



# 46<sup>th</sup> Annual Report & Audited Accounts 2018 - 2019



**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.

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Visit us at: [www.kamcoindia.com](http://www.kamcoindia.com)



**BOARD OF DIRECTORS:**

Shri.P. Balachandran	-	Chairman
Shri.V.K. Rajan	-	Director
Shri. Bobby Antony	-	Director
Shri. A. Shajan	-	Director
Shri. C.K. Sasidharan	-	Director
Shri. P. Kunjukrishnan Bangalam	-	Director
Shri. K.T. Jose	-	Director
Shri. S. Suresh Kumar	-	Director
Shri. K. S. Mohanan	-	Director
Shri. K.P. Sasikumar	-	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/46  
20.12.2019

The Shareholders, Board of Directors  
& Statutory Auditors  
Kerala Agro Machinery Corporation Ltd.,  
Athani-683585

Sir,

Notice is, hereby, given that the adjourned 46<sup>th</sup> Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at Athani, Ernakulam District on Monday 13<sup>TH</sup> January, 2020 at 11.00 AM to transact with or without modification the following business.

**ORDINARY BUSINESS**

To receive, consider and adopt Directors' Report, audited Balance Sheet as at 31.03.2019, Statement of Profit & Loss for the period 2018-19 and Cash Flow together with Report of Statutory Auditors and Report of the Comptroller & Auditor General of India .

To declare dividend.

By order of the Board of Directors

Sd/-

**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)  
of..... in 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 46<sup>th</sup> Adjourned Annual General Meeting of the Company to be held at the  
Registered Office of the Company at Athani on Monday 13<sup>th</sup> January, 2020 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 46<sup>th</sup> Annual Report of the Company and the Audited Statement of accounts for the financial year ended March 31<sup>st</sup>, 2019.

**Introduction**

Agriculture continues to be the back bone of Indian Economy, employing 60% of total work force. Government has introduced several programmes to assist agricultural sector. These include enhanced institutional credit to farmers, promotion of scientific warehousing infrastructure; including cold storages improved irrigation facilities, provision of price stabilization etc. All these Projects aim at making farming competitive & profitable and doubling the income of farmers by 2022. When agriculture sector develops, it in turn enhances our market potentials.

Even though slow down of the Indian economy; especially automobile sector continued during F.Y 2018-19, we could improve our performance by around 15% in terms of production and sales by the strenuous efforts taken by the management and staff. With normal monsoon, revival in rural demand and strong focus on diversification and also widening the dealership chain, Company is hopeful of achieving a sales target of Rs. 300 Crores and profit of Rs. 20 Crores by 2022.

**Operational Performance**

Performance of the company; during FY 2018-19, registered increase in terms of production ,sales and also profit .Turnover increased from Rs.155.98 crores during F.Y 2018-19 to Rs.178.95 crores during current year registering an increase of 15%.Tiller production increased from 9782 Nos during 2017-18 to 10000 Nos. during 2018-19 .Reaper production accounted a growth of 15%.Sale of spares and accessories which is the main revenue earner of the company could be increased by 20% during reporting year. Corresponding growth is visible in non operating income also which recorded a growth rate of 22%.

## **Working Results**

Working results of the financial year 2018-19 are as follows:-

	<b>2018-19</b>	<b>2017-18</b>
<b>Production (Nos)</b>		
KAMCO Power Tiller	<b>10000</b>	<b>9782</b>
KAMCO Power Reaper	<b>3269</b>	<b>2837</b>
Weeder	<b>130</b>	<b>355</b>
Brush cutter	<b>611</b>	<b>330</b>
<b>Sales (Nos)</b>		
KAMCO Power Tiller	<b>10856</b>	<b>9588</b>
KAMCO Power Reaper	<b>3063</b>	<b>2633</b>
KAMCO Engine	<b>18</b>	<b>32</b>
POWER weeder	<b>337</b>	<b>191</b>
Brush Cutter	<b>597</b>	<b>357</b>
<b>FINANCIAL HIGHLIGHTS (Rs.in lakh)</b>		
<b>A. Sales Revenue</b>		
KAMCO Power Tiller	<b>13100.62</b>	<b>11653.47</b>
KAMCO Power Reaper	<b>2508.51</b>	<b>2106.66</b>
PowerWeeder	<b>159.13</b>	<b>90.55</b>
Brush Cutter	<b>123.34</b>	<b>74.39</b>
Diesel Engine	<b>9.70</b>	<b>18.18</b>
Spares and Accessories & Others	<b>1993.81</b>	<b>1655.61</b>
Total Sales	<b>17895.11</b>	<b>15598.86</b>
<b>B. Working Results (Rs. in lakh)</b>		
Operating profit	<b>405.27</b>	<b>375.79</b>
Depreciation, impairment loss and amortization	<b>192.61</b>	<b>226.85</b>
Cash Profit	<b>597.88</b>	<b>602.64</b>
Profit before tax	<b>405.27</b>	<b>375.79</b>
Provision for tax and deferred tax (net of excess of previous year)	<b>119.49</b>	<b>136.03</b>
Profit available for appropriation	<b>285.78</b>	<b>239.76</b>
<b>C. Appropriation (Rs. in lakh)</b>		
Proposed dividend	<b>16.15</b>	<b>16.15</b>
Tax on dividend	<b>3.29</b>	<b>3.29</b>
Other reserves	<b>50</b>	<b>50</b>
Profit after tax ,dividend and transfer to reserve	<b>216.34</b>	<b>170.32</b>

### **Internal Financial Control**

The Company has put in place adequate internal financial controls over financial reporting Systems commensurate to the nature of its business and complexity of its operations. These are regularly tested for their effectiveness by Statutory as well as Internal Auditors. The Audit Committee reviews the adequacy and effectiveness of the Company's Internal Control Environment and monitors the implementation of the Audit recommendations

### **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 2017-18) on the paid up value of Equity Shares as on 31.03.2019, 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**

Company has 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.

### **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 Rs164.3. 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 3.29. lakhs also have been proposed for payment during the year.

### **Expansion and Diversification**

The existing power tiller assembling line of the company is one set up during the inception of the company in 1973. It is high time to renovate the setup to suite the current requirement. A proposal involving a total outlay of Rs 24 crores for modernising the plant, envisaging 50% assistance under



R.K.V.Y scheme has been submitted to Government and got approval. It is expected that the first stage of the project can be implemented shortly .

### **Research & Development activities.**

Company is well aware of the importance of the research and development activities in developing various new generation machines suitable for marginal farmers all over India. Recently R&D department has been strengthened. Company could develop a new variant of Reaper suitable for mulberry cutting. The development of Eco Leopard Tiller intended for Valiyavelicham unit is progressing. New products like self start Tillers, Conoweeders, self priming Pump Sets, Low height Reapers and accessories like Ridger wheel, Spiral wheel, Leveler, Hitch for Garden Tiller etc.. also could be marketed during the year and the response from customers are encouraging.

### **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**

The loans granted to Coconut Development Corporation amounting to Rs.25 lakh during 1998 and to Vazhakkulam Agro and Fruit Processing Company Ltd., during 2018 amounting to Rs.111 lakh is still pending for a final settlement.

### **Environment & Safety**

The Company aims to be the benchmark for environmental stewardship in the tiller industry by focusing on operational excellence aimed at resource efficiency through a Prevent, Minimise, Recover, Reuse and Recycle hierarchical approach to reduce its ecological footprint. The Company is committed to responsible use and protection of the natural environment through conservation and sustainable practices.

### **Corporate Social Responsibility (CSR)**

The Company has in place a CSR policy which provides guidelines to conduct CSR activities of the Company. The CSR policy is available on the website of the Company [www.kamcoindia.com](http://www.kamcoindia.com). During the year, under review, the Company spent Rs.11.30 lakhs on CSR activities. The Annual Report on CSR activities, in terms of Section 135 of the Companies Act, 2013 and the Rules framed there under, is annexed to this report.

### **ISO Certification**

Your company is an ISO certified company since October 1996. As on date company holds ISO 9001:2015 certification. The management system of the company including the implementation meets the requirements of the standard; ISO 9001:2015. This certificate is valid until September 2020 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 9001-2015 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**

Your company takes pride in the commitment, competence and dedication shown by its employees at all levels. Continuous efforts are taken to ascertain the training needs for improving performance of employees at all levels and a training calendar is prepared in advance in consultation with all concerned. Internal and external training in different technical and managerial areas are arranged frequently.

The existing long term agreement of workers was due for renewal with effect from 01-07-16 and in line with Government guidelines, an MOU has been arrived at with recognized trade unions envisaging an enhancement of emoluments by 18.5%. Same has been submitted to Government for approval. Pay revision of officers at par with salary revision of state government employees is due with effect from 01-07-2014 and the proposal submitted to government is awaiting final approval. Meantime, monthly interim relief is being paid to all employees against revision due.

**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 31<sup>st</sup> March 2019, 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 of the company for the period 2018-19;
- 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, company lay great emphasis on the highest standards of corporate governance. The company believes that good corporate governance is essential for achieving long term corporate goals and to enhance stakeholder's value. The company's governance philosophy is founded upon a rich legacy of fair , ethical and transparent governance practices by adopting highest standards of professionalism, honesty, integrity ,and ethical behavior, inorder to protect the interest of all its stakeholders.

#### **Management**

Chairman Sri. P.Balachandran and Managing director Sri K.P Sasikumar continues to hold their respective offices. Directors Sri. C.K. Sasidharan, Sri. P. Kunjukrishnan Bangalam, Sri. K.T. Jose, Sri. S. Sureshkumar, Sri. K.S. Mohanan, , Sri. Bobby Antony, Additional Secretary Agri. Department continue as Directors. As per GO(Rt) No:140/2019 /Agri Dtd 12/02/2019, Sri V.K Rajan (Additional Secretary Finance Dept) was appointed as Director in place of late Sri V.Rajappan. Government, Vide GO (Rt) No:89/2019/Agri) Dtd 24/01/2019, appointed Sri. A. Shajan, Under Secretary; Agri Department as Director in the Board of Directors of KAMCO in place of Sri. R. Manikantan.

#### **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 2018-19, 7 board meetings were held on 03.05.2018, 14.05.2018, 27.06.2018, 27.09.2018, 13.11.2018, 28.12.2018 and 26.02.2019 respectively. The attendance particulars of Board Meeting are:-

Sl. No.	Name of Director							
		03.05.18	14.05.18	27.06.18	27.09.18	13.11.18	28.12.18	26.02.19
1.	P. Balachandran Chairman	P	P	P	A	P	P	A
2.	V.Rajappan	A	P	P	P	P	P	P
3.	C. K. Sasidharan	P	P	P	P	P	A	P
4.	P. Kunjukrishnan Bangalam	P	P	P	P	P	P	P
5.	Boby Antony			P	P	P	A	A
6.	T. Sudheer Babu	A	P					
7.	K. T. Jose	P	A	A	P	P	P	P
8.	S. Suresh Kumar	A	P	A	P	P	P	P
9.	K. S. Mohanan	P	P	A	P	P	A	A
10	R. Manikantan				P	P		
11	K.P Sasikumar, MD						P	P
12	P. Suresh Babu (Former M.D)	P	P	P	P	P		
13	V.K Rajan							P
14	A.Shajan							A

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.K Rajan	Member
3	K.P Sasikumar	Member

During the financial year 2018-19 three meetings were held on 27.06.2018, 13.11.2018, and on 28.12.2018. All the members were present in all meetings.

Two more sub committees of the Board were constituted ;one for monitoring production and marketing functions and another for recruitment and promotion. The said sub committees met 20 times during F.Y 2018 -19.

#### **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 and Internal Adequacy**

The company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by statutory as well as Internal Auditors and cover all office functions and key business areas. Significant audit observations and follow up action thereon are reported to audit committee. The audit committee reviews adequacy and effectiveness of the company's internal control, environment and monitors the implementation of audit recommendations including those relating to strengthening of company's risk management policies and system. Presently; there are no risks which threaten the existence of the Company.

#### **Auditor and Audit Report**

Statutory auditors M/s M.V TOMY AND CO., Kanakath House, Near Meera Flats, Ernakulam- 682018 continues to hold the position. The reply to the comments of the auditor is annexed to this report. M/ s. Rajendran Mani & Varrier, Cost Accountants also have been reappointed to carry out cost audit of the company for the financial year 2018-19. 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.

#### **Future Outlook**

The main challenge of Indian Agricultural sector is low productivity and high cost .Mechanization is the only solution for increasing productivity and reducing cost .Rural farmers all over India expect small and user –friendly machines for crop specific application at affordable price. Company intend to produce an array of machines meeting, the expectation of farmers and thereby widen the market.

**Acknowledgement**

We thank our customers, vendors, dealers, investors, business associates and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support. We thank the Government of India, the State Governments where we have operations, and other government agencies for their support and look forward to their continued support in the future.

for and on behalf of the Board

*Sd/-*

**P. BALACHANDRAN**  
**CHAIRMAN**

**Athani**  
**20-12-2019**

## **ANNEXURE I TO DIRECTOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

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

<b>A. CONSERVATION OF ENERGY</b>		
a	Energy Conservation measures taken.	As Company , is not a power intensive unit no specific action taken.
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 2018-19.However utilization of solar power is planned during coming years.
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 applicable.
d	Total energy consumption per unit of production.	78 Unit
<b>B. TECHNOLOGY ABSORPTION</b>		
1.	Efforts made	Development of new generation power tiller intended for production at Valiyavelicham unit is progressing.
<b>C. FOREIGN EXCHANGE EARNINGS &amp; OUTGO</b>		
i	Activities relating to exports	Export initiatives were not successful due to fluctuation of rupee value and increase in domestic cost.
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	US\$291684.50&Euro14095.5(US \$984900 )
vi	Total foreign exchange earned	698 Euro(US \$13042 & 590 Euro)

appended as Annexure I to Board's Report.



**KERALA AGRO MACHINERY CORPORATION LTD, ATHANI.**  
**Comments of Statutory Auditors and reply of the company to their**  
**comments.**

Sl. No.	Comments of Statutory Auditors	Company's Reply
<b>I</b>	<p><b>Inadequacy of Provisioning for Bad and Doubtful Debts .</b></p> <p>Amount due from  (a) Patel Agencies, Madhya Pradesh Rs 14569137  (b) Patel Agencies, Bihar amounting to Rs 2500775 .  Both the above dues are pending for settlement since 2012. As the recoverability is doubtful provision has to be created against the same.</p> <p>(c) Venkateswara Agency Rs.6850312  Above dealer had issued cheques which were dishonoured and hence provision has to be created</p>	<p>Both the parties have given cheque for the amount due which was dishonoured. Legal suit have been filed against the dishonour along with civil suit for recovery. Company is hopeful of recovering the amount and no provision is required to be created at this stage.</p> <p>Above Dealer has given cheque for full settlement. However same was dishonoured on presentation. Legal suit has been filed against the dealer .Company is hopeful of recovering the amount and hence no provision is required to be created at this stage.</p>
	<p><b>Long Outstanding Dues From</b></p> <p>Dhru Tractors Rs.5472984  Ganges Tractors Rs.1333782</p>	<p>Legal proceedings have been initiated against both dealers for recovering the amount.No provision is made at this stage.</p>
	<p><b>Long Pending Trade Receivables</b></p> <p>(a) Maharashtra Agro Industries Rs.1183819</p> <p>(b) Delhi Agro Services Rs.48203</p> <p>(c) Maharashtra Agro Rs.3691334</p>	<p>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.</p> <p>Action is being taken to collect the amount. Since amount involved is not material, provision has not been created at this stage.</p> <p>Their sister concern have continuous business with us and Company is</p>



	(d) Reliable Enterprises ,Orrisa Rs.230145.	hopeful of settlement of entire dues.  Action is being taken to recover the amount. Since amount involved is not material.
<b>II</b>	<b>Uncertainty in Realisation of principal and interest.</b>  Amount recoverable from M/s Kerala State Coconut Development Corporation Ltd, against loan of Rs.25 Lakh granted to them during 2004-05, together with interest is due. Same is not secured/guaranteed by Government. Total amount outstanding is Rs.5012602. Since the recoverability of this amount 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.
<b>III</b>	<b>Valuation of long term investment.</b>  Company had invested Rs.150Lakh in equity shares of M/s. Kerala Feeds; a state Public Sector Unit, during 1996 and the said unit has finalized accounts only up to the financial year 2014- 15. As such fair valuation of investments held could not be done.	As per the direction of government; company invested Rs.150Lakh during 1996 in equity shares of M/s. Kerala Feeds LTD, a state Public Sector Unit engaged in the manufacture of cattle feeds. Annual accounts of the said company has been finalized only up to 31.03.2015. Though the company is not recently running on profit, its net asset is still positive and investment shown ' <b>at cost</b> ' need no review at this stage. The fact that long term investments are shown ' <b>at cost</b> ' is disclosed in accounting policy of the company under note no.2 A.6 and this is in accordance with accounting standard on investment (AS13).

**Form No. MGT – 9****EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup>  
MARCH,2019.**

[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	24.03.1973
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 : <a href="mailto:mail@kamcoindia.com">mail@kamcoindia.com</a> Web Site: <a href="http://www.kamcoindia.com">www.kamcoindia.com</a>
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 31.03.2018)				No. of Shares held at the end of the year (As on 31.03.2019)				%Change during the year
	De mat	Physical	Total	% of Total Shares	De mat	Physical	Total	% of Total Shares	
<b>A.Promoters</b>									
<b>1.Indian</b>									
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)									
<b>Total Shareholding Of Promoter (A)</b>									
<b>B.Public Shareholding</b>									
<b>1.Institutions</b>									
a)Mutual Funds									
b)Banks/FI									
c)Central Govt.									
d)State Govt.(s)									
e)Venture Capital Funds									
f)Insurance Companies									
g)FIIs									
h)Foreign Venture Capital Funds									
i)Others(Cooperative Societies									
<b>Sub-total (B)(1):-</b>									
<b>2.Non-Institutions</b>									
a)Bodies Corp									
i)Indian									
ii)Overseas									
b)Individuals									
i)Individual shareholders holding nominal share capital 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 31.03.2018)				No. of Shares held at the end of the year (As on 31.03.2019)				%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									
<b>Sub Total (B) (2):-</b>									
<b>Total Public Sharehold (B)=(B)(1)+(B)(2)</b>									
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>		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								
<b>Total</b>								

**C. Change in promoters 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 separated during the year)				
	At the end of the year (or on the date of separation separated 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				
<b>Total (i+ii+iii)</b>				
<b>Change in Indebtedness during the financial year</b>				
Addition				
Reduction				
Net Change				
<b>Indebtedness at the end Of the financial year</b>				
i)Principal Amount				
ii)Interest due but not paid				
iii)Interest accrued but not due				
<b>Total (i+ii+iii)</b>				

## **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					
	<b>Total (A)</b>					
	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				
	<b>Total</b>				

**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)
<b>A.COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B.DIRECTOR S</b>					
Penalty					
Punishment					
Compounding					
<b>C.OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

*Sd/-*
**P. BALACHANDRAN**  
**CHAIRMAN**
**Athani**  
**20-12-2019**



### 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, preservation of nature etc.
2. Composition of CSR Committee : M.D, Chairman, Directors  
Sri.C.K.Sasidharan,Sri.S.SureshKumar and Sri.V.K.Rajan
3. Average net profit of the Company for the last three financial years : Rs.300.13Lakh
4. Prescribed CSR Expenditure : Rs.6.00 Lakh
5. Details of CSR expenditure for the year

(1)	(2)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	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

1.	Health Care & Enhancement of livelihood of disabled	Local Area	0.25Lakhs	0.25Lakhs	0.25 Lakhs	Direct
2.	Educating Children	Local Area	0.30 Lakhs	0.30 Lakhs	0.30 Lakhs	Direct
3.	Flood relief	Statewise	10 Lakhs	10 Lakhs	10 Lakhs	Direct
4.	DO	Local Area	0.75 Lakhs	0.75 Lakhs	0.75 Lakhs	Through KAMCO recreation club.
	TOTAL		11.3 Lakhs	11.3 Lakhs	11.3 Lakhs	

Total amount spent for the financial year 2018 - 19

: 11.3 Lakhs

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

: Expenditure is as per CSR policy

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**  
**20-12-2019**

## M.V. TOMY AND Co.,

### Chartered Accountants

#### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KERALA AGRO MACHINERY CORPORATION LIMITED Report on the Audit of the Financial Statements**

#### **Qualified Opinion**

We have audited the standalone financial statements of **M/s. Kerala Agro Machinery Corporation Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2019, Statement of Profit and Loss, Cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 March 31st, 2019 and its profit and cash flow for the year ended on that date.

#### **Basis for Qualified Opinion**

##### **I) Inadequacy of Provisioning for Bad & Doubtful Debts**

Trade receivables outstanding for a period exceeding six months which is unsecured and considered goods is Rs.90678949/( clause a of Note No 13 of the financial statement), out of which the accounts given below are long pending and in our opinion its recoverability is doubtful for the reasons mentioned below and hence provision is required.

- Long outstanding balances for which cheques received against the payment due in full settlement but those cheques were dishonored and hence the company had filed suits under civil and criminal proceedings:
    - a) Patel Agencies, Madhya Pradesh - Rs.1,45,69,136.58
    - b) Patel Agencies, Bihar - Rs.25,00,775.30

The above two debtors are related themselves where the company had sales transactions till financial year 2011-2012.

  - c) Venkateswara agency Rs.68,50,312/- where the company had sale transactions till the financial year 2017-18. They had issued cheques against the payment due in full settlement but those cheques were dishonored with remarks "insufficient funds" on 18<sup>th</sup> June 2019 ie after the balance sheet date
- Long outstanding balances for which the company had filed civil cases for its recoverability
  - a) Dhru Tractors-Rs.54,72,984/-.
  - b) Ganges Tractors-13,33,782/-.

The above two debtors had sale transactions with the Company till F.Y 2016-17 only.
- Other Long Pending Trade Receivables
  - a) Maharashtra Agro Industries-Rs. 11,83,818.60/-. The company is not having any sale transactions for past three years and there are no receipts after 14<sup>th</sup> July 2014.

## M.V. TOMY AND Co.,

### Chartered Accountants

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- b) Delhi Agro Service-Rs 48,203/-. The company is not having any sale transactions for the past three years and there are no receipts after 4<sup>th</sup> May 2012.
- c) Maharashtra Agro-Rs.36,91,334/-.
- d) Reliable Enterprises, Orissa-Rs.2,30,145/-

Above two debtors (c and d) are related themselves. The company had sales transaction till 3<sup>rd</sup> March 2017 only.

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. 3,58,80,490.18 and the accumulated profit disclosed in the balance sheet would be reduced by the same amount.

#### **II) Uncertainty in Realization of principal and interest**

As referred to in Clause d(i) of Note No. 11 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. 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 quantification of loss or profit, if any, cannot be ascertained.

#### **III) Valuation of Long Term Investment**

The entity has three investments in Equity shares of three companies. Out of these, sufficient details are not available regarding the valuation of shares of M/s Kerala Feeds Limited in which the company has an investment of Rs. 1,50,00,000 (1500 shares of Rs. 10,000 each). The latest financial statements available is for the year 2014-15, and the book value of one share of Rs.10000/- is Rs 6010/- (for calculating the book value the balance in capital grant is not considered as Share- Holders fund). The financial statement for the subsequent years are not available to make a fair valuation of the above Investments.

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

#### **Management's responsibility for the financial statements**

The Company's board of directors are responsible for the matters stated in section 134(5) of the act with respect to the preparation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flow of the company in accordance with the accounting principles generally accepted in India including accounting standards specified under section 133 of the Act. These responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the company and for preventing and detecting fraud and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are responsible and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting record, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In Preparing the financial statements,

## M.V. TOMY AND Co.,

### Chartered Accountants

management is responsible for assessing the Company's ability to continue as a going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternatives but to do so.

The Board Of Directors are also responsible for overseeing the company's financial reporting process.

#### **Auditor's Responsibilities For The Audit of The Financial Statements.**

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

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

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

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

## M.V. TOMY AND Co.,

### Chartered Accountants

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

#### **Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government in terms of Section 143(11) of the Act, we give in the "**Annexure A**" statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, The Statement of Profit and Loss and Cash Flow Statement, dealt with by this report are in agreement with the books of account.
  - (d) Except for the matters described in the Basis for qualified opinion paragraph above, The financial statements referred to in this report, comply with the accounting standards prescribed under 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@) Dated 5<sup>th</sup> June 2015 of Ministry of Corporate Affairs.
  - (f) 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 fully disclosed the impact of pending litigations on its financial positions 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. The company is not required to transfer any amount, to the Investor Education and Protection Fund.

**M.V. TOMY AND Co.,  
Chartered Accountants**

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

SL No	Directions	Auditor's Comment
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	<ul style="list-style-type: none"> <li>The Company has proper IT system to process all accounting transaction. There are no such situations where processing of accounting transaction outside IT system. So, there is nothing to be stated in this regard.</li> </ul>
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	<ul style="list-style-type: none"> <li>There is no restructuring of Existing Loan / Write off Debt / Loans / Interest etc. in the Financial Year.</li> </ul>
3	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	<ul style="list-style-type: none"> <li>There are no fund received/receivable for specific schemes from central /State agencies for the financial Year 2018-19.</li> </ul>

We have attached a separate statement as 'Annexure B' 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/  
**M.V. Tomy (Partner)**  
M.No. 026107  
FRN: 004432S  
UDIN: 19026107AAAADC1045

Ernakulam  
20-12-2019



## M.V. TOMY AND Co.,

### Chartered Accountants

#### ANNEXURE-A TO THE AUDITORS' REPORT

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

- i) In respect of fixed Asset:
  - (a) The company has maintained proper record showing full particulars, Including quantitative details and situation of fixed assets;
  - (b) As per Internal Audit Report and management representation received by us, the assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification;
  - (c) The title deeds of the immovable properties other than lease hold properties are held in the name of the company.
- ii) As per management representation received by us, the inventories has been physically verified at reasonable intervals by the management and no discrepancies were noticed on such verification
- iii) The company has not granted any loans, secured or unsecured during the year to companies, firms, limited liability partnerships, or other parties covered in the register maintained under section 189 of the act. Accordingly, the clauses 3 (iii) (a), (b), and (c) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanation given to us, Company has not given any loans, guarantees and made any investments and hence the provisions of sec I 85 and I 86 are not applicable.
- v) 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 (RBD 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 Company.
- vi) 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.
- vii) (a) The company is regular in depositing undisputed statutory dues, including Provident Fund, Employee's State Insurance, Income , Goods And Service Tax, Duty Of Customs ,Duty Of Excise Cess and any other statutory dues with appropriate authorities, Where applicable .According to the information and explanation given to us , There are no undisputed amounts payable in respect of such statutory dues which are outstanding as at 31<sup>st</sup> March 2019.



## M.V. TOMY AND Co.,

### Chartered Accountants

(b) According to the information and explanation given to us, the particulars of dues of Income -tax, sales-tax, service-tax as at 31<sup>st</sup> march 2019 which have not been deposited on accounts of disputes are as follows:

Nature Of Dispute	Dispute amount	Amount adjusted/remitted against disputed amount	Balance to be remitted	Forum where dispute is pending
Income Tax Act ,1961	5942090	Nil	5942090	Assessing Officer
Income Tax Act ,1961	1,59,49,162	45,11,640	1,14,37,522	Commissioner of Income Tax(Appeals)
Service Tax	17,43,624	17,43,624	Nil	Commissioner of Central Excise and Service Tax(Appeals),Ernakulam
Central sales Tax act ,1956	13,48,286	Nil	13,48,286	Sales Tax Appellate Authority.

- Viii) 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 company.
- ix) 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.
- x) 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
- xi) Sec 197 of companies act2013 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.
- xii) The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the CARO 2016 is not applicable.
- xiii) 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.
- xiv) 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
- xv) 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 Act2013 are not applicable.
- xvi) 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  
20-12-2019

Sd/  
**M.V. Tomy (Partner)**  
M.No. 026107  
FRN: 004432S  
UDIN: 19026107AAAADC1045

## **M.V. TOMY AND Co.,**

### **Chartered Accountants**

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#### **ANNEXURE-B 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 2018 -19.
- 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 2018-19. 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 2018-19 was 86 % 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

Sd/  
**M.V. Tomy (Partner)**

M.No. 026107

FRN: 004432S

UDIN: 19026107AAAADC1045

**Ernakulam**  
**20-12-2019**

**KERALA AGRO MACHINERY CORPORATION LIMITED**  
**REGISTERED OFFICE: ATHANI P.O., ERNAKULAM DISTRICT, KERALA - 683 585**  
**BALANCE SHEET AS AT 31st MARCH, 2019**

Sl. No:	PARTICULARS	Notes	AS AT 31.03.2019 (₹)	AS AT 31.03.2018 (₹)
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholder's Funds</b>			
	a. Share Capital	3	16,146,000	16,146,000
	b. Reserves & Surplus	4	1,216,617,607	1,194,735,902
	<b>Sub Total</b>		1,232,763,607	1,210,881,902
<b>2</b>	<b>Non-Current Liabilities</b>			
	a. Deferred Tax Liabilities (Net)	5	1,434,119	786,016
	b. Long-term Provisions	8	108,518,000	74,118,000
	<b>Sub Total</b>		109,952,119	74,904,016
<b>3</b>	<b>Current Liabilities</b>			
	a. Trade Payables	6		
	i. Due to Micro and Small Enterprises (See Note 2B.9.b)		Nil	Nil
	ii. Others		274,527,654	233,363,267
	b. Other current Liabilities	7	111,844,525	46,784,786
	c. Short-term Provisions	8	36,828,938	64,826,673
	<b>Sub Total</b>		423,201,117	344,974,726
	<b>TOTAL</b>		<b>1,765,916,843</b>	<b>1,630,760,644</b>
<b>II</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-Current Assets</b>			
	a. Fixed Assets	9		
	i. Tangible assets		194,629,738	205,341,873
	ii. Intangible assets		842,880	842,880
	iii. Capital work in progress		929,761	
	b. Non-current investments	10	20,500,000	20,500,000
	c. Long-term loans and advances	11	9,213,581	9,793,615
	<b>Sub Total</b>		226,115,960	236,478,368
<b>2</b>	<b>Current Assets</b>			
	a. Inventories	12	470,945,665	420,550,377
	b. Trade receivables	13	673,803,030	691,992,350
	c. Cash and Cash equivalents	14	257,053,355	186,188,488
	d. Short-term loans and advances	11	129,995,474	88,919,158
	e. Other current assets	15	8,003,358	6,631,903
	<b>Sub Total</b>		1,539,800,883	1,394,282,276
	<b>Significant Accounting Policies</b>	2.A.		
	<b>Notes Forming Part of Accounts</b>	2.B.		
	<b>Contingent Liabilities</b>	2.B1		
	<b>TOTAL</b>		<b>1,765,916,843</b>	<b>1,630,760,644</b>

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

As per our report of even date attached

Sd/-  
**K.P. Sasikumar**  
**Managing Director**

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

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

Sd/-  
**M.V. Tomy (Partner)**  
M.No. 026107 FRN: 004432S

**Ernakulam**  
**20-12-2019**

**Athani**  
**20-12-2019**

**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, 2019**

Sl. No	PARTICULARS	Notes	For the year ended 31-03-2019	For the year ended 31-03-2018
			₹	₹
	Revenue			
I	Revenue from operations	16	1,791,185,419	1,561,265,085
II	Other Income	17	23,663,549	19,423,666
III	<b>Total Revenue ( I+II )</b>		<b>1,814,848,968</b>	<b>1,580,688,751</b>
IV	Expenses			
	Cost of Raw Materials Consumed	18	1,210,170,670	1,112,606,571
	Change in inventories of finished goods, work in progress and stock in trade	19	63,658,498	-40607742
	Employee Benefits Expenses	20	396,616,891	372,708,269
	Depreciations and amortizations expense	9	19,261,249	22,685,131
	Other expenses	21	84,625,991	75,004,292
	Prior period income	22	(11,251)	713,627
V	<b>Total Expenses</b>		<b>1,774,322,048</b>	<b>1,543,110,147</b>
VI	Profit before exceptional and extraordinary items and tax ( III - V )		40,526,920	37,578,603
VII	Exceptional items		-	-
VIII	Profit before extraordinary items and tax ( VI - VII )		40,526,920	37,578,603
IX	Extraordinary items		-	-
X	Profit before tax ( VIII - IX )		40,526,920	37,578,603
XI	Tax expense:			
	1. Current tax		11,057,698	13,815,000
	2. Earlier years		243,477	-
	3. Deferred tax- Revesal( +)		648,103	211,917
XII	Profit for the period from continuing operations ( X-XI )		28,577,642	23,975,520
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 )		28,577,642	23,975,520
XVI	Earnings per equity share:	23		
	1. Basic		177	148
XVII	2. Diluted		177	148
	<b>Summary of Significant Accounting Policies</b>	2.A.		
	<b>Notes Forming Part of Accounts</b>	2.B		

As per our report of even date attached

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

Sd/-  
**K.P. Sasikumar**  
**Managing Director**

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

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

**Athani**  
**20-12-2019**

Sd/-  
**M.V. Tomy (Partner)**  
M.No. 026107 FRN: 004432S  
**Ernakulam**  
**20-12-2019**

KERALA AGRO MACHINERY CORPORATION LIMITED			
REGISTERED OFFICE: ATHANI P. O., ERNAKULAM DISTRICT, KERALA 683 585			
Cash Flow Statement for the Year Ended 31st March 2019			
	Particulars	₹ 31.03.2019	₹ 31.03.2018
<b>A</b>	Cash Flow from Operating Activities:		
	Profit before taxation and exceptional items	40526920	37578603
	Adjustment For:-		
	Depreciation, Amortization & Impairment	19261249	23360254
	Interest Income	-16442209	-11799906
	capital grant under RKVY Scheme written back	-4752642	-5416372
	Dividend Income	-1375000	-1250000
	provision for bad and doubtful debts and advances	0	1908760
	Profit/Loss on sale of fixed assets	-320030	9023
	Operating Profit before Working Capital Changes	36898288	44390363
	Adjustment for:-		
	Trade and Other Receivables	18189320	353403905
	Inventories	-50395288	-59723276
	Other Current Assets	-1371454	1170577
	Loans and Advances	-39512436	-36719973
	Trade payables and Other Liabilities	114569686	-264503068
	Cash generated from operations	78378116	38018528
	Tax Paid (net of refunds)	-12285022	-16571419
	Net Cash From Operating Activities - A	66093094	21447109
<b>B</b>	Cash Flow from Investing Activities:		
	Purchase of Fixed Assets	-9603445	-3577963
	Interest Received	16442209	11799906
	Dividend Received	1375000	1250000
	Sale of fixed assests	444600	41000
	Net Cash form/used in Investing Activities - B	8658364	9512943
<b>C</b>	Cash Flow from Financing Activities:		
	Dividend Paid and tax thereon	-3886590	-1943295
	Net Cash Used in Financing Activities:- C	-3886590	-1943295
	Net Increase/ (Decrease) in Cash and Cash equivalent	70864868	29016757
	Equivalents (A+B+C)		
	Cash and Cash Equivalents as at 1st April(Opening Balance)	186188488	157171730
	Cash and Cash equivalents as at 31st March(Closing Balance)	257053355	186188488
	Net Increase/ (Decrease) in Cash and Cash equivalent	70864867	29016758
<b>Notes</b>			
1 The Cash Flow Statement is prepared in accordance with AS 3 issued by the ICAI			
2 Negative Figures represents deduction or outflow.			
3 Figures of previous year have been regrouped wherever necessary, to suit current year's presentation			
4 Cash and cash equivalent included in the cash flow comprises of the following balances as on 31.03.2019			
		₹	₹
		<b>2019</b>	<b>2018</b>
	Cash on hand	289653	201775
	Balance with Banks in current account	58743322	62751079
	Savings bank Account with Treasury	66490	272175
	Fixed Deposit with Treasury	62511400	48511400
	Fixed Deposit with bank orginal maturity more than three months	113290323	53853035
	Fixed Deposit with bank orginal maturity more than twelve months	22152167	20599024
	Total	257053355	186188488

As per our report of even date attached

For and on behalf of the Board

Sd/-

**K.P. Sasikumar**  
Managing Director

Sd/-

**P. Balachandran**  
Chairman

Sd/-

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

Sd/-

**M.V. Tomy (Partner)**  
M.No. 026107 FRN: 004432S  
**Ernakulam**  
20-12-2019

**Athani**  
20-12-2019

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31<sup>ST</sup> MARCH 2019**

**1. CORPORATE INFORMATION**

KERALAAGRO 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 GST. Excise duty in respect of sales of previous year is shown separately as deduction from gross turn over. Current year there is no excise duty. 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. Lease hold land is shown separately and amortized during the period of lease agreement.

**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 or fair market value whichever is lower.

**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;excluding taxes eligible for refund, 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 forward 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

(Figure in Rs.)

Sl.No	Discription	Current year	Previous year
(a)	Demand from Income Tax Dept. disputed (See note below)	21891252	21941812
(b)	Disputed Sales Tax (see note below)	1348286	4898513
(c)	Disputed claims of employees at High court and Tribunals	2193000	2185800
(d)	Service tax & interest on technology fee, royalty TA directors disputed (see note below)	1743624	1743624
(e)	Bank Guarantees	4700000	1800000

- (g) Estimated value of works to be executed on capital contract Rs.520000/- (Rs.4762853-) and on balance installment towards technology transfer fee to BarbieriRs. 1793568(Rs.1850265)Being equivalent value of 23000 Euro @ 77.9812.

## 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 31.03.2019

(Fig in Rs)

Assess-ment year	Status and details	Disallowance 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 (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 (12153251)
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 (1331183)
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 (123719)
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/-.Sub Treasury 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 ofsec14A readwith rule 8D OF IT Actto the tune of Rs. 109900 and rental income of Rs.94776/- has been disallowed .Taxon disallowed amount will be Rs.0.66lakhs.Appeal has been filed against these disallowances.	203766 (Nil)	Nil	66112 (66112)
2014-15	Assessment order under sec.143(3)of IT completed against ourrevised return of Income for Rs.69120912 without any disallowance of expense .Refund due Rs.1174560 has been received on 21.03.2017.Subsequently Noticeunder Sec.148(Income Escaped Assessment) received on 29/03/2019.Details already furnished .	Nil	Nil	Nil

2015-16	Assesment order under Sec 143(3) of IT Act 1961 received, without any disallowance of expense. However there is a demand of Rs.50560. It is understood that this demand has arisen due to errors in interest calculation. Request for rectifying the error filed. Error in calculation of interest rectified and refund granted amounting to Rs.79320, during FY 2018-19.			Nil (50560)
2016-17	Revised return filed on 25/03/2018 with refund of Rs.22601. Assessment order under Sec.143(3) of IT Act 1961 received without any disallowance of expense. Refund of Rs.266010 admitted. This refund has been adjusted			
	against outstanding demand pertaining to AY 2010 and AY 2012.			
2017-18	Revised return filed on 10/08/2018 with gross total income of Rs 28577239 with refund of Rs.560270.			
2018-19	Revised return filed on 26/03/2019 with gross total income of Rs.40531205 with a refund of Rs.354230.			
	Total		4511640	21891252 (21941812)

Figures shown in bracket relate to previous year.

## (B) SALES TAX

CST and VAT has been replaced by GST, with effect from 01-07-2017. All pending assessments of the VAT period have been completed and only one appeal with respect to CST of first quarter of 2017-18 is pending with Deputy Commissioner. The Tax together with interest on C-forms that could not be submitted at the time of assessment amounts to Rs. 1348286. Majority of C-forms for the relevant period also could be collected subsequently and hence no additional liability is anticipated. The disputed amount has been shown under contingent liability and amount deposited at the time of filing appeal has been shown under advance sales tax paid.

## (C) SERVICE TAX

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. 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. Reserve fund created amounting to 60000000, during 94-95 for equity participation in M/S Kerala Feeds worth Rs.150 lakh has been reversed during the year 2017-18 to profit & loss account as separate reserve is not required to be provided for equity participation as per Companies Act 2013. This has no impact on total reserves and surplus as per Note No 4. of balance sheet.
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.1350000/- declared by M/S CIAL and Rs.25000 received from M/S Kerala Enviro Infrastructure Ltd during September/October 2019, for the Financial Year 2018-19 has been credited to the income of reporting year on accrual basis.
6. (a) The inventories include Rs.32463975 (Rs.19387345/-) materials issued to fabricators/contractors for machining and other process work and held by them in trust.  
(b) GST was introduced all over the country with effect from 01/07/2017. Eligible credit in respect of various stock during the transition period including unutilized VAT credit allowed to be carried forward has been brought to account under the head balance under 'Electronic credit ledger' crediting stock account and refund of the same is yet to be obtained.
7. Warranty Claim received and admitted by the Company till 31.03.2019 has been accounted for. As the products are under warranty only for 500 hours 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 31.03.2019 to the extent of Rs.6750000/- (Rs. 6300000/- ) each. According 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.

During the year 2017-18 company had granted a loan of Rs.11500000/- to M/s Vazhakulam Agro & fruit processing company limited; a state owned venture, as directed by government vide their letter no 1755561/PU2/2017 agri (PU) dated 24/08/2017 and based on loan agreements executed. As per the agreement M/s VAFPC has to repay the loan with 9% interest within a period of 6 months. They repaid Rs.400000/- and interest upto 31/3/18 amounting to Rs.571339/- Balance loan of Rs.11100000/- and interest for the year amounting to 999000 is outstanding for settlement. Loan amount is shown under the head current advance and interest under the head interest receivable

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.
- (b) For orders placed through E-Tender system, few suppliers have submitted MSME, Registration details. Their payments have been released as per tender terms. With regard to others, 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 31.03.2019
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.446373./- (Rs.351020 /-) 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.688312/-)has been charged during the current year,as against Rs211917 reversed during its previous year.Deferred tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax liability as on 31.03.2019is Rs.1474328 against 786016/- during its previous year. Tax rate adopted for the calculation of deferred tax is income tax rate of Assessment Year 2020-2021@ 25% plus 7% surcharge and 4 % cess.
- 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.
- 13As 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 products are usually sold through dealers on ex-works dealer price. During the year , in Karnataka state; for subsidysales govt insisted direct billing by manufacturer(not by dealer)and hence company billed end customers at customer price and sale is inclusive of same. Difference between customer priceand dealer price;which is due to dealer towards pre delivery expense and inspection charges and also after sales service charges based on GST bill has been debited to after sales service charges in P&L Account of current year.This has no net impact on revenue.
- 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 1<sup>st</sup> 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	138406484
Current Service cost	6869982
Interest Cost	10380487
Actuarial loss	-8250005
Less:-Benefits paid	-9714200
Closing Balance	137692748

**Actuarial Assumptions**

Discount rate	7.5%
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	53108239
Current Service cost	10028757
Interest Cost	4248659
Actuarial loss	-12141456
Less:-Benefits paid	-3976742
Closing Balance	<u>51267457</u>

**Actuarial Assumptions**

Discount rate	8%
Salary escalation rate	7%



**c) Provident Fund**

Company pays fixed contribution to Provident Fund at pre-determined 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)** An MOU has been arrived at for Pay revision of workers which was due with effect from 01.07.2016. Same is subject to GOVT approval and submitted for sanction. Revision as per MOU is 18.5%. Interim relief is also paid to eligible employees. Amount required for pay revision @ 18.5 % considering interim relief has been provided in the accounts. (previous year amount so provided amount to Rs.26800000. (Rs.28319000) Similarly, pay revision of officers is due for renewal in line with pay revision of State Government employees with effect from 01.07.2014 and an amount of Rs.7600000 (9280000) has been provided towards revision arrears. An amount of Rs.2101580 (713672) has been provided during the year towards DA arrears of officers which has been paid during 2019-20. Mean time an adhoc advance and monthly interim relief have been paid to officers against pay revision arrears as per a decision taken at a meeting convened by Hon'ble Minister for Agriculture with Management and Officers Associations and such amount of Rs.12231288/- (10808531/-) is shown as advance pending settlement against provisions made for salary revision.

**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.32600/-) as per Government direction for the financial year 2018-19. Provision has been created for payment of such special allowance amounting to Rs. 11160900/- (Rs.10299977 /).

**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/appeals are filed 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 Expense of Note No.21) is net of credit Rs.549989/- (Rs.711435 /-) 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 favour 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. Technology transfer fee of tractor amounting to Rs.9265130/- had been capitalized under the head "Intangible Assets" and amortised fully.

6<sup>th</sup> 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. Since the land is acquired on 30 years lease, in compliance with AS 17 it is shown separately under "Lease hold land" and cost is written off during lease period on proratabasis. Accordingly an amount of Rs. 519123 (519123) is debited to expense of current year.

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 – 2018-19

DESCRIPTION OF PRODUCTS	CURRENT YEAR		PREVIOUS YEAR	
	QTY(.NOS)	VALUE in Rupees	QTY(NOS)	VALUE in Rupees
<b>1. Manufactured Products</b>				
Power Tillers	10782	1299065989	9588	1165346610
Power Reapers	3063	250851566	2633	210666483
Diesel Engines	18	969650	32	1817906
Mini Tractor	2	566000	13	3679000
Power Weeder	337	15912950	191	9055324
Brush Cutter	597	12334400	357	7439196
Other Products		457520		166940
<b>Sub Total</b>		<b>1580158075</b>		<b>1398171459</b>
<b>2. Traded Goods</b>				
Sales of Accessories & Rotavator		<b>85128943</b>		<b>74408001</b>
<b>3. Export/Deemed Export</b>				
Power Tillers	74	10996379		
Others		92167		956257
<b>Sub Total</b>		<b>11088546</b>		<b>956257</b>
<b>4. Sale of spares</b>		<b>113135741</b>		<b>86350402</b>
<b>TOTAL- PRODUCTS</b>		<b>1789511305</b>		<b>1559886119</b>
Sale of scrap		<b>1674113</b>		<b>1462397</b>
<b>Grand total</b>		<b>1791185418</b>		<b>1561348516</b>
Less excise duty		NIL		83431
<b>Revenue from operations</b>		<b>1791185418</b>		<b>1561265085</b>

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

(Figures in Rupees)

PARTICULARS	OPENING STOCK	PURCHASES	CONSUMPTION	CLOSING STOCK
Indigenous components	192335149	1158216524	1086633341	263918332
Implements & Accessories components	8309518	68217318	67788391	8738445
Paints & Chemicals	2238777	13387076	11625776	4000077
Reaper, Weeder and Others	16164368	68422833	47327944	37259257
<b>Total</b>	<b>219047812</b>	<b>1308243751</b>	<b>1195701321</b>	<b>331590243</b>
Previous year	<b>201561581</b>	<b>1118012283</b>	<b>1100526052</b>	<b>219047812</b>

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	24488486	8270509

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

	Current Year (Rs.)	Previous year (Rs.)
Indigenous Components	1187093063	1092123891
% of consumption on total	99.28	99.24
Imported	8608258	8402161
% of consumption on total	0.72	0.76
Total	1195701321	1100526052

## E. EARNINGS IN FOREIGN CURRENCY.

	Current Year (Rs.)	Previous year (Rs.)
Export/Deemed Export Sales (on F.O.B. basis)	11088546	956257

**F. PARTICULARS OF REMUNERATION TO DIRECTORS.**

(Figures in Rupees)

Name	Designation	Remuneration	Honorarium	Others	Total
Shri.P.Balachandran	-Chairman		240000 (24000)	Nil	240000 (24000)
Shri.K.P.SASIKUMAR (from 20-12-2018)	Managing Director	452666 (NIL)	Nil		452666 (NIL)
Shri.P Suresh Babu (From 06.12.2017)	Addl.Charge of M.D	NIL (Nil)	Nil	Nil	NIL (Nil)

**Note :** Honorarium showed is excluding service tax

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31/03/2019**
**NOTE - 3 SHARE CAPITAL**

Sl. No:	PARTICULARS	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
a.	Authorised Capital 2,00,000 Equity Shares of (₹)100/= each	20,000,000	20,000,000
b.	Issued, Subscribed and fully Paid up shares 1,61,460 Equity Shares of (₹).100/= each, fully paid up (1,61,460 Equity Shares of ₹ 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 ON 31.03.2019	AS ON 31.03.2018
		No. of shares	No. of shares
	At the beginning of the period	161460	161,460
	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	161460	161,460
d.	Terms/rights attached to equity shares. The corporation has only one class of equity shares having par value of ₹ 100 per share. Each holder of equity share is entitiled to one vote per share 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. 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. During the year ended 31. 03.2019 the amount of dividend per share ₹ 10 ( 31.03.2018 - ₹.10/-). The total dividend appropriation for the year ended 31.03.2019 amounted to ₹.1614600/- (Previous Year ₹.1614600/-) and Corporate Dividend Tax amounted to ₹.328695/- ( Previous Year ₹.328695)		
		AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
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 ON 31.03.2019	AS ON 31.03.2018
		No. of shares	No. of shares
	Government Of Kerala	161,460	161,460
	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.		% of holdings
			100%
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 AS ON 31-03-2019 (₹) NIL	AS ON 31-03-2018 (₹) NIL

**NOTE - 4 RESERVES AND SURPLUS**

Sl. No:	PARTICULARS	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
a.	<b>Capital Reserve</b> Opening Balance Grant received Less:- Grant received Written back during the year	57,277,660 - 4,752,642 52,525,018	62,694,032 - 5,416,372 57,277,660
b.	<b>General Reserve</b> Opening Balance Add: Transferred from Statement of Profit and loss	138,620,000 5,000,000 143,620,000	133,620,000 5,000,000 138,620,000
c.	<b>Surplus in the statement of Profit and Loss</b> Opening Balance Add reserve fund created for equity participation shown above Surplus during the year Less: Appropriations: Proposed final equity dividend * Dividend distribution tax Transfer to General Reserve Total Appropriations Net Surplus in the Statement of Profit and loss	998,838,242 - 28,577,642 1,614,600 328,695 5,000,000 6,943,295 1,020,472,589	921,806,017 60,000,000 23,975,520 1,614,600 328,695 5,000,000 6,943,295 998,838,242
	<b>Total Reserves and Surplus</b>	<b>1,216,617,607</b>	<b>1,194,735,902</b>

\* The Board Of Directors has proposed final dividend for the year 2018 – 19 ₹.10/- per Equity Share of par value of ₹.100/- (Previous Year ₹.10/- equity share)

**NOTE - 5 DEFERRED TAX LIABILITY (Net)**

Sl. No:	PARTICULARS	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
a.	<b>Deferred Tax Liability</b>		
	WDV as per Companies Act (See Note 5A)	119,022,868	124,463,238
	WDV as per IT act	113,867,874	121,637,875
	Excess depreciation claimed	5,154,994	2,825,363
	Tax on above *@25%+7% surcharge+4% edu cess(27.82%)	1,434,119	786,016
	Fixed Assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	1,434,119	786,016
	<b>Gross Deferred Tax Liability</b>	<b>1,434,119</b>	<b>786,016</b>

**NOTE - 5A**

Sl. No:	PARTICULARS	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
	WDV as per Companies Act including intangible asset as per Note-9	194629738	205341873
	Less:- Land	23457519	23976642
	Less:- Capital grant received net written back	52149351	56901993
	<b>WDV as per Companies Act</b>	<b>119022868</b>	<b>124463238</b>

**NOTE - 6 TRADE PAYABLES**

Sl. No:	PARTICULARS	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
a.	Dues to Micro and Small Enterprises (See Note- 2B (9 b) )	Nil	Nil
b.	Dues to Others	274,527,654	233,363,267
	Provision for bad and doubtful debts -advance		
	<b>TOTAL</b>	<b>274,527,654</b>	<b>233,363,267</b>

**NOTE - 7 OTHER CURRENT LIABILITIES**

Sl. No:	PARTICULARS	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
a.	<b>Other Payables:</b>		
i	Statutory Remittances	5,868,588	2,229,635
ii	Expenses Payable	17,400,261	15,627,933
iii	Advances from Customers	37,121,102	15,671,460
iv	Other Payables	46,617,815	5,390,137
v	Creditors for Capital & other Contracts	4,836,758	7,865,621
	<b>TOTAL</b>	<b>111,844,524</b>	<b>46,784,786</b>

**NOTE - 8 PROVISIONS**

Sl. No:	PARTICULARS	LONG TERM		SHORT TERM	
		AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
a.	Provision for Employee Benefits	108518000	74,118,000	34,885,643	60,940,083
		108518000	74,118,000	34,885,643	60,940,083
b.	Other Provisions				
	For Proposed Equity Dividend		-	1,614,600	3,229,200
	For Tax on Proposed Equity Dividend		-	328,695	657,390
				1,943,295	3,886,590
	<b>TOTAL</b>	<b>108518000</b>	<b>74,118,000</b>	<b>36,828,938</b>	<b>64,826,673</b>

**Note - 9 Fixed Asset as at 31-03-2019( Figures in Rs )**

NOTE 9, FIXED ASSETS AS AT 31.03.2019														
DESCRIPTION OF ASSETS	GROS BLOCK		DELETIONS	AS ON 31.03.2019	DEPRECIATION/AMORTISATION			AS ON 31.03.2019	IMPAIRMENT LOSS		WDV written off	NET BLOCK		
	AS ON 01.4.2018	ADDITI ONS			AS ON 01.04.2018	FOR THE YEAR	pre yr		01.04, 2018	FOR THE YEAR		31.03, 2019	AS ON 31.03.18	AS ON 31.03.19
A.TANGIBLE ASSETS														
FREE HOLD LAND	9597212	0	0	9597212				0					9597212	9597212
LEASE HOLD LAND	15573676	0	0	15573676	1194246	519123	0	1713369					14379430	13860307
BUILDINGS	246014570	0	0	246014570	95763908	10934763	0	106698671	0	0	0	0	150250662	139315899
PLANT AND MACHINERY	156563225	6549401	0	163112626	131009974	5914864	0	136924838	0	0	0	0	25553251	26187788
OFFICE EQUIPMENTS	6436920	147802	0	6584722	5747352	239532	0	5986884	0	0	0	0	689568	597838
FURNITURE AND FITTINGS	17823729	667870	0	18491599	15229054	682627	0	15911681	0	0	0	0	2594675	2579918
PATTERNS, JIGS & FIXTURES	6215821	0	0	6215821	6111507	2295	0	6113802	0	0	0	0	104314	102019
MOTOR CAR & VEHICLES	8112912	484182	124570	8472524	7501549	79897	0	7581446	0	0	0	0	611363	891078
COMPUTER MACHINERY	22815725	824429	0	23640154	21274584	888148	0	22162732	0	0	0	0	1541141	1477422
OTHERS	839315	0	0	839315	819058	0	0	819058	0	0	0	0	20257	20257
TOTAL	489993105	8673684	0	498542219	284651232	19261249	0	303912481	0	0	0	0	205341873	194629738
PREVIOUS YEAR	486465165	3577963	0	489993105	437108204	21522549	675123	459305876	0	0	0	0	224011603	205341873
B.INTANGIBLE ASSETS														
KNOW HOW FEE	9265130			9265130	8102547	1162583		9265130					1162583	0
PREVIOUS YEAR	9265130			9265130	6249521	1853026		8102547					3015609	1162583
C.CAPITAL WORK IN PROGRESS		929761												929761
PROJECT EXPENSE-KANNUR UNIT														
PREVIOUS YEAR														
INTANGIBLE ASSET UNDER DEVELOPMENT													842880	842880
(Know how fee-new generation Tiller)														
TOTAL													842880	842880



**NOTE - 10 NON CURRENT INVESTMENTS**

Sl. No:	PARTICULARS	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
	Non Trade Investments (Valued at cost) Unquoted		
	a. M/s. Kerala Feeds ( Govt. of Kerala Undertaking)		
	1500 (1500) Equity Shares of 10000 (10000) each fully paid up	15,000,000	15,000,000
	b. M/s. Cochin International Airport Limited		
	500000 (500000) Equity Shares of 10 (10) each fully paid up	5,000,000	5,000,000
	c. M/s. Kerala Enviro Infrastructure Limited		
	50000 (50000) Equity Shares of 10 (10) each fully paid up	500,000	500,000
	<b>TOTAL</b>	<b>20,500,000</b>	<b>20,500,000</b>

**NOTE - 11 LOANS AND ADVANCES**

Sl. No:	PARTICULARS	NON CURRENT		CURRENT	
		AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
a.	Loans and advances to Employees			23,398,460	19,572,869
				23,398,460	19,572,869
b.	Deposits				
	Unsecured, considered good				
i.	Government and Other Public Bodies	4200979	4,781,013	67,023,012	35,039,250
		4200979	4,781,013	67,023,012	35,039,250
c.	Advance Recoverable in cash or in kind				
	Unsecured, considered good				
i.	Advance Tax and Tax Deducted at Source(net of provision)			20,065,315	19,081,469
			-	20,065,315	19,081,469
d.	Other Loans and advances				
	Unsecured, considered good				
i.	Government Companies	5012602	5,012,602	11,100,000	11,100,000
ii.	Contractors and Suppliers			8,408,687	4,125,570
		5012602	5,012,602	19,508,687	15,225,570
	<b>TOTAL</b>	<b>9213581</b>	<b>9,793,615</b>	<b>129,995,474</b>	<b>88,919,158</b>

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

Sl. No:	PARTICULARS	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
a.	Stock of raw materials	331,590,242	219,047,812
b.	Work in progress	75,789,539	69,066,337
c.	Stock of Finished Goods	55,879,020	126,260,720
d.	Stock of Tools	510,792	559,729
f.	Consumables stores and spares	7,176,072	5,615,779
	<b>TOTAL</b>	<b>470,945,665</b>	<b>420,550,377</b>

**NOTE - 13 TRADE RECEIVABLES**

Sl. No:	PARTICULARS	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
a.	Outstanding for a period exceeding six months from the date they are due for payment		
	Secured, considered good	75,784,596	95,805,564
	Unsecured , considered good	90,678,949	143,491,295
	Doubtful	2,221,575	2,221,575
		168,685,120	241,518,434
	Less : Provision for Bad and Doubtful Debts	2,221,575	2,221,575
		166,463,545	239,296,859
b.	Other trade receivables		
	Secured, considered good	28,119,026	29,162,000
	Unsecured , considered good	479,220,492	423,533,491
	Doubtful		-
		507,339,518	452,695,491
	<b>TOTAL</b>	<b>673,803,030</b>	<b>691,992,350</b>



**NOTE - 14 CASH AND CASH EQUIVALENTS**

Sl. No:	PARTICULARS	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
1	<b>Cash and cash equivalents</b>		
a.	Cash on Hand	289,653	201,775
b.	Balance with Banks		-
	On current accounts	58,743,322	62,751,079
	Savings Account with Treasury	66,490	272,175
c.	Fixed Deposit with Treasury	62,511,400	48,511,400
		-	-
		121,610,865	111,736,429
2	<b>Others</b>		
a.	Fixed Deposit with banks original maturity more than three months (Balance held as Margin Money or security against borrowings guarantees and other commitments 1708143/- ( 3700000/-)	113,290,323	53,853,035
b.	Fixed Deposit with banks original maturity more than twelve months	22,152,167	20,599,024
		135,442,490	74,452,059
	<b>TOTAL</b>	<b>257,053,355</b>	<b>186,188,488</b>

**NOTE-15 OTHER CURRENT ASSETS**

Sl. No:	PARTICULARS	AS ON 31-03-2019 (₹)	AS ON 31-03-2018 (₹)
I	Other Assets		
	Unsecured , considered good		
a.	Interest Receivable	5,880,814	4,466,053
b.	Claim/ Dividend Receivable	1,657,906	1,382,542
c.	Stipend Receivable	424,137	744,608
d.	Rent Receivable	40,500	38,700
	<b>TOTAL</b>	<b>8,003,357</b>	<b>6,631,903</b>

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2019**
**NOTE- 16 REVENUE FROM OPERATIONS**

Sl. No:	PARTICULARS	For the year ended 31-03-2019(₹)	For the year ended 31-03-2018(₹)
	<b>Operating Revenue</b>		
a.	Sale of products	1,789,511,305	1,559,886,119
b.	Other Operating Revenue(Sale of scrap)	1,674,114	1,462,397
	<b>Total</b>	<b>1,791,185,419</b>	<b>1,561,348,516</b>
	Less: Excise Duty		83,431
	<b>Total</b>	<b>1,791,185,419</b>	<b>1,561,265,085</b>
	<b>Note 16(a)</b>		
a	<b>Sale of products</b>	<b>For the year ended 31-03-2019(₹)</b>	<b>For the year ended 31-03-2018(₹)</b>
	Manufactured products	1,580,158,075	1,398,171,459
	Traded Goods	85,128,943	74,408,001
	Spares	113,135,741	86,350,402
	Export Manufactured products and spares	11,088,546	956,257
	<b>Total</b>	<b>1,789,511,305</b>	<b>1,559,886,119</b>

**NOTE - 17 OTHER INCOME**

Sl. No:	PARTICULARS	For the year ended 31-03-2019(₹)	For the year ended 31-03-2018(₹)
a.	Interest Income		
i.	Bank Deposits	11,201,914	6,029,641
ii.	Other Deposit		
	Treasury Deposit	4,135,907	5,080,413
	Other Deposit	1,104,388	689,852
	<b>Total interest income</b>	<b>16,442,209</b>	<b>11,799,906</b>
b.	Dividend Received	1,375,000	1,250,000
c.	Rent Received	67,800	66,000
d.	Other non- operating income	1,025,898	717,573
e.	capital grant from Govt under RKVY written back(pro rata to depreciation )	4,752,642	5,416,372
f.	Foreign Exchange rate Fluctuation gain		173,815
	<b>TOTAL (a to f)</b>	<b>23,663,549</b>	<b>19,423,666</b>

**NOTE - 18 COST OF RAW MATERIAL CONSUMED**

Sl. No:	PARTICULARS	For the year ended 31-03-2019( ₹ )	For the year ended 31-03-2018( ₹ )
	Opening Stock	219,047,812	201,561,581
	Add: Purchase during the year	1,308,243,752	1,118,012,284
		1,527,291,564	1,319,573,864
	Closing Stock	331,590,242	219,047,812
		1,195,701,321	1,100,526,053
	Add: Stores and Spares consumed	14,469,349	12,080,518
	<b>TOTAL</b>	<b>1,210,170,670</b>	<b>1,112,606,571</b>

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

Sl. No:	PARTICULARS	For the year ended 31-03-2019( ₹ )	For the year ended 31-03-2018( ₹ )
	<i>Inventories at the begning of the year</i>		
	Finished Goods	126,260,720	97,769,531
	Work in Progress	69,066,337	56,949,784
		195,327,057	154,719,315
	<i>Inventories at the end of the year</i>		
	Finished Goods	55,879,020	126,260,720
	Work in Progress	75,789,539	69,066,337
		131,668,559	195,327,057
	<b>TOTAL</b>	<b>63,658,498</b>	<b>(40,607,742)</b>

**NOTE - 20 EMPLOYEES BENEFITS EXPENSES**

Sl. No:	PARTICULARS	For the year ended 31-03-2019( ₹ )	For the year ended 31-03-201( ₹ )
	Salaries and Wages	322,823,612	268,844,494
	Contribution To Provident Fund	17,932,766	22,108,571
	Contribution To Pension Fund	10,941,511	10,273,406
	Contribution To ESI	2,934,863	2,574,321
	Contribution To Labour Welfare Fund	8,440	8,452
	Contribution To Kamco Welfare Centre	1,861,80	182,350
	Gratuity & Leave Policy with LIC	17,527,939	44,684,567
	Staff Welfare	24,261,580	24,032,108
	<b>TOTAL</b>	<b>39,66,16,891</b>	<b>372,708,269</b>

**NOTE - 21 OTHER EXPENSES**

Sl. No:	PARTICULARS	For the year ended 31-03-2019( ₹ )	For the year ended 31-03-2018( ₹ )
	Freight	706,082	509,355
	Power & Fuel	8,434,157	8,222,195
	Coolie Charges	2,803,138	2,338,624
	Packing, Forwarding, Freight & Insurance	23,825,605	19,395,734
	<b>Repairs</b>		
	Plant & Machinery	201,260	527,844
	Buildings	2,610,640	3,031,182
	Others	1,721,390	1,408,121
	Testing Fee Charges	1,244,037	2,875,805
	Loss on revaluation of Tools & Stock Items	274,407	250,690
	ETP Operation charges	521,182	461,391
	Rates & Taxes	2,530,663	1,230,347
	Travelling Expenses - Directors & Chairman	1,555,734	824,115
	Travel & Accommodation - Others	6,914,824	7,272,709
	Printing & Stationery	1,336,499	1,360,822
	Postage, Telegram and Telephone	709,238	911,693
	<b>Auditors Remuneration:</b>		
	For Audit	125,000	125,000
	For Tax Audit	45,000	45,000
	For Cost Audit & Sales Tax	59,000	54,000
	For other audit, professional services & Reimbursement of expenses	74,250	61,349
	Directors Sitting Fee	51,600	24,686
	Legal & Consultation Charges	657,195	718,458
	Research & Development Expense	446,373	351,020
	<b>Service charges</b>		
	Security Staff	6,203,903	7,135,677
	Others	448,377	797,135
	Lease line Rent to BSNL	178,372	178,011
	AMC Contract Charges	738,234	542,376
	Board Meeting expenses	163,324	113,657
	Insurance charges	712,128	997,248
	Loss on sale of fixed assets		9,023
	Repairs & Running expense Vehicle	2,542,483	2,292,948
	Honarium to chairman (including Service tax)	240,000	252,600
	Royalty on tractors sold	9,358	74,043
	Advertisement & Publicity	2,715,914	3,609,543
	Warranty claim	629,280	505,000
	Sales promotion Expenses	4,253,257	2,206,529
	Certification fee ISO 9002	175,656	214,867
	C&F agency commission		384,000
	Subscription and Membership Fee	74,558	44,427
	Inaugural function Expenses	56,430	-
	Corporate Social Responsibility - Expenses	1,130,000	900,000
	Bank charges	177,837	60,035
	After sales service charges	569,965	
	Exchange rate fluctuation	59,400	-
	Rent paid	57,140	36,216
	Miscellaneous expenses	1,513,401	742,057
	Bad and doubtful debts-advance		1,908,760
	<b>TOTAL</b>	<b>84,625,991</b>	<b>75,004,292</b>

**NOTE - 22 PRIOR PERIOD INCOME / EXPENDITURE**

Sl. No	PARTICULARS	INCOME		EXPENDITURE	
		For the year ended 31-03-2019 (₹)	for the year ended 31-	For the year ended 31-03-2019 (₹)	For the year ended 31-03-2018 (₹)
	Amortisation of lease hold land		-		675,123
	excise duty and service tax				1,597
	news paper and periodicals				2,400
	repairs to other assets		-		9,160
	sales short				
	Vehicle Loan Interest		-		25,347
	Freight charges recovered	38840			
	Revision arrear rent	1800			
	Travel and conveyance			1,645	
	Fee pollution control board			20,000	
	Purchase			7,744	
		40640	-	29,389	713,627
NET BALANCE (EXPENSE/INCOME)		11,251			713, 627

**NOTE - 23 EARNINGS PER SHARE**

Sl. No:	PARTICULARS	For the year ended 31-03-2019 (₹)	For the year ended 31-03-2018 (₹)
a.	Net profit as per Statement of Profit and Loss	28,577,642	2,39,75,520
b.	Net profit available to Equity Share holders	28,577,642	2,39,75,520
c.	No. of equity Shares at year end	161,460	161,460
d.	Weighted average number of Equity shares used as denominator	161,460	161,460
e.	Basic and Diluted Earning Per Share	177	148
f.	Face Value per Equity Share	100	100

The Company has reclassified previous year figures to conform to this year's classification.

Signature to Note 1 to 23

As per our report of even date attached

For and on behalf of the Board

Sd/-

**K.P. Sasikumar**  
Managing Director

Sd/-

**P. Balachandran**  
Chairman

Sd/-

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

Sd/-

**M.V. Tomy (Partner)**  
M.No. 026107 FRN: 004432S  
**Ernakulam**  
20-12-2019

**Athani**  
20-12-2019



सत्यमेव जयते

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

**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 FOR THE YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of **Kerala Agro Machinery Corporation Limited** for the year ended **31 March 2019** 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 the 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 **20 December 2019**.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of **Kerala Agro Machinery Corporation Limited** for the year ended **31 March 2019** under Section 143(6) (a) of the Act.

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

K.P. ANAND

**Thiruvananthapuram**  
**Dated: 03 .01.2020**

**ACCOUNTANT GENERAL (E&RSA), KERALA**

