La-Gajjar

MACHINERIES PVT. LTD.

SINCE 1935

VARUNA™

RAISE • REACH • REAP

PUMPS • MOTORS • PIPES • CABLES

CIN : U17110GJ1981PTC004263

REGISTERED OFFICE : Acidwala Estate, Nagarwel Hanuman Road, Amraiwadi, Ahmedabad - 380 026

ANNUAL REPORT 2017-18

37TH ANNUAL REPORT

2017-2018

LA-GAJJAR MACHINERIS PVT. LTD.

BOARD OF DIRECTORS

T. Vinod Kumar	Chairman &Director (w.e.f. 1 August 2017)
Antony Cherukara	Director (w.e.f. 1 August 2017)
Sanjeev Nimkar	Director (w.e.f. 1 August 2017)
Udayan Gajjar	Director (w.e.f. 1 August 2017 Chairman & Managing Director upto 31 July 2017 and Director from 1 August 2017)
Sunil Shah Singh	Independent director (w.e.f. 20 September 2017)
Mahendra Lodha	Independent director (w.e.f. 20 September 2017)
Bansibhai P. Gajjar	Executive director (upto 1 August 2017)
Dilipkumar V. Thakkar	Director (upto 1 August 2017)

AUDITORS

P G Bhagwat, Chartered Accountants

REGISTRAR & SHARE TRANSFER AGENT

Big Share Services Private Limited
A/802, Samudra Complex, Near Klassic Gold,
Girish Cold Drink, C.G. Road, Ahmedabad, Gujarat – 380009.

REGISTERED OFFICE

Nagarwel Hanuman Road Acidwala Estate, Opp. Sukhrampura,
Amraiwadi, Ahmedabad - 380026, Gujarat, India
Ph. No. 079 - 22777487
www.varunapumps.com
CIN-U17110GJ1981PTC004263

REPORT OF THE DIRECTORS

To The Members
OF LA-GAJJAR MACHINERIES PRIVATE LIMITED

The Directors of your Company are pleased to present their 37th Annual Report on Business Operations of the Company along with the Audited Financial Statements for the financial year ended on March 31, 2018.

COMPANY BECAME A SUBSIDIARY OF KIRLOSKAR OIL ENGINES LIMITED

Kirloskar Oil Engines Limited (KOEL), a well-established Listed Public Limited Company based in Pune, acquired 76% of equity shares of the Company on 1 August 2017. Accordingly, LGM has become subsidiary of KOEL with effect from 1 August 2017.

KOEL is an acknowledged market leader in India for designing, manufacturing & service of diesel engines, gensets & pumpsets. Incorporated in 1946 as a part of Kirloskar Group of Companies, KOEL is a leading engineering conglomerate, which was founded by late Mr. Laxmanrao Kirloskar. The group with a rich heritage of 123 years has an annual sales exceeding in Rs. 8,800 Crores and caters to different segment of society with its core purpose of 'Enriching Lives' which is essentially focusing on bringing about a positive change.

KOEL's engineering capabilities are backed by a strong R&D centre which works towards bringing innovative product offerings to the customer at competitive prices. KOEL has developed a niche for itself in the markets it operates by launching new farm mechanization products and highly efficient diesel generator sets in India. Going beyond Indian shores, these solutions have reached the markets of Middle East, Africa, Europe, South Asia and the Americas.

With this pump foray, KOEL intends to use its wide distribution network to increase sale and achieve leadership in the complete pump segment.

This partnership with KOEL will help the Company to further build on its brand strengths, market presence and product knowledge created over the years and will be beneficial for all stakeholders in the business viz. customers, employees and the suppliers.

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FINANCIAL RESULTS

(Amount in Crores)

PARTICULARS	2017-2018	2016-2017
Net Revenue From Operation	**379.42**	**398.31**
Other Income	4.98	3.07
Total Revenue	**384.40**	**401.38**
Operating& Other Expenses	391.32	381.62
Profit Before Depreciation, Interest and Tax	**(6.92)**	**19.76**
Finance Cost	11.62	7.13
Depreciation and Amortization Expenses	6.91	5.51
Profit Before Tax	**(25.45)**	**7.12**
Tax Expenses	(6.18)	0.98
Profit After Tax	**(19.27)**	**6.14**
Other Comprehensive Income / (Loss)	(0.15)	(0.09)
Balance Brought Forward	39.03	32.98
Transferred to Capital Redemption Reserve	(0.14)	0.00
Profit Available for Appropriation	**19.47**	**39.03**
APPROPRIATIONS:		
Adjustment of Depreciation	0.00	0.00
Amount Transferred to General Reserves	0.00	0.00
Balance Carried to P&L A/c. in Balance Sheet	**19.47**	**39.03**

COMPANY'S FINANCIAL PERFORMANCE HIGHLIGHTS

Your Company achieved net sales of Rs. 370.47 Crs. as compared to previous year of Rs. 391.44 Crs. Net loss was Rs. 19.27 Crs. as against Net Profit of Rs. 6.14 Crs. in the previous year.

There was an overall drop in demand resulting from a prolonged impact of demonetization and later on account of disruptions caused by implementation of Goods and Service Tax Act, 2017 (GST). The impact was felt more acutely in the rural economy. The Pump Industry,which operates largely through unorganized channel networkwasimpacted due to lack of clarity on GST implementation, a seemingly more complex taxation structure and a higher tax rate in the initial period.The real estate market wasalso adversely impacted on account of GST and further with the introduction of the Real Estate (Regulation and Development) Act, 2016 (RERA). This caused a further dampening on offtakes.

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With an estimated 21 million agricultural pump sets connected to the power grid in India, irrigation becomes a substantial cost in agriculture. The sector constitutes around 18.5% of India's total energy consumption. This power consumption is expected to rise by an estimated 54% between 2015 and 2022 which must be matched by energy efficiency. Locally made pump sets used for irrigation are both inefficient and unreliable, causing massive water waste and higher energy consumption.
In order to make country more energy efficient, the National Energy Efficient Agriculture Pumps Programme has been launched by the Ministry of Power. The programme will help farmers in replacing energy guzzlers age-old agricultural pumps across the country with the new-age energy efficient agricultural pumps, with a 5-Star Rating.

The first of such EESL tenders was floated by the Government of Andhra Pradesh and your Company, with its wide array of 5 star rated pumps, was successful in their bid and was awarded. The execution of the order had only commenced in the fourth quarter of the Financial Year under review. With its initial success, your Company is confident of successfully partaking in other EESL tenders of other States, if future.

The Company also bagged a largeorder of Orissa Lift Irrigation Corporation (OLIC) by again proving its ability in supplying 5 star rated high efficiency pump sets. Out of the 12 varieties, VARUNA could bag an order for 11 varieties. This once again reinforced the high quality and efficiency of Varuna pumps.

Your Company continued to expand its network both in domestic and international markets and geographies. The Network expansion done in Rajasthan, West Bengal, Maharashtra, Madhya Pradesh and Gujarat offers high potential going forward. In the International market new networks were set up in countries like Spain, Italy and Yemen.

The Company continued to focus on quality standards with accredited production facilities and services. The Company's Star rated pumps are approved by the Bureau of Energy Efficiency (BEE) and have CE and ISI certification. The Company has developed Energy efficient pumps that consume less power, save electricity and give higher returns on initial investment.

With an annual production capacity of half million pumps, product certified by ISO 9001, IS: 8034, IS: 9283, IS: 14220 & CE, a pan-India presence with 19 branches, over 1000 direct network, 1500+ indirect network, leader in agriculture pump sets (150-440 volts) & domestic pump sets (120-240 volts), 750 models of submersible pumps and motors from 3" – 10", Efficient pumps that work even at 1000 + ft. depth and export network spread across 50 countries and an unmatched experience of eight decades, the Company will continue to build on its inherent strengths and grow to be a dominant player in the industry.

The governmentis giving huge impetus to solar pumps and the Company is in a position to be a strong player in this segment since its product basket already has the requisite pumps required for this, besides of course being a "5 Star" Energy rated Company by BEE.

It is expected that markets will return to normalcy and growth momentum will be revived. The traction for the same is already visible from the orders of OEMs and the forecast from the dealer / distributors. We are also expanding our dealer base at various locations to get additional business

growth. A lot of effort at the back end in terms of cost reduction projects and at the front end from the perspective of central warehouse supply to branches will also benefit LGM both from the profitability as well as the working capital perspective.

HUMAN RESOURCE DEVELOPMENT

Your Company always believes that people are the biggest asset to any organization. Company takes pride to have competent manpower and human assets associated with us and working towards desired results. The company continues to take new initiatives to further align its HR policies to meet the growing needs of its business. The company organises regular management programs in the form of workshops and training sessions for both the senior and junior management.

INDUSTRIAL RELATION

The Company continues to maintain healthy and harmonious industrial relations across all its manufacturing plants & offices.

SUBSIDIARIES / JOINT VENTURES / ASSOCIATE COMPANIES

The Company does not have any subsidiary, associate or joint venture company as on 31 March 2018.

DIVIDEND

In view of the losses incurred by the Company during the year 2017-18, the Board does not recommend any dividend on Equity shares of the Company.

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DIRECTORS

a) Changes in Composition of the Board of Directors

During the year under review, Mr. Udayan Gajjar resigned as the Chairman and Managing Director and continued as the Director of the Company with effect from 1 August 2017.

Mr. Bansi Gajjar and Mr. Dilip Thakkar tendered their resignation as Director with effect from 1 August 2017. The Company expresses its appreciation for the assistance and guidance provided by them during their tenure as Director of the Company.

The Board of Directors in its meeting held on 1 August 2017 appointed Mr. T. Vinodkumar, Mr. Sanjeev Nimkar and Mr. Antony Cherukara as Additional Director of the Company.

The Board of Directors in its meeting held on 20 September 2017 appointed Mr. Mahendra Lodha and Mr. Sunil Shah Singh as Additional Independent Director of the Company.

During the year under review, the Company in Annual General Meeting held on 20 September 2017, regularized appointment of all directors appointed during the year.

b) Declarations from independent directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

c) Number of meetings of the Board

During the year under review, 20 Board Meetings were held *inter alia* to discuss on business strategies and review financial & operational performance of the Company.

d) Composition of Audit Committee

During the year under review, the Board of Directors constituted Audit Committee pursuant to provisions of Companies Act, 2013, which consists of following directors:

1. Mr. T. Vinodkumar, Chairman
2. Mr. Sunil Shah Singh, Member
3. Mr. Mahendra Lodha, Member

e) Nomination and Remuneration Policy

During the year under review, the Board of Directors constituted Nomination and Remuneration Committee pursuant to provisions of Companies Act, 2013.

The Board of Directors on the recommendation of the Nomination & Remuneration Committee has adopted a policy that lays guidelines for selection and appointment of Directors, Key Managerial Personnel and Senior Management personnel together with their remuneration. The Nomination and Remuneration Policy is annexed herewith as **Annexure 1**.

f) Board Evaluation

The evaluation of performance of the Board, its Committees, the Chairman and the individual Directors was carried out for the year 2017-18. A separate meeting of independent director was held to discuss on evaluation of Board, Chairman and non-independent directors.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

Pursuant to section 186 of the Companies Act, 2013, the company has not made/given any guarantee or provide any security during the year under review. Further, company has duly complied with the provisions of section 186 with regards to the investment made by the company during the year under review.

Further, during the year Company has taken unsecured loan of Rs. 19.66 Crores (Previous Year Rs. 10 Crores) from Bank, Rs. 16.40 Crores (Previous Year Rs. 18.67 Crores) from NBFC Company and Rs. 0.89 Crores (Previous Year Rs. 0.89 Crores) as inter-corporate loan.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the Financial Year 2017-18 were on an arm's length basis and were in the ordinary course of business. Hence, there are no transactions to be reported in Form AOC-2.

The disclosures as per IND-AS 24 for transactions with related parties are provided in the Financial Statements of the Company.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has adequate internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the internal audit function is well defined within the organization in compliance with the applicable provisions of the Act.

STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company is restructuring its Risk Management process and is in the process of identification of risks and opportunities both at business and enterprise level which may affect achievement of objectives.

The risk management process will address major types of risks which are strategic, people, environmental, economic and operational in nature in a structured and focused manner. The process will include preparation of detailed mitigations aligned to the business goals and enterprise vision, both short and long term.

The Audit Committee and Board will review the enterprise risks and mitigation plans periodically.

CORPORATE SOCIAL RESPONSIBILITY

During the year under review, the Board of Directors constituted Corporate Social Responsibility (CSR) Committee pursuant to the provisions of Companies Act, 2013. The Board of Directors on the recommendation of the CSR Committee has adopted a policy which is uploaded on the Company's website. The Company has always believed in working for the betterment and upliftment of the society. The Composition of CSR committee of the Board and Report on CSR activities is annexed herewith as **Annexure 2.**

VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

The Company has a Vigil Mechanism/Whistle Blower Policy to deal with instances of fraud, unethical behavior, mismanagement etc. The Policy provides a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. No person has been denied access to the Audit Committee in this regard. The Policy is uploaded on the Company's website.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required to be disclosed in terms of Section 134 of the Companies Act, 2013 & Rule 8 of the Companies (Accounts) Rules, 2014 are given separately as **Annexure – 3** to the Directors' Report.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9, are annexed as **Annexure - 4** to this Report.

PARTICULARS OF EMPLOYEES / DIRECTORS

Details as per the provisions of Section 134 of the Companies Act, 2013 & Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014is given hereunder:-

(i) Name of Employee – Mr. Udayan Gajjar
(ii) Designation of the employee- Managing Director
(ii) Remuneration received- Rs. 1.40 Crores (Till 31st July 2017)
(iii) Nature of employment, whether contractual or otherwise- Managing Director of the Co.
(iv) Qualifications and experience of the employee- Graduate and has experience of 26 years in the industry
(v) Date of commencement of employment- last 26 years
(vi) The age of such employee- 56 years
(vii) The last employment held by such employee before joining the company-NA
(viii) The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above- NA
(ix) Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager- NA

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DISCLOSURE UNDER SEXUAL HARESSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a policy for prevention of sexual harassment in accordance with the requirements of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition & Redressal) Act, 2013. There were no complaintsfiled / pending with Company during the year.

GENERAL

During Financial Year 2017-18

a. There were no public deposits accepted by the Company pursuant to provisions of the Companies Act, 2013, including rules thereunder.

b. There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

c. Neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission from subsidiary.

AUDITORS

a) Statutory Auditors

The members of the Company in its meeting held on 20 September 2017, appointed M/s. P. G. Bhagwat, Chartered Accountants, Pune, (Firm Registration Number 101118W) as Statutory Auditors of the Company for a first term of 5 consecutive years to hold office from Annual General Meeting held on 20 September 2017 till the conclusion of the Annual General Meeting to be held in the year 2022, subject to ratification at every Annual General Meeting.

It is proposed to ratify their appointment as Statutory Auditors of the Company for FY 2018-19. The members are requested to ratify their re-appointment and authorize the Board of Directors to fix their remuneration. The Company has received from them, the requisite certificate pursuant to Section 139 of the Companies Act, 2013.

There are no / adverse remarks / qualifications of Statutory Auditors on financial statements for the year ended 31 March 2018.

b) Cost Auditors

The Company has appointed M/s. Parkhi Limaye & Co. as Cost Auditors of the Company for the Financial Year 2018-19 under section 148 of the Companies Act, 2013 and rules thereof.

c) Secretarial Audit Report

The Company has appointed Mr. M. J. Risbud, Practicing Company Secretary to conduct Secretarial Audit of the Company for the Financial Year 2018-19 under section 204 of the Companies Act, 2013 and the rules thereof. The Secretarial Audit Report is annexed herewith as **Annexure 5.**

The Board of Directors would like to provide an explanation with respect to adverse remarks / qualifications of Secretarial Auditors in the Secretarial Audit Report for the year ended 31 March 2018, that the Company is in process of identifying a woman director to be appointed pursuant to the provisions of section 149 of the Companies Act, 2013 and the rules thereof.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 134(5) of the Companies Act, 2013, the Directors of your Company confirm the following which are required to be disclosed in this report pursuant to section 134(3) (c) of the Companies Act, 2013:

(a) in the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ending on March 31, 2018 and of the profit and loss of the Company for that period;

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

(d) the Directors had prepared the annual accounts on a going concern basis; and

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

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CAUTIONARY STATEMENT

Few statements in this Directors' Report and in entire Annual Report describing the Company's objectives, projections, estimates, expectations or predication may be "Forward-Looking Statements" within the meaning of applicable Laws and Regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's Principal Markets, changes in Government regulations, Tax Regimes, Economics Developments within & outside India and other ancillary factors. The Company does not undertake to update these statements.

ACKNOWLEDGEMENTS

The Board wishes to place on record its gratitude for the co-operation & assistance extended by customers, vendors, investors, bankers, all level government department and professional for their continued support during the year. Board further places on record their appreciation of thecontribution made by our employees at all levels.

FOR AND ONBEHALF OF BOARD OF DIRECTORS OF
LA-GAJJAR MACHINERIES PRIVATE LIMITED

T. VINODKUMAR
CHAIRMAN
DIN: 07853907

DATE: 27.04.2018
PLACE: Pune

Annexure 1 to the Directors’ Report

NOMINATION AND REMUNERATION POLICY

I. INTRODUCTION

This Policy is prepared in accordance with provisions of Companies Act, 2013, (‘the Act’) including rules thereof. It applies to the Board of Directors, Key Managerial Personnel and Senior Management Personnel of La-Gajjar Machineries Private Limited (‘the Company’).

II. DEFINITIONS

1. **“Board”** means Board of Directors of the Company.
2. **“Committee”** means Nomination and Remuneration Committee of the Company as constituted or re-constituted by the Board from time totime.
3. **“Key Managerial Personnel”** (KMP) means

a) Chief Executive Officer or Managing Director or theManager,
b) Whole-time Director
c) Chief Financial Officer
d) Company Secretary and
e) such other officers as may be prescribed under the Act from time totime

4. **“Senior Management Personnel”** (SMP) means personnel of the Company who are members of the core management team, excluding Board of Directors and are one level below the Executive Director / Chief Executive Officer including FunctionalHeads.

III. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SMP

1. The Committee shall consider the qualification, skill, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
2. The Company should ensure that the person so appointed as Director is not disqualified under the Companies Act, 2013, rules made thereunder, Listing Regulations, 2015 or any other enactment for the time being in force.
3. The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder or any other enactment for the time being in force.
4. The Committee may recommend to the Board for removal of a Director on account of any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground. The Committee may also recommend to the Board for removal of KMP or SMP subject to the

provisions and compliance of the applicable Act, rules andregulations.

5. The Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion in retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of theCompany.

IV. REMUNERATION OF DIRECTOR, KMP AND SMP

A) DIRECTORS

The Board of Directors of the Company shall decide the remuneration of Executive/Non- Executive Directors on the basis of recommendation of the Committee subject to the overall limits provided under the Companies Act, 2013 and rules made thereunder, including any amendments, modifications and re-enactments thereto ('the Act') as applicable from time to time.

i. EXECUTIVE DIRECTORS:

The Company shall enter into a contract with every Executive Director which will set out the terms and conditions of appointment and tenure as recommended by the Committee and approved by the Board.

The Board may vary any terms or conditions of the contract from time to time within the tenure subject to such approvals as may be required under the Act.

The remuneration shall include *inter alia* Fixed salary consisting of basic salary and such allowances and perquisites as may be approved by Board based on recommendation of Committee, subject to overall limits as prescribed under the Act.

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

ii. NON-EXECUTIVEDIRECTORS:

The Company shall issue a letter of appointment to every Non-Executive Independent Director.

The remuneration shall include:

a. Sitting fees:

   Sitting fees shall be paid for Board Meetings and any Committee Meetings attended by the Director. Different amount of sitting fees may be paid for different types of meetings within limits as prescribed under the Act.

Committee shall include Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee or such Committees as may be constituted by the Board from time to time.

b. Commission:

The Board may approve payment of commission subject to the limits provided in the Act. The eligibility and the amount of commission to be paid to each director shall be recommended by the Committee on the basis of annual performance evaluation of the director.

c. Professional fees:

Non-Independent Directors may be paid fees for services of professional nature, if in the opinion of Committee the director possesses the requisite qualification for the practice of the profession. Such professional fees shall not be considered as remuneration for the purpose of Act.

B) <u>KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT PERSONNEL</u>

The Remuneration of the Senior Management Personnel and KMPs shall be in accordance with the Policy of the Company which is applicable to the employees. The Committee may consider the remuneration of a Senior Management Personnel keeping in view of the performance of the Business/ Function and also the contribution of the Business/ Function towards the overall performance of the Company.

C) <u>DIRECTORS & OFFICERS LIABILITY INSURANCE:</u>

The Company may take Directors & Officers liability insurance or such insurance of like nature for indemnifying any of the Directors or its KMP against any liability in respect of any negligence, default, misfeasance, breach of duty or trust for which they may be guilty in relation to the Company.

The premium paid on such insurance shall not be treated as part of remuneration payable to Managing Director, Whole Time Director, Chief Executive Officer, Chief Financial Officer or Company Secretary. Provided that if any, such person is proved to be guilty, the premium paid shall be treated as part of the remuneration.

V. <u>CRITERIA FOR EVALUATION OF BOARD</u>

The evaluation of Board shall be carried out annually as per provisions of the Act including rules thereof. Performance Evaluation of each director will be based on the criteria as laid down from time to time by the Nomination and Remuneration Committee.

i. <u>Executive Director</u>

Performance evaluation of each Executive Director will be based on achievement against the key short and long term performance objectives.

ii. Non-Executive Director

Performance evaluation of each Non-Executive Director will be based on attendance in board and its committee meeting, membership / chairmanship of the committees of the Board, time devoted for the Company, contribution in the Board process and such other criteria as may be considered by the Committee from time to time.

VI. AMENDMENT

Based on the recommendation of the Committee, the Board reserves its right to amend or modify this Policy in whole or in part, at any time, when it deems appropriate or in accordance with any amendment to the applicable provisions of the Act, including rules thereof.

For La-Gajjar Machineries Private Limited
Sd/-
T. Vinodkumar
Chairman

Annexure 2 to the Directors' Report

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

A. CSR REPORT

1.	A brief outline of the Company's CSR policy, including overview of projects or program proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programs:	The Company has adopted the Corporate Social Responsibility (CSR) policy. Eligible funds for CSR activities will be expended in the areas of education, women empowerment, health, environment, Animal welfare and Rural development etc. through one or more trusts or directly. These CSR activities will be carried out through various programs or projects specified in the CSR policy. The CSR policy is available on the website of the Company. (web-link-http://varunapumps.com /images/csr.pdf)
2.	The Composition of the Committee	1. Mr. Sunil Shah Singh, Chairman 2. Mr. Antony Cherukara, Member 3. Mr. Sanjeev Nimkar, Member
3.	Average Net Profit of the Company for last three financial years	Rs. 6.88 Crs. (As per Section 198 of Companies Act, 2013)
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	At least Rs. 0.14 Crs.
5.	Details of CSR spent for the financial year: a. Total amount spent for the financial year b. Amount unspent, if any c. Manner in which the amount spent during the financial year	 Rs. 0.17 Crs. NIL The manner in which the amount is spent is detailed in Part B to this annexure.
6.	In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.	Not Applicable
7.	A responsibility statement of the Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.	The implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

B. CSR Expenditure for FY 2017-18

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1)Direct expenditure on projects or programs. 2) Overheads: (Rs. In Crores)	Cumulative expenditure upto the reporting period (Rs. In Crores)	Amount Spent: Direct or through implementing agency (Rs. In Crores)
1	Support to Farmer for Agriculture purpose	Rural Development	Vyana, Gandhinagar (Gujarat)	Amount not specified	0.08	0.08	0.08 Directly (To Mr. Shambhu)
2	Support for Drinking water facility	Rural Development	Vyana, Gandhinagar (Gujarat)	Amount not specified	0.03	0.03	0.03 Directly
3	Support for Drinking water facility	Rural Development	Gujarat	Amount not specified	0.04	0.04	0.04 Through implementing agency (Vardhman Charitable Trust)
4	Support for Drinking water facility	Animal Welfare	Vadodara, Gujarat	Amount not specified	0.02	0.02	0.02 Through implementing agency (BAPS Gaushala Trust)
5	Support for health care of Blind people	Health Care	Ahmedabad, Gujarat	Amount not specified	0.01	0.01	0.01 Through implementing agency (Blind Peoples Association)
	TOTAL				**0.17**	**0.17**	

Sd/-
Sunil Shah Singh
Chairman of CSR Committee

Sd/-
Antony Cherukara
Director

Annexure 3 to the Directors' Report

Conservation of Energy, Technology Absorption andForeign Exchange Earningsand Outgo
[Pursuant to the Provisions of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014]

(A) Conservation of Energy:-

1. Power Consumption **:-** Rs. 1.95 Crs.
2. Fuel Consumption **:-** N.A.
3. GAS consumption **:-** N.A.

(i) Steps taken or impact on conservation of energy	Company gives high priority to energy conservation and has continues with its policy of energy analysis and periodic overhauling of the plant and machinery. Energy Audit was also conducted at all locations to find out new avenues for energy saving and various initiatives have been implemented consequent to the same like service power factor improvement, equal load distribution, providing temperature sensors, etc. In plants and office, company has used LED bulbs and tube lights to save energy
(ii) Steps taken by the Company for utilizing alternate sources of energy	No
(iii) Capital investment on energy conservation equipment	No

(B) Technology Absorption

(i) Efforts made towards technology absorption		All the successful research for quality control, quality improvement and cost control measures are immediately implemented within the units of the Company. All required steps have been taken for technology Absorption.
(ii) Benefits derived like product improvement, cost reduction, product development or import substitution		Not Applicable
(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)		Not Applicable
(a)	Details of technology imported	Not Applicable
(b)	Year of import	Not Applicable
(c)	Whether the technology been fully absorbed	Not Applicable
(d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable
(iv) Expenditure incurred on Research and Development		Rs. NIL

(C) Foreign Exchange Earnings and Outgo **(Amount in Crs.)**

Description	**2017-18**	**2016-17**
Foreign Exchange Earned (Actual Inflow)		
Sale of Finished Goods	68.43	46.47
Others	0.89	0.69
Total	**69.32**	**47.16**
Foreign Exchange Used (Actual Outflow)		
Import of Raw Material	1.35	2.14
Capital Goods	0.72	1.17
Others	1.13	0.94
Total	**3.20**	**4.25**

Annexure 4 to the Directors' Report

Form No. MGT-9

Extract of Annual Returnas on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration & Other Details

1.	CIN	**U17110GJ1981PTC004263**
2.	Registration Date	**10/04/1981**
3.	Name of the Company	**LA-GAJJAR MACHINERIES PRIVATE LIMITED**
4.	Category/Sub-Category of the Company	Private Limited Company having share capital
	NAME AND REGISTERED OFFICE ADDRESS OF COMPANY AND CONTACT DETAILS:	
5.	Address	Nagarwel Hanuman Road Acidwala Estate Opp. Sukhrampura, Amraiwadi, Ahmedabad Gujarat - 380026 Tel: 91-079-22744268, 22777487 Fax: 91-079-22730872
	Email Address	accounts@lgmindia.com
	Website	www.varunapumps.com
	Address for correspondence, if different from address of registered office:	No
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Big Share Services Private Limited Address: A/802, Samudra Complex, Near Klassic Gold, Girish Cold Drink, C. G. Road, Ahmedabad Gujarat - 380009.

II. Principal Business Activities of the Company

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

Sr. No.	Name and Description of Main Product / Services	NIC Code of the Product	% to Total Turnover of the Company
1.	Manufacturing of Submersible Pumps	2813	98.70%

(NIC Codes - 2008)

III. Particulars of Holding, Subsidiary and Associate Companies:

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Kirloskar Oil Engines Limited	L29120PN2009PLC133351	Holding	76%	2 (46)

IV. Share Holding Pattern as on March 31, 2018

i. Category Wise Share Holding(Equity Share Capital Breakup as Percentage of Total Equity)

Category of Share Holders	No. of Shares held at the beginning of the year – April 1, 2017				No. of Shares held at the end of the year – March 31, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual / HUF	-	785000	785000	72.96%	-	-	-	-	72.96%
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	-	-	-	-	-	-	-	-	-
e. Bank / FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total-A-(1)	**-**	**785000**	**785000**	**72.96%**	**-**	**-**	**-**	**-**	**72.96%**
2. Foreign									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank / FI	-	-	-	-	-	-	-	-	-
e. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total-A-(2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	**-**	**785000**	**785000**	**72.96%**	**-**	**-**	**-**	**-**	**72.96%**

B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank / FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B-(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Non-Institution									
a. Body Corporate	-	291000	291000	27.04%	1076000	-	1076000	100.00%	(-72.96)%
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital uptoRs. 1 Lac	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lac	-	-							-
c. Others	-	-	-	-	-	-	-	-	-
i. NRI (Rep)	-	-	-	-	-	-	-	-	-

ii. NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
iii. Foreign National	-	-	-	-	-	-	-	-	-
iv. OCB	-	-	-	-	-	-	-	-	-
v. Trust	-	-	-	-	-	-	-	-	-
vi. In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B-(2)	**-**	291000	291000	27.04%	1076000	-	1076000	100.00%	(-72.96)%
Net Total (1+2)	**-**	**1076000**	**1076000**	**100.00%**	**1076000**	**-**	**1076000**	**100.00%**	**-**
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Total (C)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**1076000**	**1076000**	**100.00%**	**1076000**	**-**	**1076000**	**100.00%**	**-**

ii. Category Wise Share Holding(Preference Share Capital Breakup)

Category of Share Holders	No. of Shares held at the beginning of the year – April 1, 2017				No. of Shares held at the end of the year – March 31, 2018				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual / HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	-	-	-	-	-	-	-	-	-
e. Bank / FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total-A-(1)	-	-	-	-	-	-	-	-	-
2. Foreign									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank / FI	-	-	-	-	-	-	-	-	-
e. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total-A-(2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	-	-	-	-	-	-	-	-	-

B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank / FI	-	-	-	-	-	-	-	-	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B-(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Non-Institution									
a. Body Corporate	-	67050	67050	47.90%	-	-	-	-	(-47.90)%
b. Individual	-	-	-	-	-	-	-	-	-
i. Individual shareholders holding nominal share capital uptoRs. 1 Lac	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lac	-	65852	65852	47.03%	-	-	-	-	(-47.03)%
c. Others(By Trust)	-	7098	7098	5.07%	-	-	-	-	(-5.07)%
i. NRI (Rep)	-	-	-	-	-	-	-	-	-

ii. NRI (Non-Rep)	-	-	-	-	-	-	-	-	-
iii. Foreign National	-	-	-	-	-	-	-	-	-
iv. OCB	-	-	-	-	-	-	-	-	-
v. Trust	-	-	-	-	-	-	-	-	-
vi. In Transit	-	-	-	-	-	-	-	-	-
Sub-Total-B-(2)	**-**	-	-	-	-	-	-	-	-
Net Total (1+2)	**-**	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Total (C)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**140000**	**140000**	**100%**	**-**	-	-	-	**(-100)%**

iii. Share Holding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the Beginning of the Year – April 1, 2017			Shareholding at the End of the Year – March 31, 2018			% change in Share Holding during the Year
		No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Mr. Udayan Gajjar	785000	72.96%	-	-	-	-	(72.96%)
2	Kirloskar Oil Engines Limited	0	0.00%	-	817760	76%	-	76%
3	Derwent Crystal India Private Limited	291000	27.04%	-	258240	24%	-	24%
	Total	**1076000**	**100%**	**-**	**1076000**	**100%**	**-**	**27.04%**

iv. Change in Promoters' Shareholding:

Sr. No.	Name of the Shareholder	Shareholding at the Beginning of the Year		Cumulative shareholding during the year	
		No. of Shares	% of total share capital of the Company	No. of Shares	% of total share capital of the Company
1	Mr. Udayan Gajjar			-	-
	At the beginning of the year	785000	72.96%		
	78500 equity shares sold off market as per SPA	(785000)	(72.96%)	(785000)	(72.96%)
	At the end of the year	-	-	0	0.00
2	Derwent Crystal India Private Limited				
	At the beginning of the year	291000	27.04%		
	32760 equity shares sold off market as per SPA	(32,760)	(3.05%)	258240	24%
	At the end of the year	-	-	258240	24%
3	Kirloskar Oil Engines Limited				
	At the beginning of the year	-	-		
	817760 equity shares purchased off market as per SPA	-	-	817760	76%
	At the end of the year	-	-	817760	76%

v. Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

1) Equity Shareholders:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each ofthe Top 10Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Kirloskar Oil Engines Limited**				
	At the beginning ofthe year	0			
	Increase by transfer of shares on Aug 1, 2017	817760	76.00%	817760	76.00%
	At the End of the year (or on the date of separation, ifseparated during the year)	817760	76.00%	817760	76.00%
2	**Derwent Crystal India Private Limited**				
	At the beginning ofthe year	291000	27.04%	291000	27.04%
	Decrease by transfer of shares on Aug 1, 2017	32760	3.04%	32760	3.04%
	At the End of the year (or on the date of separation, ifseparated during the year)	258240	24.00%	258240	24.00%

2) Preference Shareholders:

Sr. No.	Shareholder's Name	Shareholding at the Beginning of the Year – April 1, 2017			Shareholding at the end ofthe Year – March 31, 2018			% change in Share Holding during the Year
		No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Nitaben B Shah	14332	10.24%	-	-	-	-	(-100)%
2.	Sureshchandra Nandlal Salot	41980	29.99%	-	-	-	-	(-100)%
3.	Aparigraha Investment Pvt. Ltd. Purshottamdas Investment Pvt. Ltd.	37370	26.69%	-	-	-	-	(-100)%
4.	Purshottamdas Investment Pvt. Ltd.	29680	21.20%	-	-	-	-	(-100)%
5.	R B Shah Family Trust (Hasumati R Shah & Nitaben B Shah As A Trustees)	7098	5.07%	-	-	-	-	(-100)%
6.	Narendra P Shah	6440	4.60%	-	-	-	-	(-100)%
7.	Mahalaxmiben Purshottamdas Shah Thakorbhai Purshottamdas Shah	1440	1.03%	-	-	-	-	(-100)%

8.	Thakorbhai Purshottamdas Shah, Narendra Purshottamdas Shah	1440	1.03%	-	-	-	-	(-100)%
9.	Kantaben Thakorbhai Shah	200	0.14%	-	-	-	-	(-100)%
10.	Krishna Garg & Sons	10	0.01%	-	-	-	-	(-100)%
	Total	**139990**	**99.99%**	**-**	**-**	**-**	**-**	**(-100)%**

Note: All preference shares were redeemed during the year.

vi. Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Udayan Laljibhai Gajjar				
	At the beginning ofthe year	785000	72.96%	785000	72.96%
	Decrease on Transfer on Aug 1, 2017	785000	72.96%	785000	72.96%
	At the End of the year	0	0.00%	0	0.00%
2	Bansibhai Gajjar upto 1 August 2017				
	At the beginning ofthe year	0	0.00%	-	
	At the End of the year	-	-	0	0.00%
3	Dilipkumar Thakkar upto 1 August 2017				
	At the beginning ofthe year	0	0.00%	-	
	At the End of the year	-	-	0	0.00%
4	T. Vinodkumar w.e.f. 1 August 2017				
	At the beginning ofthe year	0	0.00%	-	
	At the End of the year	-	-	0	0.00%
5	Sanjeev Nimkar w.e.f. 1 August 2017				
	At the beginning ofthe year	0	0.00%	-	
	At the End of the year	-	-	0	0.00%
6	Antony Cherukara w.e.f. 1 August 2017				
	At the beginning ofthe year	0	0.00%	-	
	At the End of the year	-	-	0	0.00%
7	Sunil Shah Singh w.e.f. 20 September 2017				
	At the beginning ofthe year	0	0.00%	-	
	At the End of the year	-	-	0	0.00%
8	Mahendra Lodha w.e.f. 20 September 2017				
	At the beginning ofthe year	0	0.00%	-	
	At the End of the year	-	-	0	0.00%

V. INDEBTEDNESS

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

(Amount in Crs.)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year April 1, 2017				
1) Principal Amount	42.07	29.56	-	71.63
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	0.10	0.26	-	0.37
Total of (1+2+3)	**42.17**	**29.61**	**-**	**71.78**
Change in Indebtedness during the financial year				
+Addition	19.03	36.06		55.09
- Reduction	-	0.89	-	0.89
Net change	**19.03**	**35.17**		**54.20**
Indebtedness at the end of the financial year - March 31, 2018				
1) Principal Amount	60.91	64.43	-	125.24
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	0.29	0.45	-	0.74
Total of (1+2+3)	**61.20**	**64.78**	**-**	**125.98**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Crs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		BANSIBHAI GAJJAR (Till July 2017)	UDAYANBHAI GAJJAR (Till July 2017)	DILIPKUMAR THAKKAR (Till July 2017)	
1	Gross salary	0.05	1.40	0.17	1.62
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.05	1.40	0.17	1.62
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**0.05**	**1.40**	**0.17**	**1.62**
	Ceiling as per the Act	-	-	-	-

B. Remuneration to other directors:

(Amount in Crs.)

Sr. No	**Particulars of Remuneration**	**Total**			
1	Independent Directors	**Sunil Shah Singh**	**Mahendra Lodha**		
	Fee for attending board / committee meetings	0.002	0.002	-	0.004
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	**0.002**	**0.002**	**-**	**0.004**
2	Other Non-Executive Directors	**T. Vinod Kumar**	**Antony Cherukara**	**Sanjeev Nimkar**	
	Fee for attending board /committee meetings	0.002	0.002	0.002	0.006
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	**0.002**	**0.002**	**0.002**	**0.006**
	Total Managerial Remuneration (1+2)	**0.004**	**0.004**	**0.002**	**0.010**
	Overall Ceiling as per the Act			-	-

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act, 2013):

Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty / Punishment/ Compounding fees imposed**	**Authority [RD/NCLT/COURT]**	**Appeal made, if any (give Details)**
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

Annexure 5 to the Directors' Report

SECRETARIAL AUDIT REPORT

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

FOR THE PERIOD ENDED ON 31ST MARCH, 2018

To,

The Members,

LA-GAJJARMACHINERIS PRIVATE LIMITED
NAGARWEL HANUMAN ROAD, ACIDWALA ESTATE OPP. SUKHRAMPURA
AMRAIWADI, AHMEDABAD GUJRAT - 380026.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by LA-GAJJAR MACHINERIS PRIVATE LIMITED, (CIN U17110GJ1981PTC004263) (a subsidiary of a listed public limited company with effect from 1st August, 2017) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed, reports and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering from 1st August, 2017 to 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii) *The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
(iii) *The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable as no such event)
(v) *The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) *The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(b) *The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015;

(c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(d) *The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
(e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
(f) *The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
(g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
(h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) There are no sectoral laws as applicable specifically to the Company.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Notified with effect from 1st July 2015 & revised with effect from 1st October, 2017)
(ii) The Listing Agreement under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulation);

*These Acts, Rules, Regulations, Guidelines, bye-laws are not applicable to the Company since its securities are not listed on any Stock Exchange.

During the period under review the Company has generally complied with the provisions of the Act (except the provisions of section 149 regarding woman director), Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. A woman director required to be appointed pursuant to the provisions of section 149 has not been appointed.

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

All the decisions at the Board/Committee meetings have been taken unanimously.
I further report that as per the information provided to me, the Company is in process of strengthening systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there is no action having a major bearing on the company's affairs.

My report should be read along with the attached Disclaimer letter of even date forming part of this report.

Sd/-
Mahesh Rishbud
FCS No.: 810
C P No.: 185
UCN – S1981MH000400

Date: 27 April 2018

Place: Pune

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 AUDITORS' REPORT

To the Members of La-Gajjar Machineries Private Limited

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

We have audited the accompanying standalone Ind AS financial statements of **La-Gajjar Machineries Private Limited** ("the Company") comprising of the Balance Sheet as at **31 March, 2018,** the Statement of Profit and Loss(including Other Comprehensive Income), the Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these standalone Ind AS financial statements in terms of the requirements the matters stated in Section 134(5) of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the standalone financial position, standalone financial performance, standalone cash flows and changes in equity of the Company in accordance with 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. The Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of standalone Ind AS financial statements.

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

M/s P.G. BHAGWAT PUNE CHARTERED ACCOUNTANTS

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2018, and their standalone loss(including other comprehensive income), their standalone cash flows and standalone changes in equity for the year ended on that date.

M/s P.G. BHAGWAT
PUNE
CHARTERED ACCOUNTANTS

Other Matters

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended 31 March 2016 and 31 March 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, who expressed an unmodified opinion vide reports dated 7th September,2016 and 29th July,2017 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the company on transition to the Ind AS have been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid standalone Ind AS financial statements.

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

   c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of Changes in Equity 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 Indian Accounting Standards specified under Section 133 of the Act read with relevant rules thereunder.

   e) On the basis of the written representations received from the directors as on 31st March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018, from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

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

   i. The Company has disclosed the impact, if any, of pending litigations as at 31st March 2018, on its financial position in its standalone Ind AS financial statements - Refer Note [35.6.1];

   ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses for which provision was required to be made under the applicable law or accounting standard.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by 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: 27th April 2018

ANNEXURE A

Referred to in paragraph 1 of our "Report on Other Legal and Regulatory Requirements" on even date

(i)	(a)	The Company has maintained records showing particulars of fixed assets. However updation of the same with respect to completing full particulars is in progress.
	(b)	As informed to us the fixed assets have been physically verified by the management at reasonable intervals considering the size of the company and nature of asset. Further, discrepancies, if any, noticed on such verification have been properly dealt with in the books of account.
	(c)	The Company do not hold any immovable properties as at balance sheet date. Accordingly, the provisions of clause 3 (i) (c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
(ii)	The management has conducted physical verification of inventory (excluding stock with third parties) at reasonable Intervals. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable. As informed to us, the discrepancies noticed on verification between physical stock and book records were not material.	
(iii)	As informed to us, the company has not granted secured or unsecured loan to other companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) (b) and (c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.	
(iv)	The Company has not entered into any transaction which attracts the provisions of section 185 and 186 of the Companies Act, 2013.Accordinngly, the provisions of clause 3 (iv) of the Companies (Auditor's Report) Order, 2016 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)	We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of records with a view to determine whether they are accurate and complete.	

M/s P.G. BHAGWAT
PUNE
CHARTERED ACCOUNTANTS

(vii) (a) According to information and explanation given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, service tax and other material statutory dues applicable to it.

According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2018, for a period more than six months from the date they became payable except tax deducted at source under Income Tax Act, 1961 of Rs.12092 (since paid).

(b) According to the information and explanations given to us, the particulars of dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess as at 31st March, 2018 which has not been deposited on account of disputes are as follows:

Name of the Statue	Nature of dispute due	Amount under dispute not deposited (Rs. in lacs.)**	Period to which amount is related	Forum where the dispute is pending
Sales Tax	Demand for disallowance of claims	118.52	2006-2007	Sales Tax Tribunal

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

(viii) In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank as at the balance sheet date and also not issued debentures. Accordingly provisions of the clause 3 (viii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

(ix) According to the information and explanation given to us, the company has not raised money by way of initial public offer or further public offer (including debt instrument) and not availed term loan during the year. Accordingly, the clause 3(ix) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.

(x) During the course of our examination of the books & records of the company carried out in accordance with the generally accepted auditing Practices in India and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by Management. Accordingly, the clause 3(x) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.

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

(xi)	According to the information and explanation given to us, section 197 of the Companies Act, 2013 became applicable to the company from 1st August 2017. Further the company has not paid any managerial remuneration as defined under section 197 of Companies Act, 2013 from date it became public ltd company till 31st March 2018. Accordingly, provisions of the clause 3(xi) of Companies (Auditor's Report) order, 2016 are not applicable to the company.
(xii)	In our opinion, the company is not a Nidhi company. Accordingly, provisions of the clause 3(xii) of Companies (Auditor's Report) order, 2016 are not applicable to the company.
(xiii)	According to the information and explanation given to us and in our opinion transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and requisite details have been disclosed in the Financial statements as required by the applicable accounting standards.
(xiv)	According to the information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures for raising funds during the year. Accordingly, the provisions of clause 3 (xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
(xv)	According to the information and explanation given to us, the company has not entered into a non-cash transaction with any of the directors or persons connected with directors. Accordingly, the provisions of clause 3 (xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
(xvi)	In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions in Paragraph 3(xvi) of Companies (Auditor's Report) order, 2016 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 No: 117695
Pune
Date: 27rd April, 2018

Annexure B to the Independent Auditor's Report of even date on the Standalone Financial Statements of La-Gajjar Machineries Private Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of La-Gajjar Machineries Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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 and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

M/s P.G. BHAGWAT
PUNE
CHARTERED ACCOUNTANTS

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

Nachiket Deo
Partner
Membership No: 117695
Pune
Date: 27th April, 2018

La-Gajjar Machineries Private Limited
Balance Sheet as at 31 March 2018

₹ in Lakhs

Particulars	Note No.	As at 31 March 18	As at 31 March 17	As at 1 April 16
ASSETS				
I. Non-current assets		**5,479.85**	**5,338.61**	**4,276.86**
(a) Property, plant and equipment	1	2,417.31	4,463.96	3,490.56
(b) Capital work-in-progress	1	-	-	-
(c) Goodwill	2	203.79	-	54.12
(d) Intangible assets	2	7.25	-	-
(e) Intangible assets under development				
(f) Financial assets				
(i) Investments	3	-	1.21	0.78
(ii) Loans	4	2.29	-	-
(iii) Other financial assets	5	1,505.52	308.87	219.07
(g) Deferred tax assets (net)	6	935.24	271.67	223.06
(h) Other non-current assets	7	408.45	292.90	289.27
II.Current assets		**18,982.65**	**16,158.57**	**12,859.98**
(a) Inventories	8	7,988.62	7,298.95	5,737.48
(b) Financial assets				
(i) Investments		-	-	-
(ii) Trade receivables	9	7,626.20	5,822.17	5,279.01
(iii) Cash and cash equivalents	10.a	89.96	586.22	287.61
(iv) Bank balance other than (iii) above	10.b	56.46	674.55	87.89
(v) Loans	11	5.53	51.25	54.26
(vi) Other financial assets	12	187.95	185.85	199.92
(c) Assets held for sale				
(d) Current tax assets (net)		-	-	-
(e) Other current assets	13	3,027.93	1,539.58	1,213.81
Total Assets		**24,462.50**	**21,497.18**	**17,136.84**
EQUITY AND LIABILITIES				
Equity		**3,283.16**	**5,224.72**	**4,619.95**
(a) Equity share capital	14	107.60	107.60	107.60
(b) Other equity				
Capital redemption reserve	15	139.00	125.00	125.00
Securities premium	15	678.40	678.40	678.40
General reserve	15	411.21	411.21	411.21
Retained earnings	15	1,946.95	3,902.51	3,297.74
Liabilities				
I. Non-current liabilities		**678.58**	**1,066.20**	**730.67**
(a) Financial liabilities				
(i) Borrowings	16	547.13	888.26	424.70
(ii) Other financial liabilities	17	72.07	102.51	236.84
(b) Long-term provisions	18	59.38	75.43	69.13
(c) Deferred tax liabilities (net)		-	-	-
(d) Government grants		-	-	-
(e) Other non-current liabilities		-	-	-
II.Current liabilities		**20,500.76**	**15,206.26**	**11,786.22**
(a) Financial liabilities				
(i) Borrowings	19	11,751.03	5,973.04	3,898.99
(ii) Trade and other payables	20	6,886.49	7,536.61	6,359.19
(iii) Other financial liabilities	21	604.15	582.10	368.40
(b) Other current liabilities	22	329.94	412.49	384.01
(c) Short-term provisions	23	929.15	702.02	775.63
Total Equity and Liabilities		**24,462.50**	**21,497.18**	**17,136.84**

Significant accounting policies 35
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 : 27 April, 2018

M/s P.G. BHAGWAT PUNE CHARTERED ACCOUNTANTS

For and on behalf of the board of directors

T. VINODKUMAR
Chairman
DIN: 07853907

UMESH SHASTRY
Chief Financial Officer

Pune : 27 April, 2018

LA-GAJJAR MACHINERIES PVT. LTD. AHMEDABAD

La-Gajjar Machineries Private Limited
Statement of profit and loss for the year ended 31 March 2018

₹ in Lakhs

Particulars	Note No.	2017-18	2016-17
Income			
Revenue from operations	24	37,942.10	39,831.36
Other income	25	498.32	306.56
Total income		**38,440.42**	**40,137.92**
Expenses			
Cost of raw materials and components consumed	26	22,635.78	20,771.13
Purchase of traded goods	27	2,106.10	3,517.17
Changes in inventories of finished goods, work-in-progress and traded goods	28	(838.26)	(1,211.98)
Excise duty on sale of goods	29	913.68	1,998.40
Employee benefits expense	30	2,501.93	2,352.43
Finance costs	31	1,162.10	713.04
Depreciation and amortisation expense	32	690.74	550.77
Other Expenses	33	11,813.25	10,735.27
Total expenses		**40,985.32**	**39,426.23**
Profit before exceptional items and tax		**(2,544.90)**	**711.69**
Exceptional items			-
Profit before tax		**(2,544.90)**	**711.69**
Tax expense		**(618.28)**	**97.57**
Current tax	34	-	305.00
(Excess)/short provision related to earlier years		37.27	(163.44)
Deferred tax	34	(655.55)	(43.99)
Profit for the year		**(1,926.62)**	**614.12**
Other comprehensive income			
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**(14.94)**	**(9.35)**
Re-measurement gains/(losses) on defined benefit plans		(22.96)	(13.97)
Income tax effect on above		8.02	4.62
Total other comprehensive income for the year, net of tax [A]		**(14.94)**	**(9.35)**
Total comprehensive income for the year, net of tax		**(1,941.56)**	**604.77**
Earnings per equity share [nominal value per share ₹ 10/- (31 March 2017: ₹ 10/-)]			
Basic		(179.05)	57.07
Diluted		(179.05)	57.07
Significant accounting policies	35		

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 : 27 April, 2018

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 : 27 April, 2018

LA-GAJJAR MACHINERIES PVT. LTD. AHMEDABAD

La-Gajjar Machineries Private Limited

Statement of Cash Flow for the year ended 31 March 2018

₹ In Lakhs

Particulars	2017-18	2016-17
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	**(2,544.90)**	**711.69**
Adjustments to reconcile profit before tax to net cash flows:		
Add:		
Depreciation and Amortisation	690.74	550.77
Loss on disposal of assets & Others	203.64	0.82
Net gain / (Loss) on financial instruments at fair value	0.03	(0.44)
Inventories written down to net realisable value	308.15	-
Bad debts and irrecoverable balances written off	142.05	86.17
Provision for doubtful debts and advances (net)	418.33	83.21
Loss / (Profit) on Revalorisation on Imports	0.04	0.47
Loss / (Profit) on Revalorisation on Exports	(24.77)	21.83
Finance cost	1,162.10	713.04
Amortisation of rent expenses	72.52	-
	2,972.83	**1,455.87**
Less:		
Unwinding of interest on deposits	66.21	-
Surplus on sale of assets	202.02	6.93
Interest received	18.17	14.72
Sundry Credit Balances Appropriated	23.89	32.60
Dividend received	-	-
	310.29	54.25
Operating Profit before working capital changes	**117.64**	**2,113.31**
Working Capital Adjustments		
(Increase) / Decrease in Trade and Other Receivables	(4,482.55)	(1,815.45)
(Increase) / Decrease in Inventories	(997.82)	(1,561.47)
Increase / (Decrease) in Trade and other Payables	(709.45)	1,107.11
Increase / (Decrease) in Provisions	182.85	124.15
	(6,006.97)	**(2,145.66)**
Net Cash generated from operations	**(5,889.33)**	**(32.35)**
Direct taxes paid	(126.01)	(322.02)
NET CASH FLOW FROM OPERATING ACTIVITIES	**(6,015.34)**	**(354.37)**
CASH FLOW FROM INVESTING ACTIVITIES		
Add :		
Sale of Property, Plant and Equipment	2,348.04	22.63
Sale of investments (Net)	1.18	-
Interest received	13.70	48.01
Dividend received	-	-
	2,362.92	**70.64**
Less :		
Purchase of Property, Plant and Equipment	1,078.33	1,436.12
	1,078.33	**1,436.12**
NET CASH GENERATED FROM INVESTING ACTIVITIES	**1,284.59**	**(1,365.48)**

La-Gajjar Machineries Private Limited

Statement of Cash Flow for the year ended 31 March 2018

₹ in Lakhs

Particulars	2017-18	2016-17
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from bill discounting & borrowings	5,346.87	2,722.27
Interest paid (finance cost)	(1,112.38)	(703.81)
NET CASH USED IN FINANCING ACTIVITY	**4,234.49**	**2,018.46**
Net increase / (decrease) in cash and cash equivalents	**(496.26)**	**298.61**
Opening Cash and Cash equivalents	**586.22**	**287.61**
Cash and Cash equivalents received from the Transferor Company under Composite Scheme	-	-
Closing Cash and Cash equivalents (Refer Note 10a)	**89.96**	**586.22**

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 : 27 April, 2018

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 : 27 April, 2018

LA-GAJJAR MACHINERIES PVT. LTD. AHMEDABAD

La-Gajjar Machineries Private Limited

Statement of changes in Equity for the year ended 31 March 2018

A. Equity Share Capital (Note 14)

₹ in Lakhs

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
As at 01 April 2016	1,076,000	107.60
Issue/Reduction, if any during the year	-	-
As at 31 March 2017	1,076,000	107.60
Issue/Reduction, if any during the year	-	-
As at 31 March 2018	1,076,000	107.60

B. Other Equity (Note 15)

₹ in Lakhs

Particulars	Reserves and Surplus				Total equity
	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	
					-
At at 01 April 2016	125.00	678.40	411.21	3,297.74	4,512.35
Profit/(Loss) for the year	-	-	-	614.12	614.12
Other comprehensive income for the year	-	-	-	(9.35)	(9.35)
Total Comprehensive income for the year	-	-	-	604.77	604.77
As at 31 March 2017	125.00	678.40	411.21	3,902.51	5,117.12
					-
As at 01 April 2017	125.00	678.40	411.21	3,902.51	5,117.12
Profit/(Loss) for the year	-	-	-	(1,926.62)	(1,926.62)
Other comprehensive income for the year	-	-	-	(14.94)	(14.94)
Total Comprehensive income for the year	-	-	-	(1,941.56)	(1,941.56)
Transferred to Capital Redemption Reserve	14.00			(14.00)	-
As at 31 March 2018	139.00	678.40	411.21	1,946.95	3,175.56

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 : 27 April, 2018

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

For and on behalf of the board of directors

T. VINODKUMAR
Chairman
DIN: 07853907

UMESH SHASTRY
Chief Financial Officer

Pune : 27 April, 2018

LA-GAJJAR MACHINERIES PVT. LTD. AHMEDABAD

La-Gajjar Machineries Private Limited

Reconciliation of equity as at 1 April 2016 (date of transition to Ind AS)

₹ in Lakhs

Particulars	Note	Indian GAAP	Effects of transition to Ind AS	Ind-AS
ASSETS				
I. Non-current assets		**3,975.10**	**301.76**	**4,276.86**
(a) Property, plant and equipment		3,490.56	-	3,490.56
(b) Capital work-in-progress		-	-	-
(c) Goodwill		54.12	-	54.12
(d) Intangible assets		-	-	-
(e) Intangible assets under development		-	-	-
(f) Financial assets		-	-	-
(i) Investments	36.5.a	0.41	0.37	0.78
(ii) Trade receivables		-	-	-
(ii) Loans		-	-	-
(iii) Other financial assets		-	219.07	219.07
(g) Deferred tax assets (net)	36.5.d	29.01	194.05	223.06
(h) Other non-current assets		401.00	(111.73)	289.27
II.Current assets		**12,870.62**	**(10.64)**	**12,859.98**
(a) Inventories		5,737.48	-	5,737.48
(b) Financial assets		-	-	-
(i) Investments		-	-	-
(ii) Trade receivables		5,279.01	-	5,279.01
(iii) Cash and cash equivalents		385.08	(97.47)	287.61
(iv) Bank balance other than (iii) above		-	87.89	87.89
(v) Loans		1,273.83	(1,219.57)	54.26
(vi) Other financial assets		-	199.92	199.92
(c) Other current assets		195.22	1,018.59	1,213.81
Total Assets		**16,845.72**	**291.12**	**17,136.84**
EQUITY AND LIABILITIES				
Equity		**5,026.81**	**(406.86)**	**4,619.95**
(a) Equity share capital		121.60	(14.00)	107.60
(b) Other equity		-	-	-
Capital redemption reserve		125.00	-	125.00
Securities premium		678.40	-	678.40
General reserve		411.21	-	411.21
Retained earnings	36	3,690.60	(392.86)	3,297.74
Liabilities				
I. Non-current liabilities		**647.54**	**83.13**	**730.67**
(a) Financial liabilities		-	-	-
(i) Borrowings		410.70	14.00	424.70
(ii) Other financial liabilities		-	236.84	236.84
(b) Long-term provisions	36.5.b	-	69.13	69.13
(c) Deferred tax liabilities (net)		-	-	-
(d) Other non-current liabilities		236.84	(236.84)	-
II.Current liabilities		**11,171.37**	**614.85**	**11,786.22**
(a) Financial liabilities		-	-	-
(i) Borrowings		3,898.99	-	3,898.99
(ii) Trade and other payables		6,267.32	91.87	6,359.19
(iii) Other financial liabilities		-	368.40	368.40
(b) Other current liabilities		770.70	(386.69)	384.01
(c) Short-term provisions	36.5.b	234.36	541.27	775.63
Total Equity and Liabilities		**16,845.72**	**291.12**	**17,136.84**

La-Gajjar Machineries Private Limited

Reconciliation of equity as at 31 March 2017

₹ in Lakhs

Particulars	Note	Indian GAAP	Effects of transition to Ind AS	Ind-AS
ASSETS				
I. Non-current assets		**4,986.70**	**351.91**	**5,338.61**
(a) Property, plant and equipment		4,463.96	-	4,463.96
(b) Capital work-in-progress		-	-	-
(c) Investment property		-	-	-
(d) Intangible assets		-	-	-
(e) Intangible assets under development		-	-	-
(f) Financial assets		-	-	-
(i) Investments	36.5.a	0.41	0.80	1.21
(ii) Trade receivables		-	-	-
(ii) Loans		-	-	-
(iii) Other financial assets		-	308.87	308.87
(g) Deferred tax assets (net)	36.5.d	38.99	232.68	271.67
(h) Other non-current assets		483.34	(190.44)	292.90
II.Current assets		**16,266.53**	**(107.96)**	**16,158.57**
(a) Inventories		7,298.95	-	7,298.95
(b) Financial assets		-	-	-
(i) Investments		-	-	-
(ii) Trade receivables		5,822.17	-	5,822.17
(iii) Cash and cash equivalents		1,270.33	(684.11)	586.22
(iv) Bank balance other than (iii) above		-	674.55	674.55
(v) Loans		1,694.14	(1,642.89)	51.25
(vi) Other financial assets		-	185.85	185.85
(c) Other current assets		180.94	1,358.64	1,539.58
Total Assets		**21,253.23**	**243.95**	**21,497.18**
EQUITY AND LIABILITIES				
Equity		**5,709.78**	**(485.06)**	**5,224.72**
(a) Equity share capital		121.60	(14.00)	107.60
(b) Other equity		-	-	-
Capital redemption reserve		125.00	-	125.00
Securities premium		678.40	-	678.40
General reserve		411.21	-	411.21
Retained earnings	36	4,373.57	(471.06)	3,902.51
Liabilities				
I. Non-current liabilities		**976.77**	**89.43**	**1,066.20**
(a) Financial liabilities		-	-	-
(i) Borrowings		874.26	14.00	888.26
(ii) Other financial liabilities		-	102.51	102.51
(b) Long-term provisions	36.5.b	-	75.43	75.43
(c) Deferred tax liabilities (net)		-	-	-
(d) Other non-current liabilities		102.51	(102.51)	-
II.Current liabilities		**14,566.68**	**639.58**	**15,206.26**
(a) Financial liabilities		-	-	-
(i) Borrowings		5,973.04	-	5,973.04
(ii) Trade and other payables		7,355.80	180.81	7,536.61
(iii) Other financial liabilities		-	582.10	582.10
(b) Other current liabilities		1,058.92	(646.43)	412.49
(c) Short-term provisions	36.5.b	178.92	523.10	702.02
Total Equity and Liabilities		**21,253.23**	**243.95**	**21,497.18**

La-Gajjar Machineries Private Limited

Reconciliation of total comprehensive income for the year ended 31 March 2017

₹ in Lakhs

Particulars	Note	Indian GAAP	Effects of transition	Ind-AS
Income				
Revenue from operations	36.5.e	39,284.63	546.73	39,831.36
Other income		510.35	(203.79)	306.56
Total Income		**39,794.98**	**342.94**	**40,137.92**
Expenses				
Cost of raw materials and components consumed		21,203.15	(432.02)	20,771.13
Purchase of traded goods		3,548.39	(31.22)	3,517.17
Changes in inventories of finished goods, work-in-progress and traded goods		(1,215.54)	3.56	(1,211.98)
Excise duty on sale of goods	36.5.e	-	1,998.40	1,998.40
Employee benefits expense	36.5.c	1,759.73	592.70	2,352.43
Finance costs		654.35	58.69	713.04
Depreciation and amortisation expense		550.77	-	550.77
Other Expenses	36.5.e	12,479.58	(1,744.31)	10,735.27
Expense capitalised		-	-	-
Total expenses		**38,980.43**	**445.80**	**39,426.23**
Profit before exceptional items and tax		**814.55**	**(102.86)**	**711.69**
Exceptional items		-	-	-
Profit before tax		**814.55**	**(102.86)**	**711.69**
Tax expense		**131.58**	**(34.01)**	**97.57**
Current tax		305.00	-	305.00
(Excess)/short provision related to earlier years		(163.44)	-	(163.44)
Deferred tax	36.5.d	(9.98)	(34.01)	(43.99)
Profit for the year		**682.97**	**(68.85)**	**614.12**
Other comprehensive income		-	**(9.35)**	**(9.35)**
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		-	**(9.35)**	**(9.35)**
Re-measurement gains/(losses) on defined benefit plans	36.5.c & 36.5.f	-	(13.97)	(13.97)
Income tax effect on above	36.5.c & 36.5.f	-	4.62	4.62
Total comprehensive income for the year, net of tax		**682.97**	**(78.20)**	**604.77**

La-Gajjar Machineries Private Limited

Statement of Reconciliation of Other Equity

₹ in Lakhs

Particulars	Note No.	As at 31 March 17	As at 1 April 16
Other Equity as per IGAAP		5,588.18	4,905.21
Net Increase/(Decrease)		**(471.06)**	**(392.86)**
Fair Valuation of Investments		0.80	0.37
MTM gain/(loss) on forward contract		0.47	0.91
Provision for Warranty		(705.00)	(588.19)
Income Tax effect on above		232.67	194.05
Other Equity as per Ind-AS	15	**5,117.12**	**4,512.35**

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 2016	1,285.08	-	1,135.49	2,713.59	331.47	409.10	310.37	301.79	6,486.89
Additions	-	-	282.51	859.68	49.53	168.96	98.49	27.40	1,486.57
Inter transfers - Net	-	-	-	-	-	-	-	-	-
Asset Write off / Scrap	-	-	-	-	-	-	-	-	-
Deductions / Amortization	-	-	-	12.27	1.28	48.02	0.47	3.63	65.66
As At 31 March 2017	1,285.08	-	1,418.00	3,561.01	379.72	530.04	408.39	325.56	7,907.81
Additions	-	58.67	11.52	651.26	99.10	1.47	133.03	36.85	991.90
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	-	4,206.75	478.21	339.54	539.12	362.41	6,058.41
Depreciation									
As At 1 April 2016	-	-	445.83	1,468.71	262.61	268.77	270.25	280.16	2,996.33
For the year	-	-	67.38	319.73	22.93	59.07	10.58	16.97	496.66
Inter transfers - Net	-	-	-	-	-	-	-	-	-
Asset Write off / Scrap	-	-	-	-	-	-	-	-	-
Deductions / Amortization	-	-	-	6.65	1.16	37.64	0.23	3.47	49.14
As At 31 March 2017	-	-	513.21	1,781.79	284.38	290.20	280.60	293.66	3,443.84
For the year	-	44.28	26.94	429.89	41.73	55.43	64.56	26.07	688.90
Inter transfers - Net	-	28.90	(28.90)	-	-	-	-	-	-
Assets written off / Scrapped	-	-	-	47.60	47.42	-	32.44	10.19	137.65
Deductions / Amortization	-	-	511.25	0.53	0.56	114.76	2.19	-	629.29
As At 31 March 2018	-	73.18	-	2,258.76	372.97	230.87	375.41	329.92	3,641.10
Net Block									
As At 1 April 2016	1,285.08	-	689.66	1,244.89	68.86	140.33	40.12	21.63	3,490.56
As At 31 March 2017	1,285.08	-	904.80	1,779.22	95.34	239.83	127.79	31.91	4,463.96
As At 31 March 2018	-	59.20	-	1,948.00	105.25	108.66	163.71	32.49	2,417.31

1. For Depreciation and amortisation refer accounting policy Note - 35.4.3
2. The information relating to Gross block, accumulated Depreciation, and Impairment if any, has been disclosed as an additional information since the company has adopted deemed cost exemption under IND AS 101. Refer Note 36 on First Time Adoption of Ind AS.
3. One vehicle having Written Down Value of ₹ 20.30 Lakhs as on 31st March, 2018 is in the name of one of the directors and the company has initiated the process for transferring the legal title of the same.
4. Details of Assets acquired under Business Combination during the year as under : (Also refer Note. 35.3.3 and 35.6.12)

₹ in Lakhs

Asset Category	Amount
Computers	1.54
Furniture & Fixture	8.49
Office Equipment	17.29
Plant & Equipment	178.38
Vehicles	0.90
Grand Total	206.60

La-Gajjar Machineries Private Limited
Notes to the Consolidated Financial Statements

Note 2 : Other Intangible assets

₹ in Lakhs

Fixed Assets	Computer Software	Goodwill acquired under Business Combination	Total
Gross Block			
As At 1 April 2016	-	270.57	270.57
Additions	-	-	-
Deductions / Amortization	-	-	-
As At 31 March 2017	-	270.57	270.57
Additions	9.09	203.79	212.88
Deductions / Amortization	-	-	-
As At 31 March 2018	9.09	474.36	483.45
Depreciation			
As At 1 April 2016	-	216.45	216.45
For The Year	-	54.12	54.12
Deductions / Amortization	-	-	-
As At 31 March 2017	-	270.57	270.57
For The Year	1.84	-	1.84
Deductions / Amortization	-	-	-
As At 31 March 2018	1.84	270.57	272.41
Net Block			
As At 1 April 2016	-	54.12	54.12
As At 31 March 2017	-	-	-
As At 31 March 2018	7.25	203.79	211.04

1. For Depreciation and amortisation refer accounting policy Note - 35.4.5

2. The information relating to Gross block, accumulated Depreciation, and Impairment if any, has been disclosed as an additional information since the company has adopted business combination exemption under IND AS 101. Refer Note 36 on First Time Adoption of Ind AS.

3. Refer Note. 35.3.3 and 35.6.12 on Business combination

La-Gajjar Machineries Private Limited
Notes to the Financial Statements

₹ in Lakhs

Note 3 : Investments

Particulars	Face Value Per Unit in ₹	As at 31 March 18		As at 31 March 17		As at 1 April 16	
		Nos.	Amount	Nos.	Amount	Nos.	Amount
Fair Value Through Profit or Loss (FVTPL)			-		1.21		0.78
Investment in Quoted Equity							
Bodal Chemical Ltd.	4	-	-	2,000	0.82	2,000	0.39
Investment in Un-quoted Equity							
The Kalupur Commercial Co-op. Bank Ltd.	25	-	-	1,566	0.39	1,566	0.39
Total			-		1.21		0.78

1. During the 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
2. Refer Note - 35.6.14 & 35.6.15
3. Refer Note - 35.6.16 on Risk Management objectives and policies for Financial Instruments.

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 4 : Loans (Non-current)

₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Loans to employees (unsecured, considered good)	2.29	-	-
Total	**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.

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

₹ in Lakhs

Note 5 : Other financial assets (non-current)

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Security deposits (Unsecured, considered good)	1,505.52	308.87	219.07
Total	**1,505.52**	**308.87**	**219.07**

1. Other financial assets are measured at amortised cost. Refer note 35.6.16

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 6: Deferred tax assets (net)

₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Deferred Tax Assets	**935.24**	**274.61**	**223.48**
Depreciation	84.70	-	21.34
Provision for Doubtful debts & advances	175.26	27.51	-
Disallowances u/s 43 B of Income Tax Act	39.82	10.24	7.67
Accrued expenses deductible on payment	-	3.75	-
Warranty Expense	59.11	233.11	194.47
Carried Forward Business Loss*	576.35	-	-
Deferred Tax Liability	-	**2.94**	**0.42**
Depreciation	-	2.52	-
Others	-	0.42	0.42
Total	**935.24**	**271.67**	**223.06**

* 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 18	As at 31 March 17
Opening balance as of 1 April	**271.67**	**223.06**
Tax income/(expense) during the year recognised in profit or loss	655.55	43.99
Tax income/(expense) during the year recognised in OCI	8.02	4.62
Closing balance as at 31 March	**935.24**	**271.67**

2. Tax Losses

₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17
Unused tax losses for which no Deferred Tax Assets have been recognised- Long Term capital loss on sale of Land	1,286.88	49.87
Potential Tax benefit	299.79	11.51

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). This rate has changed as compared to the previous year (31 March 2017: 33.063%) due to the regulatory changes and is expected to apply to the period when the asset is realised.

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 .

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

₹ in Lakhs

Note 7: Other non-current assets

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Capital advances	38.76	132.70	166.75
Prepaid expenses	183.29	67.38	1.97
Tax paid in advance (net of provision)	161.73	41.48	95.80
Balance with Government authorities	24.67	51.34	24.75
Total	**408.45**	**292.90**	**289.27**

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 8 : Inventories

₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Raw materials	**1,964.28**	**1,991.74**	**1,667.79**
Raw materials and components	1,917.62	1,991.74	1,667.79
Raw materials in transit	46.66	-	-
Work-in-progress	2,135.38	1,963.53	1,706.37
Finished goods	3,148.45	2,805.65	1,782.06
Traded goods	533.38	377.33	393.26
Stores and spares	207.13	160.70	188.00
Total	**7,988.62**	**7,298.95**	**5,737.48**

1. Inventories written down to net realisable value during the year ended 31 March 2018 ₹ 308.15 Lakhs were recognised as an expense in the statement of profit and loss during the year. (NIL in FY 2016-17)

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

₹ in Lakhs

Note 9 : Trade receivables

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Trade Receivables			
Trade receivables	7,626.20	5,822.17	5,279.01
Break-up for security details			
Secured, considered good	-	-	-
Unsecured, considered good	7,626.20	5,822.17	5,279.01
Doubtful	501.54	83.21	-
Impairment Allowance (allowance for bad and doubtful debts)	(501.54)	(83.21)	-
Total	**7,626.20**	**5,822.17**	**5,279.01**

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 ₹ 0.55 Lakhs (₹ 1.20 Lakhs in FY 2016-17). Refer Note 35.6.11 for terms and conditions related to Related party receivables

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

₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Opening Balance	83.21	-	-
Provided During the year	418.33	83.21	-
Amounts written off	-	-	-
Amount written back	-	-	-
Closing Balance	501.54	83.21	-

4. Refer Note 35.6.16 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.
5. Refer Note 36 on first time adoption.

La-Gajjar Machineries Private Limited
Notes to the Financial Statements

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

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Balance with Bank	**88.57**	**574.76**	**276.87**
Current accounts and debit balance in cash credit accounts	88.57	574.76	276.87
Cash on hand	1.39	11.46	10.74
Total	**89.96**	**586.22**	**287.61**

Note 10.b : Other bank balances ₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Unpaid dividend accounts			
Deposits with original maturity of more than three months but less than 12 months	56.46	674.55	87.89
Total	**56.46**	**674.55**	**87.89**

1. Fixed Deposits are pledged with the banks as margin money against Letter of Credit / Bank Guarantee.
2. Refer Note 35.6.16 for further details.

La-Gajjar Machineries Private Limited
Notes to the Financial Statements

Note 11 : Loans (Current)

₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Loans to employees (unsecured, considered good)	5.53	51.25	54.26
Total	**5.53**	**51.25**	**54.26**

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.

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

₹ in Lakhs

Note 12 : Other financial assets (Current)

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Security deposits (Unsecured, considered good)	1.88	-	-
Export incentive receivable	152.54	151.92	98.63
Others	33.53	33.93	101.29
Total	**187.95**	**185.85**	**199.92**

1. Other financial assets are measured at amortised cost.
2. Others includes Interest Receivable on FDR, Insurance claim receivable and Change in fair valuation of Derivatives (Foreign exchange forward contracts) intended to reduce the level of foreign currency risk.
3. Refer Note 35.6.16 for further details.

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 13 : Other current assets

₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Advance to suppliers	378.78	338.32	185.61
Balance with collectorate of central excise and customs	596.08	943.75	494.75
Sales tax / VAT / Service tax / GST receivable	1,826.12	125.94	466.12
Prepaid expenses	204.55	87.30	35.38
Other Current Assets	22.40	44.27	31.95
Total	**3,027.93**	**1,539.58**	**1,213.81**

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 14 : Share capital

₹ In Lakhs

Particulars	No. of shares	Amount
Authorised equity share capital (Shares of ₹ 10 each)		
As at 01 April 2016	5,240,000	524.00
Increase/(decrease) during the year	-	-
As at 31 March 2017	5,240,000	524.00
Increase/(decrease) during the year	-	-
As at 31 March 2018	5,240,000	524.00
Authorised 0.5% cumulative redeemable preference shares capital (Shares of ₹ 10 each)		
As at 01 April 2016	260,000	26.00
Increase/(decrease) during the year	-	-
As at 31 March 2017	260,000	26.00
Increase/(decrease) during the year	-	-
As at 31 March 2018	260,000	26.00
Issued, subscribed and fully paid up equity share capital (Shares of ₹ 10 each)		
As at 01 April 2016	1,076,000	107.60
Increase/(decrease) during the year	-	-
As at 31 March 2017	1,076,000	107.60
Increase/(decrease) during the year	-	-
As at 31 March 2018	1,076,000	107.60
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 18	As at 31 March 17	As at 1st April 16
Kirloskar Oil Engines Ltd.			
No. of Equity shares of ₹ 10 each	817,760	-	-
Face value of Equity share holding (₹ in Lakhs)	81.78	-	-
Equity share holding (%)	76.00%	-	-

Kirloskar Oil Engines Ltd. has acquired controlling stake in La-Gajjar Machineries Pvt. Ltd. effective from 01 August, 2017.

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

Particulars	Udayan L Gajjar	Derwent Crystal India Pvt. Ltd.	Kirloskar Oil Engines Ltd.
As at 1st April 2016			
No. of Shares	785,000	291,000	-
% of Shareholding	72.96%	27.04%	0.00%
As at 31st March 2017			
No. of Shares	785,000	291,000	-
% of Shareholding	72.96%	27.04%	0.00%
As at 31st March 2018			
No. of Shares	-	258,240	817,760
% of Shareholding	0.00%	24.00%	76.00%

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

₹ in Lakhs

Note 15 : Other Equity

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
CAPITAL REDEMPTION RESERVE			
Opening Balance	125.00	125.00	125.00
Add : Transferred during the year	14.00	-	-
Closing Balance	**139.00**	**125.00**	**125.00**
SECURITIES PREMIUM			
Opening Balance	678.40	678.40	678.40
Add : Transferred during the year	-	-	-
Closing Balance	**678.40**	**678.40**	**678.40**
GENERAL RESERVE			
Opening Balance	411.21	411.21	361.21
Add : Transferred from Retained earnings	-	-	50.00
Closing Balance	**411.21**	**411.21**	**411.21**
RETAINED EARNINGS			
Opening Balance	3,902.51	3,297.74	2,813.13
Transferred to Capital Redemption Reserve	14.00	-	-
Add : Profit / (Loss) for the year	(1,926.62)	614.12	534.26
Add : Other Comprehensive income / (Loss)	(14.94)	(9.35)	0.35
Less : Appropriations			
Transferred to General reserve	-	-	50.00
Final dividend			
Tax on proposed dividend			
Closing Balance	**1,946.95**	**3,902.51**	**3,297.74**
Total	**3,175.56**	**5,117.12**	**4,512.35**

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.

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 16 : Borrowings (Non-current)

₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Secured loans from bank	**519.30**	**822.38**	**239.95**
Term loans	496.60	730.11	236.32
Loan for purchase of vehicles	22.70	92.27	3.63
Secured loans from NBFC	**27.83**	**51.88**	**42.75**
Loan for purchase of vehicles	27.83	51.88	42.75
Unsecured loans	-	**14.00**	**142.00**
Inter corporate Loan	-	-	128.00
Preference Shares	-	14.00	14.00
Total	**547.13**	**888.26**	**424.70**

1. Borrowings are measured at amortised cost.

2. Term Loans from Banks

(i) The term Loans availed from Federal 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 11.81%. Accordingly total 60 Lakhs have been repaid in the year 2017-18. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 21).

(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 10.73%. Accordingly total 140 Lakhs have been repaid in the year 2017-18. The repayment obligation of future 12 months is reflected in Current maturity of Long term debts (Note 21).

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

₹ In Lakhs

Period	As at 31 March 18	As at 31 March 17	As at 1st April 16
Less than Three Months	50.00	72.72	22.72
More Three Months Up to One Year	150.00	218.16	68.16
More than One Year Up to Three Years	400.00	545.44	181.61
More than Three Years Up to Five Years	96.60	184.67	54.70

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)

₹ In Lakhs

Period	As at 31 March 18	As at 31 March 17	As at 1st April 16
Less than Three Months	6.75	5.91	10.50
More Three Months Up to One Year	19.07	19.03	29.77
More than One Year Up to Three Years	40.53	73.91	33.07
More than Three Years Up to Five Years	10.00	70.24	13.31

5. For explanations on the company's interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 35.6.16

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

₹ in Lakhs

Note 17 : Other financial liabilities (Non-current)

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Deposits from customers and others	72.07	102.51	236.84
Total	**72.07**	**102.51**	**236.84**

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 35.6.16

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 18 : Long-term provisions

₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Provision for warranty	59.38	75.43	69.13
Total	**59.38**	**75.43**	**69.13**

1. Refer Note 23 - Short Term Provisions.

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 19 : Borrowings (Current)

₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Secured loans from bank	**5,318.52**	**3,016.64**	**3,790.85**
Cash credit	1,618.52	3,016.64	3,790.85
Working Capital Demand Loan	3,700.00	-	-
Unsecured loans	**6,432.51**	**2,956.40**	**108.14**
From Bank	2,950.00	1,000.25	-
From NBFC	3,482.51	1,867.15	-
From Director	-	-	108.14
Inter corporate Loan	-	89.00	-
Total	**11,751.03**	**5,973.04**	**3,898.99**

1. Borrowings are measured at amortised cost.
2. Company's fund and non fund based working capital facilities of ₹ 13500 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 ₹ 1431.48 Lakhs (₹ 1985.36 Lakhs in FY 2016-2017)
4. For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 35.6.16

La-Gajjar Machineries Private Limited
Notes to the Financial Statements

₹ in Lakhs

Note 20 : Trade and other payables

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Acceptances	-	-	253.64
Due to micro, small and medium enterprises	3,858.97	809.20	-
Due to other than micro, small and medium enterprises	3,027.52	6,727.41	6,105.55
Total	**6,886.49**	**7,536.61**	**6,359.19**

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 ₹ 105.51 Lakhs (₹ 11.36 Lakhs in FY 2016-17)

3. For terms and conditions with related parties, refer to Note 35.6.11

4. For explanations on Company's Foreign currency risk and liquidity risk management processses, refer to Note 35.6.16

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 21 : Other financial liabilities (Current)

₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Current maturities of long term debt	225.82	315.81	131.15
Interest Accrued but Not Due	74.14	24.42	15.19
Payable for capital purchases	66.46	33.95	17.55
Employee benefits payable	237.46	198.08	159.78
Others	0.27	9.84	44.73
Total	**604.15**	**582.10**	**368.40**

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 35.6.16

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

₹ in Lakhs

Note 22 : Other Current liabilities

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Advance from customers	118.13	40.00	79.22
Other payables	**211.81**	**372.49**	**304.79**
Statutory dues including provident fund and tax deducted at source	121.81	313.45	234.34
Deferred revenue	90.00	59.04	70.45
Total	**329.94**	**412.49**	**384.01**

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 23 : Short-term provisions ₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Provision for employee benefits			
Provision for gratuity	57.22	31.19	14.99
Provision for leave encashment	35.29	31.26	26.15
Other provisions			
Provision for warranty	821.37	629.57	519.06
Tax Provision (Net of AdvanceTax)	15.27	10.00	215.43
Total	**929.15**	**702.02**	**775.63**

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 - 35.6.8

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 1 April 2016	**588.19**
Arising during the year	973.60
Utilised	856.79
Unused amount reversed	-
At 31 March 2017	**705.00**
Arising during the year	1,151.90
Utilised	976.15
Unused amount reversed	-
At 31 March 2018	**880.75**

b. Breakup of Warranty Provisions ₹ in Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Current	821.37	629.57	519.06
Non-current	59.38	75.43	69.13
Total	**880.75**	**705.00**	**588.19**

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 24 : Revenue from operations ₹ in Lakhs

Particulars	2017-18	2016-17
Sales and services	**37,047.53**	**39,144.48**
Sale of products	37,047.53	39,144.48
Operating income	**894.57**	**686.88**
Sale of scrap	571.62	449.68
Export incentives	291.91	187.06
Sundry credit balances written back	23.89	32.60
Miscellaneous receipts	7.15	17.54
Total	**37,942.10**	**39,831.36**

1. Sale of products includes excise duty collected from customers of ₹913.68 Lakhs (₹ 1998.40 Lakhs in FY 2016-17). Sale of products net of excise duty is ₹36,133.84 Lakhs (₹37,146.08 Lakhs In FY 2016-17).

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 25 : Other income

₹ in Lakhs

Particulars	2017-18	2016-17
Interest	**183.19**	**230.03**
On Income Tax and Sales Tax Refund	-	78.41
On Bank Deposits	18.17	14.72
Unwinding of interest on security deposits	66.21	-
On others	98.81	136.90
Dividend income from equity investments designated at fair value through Profit or Loss	-	-
Net gain on financial instruments mandatorily measured at fair value through profit or loss	-	0.44
Gain on disposal of property, plant and equipment	202.02	6.93
Gain on Exchange difference	87.71	69.04
Miscellaneous income	25.40	0.12
Total	**498.32**	**306.56**

1. Fair value gain/(loss) on financial instruments at fair value through profit or loss relates to the gain/(loss) arising on fair value restatements of investments in Equity instruments at balance sheet dates which are held as non-current investments.

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 26 : Cost of raw materials and components consumed ₹ in Lakhs

Particulars	2017-18	2016-17
Raw materials and components consumed	22,293.32	20,384.75
Freight, octroi and entry tax	342.46	386.38
Total	**22,635.78**	**20,771.13**

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 27 : Purchases of Traded goods ₹ in Lakhs

Particulars	2017-18	2016-17
Monoblock	1,327.20	3,198.62
Others	778.90	318.55
Total	**2,106.10**	**3,517.17**

La-Gajjar Machineries Private Limited
Notes to the Financial Statements

Note 28 : Changes in inventories of finished goods, work-in-progress and traded goods — ₹ in Lakhs

Particulars	2017-18	2016-17
Opening inventory	**5,146.51**	**3,881.69**
Work-in-process	1,963.53	1,706.37
Finished goods	2,805.65	1,782.06
Traded goods	377.33	393.26
Closing 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
(Increase)/decrease in inventory	**(670.70)**	**(1,264.82)**
(Increase)/decrease in excise duty of finished goods	**(167.56)**	**52.84**
Total	**(838.26)**	**(1,211.98)**

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 29 : Excise duty on sale of goods ₹ in Lakhs

Particulars	2017-18	2016-17
Excise duty on sale of goods	913.68	1,998.40
Total	**913.68**	**1,998.40**

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 30 : Employee benefits expense ₹ in Lakhs

Particulars	2017-18	2016-17
Salaries, wages, bonus, commission, etc.	2,271.69	2,176.08
Gratuity (Refer Note 35.6.8)	34.26	17.21
Contribution to provident and other funds	116.03	90.87
Welfare and training expenses	68.09	58.92
Provident and other funds' expenses	11.86	9.35
Total	**2,501.93**	**2,352.43**

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 31 : Finance costs ₹ in Lakhs

Particulars	2017-18	2016-17
Interest and bill discounting charges	713.04	495.45
Interest expense - others	312.86	83.20
Other bank charges	135.76	134.39
Dividend on preference shares	0.44	-
Total	**1,162.10**	**713.04**

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 32 : Depreciation and amortization expense ₹ in Lakhs

Particulars	2017-18	2016-17
Depreciation and amortization expense	**690.74**	**496.66**
Depreciation on Tangible assets	688.90	496.66
Amortization on Intangible assets	1.84	-
Amount written off	-	**54.11**
Leasehold land		
Goodwill	-	54.11
Total	**690.74**	**550.77**

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 33 : Other expenses ₹ in Lakhs

Particulars	2017-18	2016-17
Manufacturing expenses	**6,476.79**	**6,475.76**
Packing & Stores Material consumed	1,488.41	1,530.94
Power and fuel	201.91	186.51
Repairs to machinery	125.66	65.25
Labour charges	4,636.30	4,672.41
Others manufacturing expenses	24.51	20.65
Selling expenses	**2,962.00**	**2,609.73**
Commission	216.26	50.53
Freight and forwarding	702.27	635.25
Warranty	1,034.28	973.60
Advertisement and publicity	572.28	834.08
Provision for doubtful debts (net)	418.33	83.21
Others selling expenses	18.58	33.06
Administration expenses	**2,374.46**	**1,649.78**
Rent	377.64	171.60
Rates and taxes	8.98	15.68
Insurance	43.18	49.18
Repairs to building	55.97	52.99
Other repairs and maintenance	425.99	298.32
Travelling and conveyance	478.16	417.89
Communication expenses	54.81	48.73
Printing and stationery	17.94	19.75
Professional charges	276.73	275.71
Auditor's remuneration	14.00	2.50
Donations	-	-
Spend on CSR activities (Refer Note 35.6.18)	17.14	4.10
Non executive directors' fees / commission	1.00	-
Miscellaneous expenses	257.23	206.34
Loss on assets sold, demolished, discarded and scrap	203.64	0.82
Bad debts and irrecoverable balances written off	142.05	86.17
Total	**11,813.25**	**10,735.27**

La-Gajjar Machineries Private Limited

Notes to the Financial Statements

Note 34 : Income tax ₹ in Lakhs

Particulars	2017-18	2016-17
Current tax	**37.27**	**141.56**
Current income tax	-	305.00
(Excess)/short provision related to earlier years	37.27	(163.44)
Deferred tax	**(655.55)**	**(43.99)**
Relating to origination and reversal or temporary difference	(655.55)	(43.99)
Income tax expense reported in the statement of profi	**(618.28)**	**97.57**
Other Comprehensive Income (OCI)		
Deferred tax related to items recognised in OCI during the year	8.02	4.62
Net loss/(gain) on actuarial gains and losses		
Deferred tax charged to OCI	**8.02**	**4.62**

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 2018 and 31 March 2017.

Current tax ₹ in Lakhs

Particulars	2017-18	2016-17
Accounting profit before income tax expense	(2,544.90)	711.69
Tax @ 34.944% (31 March 2017 : 33.063%)	(889.29)	235.31
Tax effect of adjustments in calculating taxable income:	**233.74**	**25.70**
CSR	5.99	-
Penalty	5.42	-
Interest on TDS	0.30	0.15
Preference Dividend	0.13	-
DDT on Pref Dividend	0.03	-
Advance W/Off - Capital Nature	10.10	-
Long term Capital Loss on Fixed Asset	23.06	-
IND AS impact	2.21	-
Interest on Income Tax	-	1.58
Donation	-	0.68
Warranty	183.88	33.92
Interest on MSME	3.97	-
Bonus (Disallowed Last Year and Paid in Current Year)	-	(0.20)
Others	(1.35)	(10.43)
At the effective income tax rate of 25.76% (31 March 2017 : 36.68%)	**(655.55)**	**261.01**

NOTE 35: NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

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 has become a subsidiary company of Kirloskar Oil Engines Ltd. w.e.f. 01 August, 2017.

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 27^{th} April 2018.

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. These standalone financial statements for the year ended 31 March 2018 are the first standalone financial statements that the Company has prepared in accordance with Ind AS. Refer to Note 4 for information on how the Company adopted Ind AS.

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.

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 less or 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.

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, 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, 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:

- 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.

4.3. Property , Plant and Equipment

a. 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 March2016 and use those values as deemed cost as at the date of transition to IndAS i.e. 1 April 2016.

   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
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.

Security:

As at 31st March 2018, properties, Plant & Equipment with a carrying amount of ₹1948.00 Lakhs (31st March 2017 ₹1779.22 Lakhs & 1st April 2016 ₹NIL) 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

The Company has elected to continue with carrying value for all of the intangible assets and use those values as deemed cost as at the date of transition to Ind-AS i.e. 1 April, 2016

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

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 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.

Sr. No.	**Asset category**	**Life in years**
1	Computer Software	5 years

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.

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

  - 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 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.
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 IndAS 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 IndAS 17
- Trade receivables under IndAS 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 IndAS 18 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 IndAS 17

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

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. 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.

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 IndAS 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 IndAS 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 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.

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.

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. 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;

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 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.

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 net defined benefit obligation as an expense in the statement of profit and loss:

- 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

a. Revenue from sale of goods is recognised when all significant risks and rewards of ownership of the goods are passed on to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. It also excludes Goods and Service Tax. Sales are stated net of discounts, rebates and returns.

b. Export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

c. Income from services is generally recognized on completion of performance of determinable significant act as per terms of specific contracts when no significant uncertainty exists regarding the amount of consideration that will be derived from the completion of said act.

d. Income from dividend on investments is accrued in the year in which it is authorized, whereby right to receive is established.

e. Profit / loss on sale of investments is recognized on the contract date.

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.

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.

b. 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. First-time adoption of Indian Accounting Standards ("Ind AS")

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 Company has adopted Ind AS for the first time. Note 36 spells out details of various provisions for First time adoption.

6. Additional Notes to the Financial Statements

6.1. Contingent Liabilities

(₹ in Lakhs)

		As at 31 Mar 2018	As at 31 Mar 2017
(A)	Contingent Liabilities not provided for		
	a. Disputed Sales Tax Demands (₹2.00 Lakhs paid as deposit)	120.52	120.52
	b. Disputed Income Tax Demands	0.00	37.27
	c. Disputed ESI Demands (₹ 13.10 Lakhs paid as deposit)	34.79	34.79
		155.31	**192.58**
6.2.	Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances)	59.19	87.65
6.3.	Aggregate amount of Bank Guarantees outstanding	2719.18	2835.25
6.4.	Bank Guarantees given by company in respect of loans to employees by bank	0.00	3.57

6.5. Commitments and contingencies

a. Leases

Operating lease commitments- Company as a lessee

The Companyhas 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:

(₹ in Lakhs)

Particulars	31st March 2018	31st March 2017	1st April 2016
Within One year	100.00	-	-
Less than one year but not later than Five Year	133.33	-	-
Later than Five Year	-	-	-
Total	233.33	-	-

During the year the company has sold its Land & Building and same has been 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.

6.6. Payment to Auditors (Net of Service tax)

(₹ in Lakhs)

Sr. No.	Particulars	2017-18	2016-17
A	Statutory Auditors		
	a. As Auditors	**14.00**	**2.50**
	Audit & Assurance Fees	12.00	1.75
	Tax Audit Fees	2.00	0.75
	b. Certification fees	0.05	0
	c. Reimbursement of expenses	0	0.29
	TOTAL (A)	**14.05**	**2.79**
B	Cost Auditors		
	a. As auditors	1.25	0.75
	b. In other capacity		
	Certification fees	-	-
	Reimbursement of expenses	-	-
	TOTAL (B)	**1.25**	**0.75**
	Grand Total (A+B)	**15.30**	**3.54**

6.7. The Sales for the current year includes an amount of ₹ Nil (FY 2016-17 ₹ Nil) on account of deemed exports of goods.

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, 2018 Rs.	Year ended March 31, 2017 Rs.	Year ended April 1, 2016 Rs.
Special Deposit Scheme	-	-	-
(%) of total plan assets	-	-	-
Insured managed funds	137.47	125.84	105.98
(%) of total plan assets	100%	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, 2018	Year ended March 31, 2017	Year ended April 1, 2016
Discount rate	7.78%	7.66%	8.01%
Future salary increase	6.50%	6.50%	6.50%
Expected rate of return on plan assets	7.78%	7.66%	8.01%
Expected average remaining working lives (in years)	15	20	19.00
Withdrawal rate (based on grade and age of employees)	4%	2%	2%

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, 2018 Rs.	Year ended March 31, 2017 Rs.	Year ended April 1, 2016 Rs.
Discount rate	1% increase	14.12	14.80	9.67
	1% decrease	-16.71	-17.89	-11.57
Future salary increase	1% increase	-15.61	-17.92	-11.63
	1% decrease	13.57	15.08	9.88
Withdrawal rate	1% increase	-1.81	-1.53	-1.15
	1% decrease	2.13	1.84	1.38

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, 2018 Rs.	Year ended March 31, 2017 Rs.	Year ended April 1, 2016 Rs
Within the next 12 months (next annual reporting peri	50.36	31.58	31.72
Between 2 and 5 years	48.48	29.81	34.89
Beyond 5 years	366.62	404.26	263.92
Total expected payments	465.46	465.65	330.53

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

₹ in Lakhs

Particulars	Year ended March 31, 2018 Years	Year ended March 31, 2017 Years	Year ended April 1, 2016 Years
Gratuity	10.00	12.00	10.00

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

₹ in Lakhs

Particulars	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.	Year ended April 1, 2016 Rs
Gratuity	59.74	50.38	30.99

6.8 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:
Amount of Rs. 116.03 Lakhs (31 March 2017 : Rs. 90.87 Lakhs) is recognised as expenses and included in Note No. 30 "Employee Benefits 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, 2018 : 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, 2017	Service cost	Net interest expense	**Sub-total included in statement of profit and loss (Note 30)**	**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	-	-4.28	1.86	-19.14	-21.57	-	-194.69
Fair value of plan assets	125.84	-	9.64	9.64	-27.81	-1.39	-	-	-	-1.39	31.19	137.47
Benefit liability	-31.19	-31.87	-2.39	-34.26	-	-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**	**-**	**-1.39**	**-4.28**	**1.86**	**-19.14**	**-22.96**	**31.19**	**-57.22**

March 31, 2017 : 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, 2016	Service cost	Net interest expense	**Sub-total included in statement of profit and loss (Note 30)**	**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, 2017**
Gratuity												
Defined benefit obligation	-120.97	-16.00	-9.69	-25.69	2.47	0.00	0.00	-3.32	-9.52	-12.84	0.00	-157.03
Fair value of plan assets	105.98	0.00	8.49	8.49	-2.47	-1.13	0.00	0.00	0.00	-1.13	14.97	125.84
Benefit liability	-14.99	-16.00	-1.20	-17.21	0.00	-1.13	0.00	-3.32	-9.52	-13.97	14.97	-31.19
Total benefit liability	**-14.99**	**-16.00**	**-1.20**	**-17.21**	**0.00**	**-1.13**	**0.00**	**-3.32**	**-9.52**	**-13.97**	**14.97**	**-31.19**

6.9. 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	**2017-18**	**2016-17**
Total outstanding to MSME suppliers	3858.97	809.20
Payment made to suppliers (other than interest) beyond the appointed day, during the year	3997.37	0.00
Interest due and payable to suppliers under MSMED Act, for the payments already made	92.78	0.00
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	105.51	11.35

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

6.10. 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	**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	**-1,979**	**99**	**-664**	**-2,545**
Depreciation and Amortisation	385	90	217	691
Finance Cost	957	205	-	1,162

(₹ in Lakhs)

Particulars	**2016-17**			
	Domestic Business Segment	**Exports Business Segment**	**Other Reconciling Amounts**	**Consolidated Total**
Segment Revenue	35,094	4,738	-	39,831
Total Revenue	**35,094**	**4,738**	**-**	**39,831**
Profit Before exceptional items and tax	**863**	**313**	**-465**	**712**
Depreciation and Amortisation	341	46	164	551
Finance Cost	631	82	-	713

(b) Capital employed of reportable segment

(₹ in Lakhs)

Particulars	2017-18			
	Domestic Business Segment	Exports Business Segment	Other Reconciling Amounts	Consolidated Total
Assets	17,956	3,951	2,555	24,462
Liabilities	16,822	4,096	261	21,179

(₹ in Lakhs)

Particulars	2016-17			
	Domestic Business Segment	Exports Business Segment	Other Reconciling Amounts	Consolidated Total
Assets	15,097	2,239	4,161	21,497
Liabilities	14,017	1,857	398	16,272

(c) Revenue from one customer of the company's Domestic Segment is ₹ 5932.42 Lakhs (2016-17 ₹ 6186.80Lakhs) which is more than 10 percent of the company's total Revenue

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

6.11(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 (w.e.f. 01 Aug. 2017)	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.
3	Person having control (Upto 31 July 2017)	Udayan L. Gajjar
4	Entity having significant influence by person having control (Up to 31 July, 2017)	Kasova Ventures Pvt. Ltd.
		Orion Appliances Pvt. Ltd.
5	Entity controlled by close member of Key Managerial Personnel	La-Gajjar Pumps Pvt. Ltd.
		Lakom Electricals Pvt. Ltd.
		Transcore Technologies
	Entity controlled by Key Managerial	Kloudq Technologies Limited

LA-GAJJAR MACHINERIES PRIVATE LIMITED

Sr. No.	Related Party Category	Company
6	Personnel of Holding Company	Navsai Investments Private Limited
		KirloskarEnergen Private Limited
		Lakeland Universal Limited, BVI
		Achyut & Nita Holdings Pvt Ltd
		Kirloskar Solar Technologies Pvt. Ltd.
		Expert Quality Cloud Information Technology Pvt. Ltd.
7	Entity controlled by close member of Key Managerial Personnel of Holding Company	Alpak Investments Pvt. Ltd.
		Snow Leopard Technology Ventures, LLP
8	Fellow Subsidiaries	KOEL Americas Corp., USA

ii)Key Management Personnel and their relatives:

Sr. No.	Name	Name of Relatives	Relationship
a	T. Vinodkumar	Bernadette Kumar	Wife
		Anisha Kumar	Daughter
		T. Vijaykumar	Brother
		K. Ramkumar	Father
b	Udayan L. Gajjar	Varun Gajjar	Son
		Rupa Asarpota	Sister
c	SanjeevNimkar	Ashwini Nimkar	Wife
		Ishita Nimkar	Daughter
		Sakshi Nimkar	Daughter
		Keshar Nimkar	Mother
		Mangesh Nimkar	Brother
		Aruna Kale	Sister
		Ujwala Sannake	Sister
d	Antony Cherukara	Anu Antony	Wife
		Joy Thomas Cherukara	Father
		Mercy Joy	Mother
		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	Gautam A. Kulkarni (Executive Vice Chairman - KOEL) (Up to 14 Sept, 2017)	Jyotsna G. Kulkarni	Wife
		Ambar G. Kulkarni	Son

Sr. No.	Name	Name of Relatives	Relationship
g	Nihal G. Kulkarni (Managing Director - KOEL)	Shruti N. Kulkarni	Wife
		Ambar G. Kulkarni	Brother
		Jyotsna G. Kulkarni	Mother
h	Rajendra R. Deshpande (Joint Managing Director - KOEL)	Veena R. Deshpande	Wife
		Kaustubh R. Deshpande	Son
		Sourabh R. Deshpande	Son
i	Bansi Gajjar (Up to 31 July, 2017)	Geeta Gajjar	Wife
		Kavita Pandya	Daughter
		Jagdish Gajjar	Brother
		Hansa Gajjar	Sister
j	Dilip Thakkar (Up to 31 July, 2017)	Shobha Thakkar	Wife

(B) Transactions with Related Parties

(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	2017-18		2016-17	
		Amount	Amount from major parties	Amount	Amount from major parties
1	**Gross Sales**				
	Holding Company	**9.07**		-	
	Kirloskar Oil Engines Limited		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 having significant influence by person having control	**0.48**		-	
	Orion Appliances Pvt. Ltd.		0.48		-
	Entity controlled by close member of Key Managerial Personnel	**934.36**		**2555.76**	
	Lakom Electricals Pvt. Ltd.		930.86		2555.57
	Transcore Technologies LLP		-		0.12
	La-Gajjar Pumps Pvt. Ltd.		3.50		0.07
	Total	**944.42**	**944.42**	**2555.76**	**2555.76**
2	**Purchases of Fixed Assets**				
	Entity having significant influence by person having control	-		**0.65**	
	Orion Appliances Pvt. Ltd.		-		0.65
	Key Managerial Personnel	**0.09**		-	

	Dilipkumar V. Thakkar		0.09		-
	Total	**0.09**	**0.09**	**0.65**	**0.65**
3	**Purchases of goods and job work charges**				
	Entity controlled by close member of Key Managerial Personnel	**264.28**		**1883.26**	
	Lakom Electricals Pvt. Ltd.		2.22		-
	La-Gajjar Pumps Pvt. Ltd.		262.06		1883.26
	Total	**264.28**	**264.28**	**1883.26**	**1883.26**
4	**Purchase of License**				
	Entity controlled by close member of Key Managerial Personnel	**17.11**		**33.00**	
	Lakom Electricals Pvt. Ltd.		15.24		33.00
	La-Gajjar Pumps Pvt. Ltd.		1.87		0.00
	Total	**17.11**	**17.11**	**33.00**	**33.00**
5	**Rendering of Services from**				
	Key Management Personnel	**162.07**		**584.93**	
	Udayan L. Gajjar		140.00		520.00
	Dilipkumar V. Thakkar		16.27		48.92
	Bansibhai P. Gajjar		5.20		16.01
	T. Vinodkumar		0.20		-
	Antony Philip Cherukara		0.20		-
	Sanjeev Nimkar		0.20		-
	Close member of Key Managerial Personnel	**12.42**		**1.00**	
	Varun U. Gajjar		12.42		1.00
	Total	**174.49**	**174.49**	**585.93**	**585.93**
6	**Rent Paid to**				
	Entity controlled by Key Managerial Personnel	**84.67**		**-**	
	Truangle Technologies LLP		84.67		-
	Entity controlled by close member of Key Managerial Personnel	**1.18**		**-**	
	La-Gajjar Pumps Pvt. Ltd.		1.18		-
	Total	**85.85**	**85.85**	**-**	**-**
7	**Expenses paid to**				
	Holding Company	**7.97**		**-**	
	Kirloskar Oil Engines Ltd.		7.97		-
	Total	**7.97**	**7.97**	**-**	**-**
8	**Interest Paid**				
	Key Management Personnel	**0.21**		**11.44**	
	Udayan L. Gajjar		0.21		11.44
	Total	**0.21**	**0.21**	**11.44**	**11.44**
9	**Reimbursement / (recovery) of Expenses**				

LA-GAJJAR MACHINERIES PRIVATE LIMITED

	Holding Company	**1.77**		**-**	
	Kirloskar Oil Engines Ltd.		1.77		-
	Entity controlled by Key Managerial Personnel	**110.00**		**-**	
	Truangle Technologies LLP		110.00		-
	Entity controlled by close member of Key Managerial Personnel	**(0.11)**		**49.27**	
	Lakom Electricals Pvt. Ltd.		0.26		67.35
	La-Gajjar Pumps Pvt. Ltd.		(0.14)		(16.87)
	Transcore Technologies LLP		(0.23)		(1.21)
	Entity having significant influence by person having control	**(0.06)**		**0.00**	
	Kasova Ventures Pvt. Ltd.		(0.06)		0.00
	Total	**111.60**	**111.60**	**49.27**	**49.27**
10	**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		-
	Entity controlled by close member of Key Managerial Personnel	-		**0.24**	
	Transcore Technologies LLP		-		0.24
	Total	**2475.78**	**2475.78**	**0.24**	**0.24**
11	**Rent Deposit & Pre-paid Rent**				
	Entity controlled by Key Managerial Personnel	**1433.33**			
	Truangle Technologies LLP		1433.33		
	Total	**1433.33**	**1433.33**	**-**	**-**
12	**Sale of Investments**				
	Key Management Personnel	**1.18**			
	Udayan L. Gajjar		1.18		
	Total	**1.18**	**1.18**	**-**	**-**
13	**Rent Income received**				
	Entity having significant influence by person having control	**(0.12)**		**(0.12)**	
	Kasova Ventures Pvt. Ltd.		(0.12)		(0.12)
	Total	**(0.12)**	**(0.12)**	**(0.12)**	**(0.12)**
14	**Loan Taken**				
	Key Management Personnel	**55.50**		**341.76**	
	Udayan L. Gajjar		55.50		341.76
	Total	**55.50**	**55.50**	**341.76**	**341.76**

15	**Loan Repaid**				
	Key Management Personnel	**55.50**		**449.90**	
	Udayan L. Gajjar		55.50		449.90
	Total	**55.50**	**55.50**	**449.90**	**449.90**
		As at 31 March 2018		**As at 31 March 2017**	
	Outstanding				
1	**Accounts Payable**				
	Entity controlled by close member of Key Managerial Personnel	-		**348.03**	
	La-Gajjar Pumps Pvt. Ltd.		-		348.03
	Total	-	-	**348.03**	**348.03**
2	**Accounts Receivable**				
	Holding Company	**7.49**		-	
	Kirloskar Oil Engines Ltd.		7.49		-
	Entity controlled by Key Managerial Personnel of Holding Company	**0.38**		-	
	Kirloskar Solar Technologies Pvt. Ltd.		0.38		-
	Entity having significant influence by person having control	-		**1.32**	
	Orion Appliances Pvt. Ltd.		-		1.20
	Kasova Ventures Pvt. Ltd.		-		0.12
	Entity controlled by close member of Key Managerial Personnel	**0.23**		**403.34**	
	Transcore Technologies LLP		0.23		2.12
	Lakom Electricals Pvt. Ltd.		-		401.22
	Total	**8.10**	**8.10**	**404.66**	**404.66**
3	**Rent Deposit& Pre-paid Rent**				
	Entity controlled by Key Managerial Personnel	**1433.33**		-	
	Truangle Technologies LLP		1433.33		-
	Total	**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.

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 2018, the Companyhas not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: ₹Nil and 1 April 2016: ₹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 has 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 6.12.

Commitments with related parties

During the year the Company has entered into an non-cancellable operating lease contract with Truangle Technologies LLP and has committed to pay rent of ₹2,33,33,333 (Up to 31 July, 2020) as at 31 March 2018 (31 March 2017: ₹Nil and 1 April 2016: ₹Nil).

Transactions with key management personnel

Compensation of key management personnel of the Company

(₹ in Lakhs)

Particulars	**2017-18**	**2016-17**
Short-term employee benefits	161.47	584.93
Post-employment benefits	-	-
Other long-term employment benefits	-	-
Sitting Fees	0.60	-
Total compensation paid to key management personnel	**162.07**	**584.93**

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.

6.12. Business Combinations

Refer Note 3.3 for Accounting policy.

(A) During the year 2017-18 the company has acquired entire business of Lakom Electricals Pvt. Ltd. on 30 Jun, 2017 for an aggregate consideration of ₹1,06,00,000. Assets and liabilities acquired are recorded at their fair value as on the date of transfer.

Difference between purchase consideration and net identifiable assets has been recognised as goodwill. Purchase consideration paid for acquisition is calculated after considering the net assets and estimates of future economic benefits from the business.

(₹ in Lakhs)

Particulars	Amount
Assets	776.40
Liabilities	-263.78
Net Assets	**512.62**
Inter-Company Owings	-610.41
Net Assets Received	**-97.79**
Goodwill	203.79
Total Purchase Consideration	**106.00**

(B) During the year 2017-18 the company has acquired major operating assets of La-Gajjar Pumps Pvt. Ltd. on 30 Jun, 2017 for an aggregate consideration of ₹6,21,77,012 Assets acquired are recorded at their fair value as on the date of transfer.
Purchase consideration paid for acquisition is as follows:

(₹ in Lakhs)

Particulars	Amount
Non-Current Assets	**206.60**
Current Assets	
Trade Receivables	135.56
Inventories	273.61
Other Current Assets	6.00
Total Purchase Consideration	**621.77**

Kirloskar Oil Engines Ltd., on 21 Jun 2017, had signed definitive agreement for acquisition of shares in La-Gajjar Machineries Pvt. Ltd. (LGM) (the Company). As per the said agreement the acquisition of business of Lakom Electricals Pvt. Ltd. and purchase of major operating assets of La-Gajjar Pumps Pvt. Ltd. is completed on 30 June 2017. Since the purchase price allocation exercise of the company (including the acquisitions) is in process as on cut-off date, the company has availed measurement period extension as allowed by Ind AS 103 'Business Combination'. In pursuance of the above the purchase consideration has been allocated on provisional basis based on management estimates. The provisional goodwill resulting from the acquisition is ₹ 203.79 Lakhs.

6.13. Earnings Per Share (Basic and Diluted)

Particulars	2017-18	2016-17
Profit for the year after taxation (₹ in Lakhs)	-1926.62	614.12
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 purposeof computing Earnings Per Share	10,76,000	10,76,000
Basic and Diluted Earnings Per Share (in ₹)	-179.05	57.07

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

6.14. 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.

The Company has not performed a fair valuation of its investment in unquoted ordinary shares, which are classified as FTPL (refer Note 3), as the Company believes that impact of change on account of fair value is insignificant.

6.15. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018, March 31, 2017 and April 1, 2016

(₹in Lakhs)

	Valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at 31 March 2018					
Assets measured at fair value					
Investments (Note 3)					
Fair value through profit or loss					
Quoted Equity Instruments (Shares)	31March 2018	-	-	-	-
Unquoted equity shares	31March 2018	-	-	-	-
As at 31 March 2017					
Assets measured at fair value					
Investments (Note 3)					
Fair value through profit or loss					
Quoted Equity Instruments (Shares)	31March 2017	0.82	0.82	-	-
Unquoted equity shares	31March 2017	0.39	-	-	0.39

As at 1 April 2016					
Assets measured at fair value					
Investments (Note 3)					
Fair value through profit or loss					
Quoted Equity Instruments (Shares)	April 1, 2016	0.39	0.39	-	-
Unquoted equity shares	April 1, 2016	0.39	-	-	0.39

6.16. 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 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 2018, 31 March 2017 and 1 April 2016.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuityprovisions.
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 2018, 31 March 2017 and 1 April 2016.

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 2018	As at 31st March 2017	As at 1st April 2016
Long Term Fixed Interest Loans	76.35	183.09	228.65
Short Term Fixed Interest Loans	-	89.00	108.14
Long Term Floating Interest Loans	696.60	1,020.99	327.20
Short Term Floating Interest Loans	11,751.03	5,884.04	3,790.85

b. Interest Rate Sensitivity

(₹ in Lakhs)

Financial Year	Change in Interest rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018	+50 bps	(48.38)	(48.38)
	-50 bps	48.38	48.38
March 31,2017	+50 bps	(27.57)	(27.57)
	-50 bps	27.57	27.57
April 1, 2016	+50 bps	(21.89)	(21.89)
	-50 bps	21.89	21.89

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 2018	31 March 2017	31 March 2016
Receivable	USD	27,77,921	13,79,534	15,18,969
	EUR	-	-	-
	GBP	-	-	-
Payable	USD	44,100	9,896	452
	EUR	-	51,118	52,400
	GBP	-	-	-
	SEK	-	-	-
	CHF	-	-	-

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

At 31 March 2018, 31 March 2017 and 1 April 2016, the Company has hedged NIL, 492,369 USD and 1,785,354 USD, for 12 months, 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, 2018	+5%	88.91	88.91
	-5%	(88.91)	(88.91)
31 March 2017	+5%	44.40	44.40
	-5%	(44.40)	(44.40)
1 April 2016	+5%	50.36	50.36
	-5%	(50.36)	(50.36)

(₹ in Lakhs)

Financial Year	Change in EURO rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2018	+5%	-	-
	-5%	-	-
31 March 2017	+5%	(1.77)	(1.77)
	-5%	1.77	1.77
1 April 2016	+5%	(1.97)	(1.97)
	-5%	1.97	1.97

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.

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:

(₹ 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, 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**	**72.02**	**19,860.87**
Year ended 31 March 2017						
Interest bearing borrowings	5,973.04	78.63	237.19	888.26	-	**7,177.12**
Other financial liabilities	-	189.09	77.20	-	102.51	**368.80**
Trade payables	1,325.43	6,211.18	-	-	-	**7,536.61**
Derivatives	-	-	-	-	-	-
	7,298.47	**6,478.90**	**314.39**	**888.26**	**102.51**	**15,082.53**
Year ended 1 April 2016						
Interest bearing borrowings	3,898.99	33.22	97.93	424.70	-	**4,454.84**
Other financial liabilities	8.74	137.02	91.48	-	236.84	**474.08**
Trade payables	1,364.44	4,994.75	-	-	-	**6,359.19**
Derivatives	-	-	-	-	-	-
	5,272.17	**5,164.99**	**189.41**	**424.70**	**236.84**	**11,288.11**

(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 2018

Particulars	**31 March 2018**	**31 March 2017**
Cash and cash equivalents	89.96	586.22
Current borrowings	(11,751.03)	(5,973.04)
Non-current borrowings	(772.95)	(1,204.08)
Net Debt	**(12,434.02)**	**(6,590.90)**

Particulars	**Cash and cash equivalents**	**Current borrowings**	**Non-current borrowings**	**Total**
Net debt as on 1 April 2017	**586.22**	**(5,973.04)**	**(1,204.08)**	**(6,590.90)**
Cash flows	(496.26)	(5,777.99)	431.13	(5,843.12)
Net debt as on 31 March 2018	**89.96**	**(11,751.03)**	**(772.95)**	**(12,434.02)**

6.17. 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.

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.

6.18. Expenditure on CSR Activities

(₹ in Lakhs)

1	Gross amount required to be spent by the company during the year	13.76
2	Amount spent during the year	17.14

NOTE 36 : First-time adoption of Indian Accounting Standards ("Ind AS")

These financial statements, for the year ended 31 March 2018, are the first financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Indian GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the Balance Sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

Exemptions applied

Ind AS 101 "First-time Adoption of Indian Accounting Standards" allows a first-time adopter certain exemption from the retrospective application of certain requirements under Ind AS.

The Company has applied the following exemptions:

36.1. The Company has elected to continue with the carrying value for all of its Property, plant and equipment as recognised in its Indian GAAP financial statements as at April 01, 2016 as deemed cost at the date of transition.

36.2. The Company has elected to disclose the following amounts prospectively from the date of transition (Ind AS ordinarily requires the amounts for the current and previous four annual periods to be disclosed):

(i) the present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan; and
(ii) the experience adjustments arising on the plan liabilities and the plan assets.

36.3. Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used the exemption in Ind AS 101 and assessed all such arrangements for embedded leases based on conditions existing as at the date of transition to Ind-AS.

36.4. The Company has designated the unquoted equity instruments, held at 1 April 2016 as fair value through Profit or Loss (FVTPL) investments. However, the Company has not performed the fair valuation of these Investments in unquoted ordinary shares which are classified as FVTPL(Refer note 3), as the Company believes that impact of change on account of fair value is insignificant.

36.5. The Company has applied the exemption as provided in Ind AS 101 on non-application of Ind AS 103, "Business Combinations" to business combinations consummated prior to April 1, 2016 (the "Transition Date"), pursuant to which goodwill/capital reserve arising from a business combination has been stated at the carrying amount prior to the date of transition under Indian GAAP

Exceptions

The Company has elected to apply the derecognition requirement for financial assets under Ind AS 109 "Financial Instruments", prospectively for transactions occurring on or after 1 April 2016.

Estimates

The estimates made under Ind AS asat 1 April 2016 and at 31 March 2017 are consistent with the estimates made for the same dates in accordance with Indian GAAPexcept the following item where application of Indian GAAP did not require estimation:

- FVTPL – investments

The estimates used by the Company to present these amounts in accordance with Ind AS reflect the conditions as at 1 April 2016, the date of transition to Ind AS and as of 31 March 2017.

Notes to the reconciliation of equity as at 1 April 2016 and 31 March 2017 and total comprehensive income for the year ended 31 March 2017

a. Investments

1) Long term investments in equity shares

Under Indian GAAP, the Company accounted for long term investments in equity shares as investments measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such instruments as financial assets at fair value profit and loss (FVTPL).

The Company has not performed a fair valuation of its investment in unquoted ordinary shares which are classified as FVTPL (refer Note 4 of significant accounting policies), as the Company believes that impact of change on account of fair value is insignificant.

2) On the date of transition to Ind AS, the difference between the fair value of such FVTPL investments and their Indian GAAP carrying value has been recognised as an adjustment against the retained earnings net of deferred taxes. Further, net effect of Fair Value through Profit or Loss (FVTPL) for subsequent period is recognized in Other Income.

b. Provisions (Correction of error under previous GAAP)

Under Indian GAAP, the Company used to account for the warranty expenses as and when the actual claims were received. The Company has changed this accounting policy to rectify this error and has started providing for the warranty expenses in accordance with Ind AS 37 - Provisions, contingent liabilities and contingent assets. Accordingly, the Company has estimated the required provision based on analysis of past trends and historical data.On the date of transition to IND ASappropriate impact is recognised as an adjustment to retained earnings net of deferred tax. Further the effect for subsequent period is recognised as warranty expenses in Profit and Loss account.

c. Defined benefit obligation

Both under Indian GAAP and Ind AS, the Company recognises costs related to its post-employment defined benefit plan on an actuarial basis. However, under Indian GAAP, the entire cost, including actuarial gains and losses, are recognised in the statement of profit and loss. Under Ind AS, 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 Other Comprehensive Income net of taxes.

d. Deferred taxes

Indian GAAP requires deferred taxes to be accounted using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12-Income Taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, certain transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments have been recognised in correlation to the underlying transaction either in retained earnings or as a separate component of equity.

e. Sale of goods

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.

The Company provides incentives in the form of award credits to the customers; accordingly, the fair value of such award credits has been deferred until these are actually redeemed.

Under Indian GAAP, discount based on turnover and cash discounts were disclosed as selling expenses. Under Ind AS such discounts are reduced from sale of goods.

f. Other comprehensive income

Under Indian GAAP, there were no requirements to separately disclose Other Comprehensive Income ('OCI') and hence, the Company had not presented other comprehensive income (OCI) separately. As such, items falling under OCI and effect of Income tax thereon are disclosed. Hence, the Company has reconciled the profit under Indian GAAP to the profit as per Ind AS. Further, the profit under Ind AS is reconciled to total comprehensive income as per Ind-AS.

g. Standalone Statement of cash flow

The transition from Indian GAAP to Ind AS has no material impact on the standalone statement of cash flows.

NOTE 37 : Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on March 28, 2018. The Rules shall be effective from reporting period beginning on or after April 1, 2018 and cannot be early adopted.

a. Ind AS 115 - Revenue from contracts with customers

Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices.

A new five-step process must be applied before revenue can be recognised:
(i) identify contracts with customers
(ii) identify the separate performance obligation
(iii) determine the transaction price of the contract
(iv) allocate the transaction price to each of the separate performance obligations, and
(v) recognise the revenue as each performance obligation is satisfied.

The new standard is mandatory for financial years commencing on or after April 1, 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

There are consequential amendments to other Ind AS due to notification of Ind AS 115. The Company is in the process of evaluating the impact on the financial statements in terms of the amount and timing of revenue recognition under the new standard.

b. Ind AS 21 - The Effects of changes in foreign exchange rates

The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The appendix can be applied:

(i) retrospectively for each period presented applying Ind AS 8;

(ii) prospectively to items in scope of the appendix that are initially recognized

- on or after the beginning of the reporting period in which the appendix is first applied (i.e. 1 April 2018); or

- from the beginning of a prior reporting period presented as comparative information (i.e. 1 April 2017).

The Company is in the process of evaluating the impact on the financial statements in terms of the amount and timing of revenue recognition under the new standard.

c. Ind AS 40 – Investment property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterized as a non-exhaustive list of examples and scope of these examples have been expanded to include assets under construction / development and not only transfer of completed properties.

The amendment provides two transition options. Entities can choose to apply the amendment:

(i) Retrospectively without the use of hindsight; or

(ii) Prospectively to changes in use that occur on or after the date of initial application (i.e. April 1, 2018). At that date, an entity shall reassess the classification of properties held at that date and, if applicable, reclassify properties to reflect the conditions that exist as at that date.

There is no impact of this amendment to the Company.

d. Ind AS 12 – Income taxes

The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets set out below:

A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.

The estimate of future taxable profit may include the recovery of some of an entity's assets for more than its carrying amount if it is probable that the entity will achieve this. For example, when a fixed-rate debt instrument is measured at fair value, however, the entity expects to hold and collect the contractual cash flows and it is probable that the asset will be recovered for more than its carrying amount.

Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.

Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment.

An entity shall apply the amendments to Ind AS 12 retrospectively in accordance with Ind AS 8. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

There is no impact of this amendment to the Company.

LA-GAJJAR MACHINERIES PRIVATE LIMITED

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

NACHIKET DEO
Partner
Membership Number: 117695

Pune : 27 April, 2018

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 : 27 April, 2018

LA-GAJJAR MACHINERIES PVT. LTD. AHMEDABAD