57.872
Post employment benefits	7.342	8.424
Other long term employee benefit	0.152	1.245
	<b>67.130</b>	67.541

### (f) Outstanding balances arising from transactions with related parties

(INR in Lakhs)

Nature of Transactions	Year	Where control exists	Enterprises under common control
<b>Receivables (net)</b>			
Kirloskar Brothers Limited		8,425.797	
The Kolhapur Steel Limited		-	-
Kirloskar Ebara Pumps Pvt Ltd.		-	-
	<b>2019-2020</b>	<b>8,425.797</b>	<b>-</b>
Kirloskar Brothers Limited		8,783.305	
The Kolhapur Steel Limited			7.535
Kirloskar Ebara Pumps Pvt Ltd.		-	-
	<b>2018-2019</b>	<b>8,783.305</b>	<b>7.535</b>
<b>Payables(net)</b>			
Kirloskar Brothers ( Thailand) Limited		-	-
Kirloskar Brothers Limited		(148.161)	
Kirloskar Corrocoat Private Limited		-	
	<b>2019-2020</b>	<b>(148.161)</b>	<b>-</b>
Kirloskar Brothers ( Thailand) Limited		-	(9.870)
Kirloskar Brothers Limited		(180.217)	-
Kirloskar Corrocoat Private Limited		-	-
	<b>2018-2019</b>	<b>(180.217)</b>	<b>(9.870)</b>



## Notes to Accounts

### Note 32 : Movement in Provision

(INR in Lakhs)

Particulars	Compensated Absences	Product Warranty
Carrying amount as at 1 April 2018	152.570	58.900
Additional provision recognised during year	31.845	187.757
Amount utilised during the year	8.435	-
Unused amounts reversed during the year	-	-
Unwinding of provision during the year	-	-
Carrying amount as at 31 March 2019	175.980	246.657
Additional provision recognised during year	1.980	367.693
Amount utilised during the year	8.352	11.797
Unused amounts reversed during the year	-	58.900
Unwinding of provision during the year	-	-
Carrying amount as at 31 March 2020	169.608	543.653

### Note 33: Expenditure on Research & Development

(INR in Lakhs)

Particulars	31 March 2020	31 March 2019
<b>A. On revenue account</b>		
<u>Manufacturing expenses</u>		
Materials	21.012	26.976
Repairs & maintenance	2.517	-
<u>Payment to and provision for employee</u>		
Salaries , wages , bonus, allowances, contribution to provident & other funds	32.235	30.495
<u>Other expenses</u>		
Travel expenses	1.807	4.530
Others	0.119	0.329
<b>Total</b>	<b>57.691</b>	<b>62.330</b>
<b>B. On capital account</b>		
Assets capitalised	150.193	575.882
CWIP	-	16.432
<b>Total</b>	<b>150.193</b>	<b>592.314</b>
<b>Total</b>	<b>207.884</b>	<b>654.644</b>

## Notes to Accounts

### Note 34: Segment Reporting

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

#### Project division:

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

#### Product division:

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

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

#### a) Segment results

(INR in Lakhs)

Year ended 31 March 2020	Product sector	Project sector	Total
Revenue (Total Income)	32,682.111	332.789	33,014.901
External customers			
Inter-segment			
<b>Total revenue</b>	<b>32,682.111</b>	<b>332.789</b>	<b>33,014.901</b>
Income/(Expenses)			
1) Material Consumed	23,226.996	-	23,226.996
2) Depreciation	609.076	-	609.076
3) Other Expenses	6,293.872	167.477	6,461.349
<b>Segment Profit</b>	<b>2,552.169</b>	<b>165.312</b>	<b>2,717.480</b>
Less:- Tax Expenses			(726.088)
<b>Total Comprehensive income for the year</b>			<b>1,991.392</b>
Segment Assets	20,973.305	771.915	21,745.220
Unallocated Assets			841.834
<b>Total assets</b>	<b>20,973.305</b>	<b>771.915</b>	<b>22,587.054</b>
Segment liabilities	7,669.431	2,614.301	10,283.732
Unallocated Liabilities			12,303.322
<b>Total Liabilities</b>	<b>7,669.431</b>	<b>2,614.301</b>	<b>22,587.054</b>
<b>Year ended 31 March 2019</b>	<b>Product sector</b>	<b>Project sector</b>	<b>Total</b>
Revenue	32,615.445	74.530	32,689.975
External customers			
Inter-segment			
<b>Total revenue</b>	<b>32,615.445</b>	<b>74.530</b>	<b>32,689.975</b>
<b>Income/(Expenses)</b>			
1) Material Consumed	23,484.086	1.960	23,486.046
2) Depreciation	548.503	-	548.503
3) Other expenses	6,044.185	174.995	6,219.180
Segment Profit	2,538.671	(102.425)	2,436.246
Less:- Tax Expenses			(566.473)
<b>Total Comprehensive income for the year</b>			<b>1,869.773</b>
Segment Assets	19,276.633	862.079	20,138.712
Unallocated Assets			1,012.946
<b>Total assets</b>	<b>19,276.633</b>	<b>862.079</b>	<b>21,151.658</b>
Segment liabilities	7,376.596	2,874.417	10,251.013
Unallocated Liabilities			10,900.645
<b>Total Liabilities</b>	<b>7,376.596</b>	<b>2,874.417</b>	<b>21,151.658</b>

## Notes to Accounts

### (b) Reconciliations to amounts reflected in the financial statements

(INR in Lakhs)

(i) Reconciliation of profit	March 31, 2020	March 31, 2019
i) Segment profit	2,717.480	2,436.246
Intra segment elimination	-	-
Current tax expense	(350.000)	(619.474)
Deferred tax expenses	(376.088)	53.001
Finance income	-	-
Any other items of reconciliations which are considered as adjustments/ elimination above	-	-
<b>Total Comprehensive income for the year</b>	<b>1,991.392</b>	<b>1,869.773</b>
ii) Reconciliation of assets		
Segment operating assets	21,745.220	20,138.712
Reconciliation items such as DTA/ Current tax assets	841.834	1,012.946
<b>Total assets</b>	<b>22,587.054</b>	<b>21,151.658</b>
(iii) Reconciliation of liabilities		
Segment operating liabilities	10,283.732	10,251.013
Reconciliation items - Total Equity	12,303.322	10,900.645
<b>Total liabilities</b>	<b>22,587.054</b>	<b>21,151.658</b>

### c) Geographic information

	31 March 2020	31 March 2019
<b>Revenue from external customers</b>		
India	31,701.267	31,972.564
Outside India	484.940	569.581
	<b>32,186.207</b>	<b>32,542.145</b>
<b>Non current assets (other than deferred tax asset &amp; financial asset)</b>		
India	3,704.280	3,984.012
Outside India	-	-
	<b>3,704.280</b>	<b>3,984.012</b>

## Notes to Accounts

### Note 35 : Fair Value of financial assets and liabilities

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

(INR in Lakhs)

Sr. No.	Particulars	Carrying value	
		31 March 2020	31 March 2019
a)	<b>Financial Asset</b>		
	<b>Carried at fair value through Other Comprehensive Income (FVTOCI)- Level 3</b>		
	<b>Unquoted investment</b>	<b>0.051</b>	0.051
	<b>b) Carried at amortised cost- Level 2</b>		
	Security Deposits-Non-Current	<b>150.496</b>	150.496
	Security Deposits-Current	-	-
	Other financial assets- Non-Current	<b>61.049</b>	57.793
	Other financial assets- Current	<b>3.015</b>	2.630
	Trade receivable	<b>10,725.246</b>	11,298.824
	Cash and cash equivalent and bank balances	<b>3,599.926</b>	1,313.505
		<b>14,539.782</b>	12,823.300
c)	<b>Financial Liabilities</b>		
	<b>Carried at amortised cost- Level 2</b>		
	Current borrowings at fixed rate of interest	-	139.122
	<b>Other current financial liabilities</b>	<b>3,218.040</b>	3,516.500
	Trade payable	<b>5,698.632</b>	5,478.595
		<b>8,916.672</b>	9,134.217

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

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

### Note 36 : Financial risk management policy and objectives

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

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

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

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

## Notes to Accounts

### 1) Credit Risk

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

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

#### a) Trade receivable

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

(INR in Lakhs)

	Not Due	Past due but not impaired			Impaired	Total	Expected Loss	Net Receivable after impairment
		Less than 180 days	181 to 365 days	above 366 days				
31 March 2020	7,270.311	3,443.979	10.956	-	313.548	11,038.794	(313.548)	10,725.246
31 March 2019	8,659.364	2,287.060	352.400	-	1,140.204	12,439.028	(1,140.204)	11,298.824

### Reconciliation of loss provision

Particulars	Trade receivables
Loss allowance as at 31 March 2019	1,140.204
Changes in loss allowance	(826.656)
Loss allowance as at 31 March 2020	313.548

#### b) Financial instruments and cash deposits

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

## Notes to Accounts

### 2) Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its 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 its 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

(INR in Lakhs)

31 March 2020						
	Carrying amount	On demand	Less than 180 days	181 to 365 days	above 366 days	Total
Interest bearing borrowings	-	-	-	-	-	-
Other liabilities	3,218.040	-	3,218.040	-	-	3,218.040
Trade and other payable	5,698.632	-	5,698.632	-	-	5,698.632

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

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

	31 March 2020	31 March 2019
<b>Floating rate</b>	<b>10.50%</b>	10.50%
Expiring within one year	1,000.000	860.878
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 2020 and 31 March 2019. 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 2020.

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

#### a) Interest rate risk

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

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

## Notes to Accounts

### b) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in local currency INR and in different foreign currencies. Company has foreign currency trade receivables, trade payables, advances, deposits and therefore is exposed to foreign exchange risk. The company has not hedged its 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 2020	31 March 2019	31 March 2020	31 March 2019
<b>Financial Assets</b>					
Trade Receivables	USD	0.773	1.188	58.273	82.204
	EUR	0.629	0.425	52.247	33.028
<b>Financial liabilities</b>					
Trade Payables	USD	0.080	0.267	6.018	18.467
	EUR	-	0.003	-	0.233

### Currency wise net exposure ( Assets-Liabilities)

(INR in Lakhs)

Particulars	Amount in Foreign Currency		Amount in INR	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
USD	0.693	0.921	52.255	63.737
EUR	0.629	0.422	52.247	32.795

### Sensitivity Analysis

Currency	Amount in INR		Sensitivity %	Impact on profit (strengthen)		Impact on profit (weakening)	
	2020	2019		2020	2019	2020	2019
USD	52.255	63.737	3.57%	1.865	2.275	(1.865)	(2.275)
EUR	52.247	32.795	3.70%	1.933	1.213	(1.933)	(1.213)
Total	104.502	96.531		3.799	3.489	(3.799)	(3.489)

( EUR- Euro, USD - US Dollar)

## Notes to Accounts

### Note 37: Capital management

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

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, company 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 2020	31 March 2019
Loans and borrowings	-	139.122
Less: Cash and cash equivalents	3,599.926	1,313.505
Net debt	-	-
Equity	10,748.560	9,505.400
Capital and net debt	10,748.560	9,505.400
Gearing ratio (not applicable since no net debt)	0.00%	0.00%

#### B: Dividend

	31 March 2020	31 March 2019
(i) Equity Shares	-	-
Final dividend for the year ended 31 March 2019 is INR 3.50 (31 March 2018- 2.50) per fully paid share, paid during the year	488.336	348.811
Interim dividend for the year ended 31 March 2020 of INR Nil per fully paid share (31 March 2019- Nil) per fully paid share	Nil	Nil
(ii) Dividends not recognised at the end of the reporting period	488.336	488.336

Since year end the directors have recommended the payment of a final dividend of INR Rs. 3.50 per fully paid equity share (31 March 2019 - INR 3.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

### Note 38 :Corporate social responsibility expenditures

(a) Amount required to be spent by the Company during the current year is Rs. 38.535 Lakhs

(b) Amount spent by the Company during the current year is Rs. 38.539 Lakhs

The company as per its policy on Corporate Social Responsibility(CSR) and recommendation and approval of the CSR committee has spent / contributed Rs. 38.539 Lakhs towards Health & Educational aid in local area in the current financial year.



## Notes to Accounts

### Note 39

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

	Particulars	FY 2019-20
(a)	Principal amount and interest due thereon (separately) remaining unpaid to any supplier as at the end of accounting year	17.571
(b)	Amount of interest paid by the buyer under MSMED along with payments made to supplier beyond appointed day during each accounting year	-
(c)	Interest due and payable for the period (where the principal has been paid but interest under MSMED not paid)	0.510
(d)	Interest accrued and remaining unpaid at the end of accounting year	0.553
(e)	Amount of further interest due and payable even in succeeding year, until when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure u/s 23 of MSMED 2006.	0.089

### 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

The Global economic and business environment is totally disrupted because of Covid- 19 pandemic. The operations of the Company were suspended from 23<sup>rd</sup> March, 2020 as per the Govt. guidelines. The Company has evaluated impact of Covid 19 on the operations of the Company, orders in hand and revenue, cash flow, assets and liabilities, and none of it result in material exposure to impairment risk up to the date of approval of these financial results.

Even though, it is very difficult to predict the duration of the disruption and severity of its impact, on the basis of evaluation of overall economic environment, outstanding orders, liquidity position, debt free status, recoverability of receivables; the Company expects to recover the carrying amount of these assets and does not anticipate any impairment of it.

Based on the opening of economic activity, the Company has partially started operations at all w.e.f. 5th May 2020.

### Note 42

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

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KPML Won ENCON Awards for Best Innovative Project and Best Renewable Energy Project



KPML won Second Price in LAKAKI Business Excellence Competition



Enriching Lives

## KARAD PROJECTS AND MOTORS LIMITED

A Kirloskar Group Company

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GROUP COMPANIES



United Kingdom



U.S.A.



South Africa



India



The Netherlands