

**KARAD PROJECTS AND MOTORS LIMITED**  
**16<sup>th</sup> Annual Report 2016-17**

## DIRECTORS' REPORT

The Members  
Karad Projects and Motors Limited

Your Directors present the **Sixteenth Annual Report** and Audited Financial Statements of the Company for the year ended March 31, 2017.

### 1. FINANCIAL PERFORMANCE

The financial results of the Company for the year 2016-17 as compared with the previous year are as under:-

	Current Year ended March 31, 2017 (Rs. In Lakhs)	Previous Year ended March 31, 2016 (Rs. In Lakhs)
Revenue from Operations	33642.38	29586.02
Other Income	101.16	88.86
<b>Total</b>	<b>33743.54</b>	<b>29674.88</b>
Less - Depreciation	540.64	541.16
Finance Costs	99.59	122.14
Other Expenses	31795.16	28501.61
Profit / (Loss) before tax	1308.15	509.97
Provision for Income / deferred tax	57.43	78.53
<b>Net Profit / (Loss) for the year</b>	<b>1250.72</b>	<b>431.44</b>

### APPROPRIATIONS:

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

Particulars	Current Year ended March 31, 2017 (Rs. In Lakhs)	Previous Year ended March 31, 2016 (Rs. In Lakhs)
Dividend	251.10	174.40
Tax on Dividend	51.10	34.40
Transfer to General Reserve		
Balance Carried to Balance Sheet	302.20	208.80
<b>Total</b>	<b>302.20</b>	<b>208.80</b>

### 2. STATEMENT OF AFFAIRS:

During the year, the total revenue from operations of the Company reached to the level of Rs. 3374 Million which is 14% higher in comparison with previous year. The Company has also earned a profit before tax of Rs. 130 Million in comparison with previous year profit of Rs. 51 Million. Company successfully completed & delivered stators for URJA project of Kirloskar Brothers Ltd. (KBL) Company's stamping division commissioned 850 KW solar power project in time. Same was inaugurated by Mr. Sanjay Kirloskar, CMD of KBL. This project is part of our go green initiative.

### 3. DIVIDEND

Your Company has proposed dividend @ 18% for the year ended 31.03.2017.

### STATUTORY DISCLOSURES

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

Extract of the Annual Return in Form MGT 9 prescribed under Rule 12 of the Companies (Management & Administration) Rules, 2014 as per provisions of Section 134 read with Section 92(3) of the Companies Act 2013 is given in *Annexure I* to this report.

#### 5. BOARD MEETINGS:

During the Financial year 2016-17, Six Board Meetings were held: 15<sup>th</sup> April 2016, 15<sup>th</sup> July 2016, 14<sup>th</sup> October 2016, 16<sup>th</sup> November 2016, 13<sup>th</sup> January 2017, 24<sup>th</sup> February 2017.

#### 6. DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

#### 7. INDEPENDENT DIRECTORS DECLARATION

All independent directors of the Company have given declarations under sub-section (7) of section 149 of the Companies Act, 2013.

#### 8. DISCLOSURE REQUIRED UNDER SECTION 134(3)(e)

Your Company follows the standards of corporate governance set by Kirloskar Brothers Limited. The Board comprises of an optimum combination with appropriate balance of skill, experience, background, and other qualities required for effective functioning of Board.

Remuneration Policy provides for component of remuneration to be paid to Key Managerial Personnel. The Remuneration policy is given in *Annexure II* to this report.

The Independent Directors of the Company are entitled to receive sitting fees for every meeting of Board and Committee thereof attended by them.

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

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note No. 10 of the Financial Statements.

#### 10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

Disclosure relating to the particulars of contract or arrangement with related parties referred in sub-section (1) of section 188 in Form AOC-2 is as below:

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

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

A	Name(s) of the related party and nature of relationship	Kirloskar Brothers Limited - Holding company
B	Nature of contracts / arrangements / transactions	Sale / Purchase and rendering / receiving services
C	Duration of the contracts / arrangements / transactions	On monthly basis
D	Salient terms of the contracts or arrangements or transactions including the value, if any;	Transactions with related parties for the year ended March 31, 2017 is attached to the Notes to accounts in the Balance Sheet.

E	Date(s) of approval by the Board, if any;	As all the transactions are in ordinary course of business and at arm's length, Board approval is not required
F	Amount paid as advances, if any;	Nil

#### **11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo given as Annexure III to this report.

#### **12. MATERIAL CHANGES AND COMMITMENTS:**

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this Report.

#### **13. BUSINESS RISK MANAGEMENT :**

The Company has formulated a Risk Management systems and has constituted a Risk Management Committee. Senior management team periodically reviews the working conditions affecting the Company and reports the same to the Audit committee / Board. In the opinion of the Board, none of the identified risks threaten the existence of the Company.

#### **14. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

During the year under review, Mr. Avinash Purandare, due to pre-occupation resigned as director of the Company on August 05, 2016. The Board wishes to place on record its sincere gratitude to him who provided guidance and expertise to the Company from time to time.

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

During the year Mr. Sujit Chikurdekar, CFO, resigned on 10<sup>th</sup> July 2016 and Mr. Vijaykumar Kulkarni appointed as CFO w.e.f. 15<sup>th</sup> July 2016.

#### **15. PARTICULARS OF EMPLOYEE:**

Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable.

#### **16. CORPORATE SOCIAL RESPONSIBILITY**

Details of Corporate Social Responsibility covered under the provisions of Section 135 of the Companies Act, 2013 are attached in this regard in *Annexure-IV*.

#### **17. DEPOSITS:**

Your company has not accepted any deposits from public as covered under Chapter V of the Companies Act, 2013 and as such, the information relating to deposits is not applicable.

#### **18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE :**

Your directors wish to state that there are no such orders passed that will impact Company's going concern status and operations in future.

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

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

#### **20. HOLDING COMPANY**

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

#### **21. AUDITORS**

M/s P. G. Bhagwat, Chartered Accountants (Firm Registration No. 101118W) are appointed as auditors for a period of 5 years in the 13<sup>th</sup> Annual General Meeting held on July 11, 2014, subject to ratification of shareholders at each Annual General Meeting.

Parkhi Limaye & Co. (Firm Registration No. 191) have been appointed as Cost Accountant as per Section 148 of the Act, read with applicable rules made thereunder for the Financial Year 2017-18. Their remuneration is subject to approval by the shareholders at the ensuing Annual General Meeting.

#### **22. QUALIFICATIONS OR ADVERSE REMARKS OR DISCLAIMERS CONTAINED**

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

#### **23. SECRETARIAL AUDITORS**

Mr. Abhijit Dakhawe, Practicing Company Secretary (CP No. 4474) has been appointed as Secretarial Auditor as per Section 204 of the Act, 2013 for the Financial Year 2016-17.

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

#### 24. COMPOSITION OF AUDIT COMMITTEE

As required under section 177 of the Companies Act, 2013, your Board has constituted Audit Committee, comprising of the following Directors:

Mr. Taranath – Chairman  
Mr. Achyut Gokhale – Member  
Mr. A. R. Sathe – Member

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

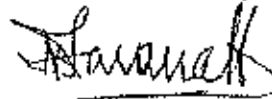
In terms of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rule 2013, the report for the year ended on March 31, 2017:

No. of Complaints received in the year	Nil
No. of complaints disposed off in the year;	Nil
Cases pending for more than 90 days;	Nil
No. of workshops and awareness programmes conducted in the year;	2
Nature of action by employer or District Officer, if any	Nil

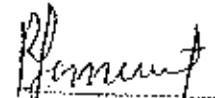
#### 26. ACKNOWLEDGMENT

Your Directors wish to place on record their appreciation for the co-operation given by the banks, Kirloskar Brothers Limited, the holding company for their extended support and also to vendors and contractors of the Company, for their valuable support extended to the Company from time to time. Your Directors would further like to record their appreciation for the sincere efforts of every employee and their contribution in the Company's progress.

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



K. Taranath  
Chairman



Ravindra Samant  
Managing Director

Place: Pune  
Date : April 14, 2017

**Annexure I to Board's Report****Form No. MGT-9****EXTRACT OF ANNUAL RETURN**as on the financial year ended on **March 31, 2017**

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

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U45203PN2001PLC149623
ii)	Registration Date	2 April 2001
iii)	Name of the Company	Karad Projects and Motors Limited
iv)	Category / Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
v)	Address of the Registered office and contact details	Plot No. B-67/68, MIDC, Karad Industrial Area, Tasawade Karad 415109, Maharashtra, India Tel. No: 02164 258424-426-428-429 Email id: inquiry@kpml.co.in
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Electric Motors	31103	27%
2	Wound Stators	31909	29%
3	Stamping and Lamination	28910	10%
4	Die-cast rotors	31909	9%





Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>									
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)									
<b>Sub-total (B)(2):-</b>									
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>									
C. Shares held by Custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>	13952450	0	13952450	100.00	13952450	0	13952450	100.00	0%

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding 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 Pledge d / encumbered to total shares	
1	Kirloskar Brothers Limited	13952450	100%	0	13952450	100%	0	0%
	<b>Total</b>	<b>13952450</b>	<b>100%</b>	<b>0</b>	<b>13952450</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

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

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2.2			2.2
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
<b>Total (i+ii+iii)</b>	<b>2.2</b>			<b>2.2</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	108.1			108.1
• Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>	<b>110.3</b>			<b>110.3</b>
i) Principal Amount	110.3			110.3
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
<b>Total (i+ii+iii)</b>	<b>110.3</b>			<b>110.3</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sr. No.	Particulars of Remuneration	
<b>A.</b>	<b>Remuneration to Managing Director, Whole-time Directors and/or Manager:</b>	<b>Ravindra Samant Managing Director</b>
1	Gross salary	43.80
	(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	0.3
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	
	- as % of profit	-
	- others, specify	-
5	Others, please specify	-
	Total (A)	44.2
	Ceiling as per the Act	

**B. Remuneration to other directors**

Sr. No.	Particulars of Remuneration	Mr. K. Taranath	Mr. Achyut Gokhale	Total
1	Independent Directors			
	Fee for attending board / committee meetings	0.8	0.5	1.3
	Commission			
	Others, please specify			
	<b>Total (1)</b>	<b>0.8</b>	<b>0.5</b>	<b>1.3</b>

Sr. No.	Particulars of Remuneration	Anant Sathe	Sandeep Phadnis	Avinash Porandare (upto August 05, 2016)	Total
2	Other Non Executive Directors				

Sr. No.	Particulars of Remuneration	Anant Sathé	Sandeep Phadnis	Avinash Purandare (upto August 05, 2016)	Total
	Fee for attending board / committee meetings				
	Commission				
	Others, please specify				-
	<b>Total (2)</b>	-	-	-	-
	<b>Total (B) = (1+2)</b>	-	-	-	-
	<b>Total Managerial Remuneration</b>	<b>Not Applicable</b>			
	<b>Overall Ceiling as per the Act</b>	<b>Not Applicable</b>			

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Sujit Chikurdékar (employed for a part of the year 2016-17) CFO	Mr. Vijay Kulkarni CFO (w.e.f 15.07.2016)	Mr. Raghunath Apte (Company Secretary)
1	Gross salary	2.9	13.7	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.9	13.7	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-		
2	Stock Option	-		
3	Sweat Equity	-		
4	Commission	-		
	- As % of profit	-		
	- Others	-		
5	Others	-		
	<b>Total</b>	<b>2.9</b>	<b>13.7</b>	<b>-</b>

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

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

## **Annexure II**

### **Remuneration policy**

#### **PHILOSOPHY:**

As per the Corporate Governance philosophy followed by the Kirloskar Brothers Limited group, the Company believes that the system of Corporate Governance protects the interest of all the stakeholders by inculcating transparent business operations and accountability from management towards fulfilling the consistently high standard of Corporate Governance in all facets of the Company's operations.

The Company is committed to provide employment to all eligible applicants on the principles of equality without any discrimination.

The employees have to strictly follow the code of ethics and the management practices zero tolerance for the same.

#### **OBJECTIVE:**

- Transparent process of determining remuneration at Board and Senior Management level of the Company would strengthen confidence of stakeholders in the Company and its management and help in creation of long term value for them.
- Appropriate balance between the elements comprising the remuneration so as to attract potential high performing candidates for critical position in the Company for attaining continual growth in business.

#### **COVERAGE:**

Guidelines of determining remuneration of:

- i. Managing Director
- ii. Non Managing Director
- iii. Key Managerial Personnel
- iv. Senior Management Personnel

#### **I. DIRECTORS**

##### **i. Managing Director:**

The Board of Directors of the Company shall decide the remuneration of Managing Directors on the basis of recommendation from Nomination and Remuneration Committee (N&RC) subject to the overall limits provided under the Companies Act, 2013 and rules made thereunder, including any amendments, modifications and re-enactments thereto ("the Act") and compliance of related provisions provided therein.

The remuneration shall be approved by the shareholders of the Company as and when required.



The Company shall enter into a contract with every Managing Director, which will set out the terms and conditions of appointment. The contract shall be recommended by the N&RC and approved by the Board. The contract shall be for such tenure as may be decided by the Board but which in any case shall not exceed the tenure as is provided in the Act and subject to such approvals as may be required.

Board may vary any terms and conditions of the contract from time to time during the tenure subject to such approvals, as may be required under the Act.

Every notice sent to the shareholder for seeking their approval for appointment / re-appointment / remuneration of the Managing Director shall contain the gist of terms and conditions of the contract.

The remuneration components shall include *inter alia*:

a. Fixed salary:

Each Managing Director shall be paid fixed salary consisting of basic salary and such allowances and perquisites as may be recommended by N&RC and decided by Board based on recommendations of N&RC and performance evaluation of each Managing Director from time to time, subject to overall limits as prescribed under Act.

The same shall be reviewed annually based on the Company's annual appraisal policy.

b. Commission:

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

c. Non-monetary benefits:

Managing Director may be entitled to club membership, company vehicle with driver, reimbursement of fuel expenses, vehicle maintenance, telephone, fax, internet at residence, reimbursement of mobile phone bill, fully furnished accommodation (in case of use of own residential property for accommodation, house rent allowance shall be paid), furnishings, reimbursement of house maintenance expenditure, reimbursement of gas, electricity bill, water & other utilities and repairs at residence, reimbursement of medical expenditure for self and family and leave travel assistance.

The Managing Directors shall not be entitled for sitting fees for attending the Board and any Committee meetings.

Managing Director may also be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. as per the Company's policy.

d. Compensation for loss of office may be paid as may be approved by the Board subject to the provisions of Section 202 of the Act.

e. Separation / Retirement benefits:

Managing Director shall be eligible to the following perquisites which shall be included in the computation of the ceiling on remuneration provided in the Act except in case of loss or inadequacy of profits of the Company:

- (a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961 or any amendment thereof
- (b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- (c) Encashment of leave at the end of the tenure.

g. Performance Evaluation:

Performance evaluation of each Managing Director will be based on the key parameters for short and long term performance objectives appropriate to the working of the Company and its goals.

ii. **Non Managing Director:**

The Company shall issue a letter of engagement or appointment to every non- executive - independent director. The components of payment of remuneration to Non Managing Directors shall be as follows:

a. Sitting fees :

Sitting fees may be paid for Board Meetings and any Committee Meetings attended by the non- Managing Director or independent directors. The fees may be same or different for attending the Board or Committee meetings or Board may determine the amount of sitting fees that may be paid for different types of meetings within limits as prescribed under the Act. Different sitting fees may be paid to non-Managing Directors or independent directors.

Committee shall include Audit Committee, Nomination & Remuneration Committee, Shareholders' / Investors' Grievance and Stakeholders' Relationship Committee, Corporate Social Responsibility Committee or such Committees as may be constituted by the Board.

b. Commission

The Board may approve payment of commission subject to the limits provided in the Act. The eligibility and the amount of commission to be paid to each director shall be recommended by the N&RC on the basis of annual performance evaluation of the director based on directors' attendance in board meeting, membership / chairmanship of the committees of the Board, time devoted for the Company, contribution in the Board process and such other criteria like duties delegated to the director etc. and which requires payment of higher commission to the director.

c. Professional fees:

Non Managing Directors may be paid fees for services of professional nature, if in the opinion of N&RC, the director possesses the requisite qualification for practicing the profession. N&RC may decide the qualifications which shall be deemed to be requisite qualification possessed by the Director(s) for providing services of the professional nature and the N&RC is not required to give its opinion to the company in that capacity. Such professional fees shall not be considered as remuneration for the purpose of Act.

#### **EXCESS REMUNERATION:**

The Board of Directors may decide to remunerate the Director/s beyond the overall limits provided under the Companies Act, 2013 subject to compliance of provisions in this regard including obtaining approval of shareholders / Central Government, if required, owing to loss incurred by the Company or inadequacy of profits and situation entails providing such remuneration.

#### **WAIVING OF EXCESS REMUNERATION:**

Any remuneration or sitting fees paid, whether directly or indirectly, to any director beyond the limits prescribed under the Act and for which approval of the shareholders or Central Government is not obtained, if required to be obtained, the same shall be refunded to the Company and until such sum is refunded, hold it in trust for the Company.

The Company shall not, in any case, waive the recovery of any such sum unless specific permission is obtained from Central Government for waiving such excess payment.

#### **II. KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT**

For the purpose of this Policy, Key Managerial Personnel (KMP) includes Managing Director Chief Executive Officer, Manager, Chief Financial Officer and Company Secretary and such other officers as may be prescribed under Act from time to time, but shall not include members of the Board of Directors.

The Company shall issue an appointment letter to every KMP to be signed by such director as may be authorised by the Board. The letter shall detail the job profile, duties, remuneration, other benefits and other terms and conditions.

The Company shall issue an appointment letter to every senior management personnel (SMP) to be signed such director as may be authorised by the Board or any KMP. The letter shall provide details of the job profile, duties, remuneration package and other terms and conditions.

SMP means personnel of the Company who are members of its core management team excluding Board of Directors comprising of all members of management one level below the Managing Directors, if any, including the functional heads i.e. all sector/divisional heads.

The remuneration components may include:

a. Fixed salary:

Each KMP / SMP shall be paid fixed salary consisting of basic salary and such allowances and perquisites as per service rules of the Company. The band of the salary shall be determined according to the industry standards, market conditions, scale of the Company's business relating to the position, educational qualification parameters and personal experience in the industry as detailed in the service rules of the Company and such other factors as may be prescribed therein.

The same shall be reviewed annually based on the Company's annual appraisal policy.

b. Variable pay:

Variable pay to every KMP/SMP shall be as per the Performance Linked Pay Scheme of the Company, which is designed to bring about increase in overall organizational effectiveness through alignment in the objectives of the Company and the Individual.

The variable pay shall be payable based on absolute & relative performance of the Company and Business Units. The performance will be measured on the basis of contribution made by the respective Business Unit to the Company. The weightage of the same will as per Company policy which may be reviewed by the N&RC in each case before the beginning of the each financial year.

The entitlement as per the Performance Linked Variable Pay Scheme shall be disclosed in the appointment letter. The particulars of the payment shall be communicated to the concerned in his / her salary slip relevant for the month in which the variable pay is paid.

c. Perquisites / Other Benefits:

Perquisites / Other Benefits to KMP / SMP may include a Company provided car, petrol reimbursement, vehicle maintenance, telephone, reimbursement of mobile phone bill and reimbursement of medical expenditure for self and family as per Company Policy.

KMP / SMP may be entitled to personal accident insurance, group accident insurance coverage, medical insurance coverage, term insurance etc. as per Company policy.

d. Annual Pay Revision / Promotion

There are Key Result Areas which will be set in the beginning of the year and the performance appraisal shall be done in the format provided by the HR department. Based on this annual pay revision and/or promotion will be decided.

e. Stock options:

To motivate executives to pursue long term growth and objectives of the Company, the N&RC may nominate KMP / SMP for receiving stock options on the basis of the eligibility criterion of any scheme of stock options, if any, declared in the future by the Company or existing or future scheme of its holding company, to be approved by the Board or Committee thereof of its holding company.

f. Compensation for loss of office may be paid as may be set out in the appointment letter.

g. Separation / Retirement benefits:

Separation / retirement benefits as per Company policy which shall include contribution to provident fund, superannuation, gratuity and leave encashment.

h. Retention Bonus

Senior Management Personnel may be entitled to retention bonus based on the industry standards, market conditions, and scale of Company's business relating to the position, educational qualification parameters and personal experience in the industry.

**DIRECTORS' & OFFICERS' LIABILITY INSURANCE:**

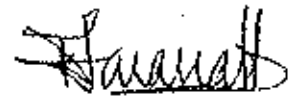
The Company may take Directors & Officers liability insurance or such insurance of like nature for indemnifying any of the Directors or its KMP against any liability in respect of any negligence, default, misfeasance, breach of duty or trust for which they may be guilty in relation to the Company, the premium paid on such insurance shall not be treated as part of remuneration payable to such personnel. Provided that if such person is proved to be guilty, the premium paid shall be treated as part of remuneration.

#### CONSULTANTS & ADVISORS:

The N&RC may take services of such consultants & advisors as may be required to assist in determination of optimum remuneration structure and evaluation of the same for the Company's Directors, KMPs and senior management and shall have the authority to approve the fees payable to such consultants & advisors.

The N&RC shall have access to data of the Company relating to annual operating plan, management & leadership programs, employee survey, initiatives, operational reviews for purpose of undertaking their terms of reference and providing such recommendations as are required under the policy and take such assistance from the Head of the Human Resource Department as may be required for assessing the effectiveness and performance of any employee covered under the policy.

By order of the Board of Directors  
For Karad Projects And Motors Limited



K. Taranath  
Chairman

Place: Pune  
Date: April 14, 2017

**Annexure III to Board's Report**

**The report on conservation of energy, technology absorption, foreign exchange earnings and outgo as per Rule 8(3) of the Companies (Accounts) Rules, 2014:**

**(A) Conservation of energy:**

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

We have maintained our plant power factor at unity i.e. one.

**(ii) The steps taken by the Company for utilizing alternate sources of energy**

1. In case of Capital Investments, care had been taken that the machines are energy efficient. Motor Test panel of 160 Kw, is a regenerative type test panel.
2. Managing production activities in single shift only and avoiding the use of second shift for Motor Division - Per Motor Energy cost reduction by 36%
3. Installation of energy efficient LED Street lights both at Motor and Stamping Division. Electricity consumption reduced to 20%.

**(iii) The capital investment on energy conservation equipment: Rs. 20 Lakhs.**

**(B) Technology absorption:**

**(i) The efforts made towards technology absorption:**

1. Installation of High Speed Yamda Dobby Press at Stamping Division
2. Auto stacking of tools
3. Test Panel for Motors up to 160 Kw
4. URJA stator prototype development for KBL KOV
5. Low cost Canned Motors and IE2 motors development

**(ii) Benefits derived:**

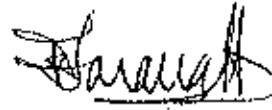
1. Yamda Dobby Press installed at Stamping division has 350 strokes / minute which yield productivity improvement and cycle time reduction.
2. Auto stacking of tools gives productivity improvement and cost reduction.
3. Test Panel (up to 160 kW) is a regenerative type test facility up to 315 frames. This facility will play important role in Consultant Approval Process and Urja Project.

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

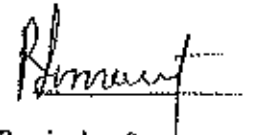
{a} the details of technology imported: Not Applicable

- (b) the year of import: Not Applicable
- (c) Whether the technology been fully absorbed: Not Applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable
- (iv) Expenditure incurred on Research and Development: Nil
- (C) Foreign Exchange earnings and outgo :
- Earnings - Rs. 310.75 Lakhs  
Outgo - Rs. 1645.30 Lakhs

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



K. Taranath  
Chairman



Ravindra Samant  
Managing Director

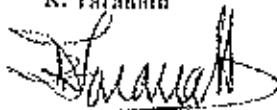
Place: Pune  
Date : April 14, 2017



**ANNUAL REPORT FOR CORPORATE SOCIAL RESPONSIBILITY (CSR)  
ACTIVITIES FOR THE FINANCIAL YEAR 2016-17**

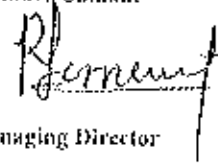
1	A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken.		The Company is committed to uphold the interest of stakeholders by implementing the guidelines as laid down by Kirlaskar Brothers Limited, towards socio-economic development of the society. The focus of Corporate Social Responsibility (CSR) activities of the Company is primarily on Education,					
	The web-link to the CSR Policy.							
2	Composition of CSR Committee		Mr. Tarunath Sitaram Rao Kondebettu - Chairman Mr. Ravindra Samant - Member Mr. Sandeep Phadnis - Member					
3	Average Net Profit of the company for last 3 financial years		Rs.28.647					
4	Prescribed CSR Expenditure (2% of amount as in item 3 above)		Rs.0.572					
5	Details of CSR spent during the financial year:		Rs.0.743					
	Total amount to be spent for the year:		-					
	Amount unspent, if any		-					
	Manner in which the amount spent during the financial year is detailed in as below:							
1	2	3	4	5	6		7	8
S. No.	CSR project or Activity identified	Sector in which project is covered	Projects or programs 1. Local Area or Other 2. Specify the state and district where projects or programs were undertaken.	Amount outlay (Budget) project or program wise	Amount spent in the projects or programs Sub - Heads 1. Direct expenditure on projects or programs 2. Over-heads		Cumulative expenditure upto to the reporting period	Amount spent: Direct or through Implementing agency*
	To provide infrastructure facilities and promotion of Education	Education	Karad, Dist Satara	0.743	0.743	-	0.743	-
6	In case the Company has failed to spend two percent of Average Net Profit of last three financial years or any part thereof the Company shall provide the reasons for not spending the amount. - NA							
7	The committee hereby affirms that the implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with Corporate Social Responsibility objectives and Policy of the Company.							

K. Tarunath



Chairman

Ravindra Samant



Managing Director

Date: April 14, 2017

*Abhijit Dakhare*

*Company Secretary*

A/6, Vishwakul, Swanand Society,

Sahakarnager # 2, Pune - 411009.

Tel: +91 20 65003013, dakhawe@gmail.com

**Form No. MR-3**

**Secretarial Audit Report**

**For the Financial Year Ended 31<sup>st</sup> March 2017**

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

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

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

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

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year period ended on **31<sup>st</sup> March 2017** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder (during the year under review not applicable to the Company);
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (during the year under review not applicable to the Company, as the shares of the company are not in dematerialized form);
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (during the year under review not applicable to the Company as the Company does not have any foreign direct investment, overseas direct investment and external commercial borrowings);


- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (during the year under review not applicable to the Company as the Company is an unlisted company);
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (during the year under review not applicable to the Company as the Company is an unlisted company);
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get its securities listed);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (during the year under review not applicable to the Company as the Company is an unlisted company);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get debt securities listed);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client (during the year under review not applicable to the Company as the Company is not availing services of Registrars to an Issue and Share Transfer Agents);
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company as the Company has not done delisting of shares); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (during the year under review not applicable to the Company as the Company is an unlisted company);
- (vi) As informed to me, no other law is applicable specifically to the Company.

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

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

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



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

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

**The Companies Act, 2013:**

(a) The Company has vacated loan related liabilities with Indian Overseas Bank and satisfaction of charge is in process.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

  
Abhijit Dakhawe  
Company Secretary  
FCS # 6126  
CP No # 4474  
UCN # 12001MH274200



Place: Pune  
Date: 14-APR-2017

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

**Report on the Financial Statements (Ind-AS)**

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

**Management's Responsibility for the Financial Statements**

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

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

**Auditor's Responsibility**

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

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

## **M/s P. G. BHAGWAT**

CHARTERED ACCOUNTANTS

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2017 and its profit and its cash flows for the year ended on that date.

### **Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:

Refer Note 40 to the financial statements regarding some of the Trade Payable and Advances to Vendors which are pending reconciliation and confirmation.

Our opinion is not modified in respect of this matter.

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

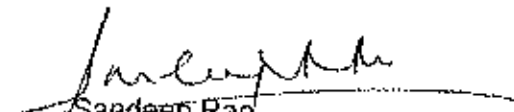
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss Statement and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) 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:

**M/s P. G. BHAGWAT**

CHARTERED ACCOUNTANTS

- i. The Company has disclosed pending litigations and the impact on its financial position. Refer Note 25 to the financial statements
- ii. The Company did not have any long term contracts including derivatives contracts for which there were material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The company has provided the disclosure regarding Specified Bank Notes (SBN) in Note 42 to its' financial statements as per notification no. G.S.R. 308(E), dated 30th March 2017 issued by the Ministry of Corporate Affairs.

For M/s P.G.BHAGWAT  
Chartered Accountants  
Firm's Registration No.: 101118W

  
Sandeep Rao  
Partner  
Membership No. 47235  
Pune  
14<sup>th</sup> April 2017

## **M/s P. G. BHAGWAT**

CHARTERED ACCOUNTANTS

### **Annexure A**

Referred to in paragraph 1 under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) As informed to us, the fixed assets are been physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. During the current year physical verification of assets was undertaken and as informed to us no material discrepancies were noticed on such verification.  
  
(c) The title deeds of immovable properties are held in the name of the company.
- (ii) Physical verification of inventory has been conducted by the management during the current year. In our opinion, the interval of such verification is reasonable. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause (iii) a, b and c of the Order are not applicable to the Company.
- (iv) According to information and explanation provided to us the Company has complied with the provisions of sections 185 and section 186 of the Companies Act, 2013, wherever applicable.
- (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31<sup>st</sup> March, 2017 for a period more than six months from the date they became payable, except Rs. 39.12 Lakhs on account of sales tax which was in arrears for more than six months. We were informed that these sales tax liabilities are subject to reconciliations and would get crystallized on their respective assessments.



**M/s P. G. BHAGWAT**

CHARTERED ACCOUNTANTS

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

Name of Statute	Nature of dues	Amount in Rs. Lakhs	Period	Forum Where dispute is pending
Central Excise Act	Excise Duty	12.35	2007-08	CESTAT
Gujrath Value Added Tax	Value Added Tax	42.75	2003-04	Sales tax Appellate Tribunal
W.Bengal Value Added Tax	Value Added Tax	114.29	2005-06	Jt. Commissioners Appeals
W.Bengal Value Added Tax	Value Added Tax	59.95	2006-07	Jt. Commissioners Appeals
W.Bengal Value Added Tax	Value Added Tax	76.97	2008-09	Jt. Commissioners Appeals
Finance Act 1994	Service Tax	140.04	2007-08 to 2009-10	CESTAT / Asst. Comm. Central Excise
Maharashtra Value Added Tax	Value Added Tax	15.18	2010-11	Asst. Commissioner Sale Tax

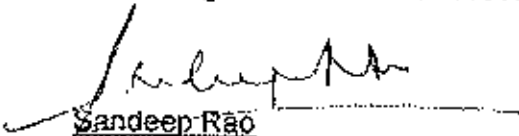
- (viii) Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company does not have any debenture holders.
- (ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The Company does not have any term loans.
- (x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported to us during the year.
- (xi) According to the information and explanation provided to us and based on our verification, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company and accordingly, Clause (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

**M/s P. G. BHAGWAT**

CHARTERED ACCOUNTANTS

- (xiv) According to the information and explanation provided to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanation provided to us, the company has not entered into any non-cash transactions with director or persons connected with him.
- (xvi) According to the information and explanation provided to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M/s P.G.BHAGWAT  
Chartered Accountants  
Firm's Registration No.: 101118W



Sandeep Rao

Partner

Membership No. 47235

Pune

14<sup>th</sup> April, 2017

**Annexure B**

**Annexure to the Independent Auditors' Report of even date on the financial statements of KARAD PROJECTS AND MOTORS LIMITED: Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **KARAD PROJECTS AND MOTORS LIMITED** ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly

## **M/s P. G. BHAGWAT**

CHARTERED ACCOUNTANTS

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31<sup>st</sup> March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s P.G.BHAGWAT

Chartered Accountants

Firm's Registration No.: 101118W



Sandeep Rao  
Partner

Membership No. 47235

Pune

14th April, 2017

Karad Projects and Motors Limited  
Balance Sheet as at 31 March 2017  
(INR in Lakhs)

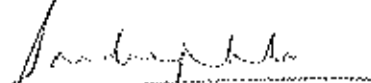
Particulars	Note No.	31 March 2017	31 March 2016	01 April 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	3	2,679,662	2,352,666	2,539,026
Capital work-in-progress		20,100	20,350	31,544
Investment Property	4	179,240	179,240	179,240
Goodwill				
Other Intangible assets	3	6,433	12,560	21,453
Intangible assets under development				
Biological Asset other than bearer plants				
<b>Financial Assets</b>				
Investments	5	0,051	0,051	12,552
Trade receivables	6	-	-	823,853
Loans	6	105,351	105,536	62,544
Others	6	0,898	0,250	0,500
Deferred tax assets (net)	7	519,626	154,410	116,124
Other non-current assets	8	247,981	210,298	197,761
<b>Total non-current assets</b>		<b>3,759,542</b>	<b>3,035,556</b>	<b>3,984,616</b>
<b>Current assets</b>				
Inventories	9	2,904,182	2,552,404	2,434,195
<b>Financial Assets</b>				
Investments				
Trade receivables	6	9,399,413	6,394,709	5,687,466
Cash and cash equivalents	10	123,086	76,712	513,474
Bank balance	10	565,123	66,914	95,824
Loans	6	-	-	-
Others	6	1,105	3,864	6,672
Current Tax Assets (net)	7	63,468	304,193	261,554
Other current assets	8	289,708	766,628	776,732
<b>Total current assets</b>		<b>13,346,085</b>	<b>10,165,425</b>	<b>9,776,119</b>
<b>TOTAL ASSETS</b>		<b>17,105,627</b>	<b>13,200,981</b>	<b>13,760,736</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	11	1,395,245	1,395,245	1,395,245
Other equity	12	6,707,380	5,456,655	5,318,634
<b>Total equity</b>		<b>8,102,625</b>	<b>6,851,900</b>	<b>6,713,879</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings				
Trade payables				
Other financial liabilities				
Provisions	15	76,683	61,836	54,235
Deferred tax liabilities (net)	7	-	-	-
Other non-current liabilities				
<b>Total non-current liabilities</b>		<b>76,683</b>	<b>61,836</b>	<b>54,235</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	13	110,396	2,226	-
Trade payables	14	5,422,854	4,236,612	5,697,740
Other financial liabilities	14	3,081,627	1,820,022	1,565,337
Other current liabilities	16	207,743	169,445	274,984
Provisions	15	103,698	59,541	54,361
Current tax liabilities (net)				
<b>Total current liabilities</b>		<b>8,926,318</b>	<b>6,287,245</b>	<b>6,992,422</b>
<b>Total liabilities</b>		<b>9,003,001</b>	<b>6,349,081</b>	<b>7,046,657</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,105,627</b>	<b>13,260,961</b>	<b>13,760,736</b>

Summary of significant accounting policies 2

See accompanying notes to financial statements 3-43

The notes referred to above form an integral part of the financial statements

As per our report of even date attached  
For M/S P.G. Bhargwat  
Chartered Accountants

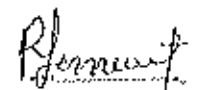
  
ANAND RAO  
Partner



K. TARUNATH  
Chairman  
(DIR:00051697)

  
VIJAYKUMAR BHARGWAT  
Chief Financial Officer

For and on behalf of the Board of Directors



RAVINDRA SAMANT  
Managing Director  
(DIR: 070022261)

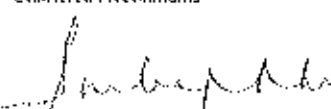
  
RAGHUNATH AFTE  
Company Secretary

Karad Projects and Motors Limited  
Statement of profit and loss for the period ended 31 March 2017  
(INR in Lakhs)

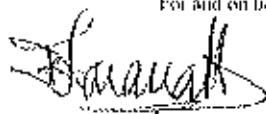
Particulars	Notes No.	For the year 2016-17	For the year 2015-16
Revenue from Operations	17	33,642.386	29,586.021
Other Income	18	101.157	88.868
<b>Total Income</b>		<b>33,743.543</b>	<b>29,674.889</b>
<b>Expenses</b>			
Cost of materials consumed	19	21,418.616	18,994.282
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	19	-122.132	76.441
Employee benefits expense	20	976.375	896.349
Finance costs	21	99.590	122.143
Depreciation and amortization expense	22	540.646	541.168
Other expenses	23	9,522.296	8,534.532
<b>Total expenses</b>		<b>32,435.391</b>	<b>29,164.915</b>
Profit/(loss) before exceptional items and tax (III-IV)		1,308.151	509.974
Exceptional items		-	-
<b>Profit/(loss) before tax</b>		<b>1,308.151</b>	<b>509.974</b>
<b>Tax expenses</b>			
(1) Current tax	7	401.566	114.648
(2) Deferred tax	7	-357.899	-38.286
<b>Profit/(Loss) for the period from continuing operations</b>		<b>1,264.550</b>	<b>433.612</b>
Profit/(loss) from discontinued operations		-	-
Tax expenses of discontinued operations		-	-
<b>Profit/(Loss) from discontinued operations (after tax)</b>		<b>-</b>	<b>-</b>
<b>Profit/(loss) for the period</b>		<b>1,264.550</b>	<b>433.612</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss	24	-21.142	-3.317
Income tax relating to items that will not be reclassified to profit or loss	24	7.317	1.148
Items that will be reclassified to profit or loss			
Income tax relating to items that will be reclassified to profit or loss			
<b>Total Comprehensive Income for the period (Comprising Profit (Loss) and Other)</b>		<b>1,250.725</b>	<b>431.443</b>
<b>Earnings per equity share (for continuing operations)</b>			
(1) Basic		9.06	3.11
(2) Diluted		9.06	3.11
<b>Earnings per equity share (for discontinued operations)</b>			
(1) Basic		-	-
(2) Diluted		-	-
<b>Earnings per equity share (for discontinued and continuing operations)</b>			
(1) Basic		9.06	3.11
(2) Diluted		9.06	3.11

Summary of significant accounting policies: 2  
See accompanying notes to financial statements 3-43  
The notes referred to above form an integral part of the financial statements

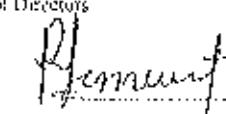
As per our report of even date attached  
For M/s P.G. Bhagwat  
Chartered Accountants

  
SANDEEP RAO  
Partner

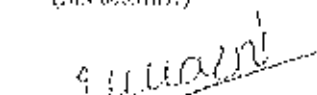
For and on behalf of the Board of Directors



K. TARASATH  
Chairman  
(DIR: 00051697)



RAVINDRA SAMAN  
Managing Director  
(DIR: 07002226)

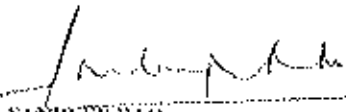
  
VIJAYKUMAR K. KARNI  
Chief Financial Officer

  
RAGHUNATH A.P.J.  
Company Secretary

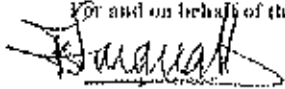
**Karad Projects and Motors Limited**  
**Statement of cash flow for the year ended 31 March 2017**  
**( INR in Lakhs )**

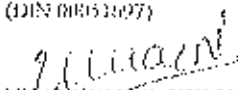
Particulars		For the year 2016-17	For the year 2015-16
<b>A</b>	<b>Cash flows from Operating Activities</b>		
	Net Profit before Taxes and Extraordinary Items	1,308.151	509.974
	Adjustments for :-		
1	Depreciation / Amortization	540.646	541.168
2	(Profit)/Loss on sale of Fixed Assets(Net)	-0.543	-22.783
3	Provision for Doubtful Debts/Advances/Bad debts written off	581.786	1,201.387
4	Interest Income	-16.580	-40.590
5	Dividend Income	-0.001	-0.307
6	Interest Expenses	69.976	92.218
7	Unrealized exchange (gain)/ Loss	-	-
	Profit on sale of investment	-	2.536
	Provision for diminution on investment written off	-	-
8	Excess provision written back	-15.142	-9.202
	Depreciation written back	-	-
	<b>Operating Profit Before Working capital changes</b>	<b>2,468.295</b>	<b>2,274.480</b>
	Adjustments for :-		
1	(Increase)/decrease in Trade receivables	-3,586.490	-1,084.776
2	(Increase)/decrease in other financial assets	-498.672	-13.832
3	(Increase)/decrease in other non- financial assets	441.948	-2.819
4	(Increase)/decrease in Inventories	-351.778	-118.209
5	Increase/(decrease) in Trade payables	1,201.985	-852.526
6	Increase/(decrease) in other financial liabilities	907.216	242.991
7	Increase/(decrease) in other non-financial liabilities	38.298	-105.347
8	Increase/(decrease) in provisions	37.863	9.463
9	Cash Generated from Operations	658.664	349.345
10	Income Tax (Paid)/Refunded	-160.775	-156.139
	<b>Net Cash from Operating Activities</b>	<b>497.889</b>	<b>193.206</b>
<b>B</b>	<b>Cash flows from Investing Activities</b>		
1	Purchase of property, plant and equipment and intangible assets /Capital Advance	-509.592	-336.588
2	Sale of Fixed Assets	0.543	36.556
3	(Purchase)/sale of Investments	-	9.965
4	Interest Received	19.339	43.598
5	Dividend Received	0.001	0.307
	<b>Net Cash from Investment Activities</b>	<b>-489.709</b>	<b>-246.163</b>
<b>C</b>	<b>Cash Flows from Financing Activities</b>		
1	(Repayment)/Proceeds of /from long term borrowing (net)	-	-
2	(Repayment)/Proceeds of /from Short term borrowing (net)	108.170	2.226
	(Repayment)/Proceeds of /from other borrowing (net)	-	-
3	Interest Paid	-69.976	-92.410
4	Dividend Paid ( Including tax on Dividend )	-	-293.622
5	Increase in Share Capital	-	-
6	Increase in Share Premium	-	-
	<b>Net Cash used in Financing Activities</b>	<b>38.194</b>	<b>-383.806</b>
<b>D</b>	<b>Unrealized Exchange (gain / (Loss) in cash and cash equivalents</b>		
	<b>Net Increase in Cash and Cash Equivalents</b>	<b>46.374</b>	<b>-436.762</b>
1	Cash & Cash Equivalents at beginning of period (Refer Note 10)	76.712	513.474
2	Cash & Cash Equivalents at end of period (Refer Note 10)	123.086	76.712

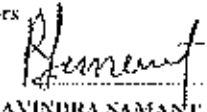
As per our report of even date attached  
For M/s P.G. Bhagwat  
Chartered Accountants

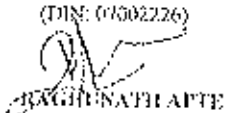
  
**SANDEEP RAO**  
Partner

For and on behalf of the Board of Directors

  
**K. TARASAJI**  
Chairman  
(DIN: 00051097)

  
**VIJAYKUMAR KULKARNI**  
Chief Financial Officer

  
**RAVINDRA SAMANT**  
Managing Director  
(DIN: 01002226)

  
**JAGDISH APTE**  
Company Secretary

**Karad Projects and Motors Limited**  
**Statement of Changes in Equity for the period ended 31 March 2017**  
*(INR in Lakhs)*

**A. Equity Share Capital**

Balance as on 1 April 2015	Changes in equity share	Balance as on 31 March 2016
1,395.245	-	1,395.245
Balance as on 31 March 2016	Changes in equity share	Balance as on 31 March 2017
1,395.245	-	1,395.245

**B. Other Equity**

	Reserves and Surplus				Total
	Capital Reserve	Securities Premium Reserve	General reserve	Retained Earnings	
Balance as on 1 April 2015	179.076	2,982.233	140.945	2,016.581	5,318.834
Changes in accounting policy or prior period errors	-	-	-	-	-
Restated balance at the beginning of the reporting period	179.076	2,982.233	140.945	2,016.581	5,318.834
Profit for the year				433.612	433.612
Other comprehensive income				-2.169	-2.169
Dividends				-293.622	-293.622
Transfer to retained earnings					
Any other change					
Balance as on 31 March 2016	179.076	2,982.233	140.945	2,154.402	5,456.655
Balance as on 31 March 2016	179.076	2,982.233	140.945	2,154.402	5,456.655
Profit for the year				1,264.550	1,264.550
Other comprehensive income				-13.825	-13.825
Dividends					
Transfer to retained earnings					
Any other change					
Balance as on 31 March 2017	179.076	2,982.233	140.945	3,405.127	6,707.380

*sh*



Karad Projects and Motors Limited

Notes to Accounts

Note 3: Property, Plant and Equipment and Intangible Assets  
(INR in Lakhs)

Particulars	Tangible Assets										Intangible Assets	
	Land free hold	Land Lease hold	Buildings	Plant & Equipment	Furniture & Fixtures	Office equipments	Vehicles	Total	Computer Softwares			
<b>Gross Block</b>												
As at 1 April 2015	2,169	79,733	689,504	4,076,133	68,000	56,796	35,032	5,007,307		148,941		
Additions	-	-	13,120	336,205	1,396	5,906	-	356,627		3,256		
Disposals	0,912	-	4,198	33,192	2,437	2,720	-	43,459		-		
As at 31 March 2016	1,257	79,733	698,426	4,379,147	66,958	59,982	35,032	5,320,535		152,197		
Additions	-	-	22,875	775,175	16,186	6,358	37,719	858,552		2,968		
Disposals	-	-	-	8,140	-	-	9,160	9,300		-		
As at 31 March 2017	1,257	79,733	721,300	5,154,383	83,144	66,580	63,591	6,169,787		155,165		
<b>Depreciation/ Amortisation</b>												
As at 1 April 2015	-	11,036	85,391	2,273,161	36,817	42,336	19,601	2,468,341		127,488		
Charge for the year	-	0,872	31,741	480,498	6,562	6,971	2,407	529,019		12,149		
Depreciation on disposal	-	0	0,788	23,840	2,590	2,666	0	29,686		-		
As at 31 March 2016	-	11,872	116,344	2,729,820	40,989	46,641	22,008	2,967,674		139,637		
Charge for the year	-	0,837	30,853	483,430	7,026	5,042	4,363	531,551		9,005		
Depreciation on disposal	-	-	-	0,139	-	-	9,160	9,300		-		
As at 31 March 2017	-	12,709	147,197	3,213,110	48,015	51,683	17,211	3,489,925		148,732		
<b>Net block</b>												
At 31 March 2017	1,257	67,024	574,103	1,941,073	35,129	14,897	46,380	2,679,862		6,433		
At 31 March 2016	1,257	67,861	582,082	1,649,327	25,969	13,341	13,024	2,352,861		12,560		
At 1 April 2015	2,169	68,698	604,113	1,892,972	31,183	14,460	15,432	2,539,026		21,453		

Notes:

1) Assets on lease

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

2) Contractual obligations

Refer note 2.6 for estimated amount of contracts remaining to be executed on capital account and not provided for.

3) Capital work-in-progress

Capital work-in-progress mainly comprises new building and machinery constructed at Karad plant.

**Karad Projects and Motors Limited**  
**Notes to Accounts**  
**Note 4: Investment Properties**  
**( INR in Lakhs )**

<b>Particulars</b>	<b>Land</b>
<b>Gross Block</b>	
As at 1 April 2015	179.240
Additions	-
Disposals	-
<b>As at 31 March 2016</b>	<b>179.240</b>
Additions	
Disposals	
<b>As at 31 March 2017</b>	<b>179.240</b>

The company obtains independent valuations for its investments properties at least annually. The best evidence of fair value is current prices in active market for similar properties. Where such information is not available, the company consider information from variety of sources including,

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

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

	<b>Vacant land</b>
<b>Opening balance as at 1 April 2015</b>	<b>179.240</b>
Fair value difference	-
Purchases	-
<b>Closing Balance as at 31 March 2016</b>	<b>179.240</b>
Fair value difference	-
Purchases	-
<b>Closing balance as at 31 March 2017</b>	<b>179.240</b>

**Karad Projects and Motors Limited**  
**Notes to Accounts**  
**Note 5: Other Financial Asset- Investments**  
**( INR in Lakhs )**

Particulars	31 March 2017	31 March 2016	1 April 2015
<b>Investments</b>			
<b>Investments at Fair value through profit or loss</b>			
<b>a) Quoted equity shares (fully paid) *</b>			
1) Nil (31 March 2016 : Nil, 31 March 2015: 425) Equity Shares of Kirloskar Pneumatic Co.Ltd.	-	-	2.322
2) Nil (31 March 2016 : Nil, 31 March 2015: 300) Equity Shares of Alfred Herbert (India) Ltd.	-	-	1.048
3) Nil (31 March 2016 : Nil, 31 March 2015: 7286) Equity Shares of Kirloskar Electric Co. Ltd.	-	-	2.160
4) Nil (31 March 2016 : Nil, 31 March 2015: 45000) Equity Shares of Kirloskar Investment & Finance Ltd.	-	-	0.00
5) Nil (31 March 2016 : Nil, 31 March 2015: 10000) Equity Shares of Kirloskar Perrous Ind. Ltd.	-	-	5.280
6) Nil (31 March 2016 : Nil, 31 March 2015: 200) Equity Shares of Risa International Ltd. (Erstwhile Govindji Trikamdas Exports Ltd.	-	-	1.691
<b>Investments at Fair value through other comprehensive income</b>			
<b>a) Unquoted equity shares (fully paid) *</b>			
1) 510 (31 March 2016 : 510, 31 March 2015: 510) Equity Shares of Kirloskar Proprietary Limited	0.051	0.051	0.051
	0.051	0.051	12.552

Particulars	31 March 2017	31 March 2016	1 April 2015
Aggregate amount of quoted investments and market value thereof	-	-	12.501
Aggregate amount of unquoted investments	0.051	0.051	0.051

Karad Projects and Motors Limited  
Notes to Accounts  
Note 6: Financial Asset  
(INR in Lakhs)

Particulars	31 March 2017	31 March 2016	01 April 2015
<b>1) Trade receivable</b>			
From related parties	6,940.504	4,193.634	3,797.270
From others	2,458.909	2,085.309	3,051.177
Unsecured, considered good	9,399.413	6,394.709	6,511.320
Doubtful	865.204	283.418	292.620
	10,264.617	6,678.127	6,803.940
Less: Impairment allowance	865.204	283.418	292.620
	9,399.413	6,394.709	6,511.320
<b>Non - Current trade receivable (considered good)</b>	-	-	823.853
<b>Current trade receivable (considered good)</b>	9,399.413	6,394.709	5,687.466
<b>2) Loans</b>			
<b>(i) Non-current security deposits</b>			
Unsecured, considered good	105.351	105.536	62.544
Doubtful	-	-	-
	105.351	105.536	62.544
Less: Impairment allowance	-	-	-
	105.351	105.536	62.544
<b>3) Other financial assets</b>			
(i) Claims receivable	-	-	-
(ii) Fixed deposits with banks of maturity of more than 12 months	0.898	0.250	0.500
(iii) Interest accrued	1.105	3.864	6.872
	2.003	4.114	7.372
<b>Non-current other financial assets</b>	0.898	0.250	0.500
<b>Current other financial assets</b>	1.105	3.864	6.872

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 31. Trade receivables are non-interest bearing and are generally on terms of 45 to 60 days.

Karol Projects and Motors Limited

Notes to Accounts

Note 7: Deferred tax

(INR in Lakhs)

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:

Profit or loss

Particulars	2016-17	2015-16
Current income tax:		
Current income tax charge	401,500	114,648
Adjustments in respect of current income tax of previous year		
Deferred tax:		
Relating to origination and reversal of temporary differences	-357,899	-38,286
Income tax expense reported in the statement of profit or loss	43,601	76,362

Other Comprehensive Income

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

Particulars	2016-17	2015-16
Net loss/(gain) on re-measurements	7,317	1,148
Income tax charged to OCI	7,317	1,148

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2016 and 31 March 2017  
(Separate file for tax rate reconciliation for 2015-16 is given)

Particulars	2016-17	2015-16
Accounting profit before tax	1,308,151	
At statutory income tax rate of 34.608% on 13,08,15,117 (a)	452,728	
Adjustments		
Less: tax rate Difference (34.608% - 21.34%) on 13,08,15,117	-173,343	
Subtotal (b)	-173,343	
Less: Deferred Tax Credit having an effect on MAT	-233,736	
Deferred tax on timing difference not having effect on MAT		
Subtotal (c)	-233,736	
Less: Other Differences	-1,843	
Due to effect on tax on OCI, and others MAT disallowances and exempt income		
Subtotal (d)	-1,843	
Sub total (e) = (a)-(c)-(d)	-409,124	
Total (f)=(a-e)	43,601	
Tax expense recorded in books	43,601	

Deferred tax

Deferred tax relates to the following: DTA/ (DTL)	Balance Sheet			Statement of profit and loss	
	31 March 2017	31 March 2016	1 April 2015	2016-17	2015-16
Property, plant and equipment (Depreciation)	51,987	-8,056	26,312		-34,368
Employee benefits - compensated absences	-67,426	-42,000	-37,583		-4,423
Employee benefits - VRS	-5,060	-7,589	-10,119		2,530
Provision for doubtful debts and advances	-299,430	-98,685	-101,270		3,183
Amortisation expenses	-13,843		-0,326		0,386
Deferred Tax Asset (43 B)	-150,834		-		
Corporate guarantee		1,376	6,922		-1,505
Deferred tax expense/(income)					-38,286
Net deferred tax assets/(liabilities)	-519,676	-154,910	-116,174		

Reflected in balance sheet as

1) Deferred tax

Particulars	31 March 2017	31 March 2016	1 April 2015
Deferred tax asset	-371,612	-125,736	-119,358
Deferred tax liability	51,987	1,326	35,234
Net Deferred tax asset	-519,676	-154,410	-116,124

2) Current tax

Particulars	31 March 2017	31 March 2016	1 April 2015
Current tax asset	63,468	504,193	261,551

During the year 31 March 2016, the company had paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. Company believes that dividend distribution tax represents additional payment to taxation authority on behalf of the shareholders. Hence dividend distribution tax paid is charged to equity.

**Karad Projects and Motors Limited**  
**Notes to Accounts**  
**Note 8: Other non-financial assets**  
**( INR in Lakhs )**

<b>Particulars</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>01 April 2015</b>
<b>1 Capital advances (non-current)</b>			
Unsecured, considered good	14.095	11.384	11.791
<b>2 Other loans and advances</b>			
(i) Advances to supplier and others Unsecured, considered good	364.022	72.466	141.944
(ii) Gross amount due from customer	11.530	611.633	610.299
(iii) Prepaid expenses	42.741	57.468	20.000
(iv) Claims receivable	105.300	223.975	190.480
	<b>537.689</b>	<b>976.925</b>	<b>974.513</b>
<b>Non-current non-financial assets</b>	<b>247.981</b>	<b>210.298</b>	<b>197.781</b>
<b>Current non-financial assets</b>	<b>289.708</b>	<b>766.628</b>	<b>776.732</b>

**Karad Projects and Motors Limited****Notes to Accounts****Note 9: Inventories***(INR in Lakhs)*

Particulars	31 March 2017	31 March 2016	01 April 2015
(i) Raw Materials	1,198.233	979.896	730.953
(ii) Finished goods	289.125	370.381	612.140
(iii) Stores and spares	95.670	84.361	138.655
(iv) Work in progress	1,321.154	1,117.766	952.448
	2,904.182	2,552.404	2,434.198

**Amounts recognised in profit or loss**

Write-down of inventories to net realisable value amounted to Rs 17.18 lakhs (31 March 2016: Rs 119.70 lakhs, 31 March 2015: Rs. 36.60 lakhs). These were recognised as an expenses during the year and included in consumption during the year.

**Note 10: Cash and cash equivalents***(INR in Lakhs)*

Particulars	31 March 2017	31 March 2016	01 April 2015
<b>(a) Cash and Cash equivalents</b>			
(i) Cash on hand	0.297	0.710	1.506
(ii) BEFC accounts	7.793	17.555	9.583
(iii) Balances with banks	114.995	58.447	502.385
	123.086	76.712	513.474
<b>(b) Other bank balances</b>			
(i) Fixed deposits (more than 3 months but less than 12 months) *	565.123	66.914	95.824
* Fixed deposits of Rs. 30,01,487 (31 March 2016: Rs. 30,01,487, 31 March 2015: Rs. 30,01,487) are held as margin money against guarantees			
	565.123	66.914	95.824

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 March:

- Cash on hand
- Balances with banks

**Karad Projects and Motors Limited**  
**Notes to Accounts**  
**Note 11: Share Capital**  
**(INR in Lakhs)**

Particulars	31 March 2017	31 March 2016	01 April 2015
<b>Authorised</b>			
180,00,000 (180,00,000) Equity shares of Rs.10 each	1,800,000	1,800,000	1,800,000
250,00,000 (250,00,000) Preference shares of Rs.10 each	2,500,000	2,500,000	2,500,000
	<b>4,300,000</b>	<b>4,300,000</b>	<b>4,300,000</b>
<b>Issued, subscribed &amp; fully paid up</b>			
13,952,450 (13,952,450) Equity shares of Rs.10 each fully paid	1,395.245	1,395.245	1,395.245
	<b>1,395.245</b>	<b>1,395.245</b>	<b>1,395.245</b>

**a) Terms/rights attached to equity shares**

The company has only one class of equity shares, having par value of Rs. 10 per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the board of directors subject to the necessary approval from the shareholders. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distributing of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

For the year ended 31st March, 2017 the Board of Directors has proposed Rs. 1.80 dividend (31 March 2016: Rs.1.25, 31 March 2015: Rs.0.50). The board of directors have declared nil interim dividend for the year ended 31 March 2017. (2016: Rs.1.25/- per share, 2015: Rs.0/-).

**b) Reconciliation of share capital**

Particulars	31 March 2017		31 March 2016		01 April 2015	
	Number	(Rs)	Number	(Rs)	Number	(Rs)
Shares outstanding at the beginning of the year	139.525	1,395.245	139.525	1,395.245	139.525	1,395.245
Shares outstanding at the end of the year	139.525	1,395.245	139.525	1,395.245	139.525	1,395.245

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

Particulars	31 March 2017		31 March 2016		01 April 2015	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Brothers Ltd. - Holding Company	139.525	100.00%	139.525	100.00%	139.525	100.00%

**d) Other details**

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Equity Shares :</b>					
Issued Fully paid up pursuant to contract(s) without payment being received in cash			-	98.375	-
Issued Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back			-	-	-



Karad Projects and Motors Limited  
Notes to Accounts  
Note 12: Reserves and surplus  
(INR in Lakhs)

Particulars	31 March 2017	31 March 2016	01 April 2015
1) Capital reserve	179.076	179.076	179.076
2) Securities Premium Reserve	2,982.233	2,982.233	2,982.233
3) General reserve	140.945	140.945	140.945
4) Surplus			
Opening balance	2,154.402	2,016.581	1,863.532
Add: Net Profit for the current year	1,250.725	431.443	128.712
Impact of Ind AS adjustments on transition to Ind AS (Refer note 41)			24.336
Balance available for appropriation	3,405.127	2,448.023	2,016.581
Less: Appropriations :			
Dividend	-	244.168	
Tax on Dividend	-	49.454	
Sub total	-	293.622	-
Closing balance	3,405.127	2,154.402	2,016.581
	6,707.380	5,456.655	5,318.834

**Karad Projects and Motors Limited**  
**Notes to Accounts**  
**Note 13: Financial Liabilities - Borrowings**  
*( INR in Lakhs )*

Particulars	31 March 2017	31 March 2016	01 April 2015
<b>1) Current borrowings</b>			
(a) Secured			
Loans repayable on demand from bank			
(i) Cash / export credit facilities	110.396	2.226	-
(Loan carries interest rate of 12.10% and is secured by hypothecation of stock of Raw material, Consumables stores, Finished, semi finished			
	<b>110.396</b>	<b>2.226</b>	<b>-</b>

**Note 14: Financial liabilities**  
*( INR in Lakhs )*

Particulars	31 March 2017	31 March 2016	01 April 2015
<b>1) Current Trade payable</b>			
Due to related parties	430.220	177.906	150.422
Due to others	4,992.634	4,058.106	4,947.318
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	5,422.854	4,236.012	5,097.740
	<b>5,422.854</b>	<b>4,236.012</b>	<b>5,097.740</b>
<b>2) Other current financial liabilities</b>			
(i) Salary & Reimbursements	129.469	143.923	165.324
(ii) Capital creditors	399.350	44.961	33.267
(iii) Provision for expenses	2,552.808	1,631.138	1,366.746
	<b>3,081.627</b>	<b>1,820.022</b>	<b>1,565.337</b>

**Terms and conditions of the above financial liabilities:**

- 1) Trade payables are generally non-interest bearing and are normally settled between 60-90 days terms
- 2) Other payables are non-interest bearing and have an average term of six months
- 3) For terms and conditions with related parties, refer to Note 31
- 4) For explanations on the Group's credit risk management processes, refer to Note 35

**Note 15 : Provisions**  
*( INR in Lakhs )*

Particulars	31 March 2017	31 March 2016	01 April 2015
<b>1) Provision for employee benefits</b>			
(i) Leave encashment (Refer note 32)	151.308	121.376	108.596
(ii) Gratuity (Refer note 30)	29.073	-	-
	<b>180.381</b>	<b>121.376</b>	<b>108.596</b>
Non-current provision	76.683	61.836	54.235
Current provision	103.698	59.541	54.361