M/s P. G. BHAGWAT
CHARTERED ACCOUNTANTS

HEAD OFFICE

Suites 101 - 102, 'Orchard'
Dr. Pai Marg, Baner,
Pune - 411045

Tel.: 020 - 27290771, 27291772, 27291773
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INDEPENDENT AUDITOR'S REPORT

To the Members of LA- GAJJAR MACHINERIES PRIVATE LIMITED

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

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the standalone state of affairs of the Company as at 31 March 2019, and its standalone profit (including Other Comprehensive Income), standalone changes in equity and its standalone cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

M/s P. G. BHAGWAT
PUNE
CHARTERED ACCOUNTANTS

Business Combination:

During the year 2017-18 the company had acquired entire business of Lakom Electricals Pvt. Ltd. and major operating assets of La-gajjar Pumps Private Limited on 30 Jun, 2017 as a condition precedent to definitive share purchase agreement between shareholders of the company and Kirloskar Oil Engines Ltd. The company had availed measurement period extension as allowed by Ind AS 103 'Business Combination' for identification of Assets, Liabilities and Goodwill. During the year 2018-19 the company has completed the purchase price allocation (PPA) and accordingly the company has given retrospective effects in the financial statements of financial year 2017-18, the year of acquisition.
Due to complexities involved in accounting of business combination, significant judgements are required to estimate and account for the transaction of business combination.

We have identified this as a key audit matter due to the significance of the acquisition to the company's financial statements, the inherent complexities in accounting for business acquisitions, and the judgement applied by the company in identifying and determining the fair value of the assets and liabilities acquired, including the separately identifiable intangible assets.

Audit Methodology:

- We have evaluated the appropriateness and completeness of the intangible assets identified.
- We evaluated management's key assumptions and inputs applied in the valuation of the assets acquired and liabilities assumed, including the fair valuation of the identified intangible assets and property, plant and equipment.
- We evaluated the methodologies used for fair valuation.
- We critically analysed the appropriateness of the useful lives assigned to the identified assets having regard to the expected use of these assets.
- Based on our procedures we noted that the purchase price allocation has been performed in accordance with IND AS 103 Business combination and to be within a reasonable range of our audit expectations.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

M/s P.G. BHAGWAT PUNE CHARTERED ACCOUNTANTS

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the standalone financial position, standalone financial performance, standalone changes in equity and standalone cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

We also:

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

M/s P.G. BHAGWAT * PUNE * CHARTERED ACCOUNTANTS

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

M/s P.G. BHAGWAT * PUNE * CHARTERED ACCOUNTANTS

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

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

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

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

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

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

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

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

      (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer 36.5.1 to the financial statements.

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

      (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.
Firm Registration Number: 101118W
Chartered Accountants

NACHIKET DEO
Partner
Membership Number : 117695

M/s P.G. BHAGWAT * PUNE * CHARTERED ACCOUNTANTS

Pune
30 April, 2019

M/s P. G. BHAGWAT
CHARTERED ACCOUNTANTS

HEAD OFFICE

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Annexure A to Independent Auditors' Report (CARO)

i. (a) The Company has maintained records showing full particulars of Fixed Assets. However updation of the same with respect to completing full particulars is in progress.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and discrepancies have been noticed on such verification, which have been properly dealt with in the books of account.

(c) The Company does not own any immovable properties as disclosed in Note - 1 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

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

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

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

v. In our opinion and according to information and explanation given to us, the Company has not accepted public deposits, hence the directive issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation given to us, no order has been passed against the company 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.

M/s P.G. BHAGWAT PUNE CHARTERED ACCOUNTANTS

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of employees' state insurance, though there has been slight delay in few cases and is regular in depositing the undisputed statutory dues including provident fund, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

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

Name of the statute	Nature of dues	Amount under dispute not deposited (Rs. In Lakhs)**	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Demand for disallowance of claims	118.52	2006-07	Sales Tax Tribunal

** Net of amount paid under protest of Rs. 2 Lakhs.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date and also not issued debentures.

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

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

xi. The company has not paid any remuneration as defined under section 197 of the Companies Act, 2013 during the year. Accordingly provisions of the clause 3 (xi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.

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

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

M/s P.G. BHAGWAT PUNE CHARTERED ACCOUNTANTS

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

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

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

For M/S P.G.Bhagwat
Chartered Accountants
Firm Registration Number: 101118W

M/s P.G. BHAGWAT PUNE CHARTERED ACCOUNTANTS

Nachiket Deo
Partner
Membership Number: 117695

Pune
Date: 30 April 2019

M/s P. G. BHAGWAT
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Annexure B to the Independent Auditor's Report of even date on the Standalone (Ind AS) Financial Statements of La-Gajjar Machineries Pvt Ltd

Report on the Internal Financial Controls with reference to Standalone (Ind AS) Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Standalone (Ind AS) Financial Statements of **La-Gajjar Machineries Pvt Ltd** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan

M/s P.G. BHAGWAT PUNE CHARTERED ACCOUNTANTS

and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the existence of internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to standalone financial statements

A company's internal financial control over financial reporting with reference to standalone financial statement 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 with reference to standalone financial statement 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

M/s P.G. BHAGWAT * PUNE * CHARTERED ACCOUNTANTS

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to standalone financial statements.

Because of the inherent limitations of internal financial controls over financial reporting with reference to Standalone Financial Statements, 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 with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to Standalone Financial 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 internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR M/S P. G. BHAGWAT
Chartered Accountants
Firm Registration Number: 101118W

Nachiket Deo
Partner
Membership No: 117695
Pune
Date: 30 April, 2019

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited

Balance Sheet as at 31 March 2019

₹ in Lakhs

Particulars	Note No.	As at 31 March 19	As at 31 March 18
ASSETS			
I. Non-current assets		4,046.41	5,469.58
(a) Property, plant and equipment	1	1,921.89	2,392.50
(b) Capital work-in-progress		1.96	-
(c) Goodwill	2	127.07	127.07
(d) Intangible assets	2	108.45	134.21
(e) Intangible assets under development			
(f) Financial assets			
(i) Investments	3	-	-
(ii) Loans	4	0.33	2.29
(iii) Other financial assets	5	1,375.29	1,505.52
(g) Deferred tax assets (net)	6	437.16	899.54
(h) Other non-current assets	7	74.26	408.45
II.Current assets		15,531.69	18,982.65
(a) Inventories	8	6,587.90	7,988.62
(b) Financial assets			
(i) Investments		-	-
(ii) Trade receivables	9	5,179.05	7,626.20
(iii) Cash and cash equivalents	10.a	117.16	89.96
(iv) Bank balance other than (iii) above	10.b	22.50	56.46
(v) Loans	11	0.24	5.53
(vi) Other financial assets	12	289.29	187.95
(c) Current tax assets (net)	13	147.88	-
(d) Other current assets	14	3,187.67	3,027.93
Total Assets		**19,578.10**	**24,452.23**
EQUITY AND LIABILITIES			
Equity		4,427.59	3,272.89
(a) Equity share capital	15	107.60	107.60
(b) Other equity			
Capital redemption reserve	16	139.00	139.00
Securities premium	16	678.40	678.40
General reserve	16	411.21	411.21
Retained earnings	16	3,091.38	1,936.68
Liabilities			
I. Non-current liabilities		1,833.80	678.58
(a) Financial liabilities			
(i) Borrowings	17	1,668.70	547.13
(ii) Other financial liabilities	18	69.85	72.07
(b) Long-term provisions	19	95.25	59.38
(c) Other non-current liabilities		-	-
II.Current liabilities		13,316.71	20,500.76
(a) Financial liabilities			
(i) Borrowings	20	5,171.35	11,751.03
(ii) Trade and other payables			
a) total outstanding dues of micro enterprises and small enterprises	21	2,665.07	3,858.97
b) total outstanding dues of creditors other than micro enterprises and small enterprises	21	3,069.38	3,027.52
(iii) Other financial liabilities	22	1,144.61	604.15
(b) Other current liabilities	23	277.14	329.94
(c) Short-term provisions	24	989.16	929.15
Total Equity and Liabilities		**19,578.10**	**24,452.23**

Significant accounting policies 36

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

FOR M/S. P. G. BHAGWAT
Chartered Accountants
Firm Registration Number : 101118W

NACHIKET DEO
Partner
Membership Number : 117695

Pune : 30 April, 2019

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

For and on behalf of the board of directors

T. VINODKUMAR
Chairman
DIN: 07853907

UMESH SHASTRY
Chief Financial Officer

Pune : 30 April, 2019

La-Gajjar Machineries Private Limited

Statement of profit and loss for the Year ended 31 March 2019

₹ in Lakhs

Particulars	Note No.	2018-19	2017-18
Income			
Revenue from operations	25	42,673.99	37,942.10
Other income	26	362.44	498.32
Total Income		**43,036.43**	**38,440.42**
Expenses			
Cost of raw materials and components consumed	27	22,962.84	22,635.78
Purchase of traded goods	28	1,998.04	2,106.10
Changes in inventories of finished goods, work-in-progress and traded goods	29	1,539.92	(838.26)
Excise duty on sale of goods	30	-	913.68
Employee benefits expense	31	2,350.54	2,501.93
Finance costs	32	1,026.98	1,162.10
Depreciation and amortisation expense	33	653.43	844.16
Other Expenses	34	10,471.21	11,675.61
Total expenses		**41,002.96**	**41,001.10**
Profit before exceptional items and tax		**2,033.47**	**(2,560.68)**
Exceptional items			
Profit before tax		**2,033.47**	**(2,560.68)**
Tax expense		**882.42**	**(623.79)**
Current tax	35	422.00	-
(Excess)/short provision related to earlier years		-	37.27
MAT Credit		(192.33)	-
Deferred tax	35	652.75	(661.06)
Profit for the year		**1,151.05**	**(1,936.89)**
Other comprehensive income			
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**3.65**	**(14.94)**
Re-measurement gains/(losses) on defined benefit plans		5.61	(22.96)
Income tax effect on above		(1.96)	8.02
Total other comprehensive income for the year, net of tax [A]		**3.65**	**(14.94)**
Total comprehensive income for the year, net of tax		**1,154.70**	**(1,951.83)**
Earnings per equity share [nominal value per share ₹ 10/- (31 March 2018: ₹ 10/-)]			
Basic		106.98	(180.01)
Diluted		106.98	(180.01)
Significant accounting policies	36		

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

FOR M/S. P. G. BHAGWAT
Chartered Accountants
Firm Registration Number : 101118W

NACHIKET DEO
Partner
Membership Number : 117695

Pune : 30 April, 2019

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

For and on behalf of the board of directors

T. VINODKUMAR
Chairman
DIN: 07853907

UMESH SHASTRY
Chief Financial Officer

Pune : 30 April, 2019

La-Gajjar Machineries Private Limited

Statement of Cash Flow for the Period ended 31 March 2019

₹ in Lakhs

Particulars	2018-19	2017-18
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	**2,033.47**	**(2,560.68)**
Adjustments to reconcile profit before tax to net cash flows:		
Add:		
Depreciation and Amortisation	653.43	844.16
Loss on disposal of assets & Others	108.33	65.99
Net gain / (Loss) on financial instruments at fair value	-	0.03
Inventories written down to net realisable value	247.32	308.15
Bad debts and irrecoverable balances written off	19.12	142.05
Provision for doubtful debts and advances (net)	(187.53)	418.33
Provision for doubtful deposits and advances (net)	76.02	-
Loss / (Profit) on Revalorisation on Imports	2.01	0.04
Loss / (Profit) on Revalorisation on Exports	(41.58)	(24.77)
Finance cost	1,026.98	1,162.10
Amortisation of rent expenses	108.78	72.52
	2,012.88	2,988.60
Less:		
Unwinding of interest on deposits	105.44	66.21
Surplus on sale of assets	6.17	202.02
Interest received	3.09	18.17
Sundry Credit Balances Appropriated	22.99	23.89
Provisions no longer required written back	6.50	-
	144.19	310.29
Operating Profit before working capital changes	3,902.16	117.63
Working Capital Adjustments		
(Increase) / Decrease in Trade and Other Receivables	2,633.88	(4,482.54)
(Increase) / Decrease in Inventories	1,153.40	(997.82)
Increase / (Decrease) in Trade and other Payables	(1,134.55)	(709.45)
Increase / (Decrease) in Provisions	60.06	182.85
	2,712.79	**(6,006.96)**
Net Cash generated from operations	**6,614.95**	**(5,889.33)**
Direct taxes paid	(366.73)	(126.01)
NET CASH FLOW FROM OPERATING ACTIVITIES	**6,248.22**	**(6,015.34)**
CASH FLOW FROM INVESTING ACTIVITIES		
Add :		
Sale of Property, Plant and Equipment	51.11	2,348.04
Sale of investments (Net)	-	1.18
Interest received	2.72	13.70
Dividend received	-	-
	53.83	**2,362.92**
Less :		
Purchase of Property, Plant and Equipment	327.99	1,078.33
	327.99	1,078.33
NET CASH GENERATED FROM INVESTING ACTIVITIES	**(274.16)**	**1,284.59**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from bill discounting & borrowings	(4,849.95)	5,346.87
Interest paid (finance cost)	(1,096.91)	(1,112.38)
NET CASH USED IN FINANCING ACTIVITY	**(5,946.86)**	**4,234.49**
Net increase / (decrease) in cash and cash equivalents	**27.20**	**(496.26)**
Opening Cash and Cash equivalents	**89.96**	**586.22**
Cash and Cash equivalents received from the Transferor Company under Composite Scheme	-	-
Closing Cash and Cash equivalents (Refer Note 10a)	**117.16**	**89.96**

As per our attached report of even date

FOR M/S. P. G. BHAGWAT
Chartered Accountants
Firm Registration Number : 101118W

NACHIKET DEO
Partner
Membership Number : 117695

Pune : 30 April, 2019

For and on behalf of the board of directors

T. VINODKUMAR
Chairman
DIN: 07853907

UMESH SHASTRY
Chief Financial Officer

Pune : 30 April, 2019

La-Gajjar Machineries Private Limited

Statement of changes in Equity for the year ended 31 March 2019

A. Equity Share Capital (Note 15)

₹ in Lakhs

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
As at 31 March 2018	1,076,000	107.60
Issue/Reduction, if any during the year	-	-
As at 31 March 2019	1,076,000	107.60

B. Other Equity (Note 16)

₹ in Lakhs

Particulars	Reserves and Surplus				Total equity
	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	
As at 01 April 2017	125.00	678.40	411.21	3,902.51	5,117.12
Profit/(Loss) for the year	-	-	-	(1,936.89)	(1,936.89)
Other comprehensive income for the year	-	-	-	(14.94)	(14.94)
Total Comprehensive income for the year	-	-	-	(1,951.83)	(1,951.83)
Transferred to Capital Redemption Reserve	14.00	-	-	(14.00)	-
As at 31 March 2018	139.00	678.40	411.21	1,936.68	3,165.29
As at 01 April 2018	139.00	678.40	411.21	1,936.68	3,165.29
Profit/(Loss) for the year	-	-	-	1,151.05	1,151.05
Other comprehensive income for the year	-	-	-	3.65	3.65
Total Comprehensive income for the year	-	-	-	1,154.70	1,154.70
Transferred to Capital Redemption Reserve	-	-	-	-	-
As at 31 March 2019	139.00	678.40	411.21	3,091.38	4,319.99

As per our attached report of even date

FOR M/S. P. G. BHAGWAT
Chartered Accountants
Firm Registration Number : 101118W

NACHIKET DEO
Partner
Membership Number : 117695

M/s P.G. BHAGWAT PUNE CHARTERED ACCOUNTANTS

Pune : 30 April, 2019

For and on behalf of the board of directors

T. VINODKUMAR
Chairman
DIN: 07853907

UMESH SHASTRY
Chief Financial Officer

Pune : 30 April, 2019

La-Gajjar Machineries Private Limited

Notes to the Consolidated Financial Statements

Note 1 : Property, Plant and equipment

₹ in Lakhs

Fixed Assets	Land Freehold	Leasehold Improvement	Buildings	Plant & Equipment	Furniture & Fixture	Vehicles	Office Equipment	Computers	Total
Gross Block									
As At 1 April 2017	1,285.08	-	1,418.00	3,561.01	379.72	530.04	408.39	325.56	7,907.80
Additions	-	58.67	11.52	619.83	99.10	1.47	133.03	36.85	960.47
Inter transfers - Net	-	73.70	(73.70)	-	-	-	-	-	-
Asset Write off / Scrap	-	-	-	-	-	-	-	-	-
Deductions / Amortization	1,285.08	-	1,355.82	5.52	0.61	191.98	2.29	-	2,841.30
As At 31 March 2018	-	132.37	-	4,175.32	478.21	339.53	539.13	362.41	6,026.97
Additions	-	-	-	228.05	5.78	-	7.54	61.20	302.57
Inter transfers - Net	-	-	-	-	-	-	-	-	-
Asset Write off / Scrap	-	-	-	884.08	330.29	-	266.99	267.48	1,748.84
Deductions / Amortization	-	-	-	84.24	1.82	5.08	2.40	8.32	101.86
As At 31 Mar 2019	-	132.37	-	3,435.05	151.88	334.45	277.28	147.81	4,478.84
Depreciation									
As At 1 April 2017	-	-	513.21	1,781.79	284.38	290.20	280.60	293.66	3,443.84
For the year	-	44.28	26.94	470.86	89.15	55.43	97.00	36.26	819.92
Inter transfers - Net	-	28.90	(28.90)	-	-	-	-	-	-
Asset Write off / Scrap	-	-	-	-	-	-	-	-	-
Deductions / Amortization	-	-	511.25	0.53	0.56	114.76	2.19	-	629.29
As At 31 March 2018	-	73.18	-	2,252.12	372.97	230.87	375.41	329.92	3,634.47
For the year	-	38.11	-	398.29	45.16	33.42	68.53	36.40	619.91
Inter transfers - Net	-	-	-	-	-	-	-	-	-
Assets written off / Scrapped	-	-	-	792.77	326.86	-	264.70	267.37	1,651.70
Deductions / Amortization	-	-	-	29.59	1.12	4.44	2.26	8.32	45.73
As At 31 Mar 2019	-	111.29	-	1,828.05	90.15	259.85	176.98	90.63	2,556.95
Net Block									
As At 1 April 2017	1,285.08	-	904.79	1,779.22	95.34	239.84	127.79	31.90	4,463.96
As At 31 March 2018	-	59.19	-	1,923.20	105.24	108.66	163.72	32.49	2,392.50
As At 31 Mar 2019	-	21.08	-	1,607.00	61.73	74.60	100.30	57.18	1,921.89

1. For Depreciation and amortisation refer accounting policy Note - 36.4.3
2. Details of Assets acquired under Business Combination during the Financial year 2017-18 as under : (Also refer Note. 36.3.3 and 36.5.12)

Asset Category	Amount
Computers	1.54
Furniture & Fixture	8.49
Office Equipment	17.29
Plant & Equipment	146.95
Vehicles	0.90
Grand Total	175.17

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited

Notes to the Consolidated Financial Statements

Note 2 : **Other Intangible assets**

₹ in Lakhs

Fixed Assets	Computer Software	Customer Relationships	Total Intengible Assets	Goodwill acquired under Business Combination
Gross Block				
As At 1 April 2017	-	-	-	270.57
Additions	9.09	149.36	158.45	127.07
Deductions / Amortization	-	-	-	-
As At 31 March 2018	9.09	149.36	158.45	397.64
Additions	7.77	-	7.77	-
Deductions / Amortization	-	-	-	270.57
As At 31 March 2019	16.86	**149.36**	**166.22**	**127.07**
Depreciation				
As At 1 April 2017	-	-	-	270.57
For The Year	1.84	22.40	24.24	-
Deductions / Amortization	-	-	-	-
As At 31 March 2018	**1.84**	**22.40**	**24.24**	**270.57**
For The Year	3.66	29.87	33.53	-
Deductions / Amortization	-	-	-	270.57
As At 31 Mar 2019	**5.50**	**52.27**	**57.77**	-
Net Block				
As At 1 April 2017	-	-	-	-
As At 31 March 2018	**7.25**	**126.96**	**134.21**	**127.07**
As At 31 Mar 2019	11.36	**97.09**	**108.45**	**127.07**

1. For Depreciation and amortisation refer accounting policy Note - 36.4.5
2. Refer Note. 36.3.3 and 36.5.12 on Business combination

M/s P.G. BHAGWAT * PUNE * CHARTERED ACCOUNTANTS

La-Gajjar Machineries Private Limited
Notes to the Financial Statements

Note 3 : Investments **₹ In Lakhs**

Particulars	Face Value Per Unit in ₹	As at 31 March 19		As at 31 March 18	
		Nos.	Amount	Nos.	Amount
Fair Value Through Profit or Loss (FVTPL)			-		-
Investment in Quoted Equity					
Investment in Un-quoted Equity					
Total			-		-

1. Refer Note - 36.5.15
2. Refer Note - 36.5.16 on Risk Management objectives and policies for Financial Instruments.
3. During Financial year 2017-18, the investments were sold at their Fair Value and the company is under process of completing the documentation for the same.

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited
Notes to the Financial Statements

Note 4 : Loans (Non-current) **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Loans to employees (unsecured, considered good)	0.33	2.29
Total	**0.33**	**2.29**

1. Loans are measured at amortised cost.

2. Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited
Notes to the Financial Statements

Note 5 : Other financial assets (non-current) ₹ in Lakhs

Particulars	As at 31 March 19	As at 31 March 18
Security deposits (Unsecured, considered good)	1,375.29	1,505.52
Total	**1,375.29**	**1,505.52**

1. Other financial assets are measured at amortised cost. Refer note 36.5.16

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 6: Deferred tax assets (net) **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Deferred Tax Assets	437.16	899.54
Depreciation	96.80	49.00
Provision for Doubtful debts & advances	109.73	175.26
Disallowances u/s 43 B of Income Tax Act	38.30	39.82
Warranty Expense	-	59.11
Carried Forward Business Loss*	-	576.35
MAT Credit Entitlement	192.33	-
Total	**437.16**	**899.54**

* The deferred tax asset on carried forward business loss is recognised based on estimation of future profits considering confirmed orders, definite cost reduction programs and expected synergy effect post Business combination with Kirloskar Oil Engines Ltd.

1. Reconciliation of deferred tax assets / (liabilities) (net) **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Opening balance as of 1 April	**899.54**	**271.67**
Tax income/(expense) during the year recognised in profit or loss	(460.42)	661.06
Tax income/(expense) during the year recognised in OCI	(1.96)	8.02
Acquired in Business Combination (Refer Note. 36.3.3 and 36.5.12)	-	(41.21)
Closing balance as at 31 March	**437.16**	**899.54**

2. Tax Losses **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Unused tax losses for which no Deferred Tax Assets have been recognised- Long Term capital loss on sale of Land	1,286.88	1,286.88
Potential Tax benefit	299.79	299.79

3. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

4. Deferred tax is measured on temporary differences at the rate of 34.944% (substantively enacted rate).

5. The unused tax losses were incurred by the company on sale on Land in which company is not likely to generate taxable income in the foreseeable future. The losses can be carried forward as per the provisions of Income Tax Act .

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 7: Other non-current assets **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Capital advances	5.15	38.76
Prepaid expenses	44.44	183.29
Tax paid in advance (net of provision)	-	161.73
Balance with Government authorities	24.67	24.67
Total	**74.26**	**408.45**

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 8 : Inventories **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Raw materials	**2,153.28**	**1,964.28**
Raw materials and components	2,153.28	1,917.62
Raw materials in transit	-	46.66
Work-in-progress	1,633.98	2,135.38
Finished goods	2,259.23	3,148.45
Traded goods	384.08	533.38
Stores and spares	157.33	207.13
Total	**6,587.90**	**7,988.62**

1. Inventories written down to net realisable value during the year ended 31 March 2019 ₹ 247.32 Lakhs were recognised as an expense in the statement of profit and loss during the year. (₹ 308.15 Lakhs in FY 2017-18).

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 9 : Trade receivables

₹ in Lakhs

Particulars	As at 31 March 19	As at 31 March 18
Trade Receivables		
Trade receivables	5,179.05	7,626.20
Break-up for security details		
Secured, considered good	177.93	-
Unsecured, considered good	5,001.12	7,626.20
Doubtful	314.01	501.54
Impairment Allowance (allowance for bad and doubtful debts)	(314.01)	(501.54)
Total	**5,179.05**	**7,626.20**

1. Trade receivables are measured at amortised cost.

2. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Trade or other receivables due from firms or private companies respectively in which any director is a partner, a director or a member ₹ NIL (₹ 0.55 Lakhs in FY 2017-18). Refer Note 36.5.11 for terms and conditions related to Related party receivables

3. Trade receivables secured by letter of credit are considered as seucred

4. Movement of impairment Allowance (allowance for bad and doubtful debts)

₹ in Lakhs

Particulars	As at 31 March 19	As at 31 March 18
Opening Balance	501.54	83.21
Provided During the year	74.75	418.33
Bad Debts	0.11	-
Provision written back	262.17	-
Closing Balance	314.01	501.54

4. Refer Note 36.5.16 on credit risk of trade receivables, which explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

M/s P.G. BHAGWAT * PUNE * CHARTERED ACCOUNTANTS

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 10.a : Cash and cash equivalents — **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Balance with Bank	**115.99**	**88.57**
Current accounts and debit balance in cash credit accounts	115.99	88.57
Cash on hand	1.17	1.39
Total	**117.16**	**89.96**

Note 10.b : **Other bank balances** — **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Deposits with original maturity of more than three months but less than twelve months	22.50	56.46
Total	**22.50**	**56.46**

1. Fixed Deposits are pledged with the banks as margin money against Letter of Credit / Bank Guarantee.
2. Refer Note 36.5.16 for further details

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 11 : Loans (Current) — **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Loans to employees (unsecured, considered good)	0.24	5.53
Total	**0.24**	**5.53**

1. Loans are measured at amortised cost.

2. Loans are non-derivative financial assets carried at amortised cost which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited
Notes to the Financial Statements

Note 12 : Other financial assets (Current) — **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Security deposits (Unsecured, considered good)	102.52	1.88
Export incentive receivable	155.59	152.54
Others	31.18	33.53
Total	**289.29**	**187.95**

1. Other financial assets are measured at amortised cost.
2. Others includes Interest Receivable on FDR and Insurance claim receivable.
3. Refer Note 36.5.16 for further details.

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited
Notes to the Financial Statements

Note 13 : Current tax assets (net) **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Current tax assets (net)	147.88	-
Total	**147.88**	-

Non-current Tax paid in advance included in Note 7.

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 14 : Other current assets — **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Advance to suppliers	461.42	378.78
Balance with collectorate of central excise and customs	301.40	596.08
Sales tax / VAT / Service tax / GST receivable	2,192.94	1,826.12
Prepaid expenses	217.69	204.55
Others	14.22	22.40
Total	**3,187.67**	**3,027.93**

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited
Notes to the Financial Statements

Note 15 : Share capital — **₹ in Lakhs**

Particulars	**No. of shares**	**Amount**
Authorised equity share capital (Shares of ₹ 10 each)		
As at 31 March 2018	5,240,000	524.00
Increase/(decrease) during the year	-	-
As at 31 Mar 2019	5,240,000	524.00
Increase/(decrease) during the year	-	-
Authorised 0.5% cumulative redeemable preference shares capital (Shares of ₹ 10		
As at 31 March 2018	260,000	26.00
Increase/(decrease) during the year	-	-
As at 31 Mar 2019	260,000	26.00
Increase/(decrease) during the year	-	-
Issued, subscribed and fully paid up equity share capital (Shares of ₹ 10 each)		
As at 31 March 2018	1,076,000	107.60
Increase/(decrease) during the year	-	-
As at 31 Mar 2019	1,076,000	107.60
Increase/(decrease) during the year	-	-
Total		**107.60**

Terms/Rights attached to the equity shares

1. The Company has only one class of equity shares having a par value of ₹ 10/- each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

2. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3. Shares held by holding company

Particulars	**As at 31 March 19**	**As at 31 March 18**
Kirloskar Oil Engines Ltd.		
No. of Equity shares of ₹ 10 each	817,760	817,760
Face value of Equity share holding (₹ in Lakhs)	81.78	81.78
Equity share holding (%)	76.00%	76.00%

4. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	Derwent Crystal India Pvt. Ltd.	Kirloskar Oil Engines Ltd.
As at 31st March 2018		
No. of Shares	258,240	817,760
% of Shareholding	24.00%	76.00%
As at 31st March 2019		
No. of Shares	258,240	817,760
% of Shareholding	24.00%	76.00%

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 16 : Other Equity — **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
CAPITAL REDEMPTION RESERVE		
Opening Balance	139.00	125.00
Add : Transferred during the year	-	14.00
Closing Balance	**139.00**	**139.00**
SECURITIES PREMIUM		
Opening Balance	678.40	678.40
Add : Transferred during the year	-	-
Closing Balance	**678.40**	**678.40**
GENERAL RESERVE		
Opening Balance	411.21	411.21
Add : Transferred from Retained earnings	-	-
Closing Balance	**411.21**	**411.21**
RETAINED EARNINGS		
Opening Balance	1,936.68	3,902.51
Transferred to Capital Redemption Reserve	-	14.00
Add : Profit / (Loss) for the year	1,151.05	(1,936.89)
Add : Other Comprehensive income / (Loss)	3.65	(14.94)
Less : Appropriations		
Transferred to General reserve	-	-
Final dividend		
Tax on proposed dividend		
Closing Balance	**3,091.38**	**1,936.68**
Total	**4,319.99**	**3,165.29**

1. The Capital Redemption Reserve is created for redemption of preference shares as per statutory requirement.
2. Securities premium is received against the issuance of Equity Shares and can be utilised in accordance with provisions of Companies Act, 2013.
3. General reserve is created by setting aside amount from the Retained Earnings of the company for general purposes which is freely available for distribution.

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 17 : Borrowings (Non-current) **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Secured loans from bank	**1,658.45**	**519.30**
Term loans	1,643.43	496.60
Loan for purchase of vehicles	15.02	22.70
Secured loans from NBFC	**10.25**	**27.83**
Loan for purchase of vehicles	10.25	27.83
Total	1,668.70	547.13

1. Borrowings are measured at amortised cost.

2. Term Loans from Banks

(i) The term Loans availed from Federal Bank and Yes Bank are secured by a First Pari Passu charge by way of Hypothecation of Plant & Machinery and other assets purchased out of the term loan and second charge on entire current assets of the company.

(ii) Term Loan of ₹ 300 Lakhs to be repaid in 60 monthly installments of ₹ 5 Lakhs each starting from July 2016 at rate of interest 9.00%. Accordingly total ₹ 60 Lakhs have been repaid in the year 2018-19. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 22).

(iii) Term Loan of ₹ 700 Lakhs to be repaid in 60 monthly installments of ₹ 11.67 Lakhs each starting from November 2016 at rate of interest 9.00%. Accordingly total ₹ 140 Lakhs have been repaid in the year 2018-19. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 22).

(iv) Term Loan of ₹ 700 Lakhs to be repaid in 60 monthly installments of ₹ 11.67 Lakhs each starting from July 2018 at rate of interest 9.00%. Accordingly total ₹ 105 Lakhs have been repaid in the year 2018-19. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 22).

(v) Working Capital Term Loan of ₹ 1400 Lakhs to be repaid in 60 monthly installments of ₹ 23.33 Lakhs each starting from May 2018 at rate of interest 9.00%. Accordingly total ₹ 256.67 Lakhs have been repaid in the year 2018-19. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 22).

(vi) Working Capital Term Loan of ₹ 600 Lakhs to be repaid in 12 Quarterly installments of ₹ 50 Lakhs each starting from July 2018 at rate of interest 10.50%. Accordingly total ₹ 150 Lakhs have been repaid in the year 2018-19. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 22).

M/s P.G. BHAGWAT * CHARTERED ACCOUNTANTS * PUNE

Maturity profile of Term Loans from Banks and NBFC (Current and Non-Current)

Period	As at 31 March 19	As at 31 March 18
Less than Three Months	205.00	50.00
More Three Months Up to One Year	615.00	150.00
More than One Year Up to Three Years	1,340.10	400.00
More than Three Years Up to Five Years	303.33	96.60

3. Loan for Purchase of Vehicles - Banks

(i) Loans for purchase of vehicles are secured against Hypothication of vehicles

4. Loan for Purchase of Vehicles - NBFC

(i) Loans for purchase of vehicles are secured against Hypothication of vehicles

These loans are to be repayed in 36 to 60 monthly installments at an agreed installment rates as per respective sanction terms

Maturity profile of Vehicle Loans from Banks and NBFC (Current and Non-Current)

Period	As at 31 March 19	As at 31 March 18
Less than Three Months	3.37	6.75
More Three Months Up to One Year	10.61	19.07
More than One Year Up to Three Years	25.27	40.53
More than Three Years Up to Five Years	-	10.00

5. For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 36.5.16

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La-Gajjar Machineries Private Limited
Notes to the Financial Statements

Note 18 : Other financial liabilities (Non-current) **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Deposits from customers and others	69.85	72.07
Total	**69.85**	**72.07**

1. Other financial liabilities are measured at amortised cost.

2. For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 36.5.16

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La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 19 : Long-term provisions **₹ In Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Provision for warranty	95.25	59.38
Total	**95.25**	**59.38**

1. Refer Note 24 - Short Term Provisions

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La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 20 : Borrowings (Current) **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Secured loans from bank	**4,171.35**	**5,318.52**
Cash credit	4,171.35	1,618.52
Working Capital Demand Loan	-	3,700.00
Unsecured loans	**1,000.00**	**6,432.51**
From Bank	1,000.00	2,950.00
From NBFC	-	3,482.51
Total	**5,171.35**	**11,751.03**

1. Borrowings are measured at amortised cost.

2. Company's fund and non fund based working capital facilities of ₹ 12648 Lakhs are secured by first charge by way of hypothecation on the whole of the current assets of the Company both present and future and also the second charge on the whole of the movable Plant and machinery and other fixed assets of the Company in favour of the consortium of banks (Federal Consortium) comprising of The Federal Bank Limited - Ahmedabad (Lead Bank), Yes Bank Limited - Pune and HDFC Bank Limited - Ahmedabad.

3. The unutilised portion of company's Cash Credit Limit is ₹ 2328.65 Lakhs (₹ 1431.48 Lakhs in FY 2017-2018)

4. For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 36.5.16

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La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 21 : Trade and other payables **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Acceptances	-	-
Due to micro, small and medium enterprises	2,665.07	3,858.97
Due to other than micro, small and medium enterprises	3,069.38	3,027.52
Total	**5,734.45**	**6,886.49**

1. Trade and other payables are measured at amortised cost

2. Due to Mico, Small and Medium Entrprises includes provision for Interest to MSME of ₹ 186.22 Lakhs (₹ 105.51 Lakhs in FY 2017-18)

3. For terms and conditions with related parties, refer to Note 36.5.11

4. For explanations on Company's Foreign currency risk and liquidity risk management processses, refer to Note 36.5.16

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La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 22 : Other financial liabilities (Current) **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Current maturities of long term debt	833.98	225.82
Interest Accrued but Not Due	4.21	74.14
Payable for capital purchases	17.16	66.46
Employee benefits payable	286.60	237.46
Others	2.66	0.27
Total	**1,144.61**	**604.15**

1. Other financial liabilities are measured at amortised cost
2. For explanations on Company's Foreign currency risk and liquidity risk management processses, refer to Note 36.5.16

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La-Gajjar Machineries Private Limited
Notes to the Financial Statements

Note 23 : Other Current liabilities ₹ in Lakhs

Particulars	As at 31 March 19	As at 31 March 18
Advance from customers	55.88	118.13
Other payables	**221.26**	**211.81**
Statutory dues including provident fund and tax deducted at source	85.10	121.81
Deferred revenue	136.16	90.00
Total	**277.14**	**329.94**

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La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 24 : Short-term provisions — **₹ in Lakhs**

Particulars	As at 31 March 19	As at 31 March 18
Provision for employee benefits		
Provision for gratuity	22.25	57.22
Provision for leave encashment	33.59	35.29
Other provisions		
Provision for warranty	876.63	821.37
Tax Provision (Net of AdvanceTax)	56.69	15.27
Total	**989.16**	**929.15**

1. Employee benefits obligations

a. Gratuity

The Company provides gratuity for employees as per the Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity is payable on retirement or termination whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is a funded plan. Refer Note - 36.5.7

b. Compensated absences

The leave obligation cover the Company's liability for earned leaves which is expected to be paid-off in next 12 months

2. Other Provisions

a. Warranty

Warranty is given to customers at the time of sale of Pumps, Motors and Pumpsets manufactured. Warranty cost includes expenses in connection with repairs, free replacement of parts and after sales services during warranty period.

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of reporting period. It is expected that majority of these costs will be incurred in the next financial year and balance will be incurred in following years. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

Particulars	₹ in Lakhs
At 31 March 2018	**880.75**
Arising during the year	1,373.29
Utilised	1,282.16
Unused amount reversed	-
At 31 March 2019	**971.88**

b. Breakup of Warranty Provisions

Particulars	As at 31 March 19	As at 31 March 18
Current	876.63	821.37
Non-current	95.25	59.38
Total	**971.88**	**880.75**

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La-Gajjar Machineries Private Limited
Notes to the Financial Statements

Note 25 : Revenue from operations — **₹ in Lakhs**

Particulars	2018-19	2017-18
Sales and services	**41,374.62**	**37,047.53**
Sale of products (Refer Note 36.5.14)	41,374.62	37,047.53
Operating Income	**1,299.37**	**894.57**
Sale of scrap	652.53	571.62
Export incentives	428.37	291.91
Sundry credit balances written back	22.99	23.89
Provision No Longer Required Written Back	194.03	-
Miscellaneous receipts	1.45	7.15
Total	**42,673.99**	**37,942.10**

1. Sale of products includes excise duty collected from customers of ₹ NIL (₹ 913.68 Lakhs in FY 2017-18). Sale of products net of excise duty is ₹ 41,374.62 Lakhs (₹ 36,133.85 Lakhs In FY 2017-18).

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La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 26 : Other Income — **₹ in Lakhs**

Particulars	2018-19	2017-18
Interest	134.29	183.19
On Income Tax and Sales Tax Refund	-	-
On Bank Deposits	3.09	18.17
Unwinding of interest on security deposits	105.44	66.21
On others	25.76	98.81
Gain on disposal of property, plant and equipment	6.17	202.02
Gain on Exchange difference	221.98	87.71
Miscellaneous income	-	25.40
Total	**362.44**	**498.32**

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Notes to the Financial Statements

Note 27 : Cost of raw materials and components consumed **₹ in Lakhs**

Particulars	2018-19	2017-18
Raw materials and components consumed	22,641.18	22,293.32
Freight, octroi and entry tax	321.66	342.46
Total	**22,962.84**	**22,635.78**

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Notes to the Financial Statements

Note 28 : Purchases of Traded goods **₹ in Lakhs**

Particulars	2018-19	2017-18
Monoblock	876.99	1,327.20
Others	1,121.05	778.90
Total	**1,998.04**	**2,106.10**

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Notes to the Financial Statements

Note 29 : Changes in inventories of finished goods, work-in-progress and traded goods

₹ in Lakhs

Particulars	2018-19	2017-18
Opening inventory	**5,817.21**	**5,146.51**
Work-in-process	2,135.38	1,963.53
Finished goods	3,148.45	2,805.65
Traded goods	533.38	377.33
Closing Inventory	**4,277.29**	**5,817.21**
Work-in-process	1,633.98	2,135.38
Finished goods	2,259.23	3,148.45
Traded goods	384.08	533.38
(Increase)/decrease in inventory	**1,539.92**	**(670.70)**
(Increase)/decrease in excise duty of finished goods	**-**	**(167.56)**
Total	**1,539.92**	**(838.26)**

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Notes to the Financial Statements

Note 30 : Excise duty on sale of goods **₹ in Lakhs**

Particulars	2018-19	2017-18
Excise duty on sale of goods	-	913.68
Total	**-**	**913.68**

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Notes to the Financial Statements

Note 31 : Employee benefits expense **₹ in Lakhs**

Particulars	2018-19	2017-18
Salaries, wages, bonus, commission, etc.	2,141.38	2,271.69
Gratuity (Refer Note 36.5.7)	27.85	34.26
Contribution to provident and other funds	109.13	116.03
Welfare and training expenses	70.83	68.09
Provident and other funds' expenses	1.35	11.86
Total	**2,350.54**	**2,501.93**

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Notes to the Financial Statements

Note 32 : Finance costs — **₹ in Lakhs**

Particulars	2018-19	2017-18
Interest and bill discounting charges	763.85	713.04
Interest expense - others	185.21	312.86
Other bank charges	77.92	135.76
Dividend on preference shares	-	0.44
Total	**1,026.98**	**1,162.10**

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La-Gajjar Machineries Private Limited
Notes to the Financial Statements

Note 33 : Depreciation and amortization expense **₹ in Lakhs**

Particulars	2018-19	2017-18
Depreciation and amortization expense	653.43	844.16
Depreciation on Tangible assets	619.90	819.92
Amortization on Intangible assets	33.53	24.24
Total	653.43	844.16

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Notes to the Financial Statements

Note 34 : Other expenses ₹ in Lakhs

Particulars	2018-19	2017-18
Manufacturing expenses	**6,100.75**	**6,476.79**
Packing & Stores Material consumed	1,529.90	1,488.41
Power and fuel	177.78	201.91
Repairs to machinery	75.32	125.66
Labour charges	4,303.96	4,636.30
Others manufacturing expenses	13.79	24.51
Selling expenses	**2,633.10**	**2,962.00**
Commission	98.29	216.26
Freight and forwarding	733.36	702.27
Warranty	1,373.29	1,034.28
Advertisement and publicity	428.16	572.28
Provision for doubtful debts (net)	-	418.33
Others selling expenses	-	18.58
Administration expenses	**1,737.36**	**2,236.82**
Rent	410.92	377.64
Rates and taxes	4.47	8.98
Insurance	52.71	43.18
Repairs to building	35.32	55.97
Other repairs and maintenance	330.40	425.99
Travelling and conveyance	415.17	478.16
Communication expenses	44.79	54.81
Printing and stationery	13.21	17.94
Professional charges	138.86	275.43
Payment to Auditors (Refer Note 36.5.5)	18.11	15.30
Spend on CSR activities (Refer Note 36.5.18)	-	17.14
Non executive directors' fees / commission	5.60	1.00
Miscellaneous expenses	64.33	257.24
Loss on assets sold, demolished, discarded and scrapped	108.33	65.99
Provision for doubtful deposits and advances	76.02	-
Bad debts and irrecoverable balances written off	19.12	142.05
Total	**10,471.21**	**11,675.61**

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Notes to the Financial Statements

Note 35 : Income tax — **₹ in Lakhs**

Particulars	2018-19	2017-18
Current tax	229.67	**37.27**
Current income tax	422.00	-
MAT credit utilised	(192.33)	-
(Excess)/short provision related to earlier years	-	37.27
Deferred tax	652.75	(661.06)
Relating to origination and reversal or temporary difference	652.75	(661.06)
Income tax expense reported in the statement of profi	**882.42**	**(623.79)**

Other Comprehensive Income (OCI)

Particulars	2018-19	2017-18
Deferred tax related to items recognised in OCI during the year Net loss/(gain) on actuarial gains and losses	(1.96)	8.02
Deferred tax charged to OCI	**(1.96)**	**8.02**

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate as notified under Income Tax Act, 1961 enacted in India for the years ended 31 March 2019 and 31 March 2018.

Current tax — **₹ in Lakhs**

Particulars	2018-19	2017-18
Accounting profit before income tax expense	2,033.48	(2,560.67)
Tax @ 33.384% (FY 17-18 : 34.944%)	678.86	(894.80)
Tax effect of adjustments in calculating taxable income:	203.56	233.75
Disallowance Under IT	53.85	51.05
Other Disallowances	4.13	0.15
Warranty	59.69	183.88
Due to Change in Tax Rates	29.23	-
Others	56.66	(1.34)
At the effective income tax rate of 43.39% (31 March 2018 : 25.82%)	**882.42**	**(661.06)**

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NOTE 36: NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

1. Corporate Information

The company is a Private Limited Company domiciled in India and is incorporated under the provisions of the Companies Act 1956. The registered office of the company is located at Acidwala Estate, Nagarwel Hanuman Road, Amraiwadi, Ahmedabad – 380 026. The equity shares of the company are not listed on any stock exchanges in India.

The company is a subsidiary company of Kirloskar Oil Engines Ltd.

The company is engaged in the business of manufacturing and sales of Submersible Pumps, Electric Motors, Electrical Switches and spares thereof.

The standalone financial statements were approved by the Board of Directors and authorized for issue on 30th April 2019.

2. Basis of preparation of Financial Statements

The standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015.

The standalone financial statements have been prepared to comply in all material respects with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the said Act.

The standalone financial statements have been prepared on a historical cost basis, except for the investments which have been measured at fair value as they are classified as fair value through profit or loss or fair value through other comprehensive income.

3. Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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3.1. Judgements

In the process of applying the company's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

Operating Lease

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

Revenue Recognition

The company generally recognizes revenue when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery in domestic and in case of export on the date of bill of lading.

Customer Reward Points: The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand -alone selling price basis. Management estimates the standalone selling price per point on the basis of the benefits passed on the customer and on the basis of the likelihood of redemption, based on past experience.

3.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuation. 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, mortality rates and future post-retirement medical benefit increase. Due to the complexities involved in the valuation and its long-term nature,

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a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 35.6.8

Deferred Tax

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

3.3. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the assets transferred by the company, liabilities incurred by the company to the former owners of the acquiree and the equity interests issued by the company in exchange for control of the acquire. Acquisition related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the company in a business combination includes assets or liabilities resulting from a contingent arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with Ind AS 109 Financial Instruments or Ind AS 37 Provisions,

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Contingent Liabilities and Contingent Assets, with the corresponding gain or loss being recognised in profit or loss.

4. Significant Accounting Policies

4.1. Current Vs Non-Current Classification

The company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is current when it is:

a. Expected to be realised or intended to be sold or consumed in normal operating cycle
b. Held primarily for the purpose of trading
c. Expected to be realised within twelve months after the reporting period, or
d. Cash or cash equivalents 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:

a. Expected to be settled in normal operating cycle
b. Held primarily for the purpose of trading
c. Due to be settled within twelve months after the reporting period, or
d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as non - current.

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

4.2. Fair value measurement

The company measures financial instruments such as Investments at fair value at each balance sheet date.

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:

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- 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 takes into account 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 market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

The company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

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4.3. Property , Plant and Equipment

a. The company has adopted Ind AS from transition date 1st April 2016. Accordingly the company has elected to continue with the carrying value of all of its Property, plant and equipment measured as per the Indian GAAP as at 31 March 2016 and use those values as deemed cost.

   Property, plant and equipment; and construction in progress are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Standalone Statement of Profit and Loss as incurred.

b. Capital work-in-progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.

c. Own manufactured assets are capitalised at cost including an appropriate share of allocable expenses.

Depreciation and Amortization

Depreciation is charged on the basis of useful life of assets on Written Down Value method which are as follows:

Asset Category	Life in Years	Basis for useful life
Leasehold improvements	Lease Period	Amortised over lease period
Plant & Equipment including Pattern Tooling	15	Life as prescribed under Schedule-II of Companies Act, 2013
Jigs & Fixtures	8	Lower useful life considered based on past history of usage and supported by Technical Evaluation
Computers		
Network	6	Life as prescribed under Schedule-II of Companies Act, 2013
End user devices, such as, desktops, laptops, etc.	3	
Servers	6	
Electrical Installations	10	Life as prescribed under Schedule-II of Companies Act, 2013

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Asset Category	Life in Years	Basis for useful life
Furniture & Fixture		
Furniture, Fixtures and Electrical Fittings	10	Life as prescribed under Schedule-II of Companies Act, 2013
AC, Refrigerators and Water coolers - Company and Guest House Premises	5	Life as prescribed under Schedule-II of Companies Act, 2013
Office Equipment	5	Life as prescribed under Schedule-II of Companies Act, 2013
Vehicles		
Motorcars, Jeep	8	Life as prescribed under Schedule-II of Companies Act, 2013
Two Wheelers	10	
Other Vehicles	8	

- Used assets obtained under Business Combination are measured based on their remaining useful life as on the date of acquisition.

- Depreciation on additions is provided from the date when asset is ready to use.

- Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the date on which such assets are sold, discarded or demolished.

-Foreign exchange fluctuation gain/ loss on imported plant and equipment were charged to Profit & Loss statement up to transition date of Ind AS.

The company, based on technical assessments made by technical experts and management estimates, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Standalone Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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Security:

As at 31st March 2019, Properties, Plant & Equipment with a carrying amount of ₹1607.00 Lakhs (31st March 2018 ₹ 1923.20 Lakhs) are subject to first charge to secure bank loan. Refer note 16 "Borrowings".

4.4. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

An investment property is derecognised on disposal or on permanent withdrawal from use or when no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Transfers are made to (or from) investment property only when there is a change in use. Transfers between investment property, owner-occupied property and inventories are at carrying amount of the property transferred.

4.5. Intangible Assets

Internally generated intangibles, excluding capitalised developments costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss for the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite useful lives are amortised by using Written Down Value / Straight Line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset maybe impaired. Amortisation of Intangible assets is included in the depreciation and amortisation in the statement of Profit and Loss.

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Sr. No.	Asset category	Life in years	Method of Amortisation
1	Computer Software	5 years	Written Down Value
2	Customer Relationship	5 years	Straight Line Method

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets are recorded at the consideration paid for acquisition. In case of internally generated intangible assets, expenditure incurred in development phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the company, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses.

4.6. Borrowing Cost

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognised as expenses in the period in which these are incurred.

4.7. Impairment of Assets

The company assesses at each balance sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount (economic value in use) of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at any subsequent balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.

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4.8: Financial instruments – initial recognition and subsequent measurement

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.

a) Financial assets

(i) Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

(ii) Subsequent measurement of financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

- Financial assets at amortised cost :

A financial asset is measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset if applicable. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

- Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

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- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which are recognised in the statement of profit and loss.

- Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

In addition, the company may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the statement of profit and loss.

(iii) Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire, or
- The company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise

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the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

(iv) Reclassification of financial assets

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in the statement of Profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.

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FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of profit and loss at the reclassification date.

(v) Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost.
- Financial assets that are debt instruments and are measured as at FVOCI
- Lease receivables under Ind AS 17
- Trade receivables under Ind AS 18

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

- Trade receivables resulting from transactions within the scope of Ind-AS 18, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 115 that contain a significant financing component, if the company applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected in a separate line in the P&L as an impairment gain or loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not derecognize impairment allowance from the gross carrying amount.
- Loan commitments: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

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The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

(ii) Subsequent measurement of financial liabilities

For the purposes of subsequent measurement, financial liabilities are classified and measured as follows:

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The company has not designated any financial liability as at fair value through profit and loss.

- Loans and Borrowings at amortised Cost

This is the category most relevant to the company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of

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profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(iii) Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

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

4.9. Derivatives

Company uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk or cost to the company. Derivative contracts are not used for trading or speculation purpose.

All derivatives are measured at fair value through the profit or loss unless they form part of a qualifying cash flow hedge, in which case the fair value is taken to reserves and released into the statement of profit and loss at the same time as the risks on the hedged instrument are recognised therein. Any hedge ineffectiveness will result in the relevant proportion of the fair value remaining in the statement of profit and loss. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third-party quotes. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. All hedging activity is explicitly identified and documented by the company.

4.10. Foreign Currency Transactions

a. Initial Recognition

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of the transaction.

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b. Conversion

Current assets and current liabilities, Secured Loans, being monetary items, designated in foreign currencies are revalorized at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate rate.

c. Exchange Differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise.

4.11. Leases

i. Where the company is a lessee - Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Payments under operating leases are recognised in the Statement of Profit and Loss generally on straight line basis.

ii. Where the company is a lessor - Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on straight line basis.

iii. Sales & Lease Back - In case where sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value is recognised immediately.

4.12. Inventories

a. Raw materials, components, stores and spares are valued at cost or net realizable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition. Cost is ascertained using FIFO method.

b. Work-in-process including finished components and finished goods are valued at cost or realisable value whichever is lower. Cost includes direct materials, labour costs and a proportion of manufacturing overheads based on the normal operating capacity.

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c. Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of balance sheet.

d. Unserviceable, damaged and obsolete inventory is valued at cost or net realisable value whichever is lower.

Net realisable 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.

4.13. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

4.14. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961 and book profit in case of minimum alternate tax under section 115JB of Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the statement of Profit and Loss. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income 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.

Sales tax / GST

Expenses and assets are recognised net of the amount of Sales tax / GST, except:

- When the Sales tax / GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Sales tax / GST is

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recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of Sales tax / GST included.

The net amount of Sales tax / GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

4.15. Non-Current Assets held for sale and Discontinuing operations

A. Non-Current Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

B. Discontinuing operations

Discontinuing operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss account.

Assets and liabilities classified as held for distribution are presented separately from others assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

a) Represents a separate major line of business or geographical area of operations,

b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

c) Is a subsidiary acquired exclusively with a view to resale

An entity does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

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4.16. Employee Benefits

a) Short Term Employee Benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

b) Post-Employment Benefits

(i) Defined contribution plan

The company makes payment to state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/payable under the schemes is recognised in the statement of profit and loss during the period in which the employee renders the related service. The company has no further obligations under these schemes beyond its periodic contributions.

(ii) Defined benefit plan

The employee's gratuity fund scheme is Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.
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 recognised 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 the profit or loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the

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- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

(iii) Other than the Defined contribution plan and Defined benefit plan disclosed above, the company does not offer any other Long term employment benefits or Termination benefits to its employees.

4.17. Provisions and Contingencies

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

4.18. Revenue Recognition

The company recognizes revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

Revenue is the transaction price the company expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the company. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone

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selling prices are not observable, the company reasonably estimates those. Revenue is recognized for each performance obligation either at a point in time or over time.

4.19. Government Grant

Grants and subsidies from the government are recognized if the following conditions are satisfied,

- There is reasonable assurance that the company will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

Export Incentives

Export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognized as other operating income in the statement of profit and loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

4.20. Cash dividend

The company recognises a liability to make cash distributions to the equity holders of the company when the distribution is authorised and the distribution is no longer at the discretion of the company. As per the provisions of Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4.21. Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

4.22. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the company are segregated.

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4.23. Segment Reporting

a. Identification of Segments

The company has identified Domestic Business and Exports Business as its reportable segments. The company is engaged in the business of manufacturing and sales of Submersible Pumps, Electric Motors, Electrical Switches and spares thereof.

a. Allocation of common costs

Common allocable costs are allocated to the Domestic Business Segment based on sales of Domestic Business segment to the total sales of the company.

c. Unallocated items

Corporate assets and liabilities, income and expenses which relate to the company as a whole and are not allocable to segments, are included under other reconciling items.

5. Additional Notes to the Financial Statements

5.1. Contingent Liabilities

(₹ in Lakhs)

		As at 31 Mar 2019	As at 31 Mar 2018
(A)	Contingent Liabilities not provided for		
	a. Disputed Sales Tax Demands (₹ 2.00 Lakhs paid as deposit)	120.52	120.52
	b. Disputed ESI Demands (₹13.10 Lakhs paid as deposit)	34.79	34.79
		155.31	**155.31**
5.2.	Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances)	34.95	59.19
5.3.	Aggregate amount of Bank Guarantees outstanding	1542.74	2719.18

5.4. Commitments and contingencies

a. Leases

Operating lease commitments- Company as a lessee

The company has entered into a non-cancellable operating lease of 3 years valid till 31st July, 2020 and ₹ 100 lakhs per annum are payable as minimum rental.

Commitments for minimum lease payments in relation to non-cancellable operating leases (including sale & lease back) are payable as follows

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(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
Within One year	100.00	100.00
Less than one year but not later than Five Year	33.33	133.33
Later than Five Year	-	-
Total	133.33	233.33

During the Financial year 2017-18 the company had sold its Land & Building and same was taken on Lease for a non-cancellable period of three years. The major manufacturing activities of the company are operated in the said premises.

a) The existing contract is valid for the period of 5 years with an initial lock-in period of 3 years.
b) At the end of the lock-in period, the license fees is subject to revision as per the mutual agreement between the Lessor and the Lessee.

Operating lease commitments- Company as lessor

The company has not entered into non-cancellable operating leases and there are no minimum rental receivables.

5.5. Payment to Auditors (Net of Taxes)

(₹ in Lakhs)

Sr. No.	Particulars	2018-19	2017-18
A	Statutory Auditors		
	a. As Auditors	15.75	14.00
	Audit & Assurance Fees	12.25	12.00
	Limited Review	1.50	0.00
	Tax Audit Fees	2.00	2.00
	b. Certification fees	0.48	0.05
	c. Reimbursement of expenses	0.35	0.00
	TOTAL (A)	16.58	14.05
B	Cost Auditors		
	a. As auditors	1.25	1.25
	b. Certification fees	0.25	0.00
	c. Reimbursement of expenses	0.03	0.00
	TOTAL (B)	1.53	1.25
	Grand Total (A+B)	18.11	15.30

5.6. The Sales for the current year includes an amount of ₹ Nil (FY 2017-18 ₹ Nil) on account of deemed exports of goods.

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Notes to the Financial Statements

5.7 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:
Amount of Rs. 109.13 Lakhs (31 March 2018 : Rs. 116.03 Lakhs) is recognised as expenses and included in Note No. 31 "Employee 8enefits Expense"

B. Defined benefit plans:
The Company has following post employment benefits which are in the nature of defined benefit plans:
(a) Gratuity

March 31, 2019 : Changes in defined benefit obligation and plan assets ₹ in Lakhs

		Gratuity cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income						
	April 1, 2018	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 31)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2019
Gratuity												
Defined benefit obligation	-194.69	-23.40	-15.15	-38.55	15.72	-	-	0.16	5.69	5.85	-	-211.66
Fair value of plan assets	137.47	-	10.70	10.70	-15.72	-0.24	-	-	-	-0.24	57.21	189.41
Benefit liability	-57.22	-23.40	-4.45	-27.85	-	-0.24	-	0.16	5.69	5.61	57.21	-22.25
Total benefit liability	**-57.22**	**-23.40**	**-4.45**	**-27.85**	**-**	**-0.24**	**-**	**0.16**	**5.69**	**5.61**	**57.21**	**-22.25**

March 31, 2018 : Changes in defined benefit obligation and plan assets ₹ in Lakhs

		Cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income						
	April 1, 2017	Service cost	Net interest expense	Sub-total included in statement of profit and loss (Note 31)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2018
Gratuity												
Defined benefit obligation	-157.03	-31.87	-12.03	-43.90	27.81	0.00	-4.28	1.86	-19.14	-21.57	0.00	-194.69
Fair value of plan assets	125.84	0.00	9.64	9.64	-27.81	-1.39	0.00	0.00	0.00	-1.39	31.19	137.47
Benefit liability	-31.19	-31.87	-2.39	-34.26	0.00	-1.39	-4.28	1.86	-19.14	-22.96	31.19	-57.22
Total benefit liability	**-31.19**	**-31.87**	**-2.39**	**-34.26**	**0.00**	**-1.39**	**-4.28**	**1.86**	**-19.14**	**-22.96**	**31.19**	**-57.22**

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The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows: ₹ in Lakhs

Particulars	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Special Deposit Scheme	-	-
(%) of total plan assets	-	-
Insured managed funds	189.41	137.47
(%) of total plan assets	100%	100%
Others	-	-
(%) of total plan assets	-	-

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	7.79%	7.78%
Future salary increase	6.50%	6.50%
Expected rate of return on plan assets	7.79%	7.78%
Expected average remaining working lives (in years)	15	15
Withdrawal rate (based on grade and age of employees)	4%	4%

A quantitative sensitivity analysis for significant assumption is as shown below:
Gratuity ₹ in Lakhs

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact) Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	1% increase	15.17	14.12
	1% decrease	-17.93	-16.71
Future salary increase	1% increase	-16.18	-15.61
	1% decrease	14.08	13.57
Withdrawal rate	1% increase	-2.49	-1.81
	1% decrease	2.88	2.13

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan : ₹ in Lakhs

Particulars	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Within the next 12 months (next annual reporting period)	56.65	50.36
Between 2 and 5 years	48.99	48.48
Beyond 5 years	393.79	366.62
Total expected payments	499.43	465.46

Weighted average duration of defined plan obligation (based on discounted cash flows) ₹ in Lakhs

Particulars	Year ended March 31, 2019 Years	Year ended March 31, 2018 Years
Gratuity	10.00	10.00

The followings are the expected contributions to planned assets for the next year: ₹ in Lakhs

Particulars	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Gratuity	56.96	59.74

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5.8. The company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act) as at 31 Mar 2018. The disclosure pursuant to the said Act is as under.

(₹ in Lakhs)

Particulars	2018-19	2017-18
Total outstanding to MSME suppliers (Excluding Interest)	2478.84	3753.46
Payment made to suppliers (other than interest) beyond the appointed day, during the year	7273.22	3997.37
Interest due and payable to suppliers under MSMED Act, for the payments already made	80.71	92.78
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	186.23	105.51

The Information has been given in respect of such vendors on the basis of information available with the company.

5.9. The company has identified Domestic Business and Export Business as its reportable segments.

(a) Profit (before exceptional items and tax) of reportable segment

(₹ in Lakhs)

Particulars	2018-19			
	Domestic Business Segment	Exports Business Segment	Other Reconciling Amounts	Consolidated Total
Segment Revenue	32,129	10,545	-	42,674
Total Revenue	**32,129**	**10,545**	**-**	**42,674**
Profit Before exceptional items and tax	**819**	**1,839**	**-625**	**2,033**
Depreciation and Amortisation	328	108	217	653
Finance Cost	776	251	-	1027

(₹ in Lakhs)

Particulars	2017-18			
	Domestic Business Segment	Exports Business Segment	Other Reconciling Amounts	Consolidated Total
Segment Revenue	30,775	7,167	-	37,942
Total Revenue	**30,775**	**7,167**	**-**	**37,942**
Profit Before exceptional items and tax	**-1,917**	**94**	**-738**	**-2,561**
Depreciation and Amortisation	404	94	346	844
Finance Cost	957	205	-	1,162

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(b) Capital employed of reportable segment

(₹ in Lakhs)

Particulars	2018-19			
	Domestic Business Segment	Exports Business Segment	Other Reconciling Amounts	Consolidated Total
Assets	12,893	4,854	1,831	19,578
Liabilities	11,389	3,513	249	15,151

(₹ in Lakhs)

Particulars	2017-18			
	Domestic Business Segment	Exports Business Segment	Other Reconciling Amounts	Consolidated Total
Assets	17,362	4,572	2,518	24,452
Liabilities	16,822	4,096	261	21,179

(c) Revenue from one customer of the company's Domestic Segment is ₹ 4597.04 Lakhs (2017-18 ₹ 5932.42 Lakhs) which is more than 10 percent of the company's total Revenue.

5.10. Related parties have been identified as defined under Clause 9 of Accounting Standard (Ind AS 24) "Related Party Disclosures"

5.11. (A) Description of Related Parties

i) Name of the related party and nature of relationship where control exists:

Sr. No.	Related Party Category	Company
1	Holding Company	Kirloskar Oil Engines Ltd.
2	Entity controlled by Key Managerial Personnel	La-Gajjar Blowers Pvt. Ltd.
		Truangle Technologies LLP
		Varuna Finvest
		Varuna Engineering Pvt. Ltd.
		Derwent Crystal Pvt. Ltd.
		Fantasy Games LLP
		Sheth & Gajjar Realty LLP
		Lakom Electricals Pvt. Ltd
		La-Gajjar Pumps Private Limited

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3	Entity controlled by Key Managerial Personnel of Holding Company	Kloudq Technologies Limited
		Navsai Investments Private Limited
		Kirloskar Energen Private Limited
		Lakeland Universal Limited, BVI
		Kirloskar Solar Technologies Pvt. Ltd.
		Expert Quality Cloud Information Technology Pvt. Ltd.
4	Entity controlled by close member of Key Managerial Personnel of Holding Company	Alpak Investments Pvt. Ltd.
		Snow Leopard Technology Ventures, LLP
		Beluga Whale Capital Management Pte. Ltd.
		Achyut & Neeta Holdings & Finance Pvt. Ltd.
5	Fellow Subsidiaries	KOEL Americas Corp., USA
		Kirloskar Capital Limited w.e.f. 20 April 2018

ii) **Key Management Personnel and their relatives:**

Sr. No.	Name	Name of Relatives	Relationship
a	T. Vinodkumar	Bernadette Kumar	Wife
		Anisha Kumar	Daughter
b	Udayan L. Gajjar	Varun Gajjar	Son
c	Sanjeev Nimkar	Ashwini Nimkar	Wife
		Ishita Nimkar	Daughter
		Sakshi Nimkar	Daughter
d	Antony Cherukara	Anu Antony	Wife
		Rosa Antony	Daughter
		Maria Antony	Daughter
e	Atul C. Kirloskar (Executive Chairman - KOEL)	Arti A. Kirloskar	Wife
		Gauri A. Kirloskar (Kolenaty)	Daughter
		Aditi A. Kirloskar (Sahni)	Daughter
		Rahul C. Kirloskar	Brother
		Suman C. Kirloskar	Mother
f	Nihal G. Kulkarni (Managing Director - KOEL)	Shruti N. Kulkarni	Wife
		Ambar G. Kulkarni	Brother
		Jyotsna G. Kulkarni	Mother
g	Rajendra R. Deshpande (Managing Director & CEO - KOEL)	Veena R. Deshpande	Wife
		Kaustubh R. Deshpande	Son
		Sourabh R. Deshpande	Son
h	Smita Raichurkar (w.e.f. 26 July 2018)	Ritika N. Madhamshettiwar	Daughter
		Nayan Madhamshettiwar	Husband
i	Varun Gajjar (w.e.f. 27 Feb 2019)	Nirali Gajjar	Wife

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(B) Transactions with Related Parties

(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	2018-19 Amount	2018-19 Amount from major parties	2017-18 Amount	2017-18 Amount from major parties
1	**Gross Sales**				
	Holding Company	649.04		9.07	
	Kirloskar Oil Engines Limited		649.04		9.07
	Entity controlled by Key Managerial Personnel of Holding Company	-		0.51	
	Kirloskar Solar Technologies Pvt. Ltd.		-		0.38
	Kloudq Technologies Limited		-		0.13
	Entity controlled by Key Managerial Personnel	-		934.36	
	Lakom Electricals Pvt. Ltd.		-		930.86
	La-Gajjar Pumps Pvt. Ltd.		-		3.50
	Total	649.04	649.04	943.94	943.94
2	**Sales Return**				
	Entity controlled by Key Managerial Personnel of Holding Company	0.38		-	
	Kirloskar Solar Technologies Pvt. Ltd.		0.38		-
	Total	0.38	0.38	-	-
3	**Purchases of goods and job work charges**				
	Holding Company	0.18		-	
	Kirloskar Oil Engines Limited		0.18		-
	Total	0.18	0.18	-	-
	Entity controlled by Key Managerial Personnel	-		264.28	
	Lakom Electricals Pvt. Ltd.		-		2.22
	La-Gajjar Pumps Pvt. Ltd.		-		262.06
	Total	-	-	264.28	264.28
4	**Purchase Return**				
	Holding Company	0.18		-	
	Kirloskar Oil Engines Limited		0.18		-
	Total	0.18	0.18	-	-
5	**Purchase of License**				
	Entity controlled by Key Managerial Personnel	-		17.11	
	Lakom Electricals Pvt. Ltd.		-		15.24
	La-Gajjar Pumps Pvt. Ltd.		-		1.87
	Total	-	-	17.11	17.11

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6	**Rendering of Services from**				
	Key Management Personnel	4.20		**140.60**	
	Udayan L. Gajjar		0.60		140.00
	T. Vinodkumar		1.00		0.20
	Antony Philip Cherukara		1.00		0.20
	Sanjeev Nimkar		0.80		0.20
	Smita Raichurkar		0.60		0.00
	Varun Gajjar		0.20		0.00
	Close member of Key Managerial Personnel (Up to 26 Feb 2019)	14.89		12.42	
	Varun U. Gajjar		14.89		12.42
	Total	**19.09**	**19.09**	**153.02**	**153.02**
7	**Rent Paid to**				
	Entity controlled by Key Managerial Personnel (Net of Taxes)	101.50		67.80	
	Truangle Technologies LLP		100.00		66.67
	La-Gajjar Pumps Pvt. Ltd.		1.50		1.13
	Total	**101.50**	**101.50**	**67.80**	**67.80**
8	**Expenses paid to**				
	Holding Company	24.38		7.97	
	Kirloskar Oil Engines Ltd.		24.38		7.97
	Total	**24.38**	**24.38**	**7.97**	**7.97**
9	**Interest Paid**				
	Key Management Personnel	-		**0.21**	
	Udayan L. Gajjar		-		0.21
	Total	-	-	**0.21**	**0.21**
10	**Reimbursement / (recovery) of Expenses**				
	Holding Company	(0.19)		(1.77)	
	Kirloskar Oil Engines Ltd.		(0.19)		(1.77)
	Entity controlled by Key Managerial Personnel	0.14		(109.88)	
	Truangle Technologies LLP		-		(110.00)
	Lakom Electricals Pvt. Ltd.		0.00		0.26
	La-Gajjar Pumps Pvt. Ltd.		0.14		(0.14)
	Total	**(0.05)**	**(0.05)**	**(109.88)**	**(109.88)**
11	**Sale of Assets**				
	Key Management Personnel	-		81.22	
	Udayan L. Gajjar		-		81.22
	Entity controlled by Key Managerial Personnel	-		2394.56	
	Truangle Technologies LLP		-		2394.56
	Total	-	-	**2475.78**	**2475.78**

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12	**Rent Deposit & Pre-paid Rent**				
	Entity controlled by Key Managerial Personnel	**33.33**		**1433.33**	
	Truangle Technologies LLP		33.33		1433.33
	Total	**33.33**	**33.33**	**1433.33**	**1433.33**
13	**Recovery of Rent Deposit**				
	Entity controlled by Key Managerial Personnel	**100.00**		**-**	
	Truangle Technologies LLP		100.00		-
	Total	**100.00**	100.00	**-**	-
14	**Sale of Investments**				
	Key Management Personnel	**-**		**1.18**	
	Udayan L. Gajjar		-		1.18
	Total	**-**	**-**	**1.18**	**1.18**
15	**Loan Taken**				
	Key Management Personnel	**-**		**55.50**	
	Udayan L. Gajjar		-		55.50
	Total	**-**	**-**	**55.50**	**55.50**
16	**Loan Repaid**				
	Key Management Personnel	**-**		**55.50**	
	Udayan L. Gajjar		-		55.50
	Total	**-**	**-**	**55.50**	**55.50**
		As at 31 March 2019		**As at 31 March 2018**	
	Outstanding				
1	**Accounts Receivable**				
	Holding Company	**126.31**		**7.49**	
	Kirloskar Oil Engines Ltd.		126.31		7.49
	Entity controlled by Key Managerial Personnel of Holding Company	**-**		**0.38**	
	Kirloskar Solar Technologies Pvt. Ltd.		-		0.38
	Total	**126.31**	**126.31**	**7.87**	**7.87**
2	**Rent Deposit& Pre-paid Rent**				
	Entity controlled by Key Managerial Personnel	**1333.33**		**1433.33**	
	Truangle Technologies LLP		1333.33		1433.33
	Total	**1333.33**	**1333.33**	**1433.33**	**1433.33**

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment & gratuity.

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Terms and conditions of transactions with related parties

Transactions entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2019, the company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Business Combination with related parties

During the year 2017-18 the company had acquired entire business of Lakom Electricals Pvt. Ltd. and major operating assets of La-Gajjar Pumps Pvt. Ltd. on 30 Jun, 2017. For terms & conditions and other details refer note 5.12.

Commitments with related parties

During the year 2017-18 the company had entered into an non-cancellable operating lease contract with Truangle Technologies LLP and has committed to pay rent of ₹1,33,33,333 (Up to 31 July, 2020) as at 31 March 2019 (31 March 2018: ₹2,33,33,333).

Transactions with key management personnel
Compensation of key management personnel of the company

(₹ in Lakhs)

Particulars	2018-19	2017-18
Short-term employee benefits	-	161.47
Sitting Fees	4.20	0.60
Total compensation paid to key management personnel	**4.20**	**162.07**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment & gratuity.

5.12. Business Combinations

Refer Note 3.3 for Accounting policy.

(A) During the year 2017-18 the company had acquired entire business of Lakom Electricals Pvt. Ltd. on 30 Jun, 2017 for an aggregate consideration of ₹1,06,00,000 as a condition precedent to definitive share purchase agreement between shareholders of the company and Kirloskar Oil Engines Ltd. The company had availed measurement period extension as allowed by Ind AS 103

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'Business Combination'. The company had availed measurement period extension for identification of Assets, Liabilities and Goodwill. During the year 2018-19 the company has completed the purchase price allocation (PPA) and accordingly the company has given retrospective effects in the financial statements of financial year 2017-18, the year of acquisition. The following table represents the allocation of purchase price :

(₹ in Lakhs)

Particulars	Provisional Allocation	Final Allocation
Assets	776.40	776.40
Intangible Assets identified – Customer Relationships	0.00	149.36
Liabilities	-263.78	-263.78
Deferred Tax Liabilities on Intangible Assets identified	0.00	-52.19
Net Assets	**512.62**	**609.79**
Inter-Company Owings	-610.41	-610.41
Net Assets Received	**-97.79**	**-0.62**
Goodwill	203.79	106.62
Total Purchase Consideration	**106.00**	**106.00**

The goodwill of ₹106.62 Lakhs is towards the Synergy benefits in the business.

(B) During the year 2017-18 the company had acquired major operating assets of La-Gajjar Pumps Pvt. Ltd. on 30 Jun, 2017 for an aggregate consideration of ₹6,21,77,012 as a condition precedent to definitive share purchase agreement between shareholders of the company and Kirloskar Oil Engines Ltd. The company had availed measurement period extension as allowed by Ind AS 103 'Business Combination'. The company had availed measurement period extension for identification of Assets, Liabilities and Goodwill. During the year 2018-19 the company has completed the purchase price allocation (PPA) and accordingly the company has given retrospective effects in the financial statements of financial year 2017-18, the year of acquisition. The following table represents the allocation of purchase price :

(₹ in Lakhs)

Particulars	Provisional Allocation	Final Allocation
Non-Current Assets	**206.60**	**175.17**
Current Assets		
Trade Receivables	135.56	135.56
Inventories	273.61	273.61
Other Current Assets	6.00	6.00
Deferred Tax Assets on Reduction in Value of Non-Current Assets	**0.00**	**10.98**
Net Assets Received	**621.77**	**601.32**
Goodwill	0.00	20.45
Total Purchase Consideration	**621.77**	**621.77**

The goodwill of ₹20.45 Lakhs is towards the Synergy benefits in the business.

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5.13. Earnings Per Share (Basic and Diluted)

Particulars	2018-19	2017-18
Profit for the year after taxation (₹ in Lakhs)	1,151.05	-1,936.89
Total number of equity shares at the end of the year	10,76,000	10,76,000
Weighted average number of equity shares for the purpose of computing Earnings Per Share	10,76,000	10,76,000
Basic and Diluted Earnings Per Share (in ₹)	106.98	-180.01

Earnings per share are calculated in accordance with Accounting Standard (Ind AS 33) "Earnings Per Share".

5.14. Revenue Recognition

(A) Effective 1 April, 2018, the company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch up transition method, applied to contracts that were not completed as of 1 April, 2018. In accordance with the cumulative catch up transition method, the comparatives have not been retrospectively adjusted. There is no transition impact on the financials of the company.

(B) Set out below is the disaggregation of the company's revenue from contracts with its customers :

(₹ in Lakhs)

Particulars	Domestic Business	Export Business	Total
Revenue from Contracts	31,258.43	10,116.19	41,374.62

(C) The company has generated revenue of ₹ 118.13 Lakhs during the year from its Contract Liabilities as on 1 April, 2018.

(D) The company generally recognizes revenue when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery in domestic and in case of export on the date of bill of lading. The payment is due from the date of sales and are generally on terms of 30 days to 120 days.

(E) The company is in the business of manufacturing and trading of Electric Pumpsets and related spares and has a single obligation of delivery of goods as per the commercial contract terms with its customers. In some cases the company also provides extended warranty to its customers.

(F) The company provides to its customers warranties in the forms of Repairs or Replacement warranty under its standard terms and recognizes it as Warranty Provision as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

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(G) As on 31st March, 2019, the company has unsatisfied performance obligation of ₹ 470.99 Lakhs of which ₹ 59.23 Lakhs will be recognized as revenue in financial year 2019-20 and remaining in subsequent years based on contractual terms.

(H) Reconciliation of the company's revenue from contract price with revenue recognized in the statement of Profit and Loss is as follows :

(₹ in Lakhs)

Particulars	2018-2019
Revenue as per Contract	42,479.79
Less : Discounts and Incentives	1,105.17
Revenue from contracts with customers	**41,374.62**

5.15. Fair value disclosures for financial assets and financial liabilities

The management believes that the fair values of non-current financial assets (e.g., Investments at FVPL, loans and others),current financial assets (e.g., cash and cash equivalents, trade and other receivables, loans), non-current financial liabilities and current financial liabilities(e.g. Trade payables and other payables and others) approximate their carrying amounts.

5.16. Financial instruments risk management objectives and policies

The company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the company's operations to support its operations. The company's principal financial assets include Investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations. The company had entered into derivative transactions in the past, however no such transactions have taken place during the current financial year.

The company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The Audit Committee and Board review financial risks and the appropriate risk governance framework for the company's financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. It is the company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) 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

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market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2019 and 31 March 2018.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity provisions.

The following assumption has been made in calculating the sensitivity analyses:

• The sensitivity of the relevant statement of profit and loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2019 and 31 March 2018.

i) **Interest rate risk**

a. **Exposure**

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.

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Long Term Fixed Interest Loans	39.25	76.35
Short Term Fixed Interest Loans	1000.00	-
Long Term Floating Interest Loans	2463.43	696.60
Short Term Floating Interest Loans	4171.35	11,751.03

b. **Interest Rate Sensitivity**

(₹ in Lakhs)

Financial Year	Change in Interest rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2019	+50 bps	(55.21)	(55.21)
	-50 bps	55.21	55.21
March 31, 2018	+50 bps	(48.38)	(48.38)
	-50 bps	48.38	48.38

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ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when revenue or expense is denominated in a foreign currency).

Amounts in Foreign Currencies

Nature of Exposure	Currency	31 March 2019	31 March 2018
Receivable	USD	24,89,651	27,77,921
	EUR	-	-
	GBP	-	-
Payable	USD	-	44,100
	EUR	13,000	-
	GBP	-	-
	SEK	-	-
	CHF	-	-

The company manages its foreign currency risk by hedging transactions related to sales & purchases.

At 31 March 2019 and 31 March 2018, the company has hedged NIL and NIL USD, respectively, of its total foreign currency exposure. This foreign currency risk is hedged by using foreign currency forward contracts.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD & EURO exchange rates, with all other variables held constant. The impact on the company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The company's exposure to foreign currency changes for all other currencies is not material.

(₹ in Lakhs)

Financial Year	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
31 March, 2019	+5%	85.00	85.00
	-5%	(85.00)	(85.00)
31 March, 2018	+5%	88.91	88.91
	-5%	(88.91)	(88.91)

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(₹ in Lakhs)

Financial Year	Change in EURO rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2019	+5%	(0.51)	(0.51)
	-5%	0.51	0.51
31 March 2018	+5%	-	-
	-5%	-	-

iii) Commodity price risk

The company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase and manufacture of Pumps & Motors and therefore require a continuous supply of copper, steel and Iron. However, Company being the indirect user of these commodities, volatility in price of such commodity does not have direct or immediate impact on the profitability of the company. Hence, the company do not foresee any direct or immediate risk with respect to such commodity price fluctuation.

iv) Other Price Risk

The company does not hold investments in equity or mutual fund as on the date of Balance Sheet and hence it is not exposed to any such risks.

v) Equity price risk

The company has not made any significant investment in equity instruments and hence, the company do not foresee any risk from this unlisted equity shares.

b) Credit risk

Credit risk is the risk that counter party 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, foreign exchange transactions and other financial instruments.

Trade receivables

Receivables are reviewed, managed and controlled for each class of customers separately. Credit exposure risk is mainly influenced by class / type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Wherever required, credit risk of receivables is further covered through letter of credit, bank guarantee, business deposits and such other forms of credit assurance schemes.

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An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data. The company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are spread over vast spectrum.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the company in accordance with the company's policy. Investments of surplus funds are made as per the approved investment policy. Investment limits are set to minimise the concentration of risks and therefore mitigate financial loss if any.

c) Liquidity risk

The company monitors its risk of a shortage of funds using a liquidity planning tool.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. The company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the company to manage risk concentrations at both the relationship and industry levels.

(i) The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments:

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(₹ in Lakhs)

Particulars	On demand	less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total
Year ended 31 March, 2019						
Interest bearing borrowings	5,171.35	208.37	625.62	1,668.69	-	**7,674.03**
Other financial liabilities	2.66	157.02	150.95	-	69.85	**380.48**
Trade payables	366.66	5,367.79	-	-	-	**5,734.45**
Derivatives	-	-	-	-	-	-
	5,540.67	**5,733.18**	**776.57**	**1,668.69**	**69.85**	**13,788.96**
Year ended 31 March, 2018						
Interest bearing borrowings	11,751.03	56.75	169.07	547.13	-	**12,523.98**
Other financial liabilities	0.27	287.61	90.45	-	72.07	**450.40**
Trade payables	1,908.96	4,977.53	-	-	-	**6,886.49**
Derivatives	-	-	-	-	-	-
	13,660.26	**5,321.89**	**259.52**	**547.13**	**72.07**	**19,860.87**

(ii) Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2019

Particulars	31 March 2019	31 March 2018
Cash and cash equivalents	117.15	89.96
Current borrowings	(5,171.35)	(11,751.03)
Non-current borrowings	(2,502.68)	(772.95)
Net Debt	**(7,556.88)**	**(12,434.02)**

Particulars	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
Net debt as on 1 April 2018	**89.96**	**(11,751.03)**	**(772.95)**	**(12,434.02)**
Cash flows	27.19	6,579.68	(1,729.73)	4,877.14
Net debt as on 31 March 2019	**117.15**	**(5,171.35)**	**(2,502.68)**	**(7,556.88)**

5.17. Capital management

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

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The company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018, 31 March 2017 and 1 April 2016.

5.18. Expenditure on CSR Activities

(₹ in Lakhs)

1	Gross amount required to be spent by the company during the year	0.00
2	Amount spent during the year	0.00

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NOTE 37: Standards issued but not yet effective

1. **Ind AS 116, 'Leases'**

   Ind AS 116 was notified by the Ministry of Corporate Affairs on March 30, 2019 and it is applicable for annual reporting periods beginning on or after April 1, 2019.

   Ind AS 116 will affect primarily the accounting by leases and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use of the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

   The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

   Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

   The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

   The Company is in process of assessing the impact of this amendment.

2. **Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, 'Income Taxes'**

   The appendix explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:
   - How to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
   - That the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

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• That the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
• That the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
• That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The application of this guidance is not expected to have an impact on the separate financial statements.

3. Prepayment Features with Negative Compensation – Amendments to Ind AS 109, 'Financial Instruments'

The narrow-scope amendments made to Ind AS 109 enable entities to measure certain prepayable financial assets with negative compensation at amortized cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortized cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.
These amendments are not expected to have any impact on the separate financial statements.

4. Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:
• Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
• Any reduction in a surplus should be recognized immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognized in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling; and
• Separately recognize any changes in the asset ceiling through other comprehensive income.

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These amendments will apply to any future plan amendments, curtailments or settlements of the Company on or after April 1, 2019.

5. Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognized in profit or loss, or in equity, and the scope of the existing guidance was ambiguous. These amendments are not expected to have any material impact on the separate financial statements.

6. Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is in process of assessing the impact of this amendment.

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NOTE 38 : Previous year's figures have been re-grouped wherever considered necessary to make them comparable with those of the current year.

Signatures to Note 1 to 38, forming part of the Financial Statements.

As per our attached report of even date	For and on behalf of the Board of Directors
FOR M/S P. G. BHAGWAT Chartered Accountants Firm Registration Number: 101118W	T. VINODKUMAR Chairman DIN:07853907
NACHIKET DEO Partner Membership Number: 117695	UMESH SHASTRY Chief Financial Officer
Pune : 30 April, 2019	Pune : 30 April, 2019

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