



44th

Annual Report 2016 - 2017



Kerala Agro Machinery Corporation Ltd.,

CIN: U29211KL1973SGC002492

(A Government of Kerala Undertaking)

Regd. Office: Athani - 683 585, Ernakulam Dist, Kerala, India

Telephone: 91-484-2474301 (5 lines). Fax: 91-484-2474589.

E-mail: mail@kamcoindia.com

Visit us at: www.kamcoindia.com

BOARD OF DIRECTORS:

Shri.P. Balachandran	-	Chairman
Shri.V.Rajappan	-	Director
Shri. Bobby Antony	-	Director
Shri. T. Sudheer Babu	-	Director
Shri. C.K. Sasidharan	-	Director
Shri. KunjukrishnanBangalam	-	Director
Shri. K.T. Jose	-	Director
Shri. S. Suresh Kumar	-	Director
Shri. K. S. Mohanan	-	Director
Shri. P. Suresh Babu	-	Managing Director

AUDITORS:

M/s. M.V Tomy and Co.
Chartered Accountants
Kanakath House, Near Meera Flat
St. Benedict Road, Kochi

COST AUDITORS

M/s. Rajendran Mani and Varier
Cost Accountant
Alappatt Cross Road
Cochin 16

LEGAL ADVISORS

M/s. Menon & Pai
Advocates
Cochin 18

BANKERS

Union Bank of India
Federal Bank Ltd.
Canara Bank
State Bank of India
Dhanalakshmi Bank
Indian Bank

SEC/AGM/44
18.06.2018

The Shareholders, Board of Directors
& Statutory Auditors
Kerala Agro Machinery Corporation Ltd.,
Athani – 683 585

Sir,

Notice is, hereby, given that the adjourned 44th Annual General Meeting of the Shareholders of the Company will be held at the Regd. Office of the company at Athani, Ernakulam District on Monday, 09th July, 2018 at 11.30 AM to transact with or without modification the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt Directors' Report, audited Balance Sheet as at 31.03.2017, Statement of Profit & Loss for the period ended 2016-17 and cash flow together with Report of Statutory Auditors, Report of the Comptroller and Auditor General of India and Secretary (Finance – Expenditure) there on.
2. To declare dividend.
3. To fix the remuneration of Statutory Auditors.

By order of the Board of Directors

Sd/-

SURESH KUMAR K.K.
MANAGING DIRECTOR

Encl: Proxy Form

KERALA AGRO MACHINERY CORPORATION LTD, ATHANI

Regd. Office, Athani
Ernakulam District
Pin – 683 585

FORM OF PROXY

I/We,of in the District of being a member(s) ofin the District of or failing him.....of..... in the District of..... as my/our proxy to vote for me/us on my/our behalf at the adjourned 44th Annual General Meeting of the Company to be held at the Registered office of the Company at Athani on Monday, 09th July, 2018 and at any adjournment thereof.

Signed this...../...../.....

STAMP

- NOTE: 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him and proxy need not be a member of the Company.
2. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting.
3. A One Rupee revenue stamp should be affixed to this and it should then be signed by the member.

KERALA AGRO MACHINERY CORPORATION LTD., ATHANI.
DIRECTORS' REPORT

The Members,
KAMCO Ltd.

Your Directors have pleasure in presenting the 44th Annual Report together with the Audited Statement of Accounts of your Company for the year ended March 31, 2017.

Introduction

The various efforts taken by the Company during last year to widen our market; especially for Reapers; started to yield results. Though adverse factors like structural changes in subsidy schemes, changeover to D.B.T System (Direct Beneficiary Transfer), price fixation delays in various states, drought in certain parts of the country, demonetization etc. had an adverse impact on whole market inside the country, we could marginally improve our turnover and profit during 2016-17. With the prediction of normal Monsoon, continuous focus on farm mechanization by the government and increased budget allocation for agricultural sector we expect revenue growth at par with overall growth of industry in years to come.

Operational Performance

During the year under review company could achieve a production of 9986 numbers of tillers and 1530 numbers of reapers as against 8745 numbers and 1132 numbers of tillers and reapers respectively during financial year 2015-16. Sales during the reporting period was 9412 numbers of tillers and 1744 numbers of reapers against 9764 numbers of tillers and 930 numbers of reapers during previous year. The total turnover of the financial year was Rupees 153.38 Crores against 152.16 Crores during the year 2015-16. The financial year 2016-17 ended up with a cash profit of Rs.545.16 lakh (Rs. 452.75lakh) and operating profit of Rs.284.77 lakhs (Rs.239.84lakhs). There is no change in the nature of business during the financial year 2016-2017.

Internal Financial Control

The company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

Capital structure

The authorized capital of the company remained unaltered at Rs.200 lakh. Issued and paid up capital also remained unchanged at Rs.161.46 lakh, divided into 161460 equity shares of Rs.100/- each fully paid up, entirely held by Government of Kerala.

Dividend and reserves

Your Board is pleased to recommend a dividend of 10% (same rate of 2015-16) on the paid up value of Equity Shares as on 31.03.2017, to the Shareholders subject to the approval of Annual General Meeting. An amount Rs.50,00,000/- is proposed to be transferred to other reserves.

Fixed Deposits

We have not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date as envisaged under Chapter V of the Companies Act, 2013 and Rules made there under.

Working results of the financial year 2016-17 are as follows:-

	2016-17	2015-16
Production (Nos)		
KAMCO Power Tiller	9986	8745
KAMCO Power Reaper	1530	1132
Tera Tractor and Rotovator	18	22
Sales (Nos)		
KAMCO Power Tiller	9412	9764
KAMCO Power Reaper	1744	930
Tera Tractor and Rotovator	17	50
KAMCO Engine	51	61
KAMCO - Beriberi Garden Tiller	192	246
FINANCIAL HIGHLIGHTS (Rs.in lakh)		
A. Sales Revenue		
KAMCO Power Tiller	11737.57	12231.75
KAMCO Power Reaper	1343.40	721.72
Tera Tractor and Rotovator	30.56	132.08
KAMCO - Beriberi Garden Tiller	91.12	114.69
Diesel Engine	30.72	36.11
Spares and Accessories & Others	2105.20	1979.58
Total Sales	15338.57	15215.93
B. Working Results (Rs. in lakh)		
Operating profit	284.77	239.84
Depreciation, impairment loss and amortization	260.39	212.91
Cash Profit	545.16	452.75
Profit before tax	284.77	239.84
Provision for tax and deferred tax (net of excess of previous year)	95.21	111.06
Profit available for appropriation	189.56	128.78
C. Appropriation (Rs. in lakh)		
Proposed dividend	16.15	16.15
Tax on dividend	3.78	2.73
Other reserves	50	50.00
Profit after tax ,dividend and transfer to reserve	119.63	59.90

Particulars of loans, guarantees or investments

The company has not made any investment, given guarantee and securities during the year under review. There for no need to comply provisions of Section 186 of Companies Act, 2013.

Related Party Transactions Under Section 188

No transactions were entered with related parties during the year under review and hence, no disclosure under Section 188 is applicable to the Company.

Material Changes and Commitment if any under Section 134(3)(1)

No material changes and commitments affecting the financial position of the company occurred between the end of the financial year and the date of this report.

Subsidiaries, Joint Ventures and Associate Companies:

During the period under review there were no Companies which have become or ceased to be Subsidiaries, Joint Ventures or Associates

Significant or material orders passed by Regulators /Courts/ Tribunal impacting the going concern status and the company's operations in future:

During the year under review, there are no significant or material orders passed by the regulators or courts or tribunals, impacting the going concern status or operations of the Company.

Contribution to exchequer

Your company contributed an amount of Rs.563.25 lakhs during the reporting year by way of duties, Sales tax on purchase and sales and corporate tax. Dividend to the extent of Rs.16.15 lakhs and dividend tax of Rs.3.78 lakhs also have been proposed for payment during the year.

Expansion and Diversification

Tiller and Reaper were the main revenue earner of the company for the last few decades. Now with a view to diversify the activities an array of products have been introduced. Weeders, Brush Cutters, Pump Sets etc. are proposed to be marketed so as to earn better margin. Technology for Tractors with higher horse power is also being searched for which global E.O.I (Expression Of Interest) has been invited.

Research & Development activities.

Major achievement of Research and Development Department during the period under report was successful completion of emission test for various engines used for tillers at ARAI. Development of self-starting tillers, low hight Reapers, proto type Cono-Weeder, improved models of Garden tillers, Brush cutters and Pump sets etc. also could be completed during current year.

Investment

Company's investment in equity shares amounting to Rs.50 lakhs in Cochin International Airport Limited (CIAL), Rs.150 lakhs in Kerala feeds and RS.5 lakh in Kerala Environ Infrastructure Limited remains unchanged.

Financial Assistance to other Institutions

Government vide letter no.73561/PU/2/2017/AGRI. Dated 24.08.2017 have directed the company to grant a short term loan of 2Crores to Vazhakkulam Agro and Fruit Processing Co. Ltd.; a unit working under Agricultural

Department, for settlement of their various dues to employees. As per the direction, company had granted Rs.115 lakh on the basis of an agreement signed by the borrower agreeing to repay the loan within 6 months with 9% interest. Out of the loan granted they have repaid Rs.4 lakh till date and Rs.111 lakh and interest is outstanding for settlement.

Environment & Safety

Your company always given prime importance to environmental protection and safety. In addition to Scientific Effluent Treatment System, installation of Bio-gas plant in all units to process canteen waste and utilize the gas effectively is planned. As a part of making campus green trees have been planted around the campus. A farmer's club also has been formed with employees as members and club is actively participating in utilizing land for farming operations and also in the beautification of entire campus.

Corporate Social Responsibility (CSR)

As per the requirement of Section 135 of the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII (Activities to be included in the CSR Policies), the Company has constituted a Corporate Social Responsibility Committee at the Board level, consisting of M.D., Chairman, Director Sri.C.K.Sasidharan, Director Sri.S.Sureshkumar and Director Sri.V.Rajappan, to monitor the CSR activities. The CSR Committee met on 03.11.2017 and formulated CSR Policy of the company and Board meeting held on the same day approved the policy. The policy has been published in the website of the company. The annual report as per the provisions of Companies Act, 2013 is attached herewith.

As CSR Committee could be formed only during 17-18 after reconstitution of the full board, no expenditure under the CSR head could be spent during the year 2016-17. However, full amount including the backlog is proposed to be utilized during current financial year.

ISO Certification

Your company is an ISO certified company since October 1996. As on date company holds ISO 9001:2008 certification. The management system of the company including the implementation meets the requirements of the standard; ISO 9001:2008. This certificate is valid until September 2018 and its scope covers design, development and manufacture of Power Tillers, Implements, Accessories, Spare Parts, Diesel Engines and Reapers. All units of the company except the new one at Valiyavelicham, is working with ISO 9001-2000 version certification. Internal audit and surveillance audit are being conducted as per schedule.

Particulars of Employees

There were no employees who were in receipt of remuneration within the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence, the particulars as required to be disclosed under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are 'NIL'.

Human Resources & Industrial Relation

Industrial relation in the company is cordial, which forms the basis for sustained growth of the organization. Government has approved the wage revision settlement of workmen and the same has been implemented with effect from 01.07.2012 during August, 2017. Entire arrear also has been paid.

The company makes extensive use of various training programs with a view to provide specialized training in newer and newer area of skills and also to provide wider exposure to its employees at all levels.

Right to Information Act 2005.

In order to promote transparency and accountability, an appropriate mechanism has been put in place in the Company to provide information to citizens under the provisions of Right to Information (RTI) Act, 2005. For this purpose, the company has, in line with the RTI Act, nominated a Public Information Officer and Assistant Public Information Officers. An Appellate Authority has also been nominated for considering the appeals of information seekers, who may not be satisfied with the response of Public Information Officers. The details of the procedure for securing access to information and filing of first appeal under the Act are hosted in KAMCO website. Instructions have been given to units/administrative departments to ensure compliance to the mandatory requirements of the Act.

Disclosures under sexual Harassment Of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The company has adopted Anti Sexual Harassment policy as per provisions of the Companies Act, 2013 and constituted an Internal Compliant Committee to redress complaints received regarding sexual harassment. The Committee meets at regular intervals and discuss welfare measures of women employees. The following is the summary of sexual harassment complaints received and disposed off during the period under review:

No. of complaints at the beginning of the year : Nil

No. of complaints received during the year : Nil

No. of complaints disposed off during the year : Nil

No. of complaints at the end of the year: Nil

Conservation of energy, technology absorption, foreign exchange earnings and outgo.

The information as prescribed under Section 134 of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, is appended as Annexure I to Board's report.

Directors responsibility Statement as required under Section 134(3) (c) of the Companies Act 2013.

The Directors confirm that:

- a) In preparation of the annual accounts for the Financial Year ended 31st March 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made Judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year and of the profit and loss of the company for the period 2016-17;
- c) The Directors have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) The Directors have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively.
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Corporate Governance.

Even though your company is a non-listed; fully state owned PSU, we are committed to defining, following and practising the highest level of accountability, efficiency, responsibility, fairness and transparency in all areas of

operations. The company believes that good corporate governance is essential for achieving long-term corporate goals and to enhance stakeholder's value.

Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance.

The compliance of all statutory and regulatory requirements has been prompt and up-to-date. The company has adequate internal control systems and procedures in place.

Management

Chairman P.Balachandran and directors Sri.C.K.Sasidharan, Sri.V.Kunjukrishnan, Sri.K.T.Jose, Sri.S.Sureshkumar, and Sri.K.S.Mohanar continues to hold their respective position. Managing Director K.K.Sureshkumar resigned from the post and Government Vide Order G.O.(Rt.)No.1174/2017/Agri. Dated 06.12.2017 gave full additional charge of Managing Director of this corporation to P.SureshBabu, Managing Director of Kerala Agro Industries Corporation Ltd., Trivandrum and he took charge with effect from 06.12.2017. He is continuing.

Government Vide Order G.O.(Rt)No.40/2018AD Dated 10.01.2018 appointed Sri.Boby Antony, Joint Secretary and Sri.P.SudheerBabu, Under Secretary of Agri. Department, as directors in place of Sri.V.S.Suresh Kumar and Sri.S.Saju. Government director representing Finance Department Sri.V.Rajappan, Special Secretary (Finance) continues to hold the post of Director of the company.

The Company has not appointed any Key Managerial Personnel as per Section 203 of the Companies Act, 2013 and Rules made there under during the reporting period.

Declaration by Independent Directors:

The Company has not appointed any Independent Directors under Section 149 (4) and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Board Meetings

During the financial year 2016-17, 4 board meetings were held on 10.05.2016, 25.10.2016, 13.12.2016 and on 28.03.2017 respectively. Since, Chairman and Non-Official Directors had vacated their office consequent to the State Assembly Election and Board was re-constituted by the Government only on 24.09.2016, second board meeting during 2016-17 could be held only on 25.10.2016. Subsequent meetings were held within statutory time limit.

Sl. No.	Name of Director	Attendance of Directors				
		10.05.2016	25.10.2016	13.12.2016	28.03.2017	Total
1.	Charupara Ravi-Chairman	P				
2.	R.Ajith Kumar	P				
3.	K.Babu	P	A	P		
4.	P.K.Mohanar	A				
5.	K.S.Anil	P				
6.	M.M.Hameed	A				
7.	K.P.Chandran	A				
8.	Kottiyam Rasheed	P				
9.	Ramapuram V.K.Sivanandan	A				

10.	A.J.Sharan Kumar – M.D	P	P			
11.	Biju Prabhakar IAS		P	P	A	
12.	V.S.Suresh Kumar		P	A	P	
13.	S.Saju		P	P	P	
14.	Indu .S.		P	A	A	
15.	P.Suresh Babu- M.D			P		
16.	P.Balachandran - Chairman				P	
17.	V.Rajappan				P	
18.	K.Suresh Kumar – M.D				P	

The attendances of directors in the meetings are as follows:

*P – Present, A- Absent, blank indicates cessation from office

Company’s policy relating to directors appointment, payment of remuneration and discharge of their duties:

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company. KAMCO is a Government Company in terms of Section 2 (45) of the Companies Act, 2013. The Board of Directors of the Company are nominated/appointed by the Government of Kerala. The Government of Kerala fixes the remuneration of the Directors. Remuneration of the below Board level executives are fixed on the basis of Government guidelines in this regard with the approval of the Board of Directors and Government of Kerala.

Committees of the Board

The compositions of the committees are as follows:

Audit Committee:

Sl. No.	Name of Director	Designation
1	P.Balachandran	Chairman
2	V.Rajappan	Member
3	P.Suresh Babu	Member

During the financial year 2016-17 no meeting was held.

Nomination & Remuneration Committee:

Being a fully State owned company, directors are appointed by the government to whom no remuneration is payable. Honorarium of Chairman and salary of Managing Director are fixed by the government and hence no Nomination and Remuneration committee is required to be constituted.

Risk Management

The Company has adequate system of business risk evaluation and management to ensure stable & sustainable business growth and to promote pro-active approach in evaluating and resolving the risks associated with the business. The company has identified the potential risks such as financial, legal, statutory & internal process risks and has put in place appropriate measures for its mitigation. At present, the company has not identified any element of risk which may threaten the existence of the company.

Auditor

Comptroller and Auditor General of India vide their order No./CA.V/COY/KERALA, KERAGM(1)/677 Dated:03/08/2016 appointed M/s M.V TOMY AND CO., Kanakath House, Near Meera Flats, Ernakulam-682018 as statutory auditors under section 139 of the Companies Act 2013, for the financial year 2016-2017 also. The reply to the comments of Auditors are annexed to this report.

The comments from the Comptroller and Auditor General of India on the Accounts of the Company along with Board of Directors reply for the financial year ended 31st March 2017 is attached with this report as an addendum. M/s. Rajendran Mani & Varrier, Cost Accountants continues as Cost Auditor. We thank the auditors for their excellent co-operation and guidance.

No frauds were reported by the Auditors of the Company as per section 134 (3) (ca) of Companies Act, 2013.

Annual Return

Pursuant to the provisions of section 92(3) of the Companies Act, 2013 and rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of Annual return in MGT-9 is annexed with this report as **Annexure-II**.

Secretarial Audit Report

Pursuant to the Section 204 of the Companies Act, 2013 and the rules made there under relating to Secretarial Audit Report are not applicable to the Company.

Vigil Mechanism Policy

Being a non-listed fully State owned company having no public borrowings or credit facilities from banks or financial institutions, provisions of Section 177 (9) of Companies Act regarding “Whistle Blower Policy” is not applicable to the company.

Road Ahead

Agricultural sector in India is expected to generate better momentum in the next 5 years due to increased investment in Infrastructural development such as mechanization, irrigation, warehousing and cold storage facilities are planned in various Central and State budgets. Government aim at doubling the income of farmers by 2022 for which minimum 12% growth rate per annum is required. Considering the cropping pattern and size of land holdings in India for improving the productivity various farm machineries have a promising role in the years to come.

Acknowledgement

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the banks, Government authorities, customers, vendors and members during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company’s executives, staff and workers.

For and on behalf of the Board

Sd/-

P.BALA CHANDRAN
CHAIRMAN

Athani
16-03-2018

ANNEXURE I TO DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

The information as prescribed under section 134 of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is appended as Annexure I to Board's Report.

A. CONSERVATION OF ENERGY		
a	Energy Conservation measures taken.	Street lights operated by Sodium Vapour Lamp is being transformed to LED.
b	Additional investments and proposals, if any, being implemented for reduction of consumption of energy	As the industry is not a power intensive unit, no major capital investment was made during the year 2016-17.
c	Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.	Not separately assessed.
d	Total energy consumption per unit of production.	70(98)Unit
B. TECHNOLOGY ABSORPTION		
1.	Efforts made	Developed proto type of Cono-Weeder. Also developed low height Reapers.
C. FOREIGN EXCHANGE EARNINGS & OUTGO		
i	Activities relating to exports	During the year company exported 68 numbers of IDI Tillers for a total amount of Rs.92.55Lakhs (Rs.25.11 Lakh).
ii	Initiatives to increase exports	For popularizing our products in overseas market, competent dealers are being appointed.
iii	Development of new export market for products and services	Board has given approval to participate in exhibitions of farm machineries in overseas countries.
iv	Export plans	--
v	Total foreign exchange used	66124.5 US \$(Nil)
vi	Total foreign exchange earned	142800 US \$(42841 Euro)

For and on behalf of the Board

Athani
16.03.2018

Sd/-
P.BALA CHANDRAN
CHAIRMAN

KERALA AGRO MACHINERY CORPORATION LTD, ATHANI.

Comments of Statutory Auditors and reply of the company to their comments

Sl. No.	Comments of Statutory Auditors on Accounts 16-17	Company's Reply
1	Recoverability of amount of Rs. 1676718 included in current asset as receivable from M/s Kovai CNC application, Coimbatore, debited to their account during 2011-12 towards cost of materials found short in our material held by them sent for machining is doubtful and hence provision has to be created.	M/s Kovai CNC had admitted the shortage and agreed to pay the amount of Rs. 1676718. Further legal suit had been filed at Munsiff court Paravur for recovering the amount. Provision required if any shall be provided based on the final decision of the court.
2	Recoverability of amount due from Patel Agencies, Madhya Pradesh and Patel Agencies, Bihar amounting to Rs. 14569137 and Rs.2500775 respectively is pending for settlement since 2012. As the recoverability is doubtful provision has to be created against the same.	Both the parties have given cheque for the amount due which was dishonored. Legal suit have been filed against the dishonor along with civil suit for recovery. Company is hopeful of recovering the amount and no provision is required to be created at this stage.
3	Trade receivables include an amount of Rs. 1183819 due from Maharashtra Agro Industries which is over due from 2014. As the recoverability is doubtful provision has to be created for this amount.	Maharashtra Agro Industries is a Govt. Concern and the recoverable amount is a claim against price revision effected to our product during 2010-11. Revision had to be got approved for releasing the payment. The matter is being followed up and company expects that the approval can be obtained. If any provision is found required same shall be created on the basis of the result of follow up.
4	Trade receivable include Rs. 70965 due from Arun Autos, Shimoga due from 2012-13 onwards. Provision has to be created against this as it is long pending.	Action is being taken to collect the amount. Since amount involved is not material, provision has not been created at this stage.
5	Amount recoverable from M/s Kerala State Coconut Development Corporation Ltd, against loan granted to them during 2004-05. Amounting to Rs.5012602 is doubtful and provision has to be created.	M/s KSCDC is a State owned unit and loan has been granted as per direction from Govt. Matter is being taken up with Govt. No provision is required to be created. The matter is fully disclosed under note no. 2B8.

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017.

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U29211KL 1973 SGC002492
ii)	Registration Date	
iii)	Name of the Company	Kerala Agro Machinery Corporation Ltd.
iv)	Category/Sub Category of the Company	Company limited by shares/ Fully Kerala State owned government company
v)	Address of the Registered Office and contact details	Athani – 683585, Ernakulam District, Kerala, India. Phone: (0091) 0484-2474301/2474302 E-mail : mail@kamcoindia.com Web Site: www.kamcoindia.com
vi)	Whether listed Company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

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.]

Sl. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the company
1	Manufacture and sale of agricultural machineries like Power tillers and Reapers.	C-10	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-NIL

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

a)Category-wise Share Holding

Category of Shareholders	No.of Shares held at the beginning of the year (As on 31.03.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				%Change during the year
	De mat	Physica	Total	% of Total Shares	De mat	Physica	Total	% of Total Shares	
A.Promoters									
1.Indian									
a)Individual/HUF									
b)Central Govt.									
c)State Govt.(s)		161460	161460	100		161460	161460	100	NIL
d)Bodies Corp.									
e)Banks/FI									
f)Any other (Government Companies)									
Total Shareholding Of Promoter (A)									
B.Public Shareholding									
1.Institutions									
a)Mutual Funds									
b)Banks/FI									
c)Central Govt.									
d)State Govt.(s)									
e)Venture Capital Funds									
f)Insurance Companies									
g)FIIs									
h)Foreign Venture Capital Funds									
i)Others(Cooperative Societies									
Sub-total (B)(1):-									
2.Non-Institutions									
a)Bodies Corp									
i)Indian									
ii)Overseas									
b)Individuals									
i)Individual shareholders holding nominal share capital up to Rs.1 lakh									

ii) Individual shareholder holding nominal share capital in excess of Rs.1 lakh									
Category of Shareholders	No. of Shares held at the beginning of the year (As on 31.03.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				%Change during the year
	De mat	Physical	Total	% of Total Shares	De mat	Physical	Total	% of Total Shares	
c) Others (Specify)									
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies – D R									
Sub Total (B) (2):-									
Total Public Shareholder (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		161460	161460	100		161460	161460	100	

b) Shareholding of Promoters : Not Applicable

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Share Holding during the year
		No. of shares	% of total Shares of the company	% of Shares pledged/ encumbered to total shares	No. of shares	% of total Shares Of the company	% of Shares pledged/ encumbered to total shares	
1								
2								
3								
4								
5								
6								
7								
8								
9								
Total								

c) Change in Promoter's Shareholding (Please specify, if there is no change): NIL

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	%of total shares of the company	No. of Shares	%of total shares of the company
	At the beginning of the Year				
	Date wise Increase/decrease in Promoters shareholding during the year specifying the reasons for increase/decrease (eg: allotment/transfer/bonus/sweat equity etc.)				
	At the end of the year				

d) Shareholding Pattern of top ten Shareholders

[Other than Directors, Promoters and Holders of GDRs and ADRs]: Not Applicable

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	%of total shares of the company	No. of Shares	%of total shares of the company
	At the beginning of the Year				
	Date wise Increase/decrease in share holding during the year specifying the reasons for increase/decrease (eg: allotment/transfer/bonus/sweat equity etc.)				
	At the end of the year (or on the date of separation during the year)				

e) Shareholding of Directors and Key Managerial Personnel : NIL

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	%of total shares of the company	No. of Shares	%of total shares of the company
	At the beginning of the Year				
	Date wise Increase/ decrease in share holding during the year specifying the reasons for increase/ decrease (eg:allotment/ transfer/bonus/sweat equity etc.)				
	At the end of the year				

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

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

VI.REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Not Applicable

a)Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
1	Gross salary					
	(a)Salary as per Provisions contained in Section 17(1) of the Income tax Act, 1961					
	(b)Value of perquisites u/s 17(2) Income Tax Act,1961					
	(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)					
	Ceiling as per the Act					

b) Remuneration to other directors: Annexure 02

Sl. No.	Particulars	Name of MD/WTD/Manager				Total Amount
1	Independent Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total(1)					
2	Other Non-Executive Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (2)					
	Total (B)= (1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

c) Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross Salary				
	(a)Salary as per Provisions contained in Section 17(1) of the Income tax Act, 1961				
	(b)Value of perquisites u/s 17(2) Income Tax Act,1961				
	(c)Profits in lieu of salary under section 17(3) Income Tax Act, 1961				
	Stock Option				
	Sweat Equity				
	Commission- as % of profit				
	-Others specify				
	Others, please specify				
	Total				

VII.PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

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					
Punishment					
Compounding					
B.DIRECTOR S					
Penalty					
Punishment					
Compounding					
C.OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Sd/-
P.BALACHANDRAN
CHAIRMAN

Athani
16-03-2018

Annual Report on CSR Activities

1. A brief outline on Companies CSR policy : Aims at eradication of poverty, hunger, mal- nutrition and ensuring gender equality, rural development, reservation of nature etc.
2. Composition of CSR Committee : M.D, Chairman, Directors
Sri.C.K.Sasidharan, Sri.S.SureshKumar and Sri.V.Rajappan
3. Average net profit of the Company for the last three financial years : Rs.433.63 Lakh
4. Prescribed CSR Expenditure : Rs.8.67 Lakh
5. Details of CSR expenditure for the financial year 2016-17 : Not applicable

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. 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:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
	Nil as no amount was spent during the year.						

Total amount spent for the financial year : NIL

6. In case the company failed to spend the prescribed amount reason for the same :

As CSR Committee could be formed only during 17-18 after reconstitution of the full board, no expenditure under the CSR head could be spent during the year 2016-17. However, full amount including the backlog is proposed to be utilized during current financial year.

Implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

Sd/-
P.BALACHANDRAN
CHAIRMAN

Athani
16-03-2018

CHAIRMAN OF THE COMMITTEE

M.V. TOMY AND Co.,

Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KERALA AGRO MACHINERY CORPORATION LIMITED

Report on Financial Statements

We have audited the accompanying financial statements of **Kerala Agro Machinery Corporation Limited ("the Company")**, which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements' responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

M.V. TOMY AND Co.,

Chartered Accountants

Basis for Qualified Opinion

I. In our opinion, provision is to be made for doubtful debts in the case of the following parties for the reasons stated below.

1. M/S KOVAI CNC APPLICATION, Coimbatore was a machining party for the company's castings, i.e., Cylinder Frame and Gear Case. During stock verification of castings as on 31st March 2012, shortage of stock worth Rs.16,76,718/- was noticed which they have also accepted. The shortage was debited to the party crediting the materials off financial year 2011-12. Even though the supplier had agreed to refund the amount in installments, they have not paid any amount and discontinued dealings. Civil suit has been filed against the party for recovering the amount before Civil Court, Paravur. Case is being heard but pending for disposal. The above said amount is included in Balance sheet under the head Short Term Loans and Advances. According to the explanation received from the management, no provision is required to be made since the party is willing to settle the amount.

In our opinion the recovery of the above amount is doubtful due to the following reasons:

- a) Financial statements of the supplier are not furnished with the company. In the absence of financial statements, we have verified the documents filed with the Registrar of Companies. As a result, we have noticed that the supplier has filed their financial statements only up to 31st March 2013. An analysis of the balance sheet shows that the share capital of the company is Rs. 1,10,00,000/-. Out of this, Rs.96,11,573.11/- eroded by way of negative balance in reserves and surplus. The net worth of the company is only Rs.13,88,426.89/-. As on 31st March 2013 the company is having a total liability of Rs. 6,34,80,290.84/- excluding deferred tax liability.
 - b) Both of the directors of the company are disqualified u/s 164(2)(a) of the Companies Act, 2013 and they cannot act as directors.
 - c) The supplier has not remitted any amount towards this liability till now.
2. Trade receivables include the following two parties against whom the company has filed legal suits.
- | | | |
|-----------------------------------|---|---------------------|
| a) Patel Agencies, Madhya Pradesh | - | Rs.1,45,69,136.58/- |
| b) Patel Agencies, Bihar | - | Rs.25,00,775.30/- |

Above two debtors are sister concerns and the company had sales transactions with them till financial year 2011-2012. After that they couldn't sell tillers under subsidy scheme due to certain issues. It is also learned that few tillers dispatched are kept idle in their stock. They had given cheques against the payment due in full settlement but those cheques were dishonoured with remarks "insufficient fund". Case has been filed against the cheques dishonoured in appropriate court. Further, Civil suit is also filed. Since old tillers are still held at their depot, negotiation is also being tried to settle the issue. In our opinion

the realization of the above amount is doubtful and provision is to be made since they have no transactions with the company and no payment has been made after 11th September 2015. The company is not having the possession of the tillers lying with the debtor and not conducted any inspection or valuation of such stock. The suit pending shows the unwillingness of the debtor to pay the amount due.

3. The trade receivables include Rs. 11,83,818.60/- due from Maharashtra Agro Industries. The company is not having any sales transactions with the said party during the last three years. Since there are no receipts after 14th July 2014, its recoverability is doubtful and provision needs to be made.

4. The trade receivables include Rs. 70,964.68/- due from Arun Autos, Shimoga. The last sale transaction with the above party was effected on 22nd February 2013 for Rs. 57,060.50/- and no remittances were received after 15th November 2012. In our opinion the realization of the above amount is doubtful and provision is to be made since they have no transactions with the company after 22nd February 2013.

If adequate provision had been made in all the above cases, the profit of the company would have been reduced by the above dues amounting to Rs. 2,00,01,413.16.

II. As referred to in Clause 8 of Note No. 2B of financial statements, the company had stopped recognizing interest on loan of Rs. 25,00,000/- granted to M/s. Kerala State Coconut Development Corporation Limited from financial year 2004-05. The total outstanding loan and interest as per company's records are Rs. 50,12,602/-. It is reported that the company is under liquidation. The loan and interest is not secured or guaranteed by the Government, except being a Government company, and hence the realization of the principal and interest is not certain. Based on the reasons stated above, the qualification of loss or profit, if any, cannot be ascertained.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 the books of the Company.
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with this report are in agreement with the books of account.

- (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the financial statements referred to in this report, comply with the Accounting Standards referred to in Section 133, of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) Section 164(2) of the Act regarding disqualification of directors is not applicable to this company vide Notification No. GSR 463(E) Dated 5th June 2015 of Ministry of Corporate Affairs.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we attached a separate report in “Annexure B”.
- (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The company has provided requisite disclosures in its financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and therepresentations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by the company and as produced to us by the management.

Report on the Directions issued by the Comptroller and Auditor General of India u/s 143(5)

- i. The company has clear title/lease deeds for freehold and leasehold land respectively.
- ii. There are no cases of waiver / write off of debts/loans/interest etc.
- iii. Proper records are maintained for inventories lying with third parties. There are no assets received as gift/grant from Government or other authorities.

We have attached a separate statement as ‘Annexure C’ with respect to compliance on the sector specific sub directions issued by the Comptroller and Auditor General of India under section 143(5) of the Act, applicable to manufacturing companies.

For **M.V. Tomy & Co.**
Chartered Accountants

Sd/
Besya Apraim (Partner)
M.No. 204146
FRN: 004432S

Ernakulam
16-03-2018

M.V. TOMY AND Co., Chartered Accountants

ANNEXURE-A TO THE AUDITORS' REPORT

**(This is the Annexure referred to in as item no.1 under Other Legal and Regulatory Requirements
in our Report of even date)**

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets, except for the following;
 - i) Location of Fixed assets is not mentioned for certain assets
 - ii) Quantity is not mentioned in case of fixed assets like Material Handling Equipments, Furniture and Fittings etc.
 - iii) Amount of depreciation provided is not updated
 - iv) Specific description of fixed assets as per invoices is not maintained
- b) As per the written representation made by the management, fixed assets have been physically verified by the management during the year as per phased physical verification program of the management which in our opinion is reasonable looking in the size of the company and the nature of its business. It is also reported that no material discrepancies were noticed on such physical verification.
- c) The title deeds of immovable properties are held in the name of the Company.
2. The stock of inventories has been physically verified at reasonable intervals by the management and no material discrepancies were noticed on such verification.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

M.V. TOMY AND Co., Chartered Accountants

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4. The Company has not given any loans, guarantees and made any investments and hence the provisions of sec 185 and 186 are not applicable.
5. According to the information and explanations given to us, the company has not accepted any deposits from the public and hence, the directives issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies under sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable to the Company.
6. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013, for Power Tiller. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended and prescribed by the Central Government under sub section (1) of section 148 of the Companies Act 2013 and are of the opinion that, prima facie cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. a) Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, income-tax, sales-tax, service-tax and duty of customs, duty of excise, Value Added Tax, Cess and other statutory dues to the appropriate authorities.
Undisputed Statutory dues which are outstanding as at 31st March 2017 for a period of more than six months are nil.
- b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of income-tax, sales-tax, service-tax as at 31st March, 2017 which have not been deposited on account of disputes, are as follows:

M.V. TOMY AND Co., Chartered Accountants

-3-				
Nature of Statute	Disputed Amount	Amount adjusted/remitted against disputed amount	Balance to be remitted	Forum where dispute is pending
Income Tax Act, 1961	59,92,650	Nil	59,92,650	Assessing Officer
Income Tax Act, 1961	1,59,49,162	45,11,640	1,14,37,522	Commissioner of Income Tax (Appeals)
Service Tax	28,93,767	Nil	28,93,767	Commissioner of Central Excise and Customs and Service tax (Appeals), Bangalore
Service Tax	17,43,624	17,43,624	Nil	Commissioner of Central Excise and Customs and service tax (Appeals), Ernakulam
Central Sales Tax Act, 1956	13,05,462	Nil	13,05,462	Sales Tax Appellate Authority

8. The Company has not raised loans from financial institutions or banks or government or by issue of debentures and hence clause (viii) of paragraph 3 of the Order is not applicable to the
- Cochin - 17**
04-02-2016

M.V. TOMY AND Co., Chartered Accountants

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9. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loan and hence clause (ix) of paragraph 3 of the Order is not applicable to the company.
10. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
11. Sec 197 of companies act 2013 regarding managerial remuneration is not applicable to this company vide Notification No. GSR 463(E) Dated 5th June 2015 of Ministry of Corporate Affairs. Accordingly, paragraph 3(xi) is not applicable to the company.
12. The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the CARO 2016 Order is not applicable.
13. As per the written representation received from the management there are no transactions with related party and hence clause 3(xiii) of the CARO 2016 order is not applicable.
14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with directors or persons connected with them and hence provisions of section 192 of the Companies Act 2013 are not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **M.V. Tomy & Co.**
Chartered Accountants

Ernakulam

16/03/2018

Sd/
Besy Apraim (Partner)
M.No. 204146
FRN: 004432S

M.V. TOMY AND Co., Chartered Accountants

ANNEXURE-B TO THE AUDITORS' REPORT

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 **Kerala Agro Machinery Corporation Limited** as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial

M.V. TOMY AND Co., Chartered Accountants

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Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

M.V. TOMY AND Co.,

Chartered Accountants

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.V. Tomy & Co.**
Chartered Accountants

Sd/
Besy Apraim (Partner)
M.No. 204146
FRN: 004432S

Ernakulam

16/03/2018

M.V. TOMY AND Co., Chartered Accountants

ANNEXURE-C TO THE AUDITORS' REPORT

**(This is the Annexure referred to in as item no.3 under Other Legal and Regulatory Requirements
in our Report of even date)**

- i) The Company's pricing policy absorbs all fixed and variable cost of production and overheads are allocated appropriately.
- ii) The Company has not received any Government assistance for technology up gradation/modernization of its manufacturing process during the financial year 2016-17.
- iii) The Company has fixed norms for normal losses and a system for evaluation of abnormal losses for remedial action is in existence.
- iv) The Company's manufacturing process does not result in generation of by-products. Finished products are valued at cost or net realizable value whichever is lower. There has not been any deviation from its declared policy regarding the valuation of finished products.
- v) The company has not closed any of its units during the financial year 2016-17. The effect of deteriorated stores and spares of all other units have been properly accounted for in the books.
- vi) The Company has an effective system for physical verification, valuation of stock, treatment of non-moving items and accounting the effect of shortage/ excess noticed during physical verification.
- vii) The extent of utilization of plant and machinery during the financial year 2016-17 was 83.21% of installed capacity.
- viii) The company has not deviated from its laid down policy in case of discounts/commission in regard to debtors and creditors.

For **M.V. Tomy & Co.**
Chartered Accountants

Ernakulam

16/03/2018

Sd/
Besya Apraim (Partner)
M.No. 204146
FRN: 004432S

KERALA AGRO MACHINERY CORPORATION LIMITED
REGISTERED OFFICE: ATHANI P.O., ERNAKULAM DISTRICT, KERALA - 683 585

BALANCE SHEET AS AT 31st MARCH, 2017

Sl. No:	PARTICULARS	Notes	AS AT 31.03.2017(Rs.)	AS AT 31.03.2016(RS)
I	EQUITY AND LIABILITIES			
1	Shareholder's Funds			
a.	Share Capital	3	16,146,000	16,146,000
b.	Reserves & Surplus	4	1,178,120,049	1,167,382,612
	Sub Total		1,194,266,049	1,183,528,612
2	Non-Current Liabilities			
a.	Deferred Tax Liabilities (Net)	5	997,933	1,264,727
b.	Long-term Provisions	8	58,388,393	46,699,249
	Sub Total		59,386,326	47,963,976
3	Current Liabilities			
a.	Trade Payables	6		-
	i. Due to Micro and Small Enterprises (See Note 2B.9.b)		Nil	Nil
	ii. Others		433,684,564	396,099,160
b.	Other current Liabilities	7	59,705,290	63,411,725
c.	Short-term Provisions	8	131,817,546	98,914,381
	Sub Total		625,207,400	558,425,266
	TOTAL		1,878,859,775	1,789,917,854
II	ASSETS			
1	Non-Current Assets			
a.	Fixed Assets	9		
	i. Tangible assets		224,011,604	245,957,088
	ii. Intangible assets		1,162,583	3,015,609
	iii. Capital work in progress		842,880	842,880
b.	Non-current investments	10	20,500,000	20,500,000
c.	Long-term loans and advances	11	9,794,798	10,103,286
	Sub Total		256,311,864	280,418,863
2	Current Assets			
a.	Inventories	12	360,827,102	289,654,191
b.	Trade receivables	13	1,045,628,297	1,062,363,850
c.	Cash and Cash equivalents	14	157,171,730	113,118,685
d.	Short-term loans and advances	11	51,118,300	40,422,355
e.	Other current assets	15	7,802,481	3,939,910
	Sub Total		1,622,547,911	1,509,498,991
	Significant Accounting Policies	2.A.		
	Notes Forming Part of Accounts	2.B.		
	Contingent Liabilities	2.B1		
	TOTAL		1,878,859,775	1,789,917,854

The accompanying Notes 1 - 23 form an integral part of these financial statements

For and on behalf of the Board

Sd/-
P. Suresh Babu
Managing Director

Sd/-
V. Rajappan
Director

Sd/-
P. Balachandran
Chairman

As per our report of even date attached

Sd/-
For M.V. Tomy & Co.
Chartered Accountants

Sd/-
Besy Apraim (Partner)
M.No. 204146, FRN: 004432S
Ernakulam
16-03-2018

Athani
16-03-2018

KERALA AGRO MACHINERY CORPORATION LIMITED
REGISTERED OFFICE: ATHANI P.O., ERNAKULAM DISTRICT, KERALA - 683 585

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017

Sl. No:	PARTICULARS	Notes	For the year ended 31-03-2017	For the year ended 31-03-2016
			Rs.	Rs.
I	Revenue			
	Revenue from operations	16	1,533,512,168	1,522,713,488
II	Other Income	17	16,448,706	9,950,444
III	Total Revenue (I+II)		1,549,960,874	1,532,663,932
IV	Expenses			
	Cost of Raw Materials Consumed	18	1,145,923,039	1,005,006,253
	Change in inventories of finished goods, work in progress and stock in trade	19	(52,402,053)	106,744,363
	Employee Benefits Expenses	20	329,775,845	302,972,182
	Depreciations and amortizations expense	9	26,039,099	21,291,555
	Other expenses	21	72,100,857	72,626,665
	Prior period expenses	22	46,557	39,316
V	Total Expenses		1,521,483,345	1,508,680,334
VI	Profit before exceptional and extraordinary items and tax (III		28,477,529	23,983,598
VII	Exceptional items		-	-
VIII	Profit before extraordinary items and tax (VI - VII)		28,477,529	23,983,598
IX	Extraordinary items		-	-
X	Profit before tax (VIII - IX)		28,477,529	23,983,598
XI	Tax expense:			
	1. Current tax		9,787,900	8,844,506
	2. Earlier years		-	1,500,000
	3. Deferred tax		(266,794)	760,696
XII	Profit for the period from continuing operations (X-XI)		18,956,423	12,878,396
XIII	Profit from discontinuing operations		-	-
XIV	Tax expense of discontinuing operations		-	-
XV	Profit from discontinuing operations (after tax) (XIII - XIV)		-	-
	Profit for the period (XII + XV)		18,956,423	12,878,396
XVI	Earnings per equity share:	23		
	1. Basic		117	80
XVII	2. Diluted		117	80
	Summary of Significant Accounting Policies	2.A.		
	Notes Forming Part of Accounts	2.B		

The accompanying Notes 1 - 23 form an integral part of these financial statements

Sd/-
P. Suresh Babu
Managing Director

Sd/-
V. Rajappan
Director

For and on behalf of the Board
Sd/-
P. Balachandran
Chairman

As per our report of even date attached
Sd/-
For M.V. Tomy & Co.
Chartered Accountants

Sd/-
Besya Apraim (Partner)
M.No. 204146, FRN: 004432S
Ernakulam
16-03-2018

Athani
16-03-2018

KERALA AGRO MACHINERY CORPORATION LIMITED

REGISTERED OFFICE: ATHANI P. O., ERNAKULAM DISTRICT, KERALA 683 585

Cash Flow Statement for the Year Ended 31st March 2017

[illegible]

As per our report of even date attached

		For and on behalf of the Board
Sd/-	Sd/-	Sd/-
P. Suresh Babu	V. Rajappan	P. Balachandran
Managing Director	Director	Chairman

Sd/-
For **M.V. Tomy & Co.**
Chartered Accountants

Sd/-
Besy Apraim (Partner)
M.No. 204146, FRN: 004432S
Ernakulam
16-03-2018

Athani
16-03-2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

1. CORPORATE INFORMATION

KERALA AGRO MACHINERY CORPORATION LTD is a fully state owned organization, registered under Company's Act 1956, engaged in the manufacture of Agricultural Machinery .The registered office of the Company is situated at Athani, in Ernakulam District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS FOR PREPARATION OF FINANCIAL STATEMENT

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Policies in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Companies Act. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

1. Revenue Recognition:-

- i The company follows the mercantile system of accounting and recognizes Income and Expenditure on accrual basis.
- ii Sales are exclusive of CST/KVAT. Excise duty in respect of sales is shown separately as deduction from gross turn over. Export sales are accounted on the basis of Bill of Lading.
- iii Scrap sales is accounted for on delivery basis. No inventory is taken for scrap, as the amount involved is not material.
- iv Warranty liability for after sales services to the extent ascertained is accounted on accrual basis.

2. Fixed Assets:-

Fixed Assets are stated at the cost of acquisition less accumulated depreciation and impairment loss if any. Cost includes all identifiable expenditure incurred to bring the assets to its present condition and location. The Tax/Duty credits available are adjusted in the cost.

3. Depreciation:-

- (i) Depreciation on tangible assets are provided on written down value method over the useful life of assets prescribed in part C of schedule II of Companies Act 2013.

- (ii) Written down value of loose tools(assembling tools) are reviewed every year on the basis of further estimated life and loss if any are debited to current year expense under the head 'loss on revaluation of tools'..

4. Impairment of Assets:-

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine:

- (i) the provision for impairment loss; if any, required; or
- (ii) the reversal, if any, required of impairment loss recognized in previous periods.
- (iii) Impairment loss of Fixed Assets is provided based on "Value in use" and estimated realizable value of each asset.

5. Government Grants

Grants received from the state Government towards capital expenditure are treated initially as Capital Reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of grants.

6. Investments:-

Long term investments are stated at 'cost; less any permanent diminution in value.

7. Valuation of Inventories:-

- (i) Inventories of Raw materials and Components, Stores and Spares, Work in Progress and Finished Goods are stated at lower of cost or net realizable value.
- (ii) Cost comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formula used is Weighted Average Cost and due allowance is made for defective and obsolete items.

8. Employee Benefits:-

- (i) Contributions to Provident Fund and Family Pension fund are provided for and payments thereof are made to relevant authorities on due basis.
- (ii) Annual contribution for gratuity is made to Group Gratuity Scheme of Life Insurance Corporation of India on actuarial basis.
- (iii) For encashment of leave payable at the time of retirement of employees, contribution is made to a group leave encashment policy with Life Insurance

Corporation of India on the basis of their actuarial valuation. Payment in respect of leave surrender of employees in service is charged to revenue in the year of payment.

9. Provision for Taxes:-

- (i) Current tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates, tax laws and favourable judicial pronouncements/legal opinion.
- (ii) Deferred tax, comprising of tax effects of timing differences between taxable and accounting incomes for the period, is recognized keeping in view the consideration of prudence in respect of deferred tax assets.
- (iii) Amount, if any, paid under dispute are shown under advance tax.

10. Research and Development Expense:-

- (i) Revenue expenditure is charged out as expense in the year in which they are incurred.
- (ii) Expenditure of a capital nature is debited to Fixed Assets and Depreciation is provided on such assets as are applicable.

11. Provisions, contingent Liabilities and Contingent assets:-

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- (i) The company has a present obligation as result of a past event.
- (ii) A probable outflow of resources is expected to settle the obligation, and
- (iii) The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received. Contingent liability disclosed in the case of:

- a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) A present obligation when no reliable estimate is possible, and
- c) A possible obligation arising from past events where the probability of outflow of resources is not remote,
- d) Amount shown under contingent liability is reasonably ascertained based on disputed claim.

Contingent Assets are neither recognised, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

12. Cash Flow Statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statement'.

13. Taxes on Income

Current tax is determined on the basis of taxable income in accordance with the provisions of Income Tax Act, 1961. Deferred Tax Liability/Asset resulting from 'timing difference' between accounting income and taxable income is accounted for considering the tax rate & tax laws that have been enacted or substantively enacted as on reporting date. Deferred tax asset is recognized and carried forwarded only to the extent that there is reasonable certainty that the asset will be realized in future. Deferred tax assets are reviewed at each reporting date for their realisability.

2B. NOTES FORMING PART OF ACCOUNTS.

1. CONTINGENT LIABILITIES NOT PROVIDED FOR

	Current year (Figure in Rs.)	Previous year (Figure in Rs.)
(a) Demand from Income Tax Dept. disputed (See note below)	21941812	21891252
(b) Disputed Sales Tax (see note below)	1305462	1305462
(c) Disputed claims of employees at High court and Tribunals	2485800	4244000
(d) Service tax demand disputed (see note below)	2893767	2893767
(e) Service tax & interest on technology fee, royalty TA directors disputed (see note below)	1743624	1743624
(f) Bank Guarantees	1708143	3700000

2.STATUS OF INCOME TAX, SALES TAX & SERVICE TAX ASSESSMENTS

Status of income tax assessments are as summarized below:-

A.INCOME TAX ASSESSMENTS AND APPEALS AS ON 31.03.2017

(Fig in Rs)

Assess- ment year	Status and details	Disallowanc e amount involved	Tax paid under dispute	Contingent Liability
1991-92	Service charges paid to Govt.of Kerala Appellate tribunal allowed the appeal of the Company but CIT referred the case to High Court has directed the assessing authority to consider the matter afresh. Accordingly, Dy. Commissioner of 1.Tax has heard the case on 04.06.2005, but not finalized. Decision is pending as several PSUs have similar disallowances and uniform decision is required.	4530000 (4530000)	Nil (Nil)	2344275 (2344275)
1992-93	- do -	7050000 (7050000)	Nil (Nil)	3648375 (3648375)
2004-05	Company has filed an appeal before CIT (Appeals) against demand towards interest u/s 234 by Dy.CIT for late remittance of advance tax of Rs.91 lakhs towards second installment (Cheque was issued on 12.09.03 but bank transferred the amount on 16.09.03). Remitted Rs.1.80 lakhs and appeal is pending.	Nil (Nil)	180457 (180457)	180457
2005-06	Original assessment u/s 143(3) was completed on 20.09.2007. Later as per notice u/s. 148 company was asked to file return of income. As per assessment order based on above Asst. Commissioner of Income Tax vide order dated 28.12.2010 demanded tax amounting to Rs.121.53 lakhs by disallowing certain expenses under prior period, provision for leave encashment etc. Against this demand KAMCO have made a part remittance of Rs.30 lakhs under dispute and filed appeal petition before CIT against these disallowances. On 28.3.2013 IT department have adjusted their demand of Rs.121.53 lakhs against refund due to KAMCO for the A.Y 11-12. This has also been represented before IT authorities.	19474290 (19474290)	3000000 (3000000)	12153251 (9153251)
2008-09	As per Assessment order dated 02.12.2010 Assessment officer has disallowed various			
	expenses and demanded an amount of Rs.13.31 lakh towards tax. Remitted the tax Rs.13.31 under dispute. Appeal petition against the decision of Assessment Officer has been filed before CIT.	2807731 (2807731)	1331183 (1331183)	1331183 (Nil)
2009-10	As per Assessment order dated 24.03.15 returned income has been assessed disallowing expenses to the tune of Rs.363878 being rental income and additional depreciation and tax on the same @ 34% amounts to Rs.1.24 lakhs. Appeal filed is pending and disputed tax is shown as contingent liability.	363878 (2392464)	Nil	123719 (6415000)

2010-11	Return filed on 29.9.2010 with Gross Total Income of Rs. 132785476/-. Intimation U/s 143(1) of the Income Tax Act received with demand of Rs. 77,85,149/-. There will not be any demand for this year since the figure of 77,85,149/- arose only due to non reflection of TDS credits to us as claimed in the return. Taxes paid as per return including TDS amounts to Rs. 45138793/-. Whereas in intimation U/s 143 (1) it is Rs. 39265209/-. SubTreasury Aluva who deducted TDS on interest on our fixed deposits has not timely filed TDS return and hence the difference. They have subsequently filed return and same is reflected in AS 26. The matter has been represented before ACIT. Scrutiny Assessment pending. No further liability envisaged.			
2011-12	Return filed assessment under section 143(3) completed disallowing certain expenses and claiming tax of Rs.19.75 lakhs department has adjusted the additional claim towards refund due. Company has filed appeal against the said disallowances on account of expenditure for earning income U/s 14A read with Rule 8D (Rs 102500), expenses involving later TDS remittances (Rs. 38,84,409), Loss on revaluation of tools (Rs. 4,48,719), rental income (Rs. 64,233), Notional Interest on loan given to KSCDC (Rs. 4,50,000), additional depreciation (Rs.35622), totalling the disallowances to Rs. 49.85 lakhs with demand to pay tax Rs. 19.75 lakhs. Appeal is pending.	4985483 (4985483)		1975330 (1975330)
2012-13	Revised return of Income filed on 30.5.2013, with Gross Total Income Rs. 68343412/- claiming refund of Rs.109.97 lakhs. Against refund claimed by us the			
	Income Tax Department has adjusted Rs.50.8 lakhs against their demand of A.Y.2009-10.Assessment Order U/s 143 (3) dt 17-03.2015 received, disallowing items Viz, rental income (Rs. 68234), expenditure for earning income U/s 14 A read with Rule 8D (Rs. 108758), with demand to pay tax Rs. 68550/.Tax on disallowed amount will be 0.68 lakhs . We have filed appeal before the CIT against the disallowances. Stay Petition has also been filed. Case is pending.	176992 (nil)	nil	68550 (68550)
2013-14	Assessment order under sec 143(3) of the IT Act completed and orders issued by ACIT. Expenditure for earning exempted Income estimated under provision of section 14A read with rule 8D of IT Act to the tune of Rs. 109900 and rental income of Rs. 94776/- has been disallowed. Tax on disallowed amount will be Rs.0.67 lakhs. Appeal has been filed against these disallowances.	203766 (nil)	nil	66112 (nil)

2014-15	Assessment under section 143 (3) of IT completed against our revised return of Income for Rs. 69120912 without any disallowance of expense. Refund due Rs.1174560 has been received on 21.03.2017.	nil	nil	Nil
2015-16	Assessment order under section 143(3) of I.T Act, 1961 received, without any disallowance of expense. However, there is a demand of Rs.50,560. It is understood that this demand has arisen due to errors in interest calculation. Request for rectifying the error is being filed. Disputed interest is shown under contingent liability.			50560
2016-17	Provisional Return filed on 30.09.2016 with Gross Total Income of Rs. 26250216 with nil refund. Assessment Pending.			
2017-18	Provisional return has been filed with gross total income Rs.30030724 with refund due to KAMCO Rs.23970. Assessment pending.			
	Total		4511640	21941812 (21891252)

Figures shown in bracket relate to previous year.

(B) SALES TAX

All CST assessments up to the financial year 2012-13 have been completed. With respect to the financial year 2013-14; primary hearing is over and all required documents have been submitted. Assessment order is awaited. For assessment years 2007-08 few C/ F forms are pending for submission and department has demanded additional tax and interest for a total amount of Rs.1305462/- (Rs.1305462) Appeal has been filed against the order. Disputed amount has been shown under contingent liability and advance amount remitted for filing appeal has been shown as advance tax. As pending forms can be collected and submitted by the time of hearing appeal, no provision has been made against the claim.

(C) SERVICE TAX

Demand notice received from Central Excise Department for service tax amounting to Rs.2893767/- (Rs.2893767/-) on commission paid by the company to its dealers from 16.07.97 to 31.08.99 is pending. Interest and penalty was also demanded. Company filed an appeal before the Commissioner of Central Excise (Appeals) and same was heard on 04.12.2017. Appeal is said to be allowed in our favour and demand notice is dismissed. However, formal judgment is yet to be received. Hence, disputed amount is shown under contingent liability.

During the audit conducted by Central Excise and Service tax Department during August 2015 for the period 01-04-2012 to August 2015, a demand has been raised for remitting service tax and interest on technology transfer and

royalty payments made to M/s Barberi Italy as well as travel expense reimbursed to chairman and directors. Total demand amounts to Rs.1743624/- (Rs.1743624/-) including interest. According to legal opinion obtained permanent transfer of technology/intellectual property amounts to purchase and attract no service tax. Similarly reimbursement of actual expense incurred by chairman and directors are exempted and hence company filed appeal which is pending for hearing. Since interest rates are extremely high and payments are to government, lawyers advised the company to remit the amount demanded from 01-10-2010 onwards under protest and claim refund filing appeal. Accordingly company remitted the tax and interest and the amount paid has been shown under 'advance tax remitted under dispute'. The amount has also been shown under contingent liability.

3.Estimated value of works to be executed on capital contract(Electrification work new project at Kannur)Rs904000/- (Rs.6594484)

4.The Company had made Long Term Investments of Rs.20500000/- towards Equity Shares of other Companies and same is stated at cost.

5.Dividend income is accounted on the basis of declaration of the same and accordingly an amount Rs.1250000/- declared by M/S CIAL during September 2017 for the Financial Year 16-17 has been credited to the income of reporting year on accrual basis.

6.The inventories include Rs.25772878/- (Rs.22618116/-) materials issued to fabricators/contractors for machining and other process work and held by them in trust.

7.Warranty Claim received and admitted by the Company till 31.03.2017 has been accounted for. As the products are under warranty only for 500hours and the average warranty claim for the past is only nominal, as compared to sale value of products, no provision has been made for warranties on products sold during the year, the claim for which may arise in future.

8.The loan amount of Rs.2500000/- granted to M/s.Kerala State Coconut Development Corporation together with interest is outstanding for recovery and the matter has been taken up with Government of Kerala. Till the year 2003-04, Company had charged simple interest @ 18% on the loan and thereafter interest is not accounted as the said company is under liquidation process and the entire amount is pending for a final settlement. The non-provision of interest has an impact of Rs.450000/- decrease in current year profit. Similarly, had the interest been provided on accrual basis there would have been an increase in accumulated profit and loans and advances as on 31.03.2017 to the extent of Rs.5850000/- (Rs. 5400000/-) each. Accordingly to the Agreement executed with M/s.Kerala State Coconut Development Corpn. Ltd., loan amount of Rs.2500000/- together with

interest was to be repaid by the borrowing Company immediately after disposal of its land at Edappally in Ernakulam Dist. or within a period of one year, whichever is earlier. This loan was granted to them based on the direction of the Government of Kerala vide their letter dt.25.08.98. The Govt. letter also states that the loan together with interest will be repaid by the borrower after disposal of its land at Edappally in Ernakulam Dist. Company had already written letters to the State Government with a request to transfer and register a portion of the land occupied by KSCDC at Edappally in favour of the company in full and final settlement of the entire loan, interest and penal interest. The Management do not envisage any problem in getting the loan amount. The Company is following up the matter with Govt. and KSCDC Ltd. As per the agreement the loan is to be fully paid on or before 31.08.1999. However the repayment is pending due to the matters specified above. Hence this loan is treated as Non Current Assets.

9.(a) Company has implemented Web based access to creditors and dealers having network connectivity, for viewing their accounts status and facility to point out difference in account immediately. Differences pointed are verified and wherever rectification required same have been made. Confirmation has been received from major dealers and with respect to creditors as payments are made bill wise and online viewing facilities given, no further confirmation have been received from them. Debtors and Creditors are stated at book balances. Sundry Debtors include Rs.389077869/- (Rs.354314143/-), being value of documents negotiated through bank and pending clearance as on 31.03.2017.

(b) None of the trade creditors have claimed any benefits under chapter V of MSMED Act and filed any evidence claiming their status as MSME. Hence the company considered amount payable to MSME as Nil and accordingly.

Particulars	As at 31.03.2017
a. Principal amount due remaining unpaid and interest due there on above	NIL
b. Payment made to suppliers beyond appointed date and interest paid under sec 16 of MSMED Act 2006	NIL
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the interest specified under this Act.	NIL
d. The amount of interest accrued and remaining unpaid at the end of each accounting year	NIL

10. During the year the Research and Development activities continued and expense incurred amounting to Rs.893839/- (Rs. 198451/-) has been charged to revenue as per existing policy of the Company.

11. As per accounting standard 22 ,‘Accounting for taxes on income’ an amount of Rs.266794/- has been reversed during the current year against 760696/- debited during 2015-16. Deferred tax liability as on 31.03.2017 is Rs.997933/- against 1264727/- during its previous year. Tax rate adopted for the calculation of deferred tax is income tax rate of Assessment Year 2018-19.

12. As the company’s products, production process, administrative and sales activities and also risk, cost and revenue of all Units/Locations are identical; management is of the opinion that there is no reportable segments as envisaged under AS 17.

13. As per the requirement of AS 28, assets have been verified by an internal committee and no impairment provision is found required during the year.

14. Company’s major products, i.e., Power Tiller and Power Reapers and intermediary product Diesel Engine manufactured and captively used are exempted from excise duty. However, implant machined components transferred/sold and Diesel engines sold attract excise duty. Excise duty on sale of excisable products is shown by way deduction from sales. Excise duty on implant machined components manufactured and transferred to other units is debited to excise duty and shown under manufacturing expense.

15. In accordance with AS 22 “Accounting for Taxes on Income”, provision for current year Income tax has been shown net of advance tax paid during the year.

16. In the case of amount recoverable from Govt. companies and for debts and other receivables including loans outstanding (other than on cases where provision for doubtful debts have been provided), the management do not envisage any threat of recovery as of now.

17. Liability in respect of gratuity and terminal leave encashment of employees are covered under policy of LIC and payments are made as per actuarial valuation on opening date of every financial year. To comply with accounting standard, provision is created for balance amount so as to make the fund value equal to the liability as on closing date as per actuarial valuation of 1st April of subsequent financial year (that is closing date of every accounting year).

Disclosure as per accounting standard -15 on ‘Employee Benefits’ are as under

Short term employee benefits

Employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits and are recognized in the period in which the employee renders the related service.

Post-employment benefit (defined benefit Plans)

a) Gratuity

The company has a defined gratuity benefit plan and same is covered under policy of M/s. Life Insurance Corporation of India. Every employee who has rendered continuous services of five years or more is entitled to get gratuity at 15 days salary for each completed year of service on superannuation, resignation, termination or on death. The employees gratuity plan is a defined benefit plan. Provision for gratuity to employees is estimated on the assumption that gratuity would be payable to all workers at the end of the year. The details of fund value and obligations are as follows.

Defined Benefit Obligation (Figures in Rupees)

Opening Balance	113997378
Current Service cost	5269707
Interest Cost	9119790
Actuarial loss	(10556721)
Less:-Benefits paid	(10328721)
Closing Balance	<u>107501433</u>

Actuarial Assumptions

Discount rate	8%
Salary escalation rate	7%

b) Leave

The company provide earned leave and half pay leave to the employees of the company which accrue annually @ 30 days and 20 days respectively. Earned leave is encashable and half pay leave are non-encashable. However total amount of leave that can be encashed on superannuation shall be restricted to 300 days and liability for the same is recognized on the basis of actuarial valuation made by LIC and contribution is made to them. Earned leave surrender wages of employees in service is paid by the company during the year of surrender and debited to 'Staff Cost' of concerned year. The details of obligation and fund value of Group Earned Leave Surrender Policy are as follows.

Defined Benefit Obligation (Figures in Rupees)

Opening Balance	38070595
Current Service cost	6527951
Interest Cost	3045648
Actuarial loss	(1400880)
Less:-Benefits paid	(3783208)
Closing Balance	<u>42460106</u>

Actuarial Assumptions

Discount rate	8%
Sallary escalation rate	7%

c) Provident Fund

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the fund in permitted securities. Contribution to family pension scheme is paid to the appropriate authorities. The annual contribution to the funds for the year is recognized as expense and is debited to the statement of profit and loss. The obligation of the company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by Government. Overall interest earning and cumulative surplus of the trust is more than the statutory interest payment requirement. Hence no further provision is considered necessary.

d) Pay revision of workers was due for renewal with effect from 01.07.2012 and based on discussions with recognized trade unions a settlement has been arrived at envisaging a revision of 21% in emoluments. The settlement was subject to Government approval and Government approved the same vide order no. 104/2017/AD Dated 21.08.2017. Revised pay was implemented during August, 2017 and arrears on settlement also have been paid to all eligible employees during September, 2017. Arrears pertaining to the period upto 31.03.2017 have been provided in the accounts after deducting provisions already created earlier. Similarly on implementation of revision, premium payable on gratuity and earned leave surrender liability also will have to be reworked on the basis of revised pay scale and an estimated liability has been provided for the same. The amount provided during the current year for long term settlement arrears amounts to Rs.22419000/- (Rs. 16500000/-). Further a provision of Rs. 2000000/-(Rs. 1273420/-) and Rs.3750000 (Rs. 3829000/-) respectively towards revised premium on account of group leave encashment policy and group gratuity policy also have been provided during the year. An amount of Rs. 2199095/-(Rs. 500000/-) has been provided during the year towards DA arrears of officers payable for the current financial year. Similarly pay revision of officers is due for renewal in line with pay revision of State Government employees with effect from 01.07.14 and an amount of Rs.9552000 /- (Rs. 7800000/-) has been provided towards revision arrears and stipend to trainee officers for the year.

e) Provision has been created for statutory bonus of the current year (at 20%). Regular employee's not eligible for bonus have been granted an amount of Rs.32600/- (Rs.31100) as per a negotiated settlement with recognized trade unions for the financial year 2016-17 which is subject to Government approval. Provision has been created for payment of such special allowance amounting to Rs. 10648042 /- (Rs.10006062/-).

- f) An embezzlement of cash by cashier of Mala Unit amounting to Rs.1420000/- by forging bank statements and confirmation certificates has been detected during September 2013. Criminal complaint filed with Jurisdictional Police authorities and on the basis of FIR, accused has been arrested. Internal disciplinary actions along with civil and criminal proceedings have been initiated against the accused and he has been terminated from service. Both civil and criminal cases are being heard at respective courts . Further, internal control measures have been further streamlined and strengthened to avoid similar issues.
- 18.** The amount shown under Packing, Forwarding and Insurance Expense (Selling and distribution Expene of Note No.21) is net of credit Rs.889227/- (Rs.1781856/-) being difference in transit insurance recovered and actual amount paid.
- 19.** Tractor unit of the company has been set up at the land transferred by the government in favor of the company on lease. Though unit was ready in all respect for commercial production, due to litigations and recruitment hurdles, production could not be carried out on economic scale. 6th unit at Valiyavelichem, Kannur set up for the manufacture of New Generation Tillers and exclusive Research and Product Development has been commissioned during January, 2016. The unit has been set up at five acres of land allotted by M/s. Kerala State Industrial Development Corporation on 30 years lease.Assets acquired for the unit amounting to Rs.130867937 have been capitalized and depreciation is provided for. Since the design for New Generation Tiller is not ready, the unit is manufacturing garden tillers and brush cutters.
- 20.** Company received an amount of Rs.70000000/- from Government, towards capital grant under RKVY scheme for the new units at Valiyavelicham Kannur against an amount of Rs. 100000000/- sanctioned. The amount received has been credited to capital reserve under note number 4 and pro-rata depreciation of the assets like building machinery and electrical works for which the grant has been utilized is reversed and taken as revenue of the year under the head 'other income' in note number 17. This is in accordance with the accounting policy followed by the company and is in line with accounting standards on capital grants.

21. A.PARTICULARS OF TURNOVER – 2016-17

DESCRIPTION OF PRODUCTS	CURRENT YEAR		PREVIOUS YEAR	
	QTY(.NOS)	VALUE in Rupees	QTY(NOS)	VALUE in Rupees
1. Manufactured Products				
Power Tillers	9344	1164501610	9764	1223175591
Power Reapers	1744	134340111	930	72171670
Diesel Engines	51	3071927	61	3611015
Mini Tractor	9	2548950	38	10754000
Power Weeder	192	9112259	246	11469458
Brush Cutter	379	8129819	248	5282052
Other Products		1022620		
Sub Total		1322727296		1326463786
2. Traded Goods				
KAMCO Barberi Garden Tiller				Nil
Sales of Accessories & Rotavator		71619207		68308009
Sub Total		71619207		68308009
3. Export/Deemed Export Sales				
Power Tillers	68	9255324		
Power Reapers				
Tractor			12	2453760
Others				57600
Sub Total		9255324		2511360
4. Sale of spares		130255638		124309985
TOTAL- PRODUCTS		1533857465		1521593140
Sale of scrap		240874		1521573
Grand total		1534098339		1523114713
Less excise duty		586171		401225
Revenue from operations		1533512168		1522713488

B. STOCK POSITION AND CONSUMPTION OF RAW MATERIALS, COMPONENTS AND TRADED GOODS

(Figures in Rupees)

PARTICULARS	OPENING STOCK	PURCHASES	CONSUMPTION	CLOSING STOCK
Indigenous components	136331688	968034554	943343315	161022927
Reaper components	19399043	84071534	94511407	8959170
Implements & Accessories	6244288	69760850	66710326	9294812
Paints & Chemicals	2745414	12583875	13623050	1706239
Tractor Components	13320986	3827369	946052	16202303
Other Products	5410838	16064353	17099061	4376130
Total	183452257	1154342535	1136233211	201561581
Previous year	201530356	977251096	995329195	183452257

There is no item of raw material having individual value of 10% or more of the total value of raw material consumed. Hence quantitative particulars of individual item as required under part II of schedule VI is not given

C) VALUE OF IMPORTS (ON CIF BASIS)

	Current Year (Rs.)	Previous year(Rs.)
Capital Goods	Nil	Nil
Traded Goods	4478202	Nil

D) VALUE OF IMPORTED RAW MATERIALS, SPARE PARTS & COMPONENTS CONSUMED DURING THE YEAR

	Current Year(Rs.)	Previous year(Rs.)
Indigenous Components	1130447674	995329195
% of consumption on total	99.5	100
Imported	5785537	-
% of consumption on total	0.5	-
Total	1136233211	995329195

E. EARNINGS IN FOREIGN CURRENCY.

	Current Year (Rs.)	Previous year (Rs.)
Export /Deemed Export Sales (on F.O.B. basis)	9255324	2511360

F. PARTICULARS OF REMUNERATION TO DIRECTORS.

Current Year

Name	Designation	Remuneration	Honorarium	Others	Total
Shri.Charupara Ravi (upto 23.05.2016)	Chairman	Nil	34839	Nil	34839
Shri.BijuPrabhakar IAS (Upto 23.12.16)	-Do-	Nil	Nil	Nil	Nil
Shri.P.Balachandran (From 23.12.2016)	-Do-	Nil	65806	Nil	65806
Shri.A.J.Sharankumar (upto18.11.16)	Managing Director	757529	Nil	20721	778250
Shri.P.SureshBabu (18.11.16 to 1.3.2017)	Addl.Charge of M.D	Nil	Nil	Nil	Nil
Shri.K.K.Sureshkumar	Managing Director	84000	Nil	2769	86769

Note :Honorarium showed is excluding service tax

Previous Year

(Figures in Rupees)

Name	Designation	Remuneration	Honorarium	Others	Total
Shri.Charupara Ravi	Chairman	Nil	240000	Nil	240000
Shri.N.K.Manoj	Managing Director	448185			448185
Shri K. Subair Khan	Addl Charge of MD	4572			4572
Shri A.J Sharankumar	Managing Director	87686			87686

DISCLOSURE OF PARTICULARS REGARDING DEMONETIZATION TRANSACTIONS AS PER NOTIFICATION NO.GSR 308 (E)[F.NO.17/62/2015-CL-V-(VOL.I)], DATED 30.03.2017

	SPECIFIED BANK NOTE OF DENOMINATION OF		OTHER DENOMINATION NOTES OF					TOTAL COINS	TOTAL AMOUNT
	1000	500	2000	100	50	20	10		
	In Nos.		In Nos.					In Rs.	
Closing cash in hand as on 08.11.2016	20	47		136	20	142	78	445	62165
(+) Permitted Receipts	38	175	480	300	80		500	397	1124897
(-) Permitted Payments			370	690	139	15	100	204	817454
(-) Amount deposited in Banks	58	222		0	0	0	0	0	169000
Closing cash in hand as on 30.12.2016			98	4		52	224	928	200608

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31/03/2017

NOTE - 3 SHARE CAPITAL

Sl. No.	PARTICULARS	As at 31-03-2017 (Rs.)		As at 31-03-2016 (Rs.)	
a.	Authorised Capital 2,00,000 Equity Shares of Rs.100/= each	20,00,000		20,00,000	
b.	Issued, Subscribed and fully Paid up shares 1,61,460 Equity Shares of Rs.100/= each, fully paid up (1,61,460 Equity Shares of Rs.100/= each, fully paid up)	16,146,000		16,146,000	
c.	Reconciliation of shares outstanding at the beginning and at the end of the reporting period				
		As at 31.03.2017		As at 31.03.2016	
		No. of shares	Amount (Rs.)	No. of shares	Amount (Rs.)
	At the beginning of the period	161,460	16,146,000	161,460	16,146,000
	Add: Shares issued during the year	-	-	-	-
	Less: Shares bought back during the year	-	-	-	-
	Add: Other movements during the year	-	-	-	-
	Outstanding at the end of the period	161,460	16,146,000	161,460	16,146,000
d.	<p>Terms/rights attached to equity shares.</p> <p>The corporation has only one class of equity shares having par value of Re 100 per share. Each holder of equity share is entitiled to one vote per share</p> <p>In the event of liquidation of the corporation, the holders of equity shares will be entitiled to receive the realised value of the assets of the company ,remaining after payment of all preferential dues.</p> <p>The Corporation declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of share holders in ensuing Annual General Meeting.</p> <p>During the year ended 31. 03.2017 the amount of dividend per share Rs.10 (31.03.2016 - Rs.10/-).</p> <p>The total dividend appropriation for the year ended 31.03.2017 amounted to Rs.1614600/-</p> <p>(Previous Year Rs.1614600/-) and Corporate Dividend Tax amounted to Rs.378390/-</p> <p>(Previous Year Rs.273575)</p>				

		As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
e.	Shares held by holding/ultimate holding company/ or their subsidiaries/associates	NIL	NIL
f.	Details of shareholder s holding more than 5% shares in the company		
		As at 31.03.2017	As at 31.03.2016
		No. of shares % of holdings	No. of shares % of holdings
	Government Of Kerala	161,460 100%	161,460 100%
	As per records of the company, including its Register of Members and other declarations received from them regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.		
g.	Aggregate number of shares issued for consideration other than cash, bonus shares issued and shares bought back during the period of five years immediately preceeding the reporting date	Aggregate No: of Shares	
		31.03.2017 (Rs.)	31.03.2016 (Rs.)
		NIL	NIL

NOTE - 4 RESERVES AND SURPLUS

Sl. No:	PARTICULARS	As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
a.	Capital Reserve		
	Opening Balance	68,920,028	70,375,667
	Grant received	-	-
	Less:- Grant received Written back during the year	6,225,996	1,455,639
		62,694,032	68,920,028
b.	General Reserve		
	Opening Balance	128,620,000	123,620,000
	Add: Transferred from Statement of Profit and loss	5,000,000	5,000,000
		133,620,000	128,620,000
	Reserve fund created for Equity participation worth Rs. 150,00,000 in	60,000,000	60,000,000
		193,620,000	188,620,000
c.	Surplus / (Deficit) in the statement of Profit and Loss		
	Opening Balance	909,842,584	903,852,363
	Surplus during the year	18,956,423	12,878,396
	Less: Appropriations:	-	-
	Proposed final equity dividend *	1,614,600	1,614,600
	Dividend distribution tax	378,390	273,575
	Transfer to General Reserve	5,000,000	5,000,000
	Total Appropriations	6,992,990	6,888,175
	Net Surplus in the Statement of Profit and loss	921,806,017	909,842,584
	Total Reserves and Surplus	1,178,120,049	1,167,382,612

* The Board Of Directors has proposed final dividend for the year 2016 – 17 @ Rs.10/- per Equity Share of par value of Rs. 100/- (Previous Year Rs. 10/- equity share)

NOTE - 5 DEFERRED TAX LIABILITY (Net)

Sl. No:	PARTICULARS	As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
a.	Deferred Tax Liability		
	WDV as per Companies Act (See Note 5A)	137,684,933	155,257,448
	WDV as per IT act	134,666,652	151,432,244
	Excess depreciation claimed	3,018,281	3,825,204
	Tax on above *	997,933	1,264,727
	Fixed Assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	997,933	1,264,727
	Gross Deferred Tax Liability	997,933	1,264,727

NOTE - 5A

Sl. No:	PARTICULARS	As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
	WDV as per Companies Act including intangible asset as per Note-9	225174186	248972697
	Less:- Land	25170888	25170888
	Less:- Capital grant received net of Rs.7681635 written back	62318365	68544361
	WDV as per Companies Act	137684933	155257448

NOTE - 6 TRADE PAYABLES

Sl. No:	PARTICULARS	As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
a.	Dues to Micro and Small Enterprises (See Note- 2B (9 b))	Nil	Nil
b.	Dues to Others	433,684,564	396,099,160
	TOTAL	433,684,564	396,099,160

NOTE - 7 OTHER CURRENT LIABILITIES

Sl. No:	PARTICULARS	As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
a.	Other Payables:		
i	Statutory Remittances	10,415,499	12,229,926
ii	Expenses Payable	14,452,093	13,330,577
iii	Advances from Customers	11,451,713	391,694
iv	Other Payables	5,337,706	4,943,911
v	Creditors for Capital & other Contracts	18,048,280	32,515,617
	TOTAL	59,705,290	63,411,725

NOTE - 8 PROVISIONS

Sl. No:	PARTICULARS	LONG TERM		SHORT TERM	
		As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)	As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
a.	Provision for Employee Benefits	58,388,393	46,699,249	127,930,956	97,020,781
		58,388,393	46,699,249	127,930,956	97,020,781
b.	Other Provisions				
	For Proposed Equity Dividend	-	-	3,229,200	1,614,600
	For Tax on Proposed Equity Dividend	-	-	657,390	279,000
				3,886,590	1,893,600
	TOTAL	58,388,393	46,699,249	131,817,546	98,914,381

NOTE 9, FIXED ASSETS AS AT 31.03.2017. (FIGURES IN RS.)												
	GROSS BLOCK				DEPRECIATION				IMPAIRMENT LOSS	WDV written off	NET BLOCK	
	AS AT 01.4.2016	ADDITIONS	DELETIONS	AS AT 31.03.2017.	AS ON 01.04.2016	FOR THE YEAR	DELETIONS 31.03.2017.	ASON 31.03.2017.			01.04. 2016	AS AT 31.03.16
DESCRIPTION OF ASSETS												
A.TANGIBLE ASSETS												
LAND	25170888	0		25170888				25170888			25170888	25170888
BUILDINGS	245509851	172850		0 245682701	69438071	13007062	0	232675639	0	0	174705704	161871493
PLANT AND MACJHINERY	154167185	1192063		0 155359248	113947532	8720062	0	146639186	0	0	38770543	31242543
OFFICE EQUIPMENTS	5867015	416597		0 6283612	4527950	332714	0	5950898	0	0	756714	840597
FURNITURE AND FITTINGS	17589573	32430		0 17622003	13274936	1099593	0	16522410	0	0	4307021	3239859
PATTERNS, JGS & FIXTURES	6210521	0		0 6210521	5711931	0	0	6210521	0	0	99223	99223
MOTOR CAR & VEHICLES	8112912	0		0 8112912	6996679	299154	0	7813758	0	0	1116233	817080
COMPUTER MACHINERY	20757317	426648		0 21183965	18930031	727488	0	20456477	0	0	1010505	709663
OTHERS	839315	0		0 839315	794149	0	0	839315	0	0	20257	20257
TOTAL	484224577	2240588		0 486465165	233621279	24186073	0	462279092	0	0	245957088	224011603
PREVIOUS YEAR	349304514	134920063		0 484224577	214182750	19438529	0	233621279	0	0	130475558	245957088
B.INTANGIBLE ASSETS												
KNOW HOW FEE	9265130			9265130	6249521	1853026		8102547			3015609	1162583
TOTAL	9265130			9265130	6249521	1853026		8102547			3015609	1162583
PREVIOUS YEAR	9265130			9265130	4396495	1853026		6249521			4868635	3015609
C.CAPITAL WORK IN PROGRESS												
PROJECT EXPENSE-KANNUR UNIT												
PREVIOUS YEAR											0	0
INTANGIBLE ASSET UNDER DEVELOPMENT											*66668077	0
(Know how fee-new generation Tiller)											842880	842880
TOTAL											67510957	842880
* (includes Rs.8,42,880/- of first instalment of know how fee of new generation Tiller)												

*(includes Rs.8,42,880/-, of first instalment of know how fee of new generation Tiller)

NOTE - 10 NON CURRENT INVESTMENTS

Sl. No:	PARTICULARS	As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
	Non Trade Investments (Valued at cost) Unquoted		
	a. M/s. Kerala Feeds (Govt. of Kerala Undertaking) 1500 (1500) Equity Shares of Rs. 10000 (10000) each fully paid up	15,000,000	15,000,000
	b. M/s. Cochin International Airport Limited 500000 (500000) Equity Shares of Rs. 10 (10) each fully paid up	5,000,000	5,000,000
	c. M/s. Kerala Enviro Infrastrucure Limited 50000 (50000) Equity Shares of Rs. 10 (10) each fully paid up	500,000	500,000
	TOTAL	20,500,000	20,500,000

NOTE - 11 LOANS AND ADVANCES

Sl. No:	PARTICULARS	NON CURRENT		CURRENT	
		As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)	As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
a.	Loans and advances to Employees		-	14,980,628	8,615,859
		-	-	14,980,628	8,615,859
b.	Deposits				
	Unsecured, considered good				
i.	Government and Other Public Bodies	4,782,196	5,090,684	8,916,674	5,598,695
		4,782,196	5,090,684	8,916,674	5,598,695
c.	Advance Recoverable in cash or in kind				
	Unsecured, considered good				
i.	Advance Tax and Tax Deducted at			16,325,050	17,904,394
		-	-	16,325,050	17,904,394
d.	Other Loans and advances				
	Unsecured, considered good				
i.	Government Companies	5,012,602	5,012,602	10,895,948	8,303,407
ii.	Contractors and Suppliers	5,012,602	5,012,602	10,895,948	8,303,407
	TOTAL	9,794,798	10,103,286	51,118,300	40,422,355

NOTE - 12 INVENTORIES (Valued at lower of cost or net realizable value)

Sl. No:	PARTICULARS	As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
a.	Stock of raw materials	201,561,581	183,452,257
b.	Work in progress	56,949,784	59,817,377
c.	Stock of Finished Goods	97,769,531	42,499,885
d.	Stock of Tools	591,794	890,291
f.	Consumables stores and spares	3,954,412	2,994,381
	TOTAL	360,827,102	289,654,191

NOTE - 13 TRADE RECEIVABLES

Sl. No:	PARTICULARS	As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
a.	Outstanding for a period exceeding six months from the date they are due for payment		
	Secured, considered good	214,697,044	128,623,405
	Unsecured , considered good	72,828,740	1,803,761
	Doubtful	1,989,533	1,989,533
		289,515,317	132,416,699
	Less : Provision for Bad and Doubtful Debts	1,989,533	1,989,533
		287,525,784	130,427,166
b.	Other trade reveivables		
	Secured, considered good	174,380,825	223,645,383
	Unsecured , considered good	583,721,688	708,291,301
	Doubtful	-	-
		758,102,513	931,936,684
	TOTAL	1,045,628,297	1,062,363,850

NOTE - 14 CASH AND CASH EQUIVALENTS

Sl. No:	PARTICULARS	As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
1	Cash and cash equivalents		
a.	Cash on Hand	233,761	139,259
b.	Balance with Banks		
	On current accounts	49,611,699	46,427,952
	Savings Account with Treasury	129,359	129,314
c.	Fixed Deposit with Treasury	80,747,300	39,095,100
		-	-
		130,722,119	85,791,625
2	Others		
a.	Fixed Deposit with banks original maturity more than three months (Balance held as Margin Money or security against borrowings guaranteed and other commitments RS1708143/- (RS3700000/-)	7,299,445	9,531,454
b.	Fixed Deposit with banks original maturity more than twelve months	19,150,166	17,795,606
		26,449,611	27,327,060
	TOTAL	157,171,730	113,118,685

NOTE-15 OTHER CURRENT ASSETS

Sl. No:	PARTICULARS	As at 31-03-2017 (Rs.)	As at 31-03-2016 (Rs.)
I	Other Assets		
	Unsecured , considered good		
a.	Interest Receivable	5,528,539	1,588,526
b.	Claim/ Dividend Receivable	1,464,220	1,665,840
c.	Stipend Receivable	733,521	645,944
d.	Rent Receivable	76,200	39,600
	TOTAL	7,802,481	3,939,910

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2017

NOTE- 16 REVENUE FROM OPERATIONS

Sl. No:	PARTICULARS	For the year ended 31-03-2017(Rs.)	For the year ended 31-03-2016(Rs.)
	Operating Revenue		
	a. Sale of products	1,533,857,465	1,521,593,140
	b. Other Operating Revenue (Sale of scrap)	240,874	1,521,573
	Total	1,534,098,339	1,523,114,713
	Less: Excise Duty	586,171	401,225
	Total	1,533,512,168	1,522,713,488
Note 16(a)			
a	Sale of products	For the year ended 31-03-2017(Rs.)	For the year ended 31-03-2016(Rs.)
	Manufactured products	1,322,727,296	1,326,463,786
	Traded Goods	71,619,207	68,308,009
	Spares	130,255,638	124,309,985
	Export Manufactured products and spares	9,255,324	2,511,360
	Total	1,533,857,465	1,521,593,140

NOTE - 17 OTHER INCOME

Sl. No:	PARTICULARS	For the year ended 31-03-2017(Rs.)	For the year ended 31-03-2016(Rs.)
a.	Interest Income		
i.	Bank Deposits	2,175,839	2,349,220
ii.	Other Deposit		
	Treasury Deposit	6,125,446	4,016,692
	Other Deposit	113,938	168,517
	Total interest income	8,415,223	6,534,429
b.	Dividend Received	1,250,000	1,250,000
c.	Rent Received	199,900	276,565
d.	Other non- operating income	357,587	284,456
e.	capital grant from Govt under RKVY written back (pro)	6,225,996	1,455,639
f.	Foreign Exchange rate Fluctuation gain	-	149,355
	TOTAL (a to f)	16,448,706	9,950,444

NOTE - 18 COST OF RAW MATERIAL CONSUMED

Sl. No:	PARTICULARS	For the year ended 31-03-2017(Rs.)	For the year ended 31-03-2016(Rs.)
	Opening Stock	183,452,257	201,530,356
	Add: Purchase during the year	1,154,342,535	977,251,096
		1,337,794,792	1,178,781,452
	Closing Stock	201,561,581	183,452,257
		1,136,233,211	995,329,195
	Add: Stores and Spares consumed	9,689,828	9,677,058
	TOTAL	1,145,923,039	1,005,006,253

NOTE - 19 CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Sl. No:	PARTICULARS	For the year ended 31-03-2017(Rs.)	For the year ended 31-03-2016(Rs.)
	Inventories at the begning of the year		
	Finished Goods	42,499,885	145,653,675
	Work in Progress	59,817,377	63,407,950
		102,317,262	209,061,625
	Inventories at the end of the year		
	Finished Goods	97,769,531	42,499,885
	Work in Progress	56,949,784	59,817,377
		154,719,315	102,317,262
	TOTAL	(52,402,053)	106,744,363

NOTE - 20 EMPLOYEES BENEFITS EXPENSES

Sl. No:	PARTICULARS	For the year ended 31-03-2017(Rs.)	For the year ended 31-03-2016(Rs.)
	Salaries and Wages	264,691,450	240,939,275
	Contribution To Provident Fund	15,533,541	15,345,753
	Contribution To Pension Fund	6,374,961	6,074,680
	Contribution To ESI	1,844,513	1,364,352
	Contribution To Labour Welfare Fund	7,668	6,976
	Contribution To Kamco Welfare Centre	194,180	207,420
	Gratuity & Leave Policy with LIC	17,280,581	17,296,829
	Staff Welfare	23,848,951	21,736,897
	TOTAL	329,775,845	302,972,182

NOTE - 21 OTHER EXPENSES

Sl. No:	PARTICULARS	For the year ended 31-03-2017(Rs.)	For the year ended 31-03-2016(Rs.)
	Freight	466,214	463,051
	Power & Fuel	7,969,564	7,485,476
	Coolie Charges	1,500,641	1,813,691
	Packing, Forwarding, Freight & Insurance	21,696,198	20,808,178
	Repairs		
	Plant & Machinery	246,552	312,705
	Buildings	1,738,059	3,106,108
	Others	1,166,262	781,134
	Testing Fee Charges	3,422,963	2,583,136
	Loss on revaluation of Tools & Stock Items	409,707	431,545
	ETP Operation charges	503,581	634,286
	Rates & Taxes	1,455,176	1,819,705
	Travelling Expenses - Directors & Chairman	532,424	749,736
	Travel & Accommodation - Others	7,193,218	5,887,028
	Printing & Stationery	1,191,832	961,247
	Postage, Telegram and Telephone	1,067,771	894,138
	Auditors Remuneration:		
	For Audit	140,894	115,000
	For Tax Audit	50,722	41,400
	For Cost Audit & Sales Tax	60,646	49,500
	For other audit, professional services & Reimbursement of expenses	37,544	30,645
	Directors Sitting Fee	4,939	26,387
	Legal & Consultation Charges	674,004	310,249
	Research & Development Expense	893,839	198,451
	Service charges		
	Security Staff	7,893,977	6,870,953
	Others	516,289	900,618
	Lease line Rent to BSNL	200,907	318,498
	AMC Contract Charges	1,020,582	1,029,534
	Donation	-	-

Board Meeting expenses	38,218	115,353
Insurance charges	973,681	859,209
Software development Expenses	-	-
Repairs & Running expense Vehicle	2,055,606	1,851,550
Honararium to chairman (including Service tax)	115,568	273,444
Royalty on tractors sold	43,003	260,475
Advertisement & Publicity	1,670,611	2,815,957
Warranty claim	321,913	559,940
Sales promotion Expenses	2,760,400	3,374,219
Certification fee ISO 9002	58,605	121,359
C&F agency commission	768,000	768,000
Subscription and Membership Fee	114,662	315,435
Inaugural function Expenses	154,634	585,713
Corporate Social Responsibility -Expenses	-	1,116,174
Bank charges	87980	137,164
Exchange rate fluctuation	127392	
Miscellaneous expenses	756,078	850,273
TOTAL	72,100,857	72,626,665

Sd/-
P. Suresh Babu
Managing Director

For and on behalf of the Board
 Sd/-
V. Rajappan
Director

Sd/-
P. Balachandran
Chairman

As per our report of even date attached

Sd/-
For M.V. Tomy & Co.
Chartered Accountants

Sd/-
Besy Apraim (Partner)
M.No. 204146, FRN: 004432S
Ernakulam
16-03-2018

Athani
16-03-2018



सत्यमेव जयते

महालेखाकार (आर्थिक एवं राजस्व क्षेत्र लेखापरीक्षा) का कार्यालय, केरल, तिरुवनन्तपुरम

**OFFICE OF THE ACCOUNTANT GENERAL (ECONOMIC AND REVENUE SECTOR
AUDIT) KERALA, THIRUVANANTHAPURAM**

31 मार्च 2017 को समाप्त वर्ष के लिए केरला एग्रो मशीनरी कारपोरेशन लिमिटेड, आलुवा

के वित्तीय विवरणों पर कम्पनी अधिनियम 2013

की धारा 143(6)(b) के अधीन भारत के नियंत्रक - महालेखापरीक्षक की टिप्पणियाँ

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER
SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS
OF KERALA AGRO MACHINERY CORPORATION LIMITED, ALUVA FOR THE YEAR
ENDED 31 MARCH 2017**

The preparation of financial statements of **Kerala Agro Machinery Corporation Limited, Aluva** for the year ended **31 March 2017** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act), is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **16 March 2018**.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **Kerala Agro Machinery Corporation Limited, Aluva** for the year ended **31 March 2017**. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

*For and on behalf of the
Comptroller and Auditor General of India*

को. प. आनंद

K.P. ANAND

तिरुवनन्तपुरम /Thiruvananthapuram

Dated: 08.06.2018

महालेखाकार (आ. एवं रा. क्षे. ले.प) केरल

ACCOUNTANT GENERAL (E&RSA), KERALA

DR. SHARMILA MARY JOSEPH IAS
SECRETARY TO GOVERNMENT



Finance (Expenditure) Department
Government Secretariat
Thiruvananthapuram

Phone { Office : 0471-2326436
Fax : 0471-2328980
Res :

E-mail : secy-exp.fin@kerala.gov.in

No: PU-B1/50/2018/Fin (E-802823)

Finance (PU-B) Department

**COMMENTS OF SECRETARY (FINANCE-EXPENDITURE) ON THE AUDITED
ACCOUNTS OF KERALA AGRO MACHINERY CORPORATION LIMITED FOR THE
FINANCIAL YEAR 2016-17**

1. The company shows significant improvement in profit from 1.28 Crore to 1.89 Crore as the Gross Income of the company is slightly increased from 153.26 Crore to 154.99 Crore.
2. The Administrative Expense must be curtailed to minimum.
3. The EPS has significantly increased from 80 to 117 is a good sign for a profit making company.
4. The company should take immediate action against the supplier so as to recover the amount towards various liabilities.
5. The company should maintain proper records on location of fixed asset and on the quantity of fixed asset like material handling equipment, furniture and fitting etc.
6. The various undisputed statutory dues have been paid by the company in time which is appreciable.
7. Earnest steps must be taken to maximise Capacity Utilisation.


Dr. SHARMILA MARY JOSEPH
Secretary (Finance-Expenditure)

Thiruvananthapuram
Date: 15/05/2018

**REPLY TO THE COMMENTS OF FINANCE SECRETARY ON THE AUDITED
ACCOUNTS OF KERALA AGRO MACHINERY CORPORATION LIMITED FOR
THE FINANCIAL YEAR 2016-17**

Sl.No.	Comments of Finance Secretary	Company's Reply
1	The company shows significant improvement in profit from 1.28 Crore to 1.89 Crore as the Gross Income of the company is slightly increased from 153.26 Crore to 154.99 Crore.	A positive comment – No reply is warranted.
2	The Administrative Expense must be curtailed to minimum.	Strict control is exercised on Administrative expenses to maintain it to the minimum.
3	The EPS has significantly increased from 80 to 117 is a good sign for a profit making company.	A positive comment – No reply is warranted
4	The company should take immediate action against the supplier so as to recover the amount towards various liabilities.	Recovery steps including legal action is being taken to collect the amount due to the company
5	The company should maintain proper records on location of fixed asset and on the quantity of fixed asset like material handling equipment, furniture and fitting etc.	Fixed asset register is maintained at all units showing full details of each assets and depreciation is also entered in the said register. Physical verification of assets is also carried out at periodical intervals.
6	The various undisputed statutory dues have been paid by the company in time which is appreciable.	A positive comment – No reply is warranted
7	Earnest steps must be taken to maximize Capacity Utilization.	Sub-committee of Board has been constituted to monitor capacity utilization of all units and ensure budgeted production.