

KARAD PROJECTS AND MOTORS LIMITED
16th 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
Total	33743.54	29674.88
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
Net Profit / (Loss) for the year	1250.72	431.44

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
Total	302.20	208.80

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: 15th April 2016, 15th July 2016, 14th October 2016, 16th November 2016, 13th January 2017, 24th 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 10th July 2016 and Mr. Vijaykumar Kulkarni appointed as CFO w.e.f. 15th 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 13th 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:

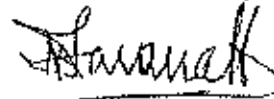
In terms of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rule 2013, the report for the year ended on March 31, 2017:

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

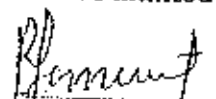
26. ACKNOWLEDGMENT

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)									
Sub-total (B)(1):-									
2. Non-Institutions									
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)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	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%
	Total	13952450	100%	0	13952450	100%	0	0%

(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
	For Each of the Top 10 Shareholders				
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.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	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
Indebtedness at the beginning of the financial year				
i) Principal Amount	2.2			2.2
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	2.2			2.2
Change in Indebtedness during the financial year				
• Addition	108.1			108.1
• Reduction				
Net Change				
Indebtedness at the end of the financial year	110.3			110.3
i) Principal Amount	110.3			110.3
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	110.3			110.3

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	
A.	Remuneration to Managing Director, Whole-time Directors and/or Manager:	Ravindra Samant Managing Director
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			
	Total (1)	0.8	0.5	1.3

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 Sathe	Sandeep Phadnis	Avinash Purandare (upto August 05, 2016)	Total
	Fee for attending board / committee meetings				
	Commission				
	Others, please specify			-	
	Total (2)	-	-	-	-
	Total (B) = (1+2)	-	-	-	-
	Total Managerial Remuneration	Not Applicable			
	Overall Ceiling as per the Act	Not Applicable			

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Sujit Chikurdakar (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	-		
	Total	2.9	13.7	-

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]	Appeal made, if any (give Details)
A.	COMPANY	Not Applicable				
	Penalty					
	Punishment					
	Compounding					
B.	DIRECTORS					
	Penalty					
	Punishment					
	Compounding					
C.	OTHER OFFICERS IN DEFAULT					
	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:

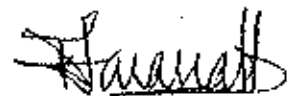
The Company may take Directors & Officers liability insurance or such insurance of like nature for indemnifying any of the Directors or its KMP against any liability in respect of any negligence, default, misfeasance, breach of duty or trust for which they may be guilty in relation to the Company, the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

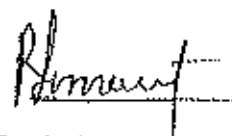
{a} the details of technology imported: Not Applicable

- (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



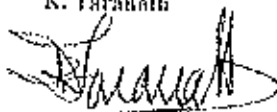
Ravindra Samant
Managing Director

Place: Pune
Date : April 14, 2017

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

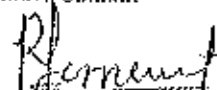
1	A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken.			The Company is committed to uphold the interest of stakeholders by implementing the guidelines as laid down by Kirlaskar Brothers Limited, towards socio-economic development of the society. 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 Dakhane

Company Secretary

A/6, Vishwakul, Swanand Society,
Sahakarnagar # 2, Pune - 411009.

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

Form No. MR-3

Secretarial Audit Report

For the Financial Year Ended 31st 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 **31st 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 **31st 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);

Abhijit Dakhane



(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.

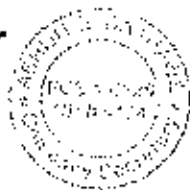
All decision of the Board is carried through unanimously. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meeting.

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 31st 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.

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 required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2017 and its profit and its cash flows for the year ended on that date.

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

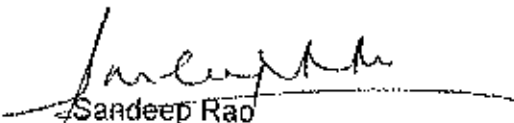
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the 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 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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
14th April 2017

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 31st 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.

(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

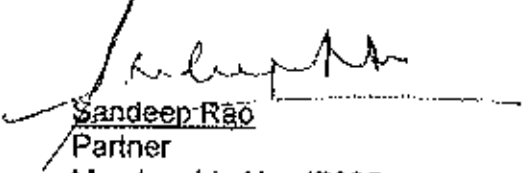
CHARTERED ACCOUNTANTS

- (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

14th 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 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 31st 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)

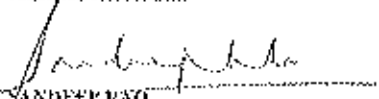
Particulars	Note No.	31 March 2017	31 March 2016	01 April 2015
ASSETS				
Non-current assets				
Property, Plant and Equipment	3	2,679.662	2,352.661	2,539.026
Capital work-in-progress		20.100	20.350	31.544
Investment Property	4	179.240	179.240	179.240
Goodwill				
Other Intangible assets	3	6.433	12.560	21.453
Intangible assets under development				
Biological Asset other than bearer plants				
Financial Assets				
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	197.781
Total non-current assets		3,759.542	3,035.556	3,984.616
Current assets				
Inventories	9	2,904.182	2,552.404	2,434.395
Financial Assets				
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 balances	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
Total current assets		13,346.085	10,165.425	9,776.119
TOTAL ASSETS		17,105.627	13,200.981	13,760.736
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	1,395.245	1,395.245	1,395.245
Other equity	12	6,707.380	5,456.655	5,318.834
Total equity		8,102.625	6,851.900	6,714.079
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings				
Trade payables				
Other financial liabilities				
Provisions	15	76.683	61.836	54.235
Deferred tax liabilities (net)	7	-	-	-
Other non-current liabilities				
Total non-current liabilities		76.683	61.836	54.235
Current liabilities				
Financial liabilities				
Borrowings	13	110.396	2.226	-
Trade payables	14	5,422.854	4,236.012	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)				
Total current liabilities		8,926.318	6,287.245	6,992.422
Total liabilities		9,003.001	6,349.081	7,046.657
TOTAL EQUITY AND LIABILITIES		17,105.627	13,200.981	13,760.736

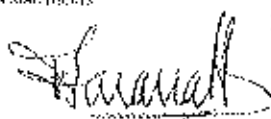
Summary of significant accounting policies 2

See accompanying notes to financial statements 3-43

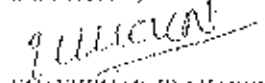
The notes referred to above form an integral part of the financial statements

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

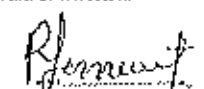

ANAND PRASAD
Partner


K. KARANATH
Chairman

(DIR-60051697)


VIJAY KUMAR BHARGAVA
Chief Financial Officer

I'm used on behalf of the Board of Directors


RAVINDRA SAMANT
Managing Director
(DIR-60022201)

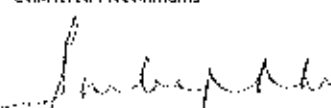

RAGHUNATH APTE
Company Secretary

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
Total Income		33,743.543	29,674.889
Expenses			
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
Total expenses		32,435.391	29,164.915
Profit/(loss) before exceptional items and tax (III-IV)		1,308.151	509.974
Exceptional items		-	-
Profit/(loss) before tax		1,308.151	509.974
Tax expenses			
(1) Current tax	7	401.500	114.648
(2) Deferred tax	7	-357.899	-18.286
Profit/(Loss) for the period from continuing operations		1,264.550	433.612
Profit/(loss) from discontinued operations		-	-
Tax expenses of discontinued operations		-	-
Profit/(Loss) from discontinued operations (after tax)		-	-
Profit/(loss) for the period		1,264.550	433.612
Other Comprehensive Income			
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		-	-
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other)		1,250.725	431.443
Earnings per equity share (for continuing operations)			
(1) Basic		9.06	3.11
(2) Diluted		9.06	3.11
Earnings per equity share (for discontinued operations)			
(1) Basic		-	-
(2) Diluted		-	-
Earnings per equity share (for discontinued and continuing operations)			
(1) Basic		9.06	3.11
(2) Diluted		9.06	3.11

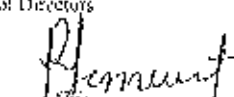
Summary of significant accounting policies: 2
See accompanying notes to financial statements 3-43
The notes referred to above form an integral part of the financial statements

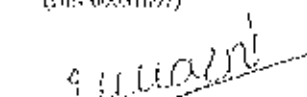
As per our report of even date attached
For M/s P.G. Bhagwat
Chartered Accountants


SANDEEP RAO
Partner

For and on behalf of the Board of Directors


K. TARANATH
Chairman
(DIR: 00051677)


RAVINDRA SAMAN
Managing Director
(DIR: 00002226)


VIJAYKUMAR KULKARNI
Chief Financial Officer


RAGHUNATH APTE
Company Secretary

PLACE: April 14, 2017

PLACE: April 14, 2017

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
A	Cash flows from Operating Activities		
	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	-	-
	Operating Profit Before Working capital changes	2,468.295	2,274.400
	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
	Net Cash from Operating Activities	497.889	193.206
B	Cash flows from Investing Activities		
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
	Net Cash from Investment Activities	-489.709	-246.163
C	Cash Flows from Financing Activities		
1	(Repayment)/Proceeds of /from long term borrowing (net)	-	-
2	(Repayment)/Proceeds of /from Short term borrowing (net)	108.170	2.226
3	(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	-	-
	Net Cash used in Financing Activities	38.194	-383.806
D	Unrealized Exchange (gain / (Loss) in cash and cash equivalents		
	Net Increase in Cash and Cash Equivalents	46.374	-436.762
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 my 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. TARANATH

Chairman

(DIN: 00051097)

VIJAYKUMAR KULKARNI

Chief Financial Officer

RAVINDRA SAMANT

Managing Director

(DIN: 01002226)

RAJESH NATHAPTE

Company Secretary

PUNE : April 14, 2017

PUNE : April 14, 2017

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

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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
Gross Block										
As at 1 April 2015	2,169	79,733	689,504	4,076,133	68,000	56,796	35,032	5,007,367		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	6,598	37,719	858,552		2,968
Disposals	-	-	-	0,140	-	-	9,160	9,300		
As at 31 March 2017	1,257	79,733	721,300	5,154,183	83,144	66,580	63,591	6,169,787		155,165
Depreciation/ Amortisation										
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	-	0,837	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		9,095
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
Net block										
As at 31 March 2017	1,257	67,024	574,103	1,941,073	35,129	14,897	46,380	2,679,862		6,433
As at 31 March 2016	1,257	67,861	582,082	1,649,327	25,969	13,341	13,024	2,352,861		12,560
As 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)

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

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.

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

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
Investments			
Investments at Fair value through profit or loss			
a) Quoted equity shares (fully paid) *			
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. (Firstwhile Govindji Trikamdas Exports Ltd.	-	-	1.691
Investments at Fair value through other comprehensive income			
a) Unquoted equity shares (fully paid) *			
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
1) Trade receivable			
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
Non - Current trade receivable (considered good)	-	-	823.853
Current trade receivable (considered good)	9,399.413	6,394.709	5,687.466
2) Loans			
(i) Non-current security deposits			
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
3) Other financial assets			
(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
Non-current other financial assets	0.898	0.250	0.500
Current other financial assets	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

Karud 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	-173,543	
Subtotal (b)	-173,543	-
Less: Deferred Tax Credit having no 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+b+c)	-409,124	-
Total (f) = (a-e)	43,601	-
Tax expenses recorded in books	43,601	

Deferred tax

Deferred tax relates to the following: DTA/ (DTL)	31 March 2017	Balance Sheet 31 March 2016	1 April 2015	Statement of profit and loss 2016-17	2015-16
Property, plant and equipment (Depreciation)	51,987	-8,056	26,312		-34,368
Employee benefits - compensated absences	-62,426	-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		-0,386		0,386
Deferred Tax Asset (43 H)	-160,834		-		
Corporate guarantee	-	1,376	6,922		-1,465
Deferred tax expense/(income)					-38,286
Net deferred tax assets/(liabilities)	-519,626	-154,410	-146,124		

Reflected in balance sheet as

1) Deferred tax

Particulars	31 March 2017	31 March 2016	1 April 2015
Deferred tax asset	-371,612	-155,736	-149,358
Deferred tax liability	51,987	1,326	35,234
Net Deferred tax asset	-519,626	-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)

Particulars		31 March 2017	31 March 2016	01 April 2015
1	Capital advances (non-current)			
	Unsecured, considered good	14.095	11.384	11.791
2	Other loans and advances			
(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
		537.689	976.925	974.513
	Non-current non-financial assets	247.981	210.298	197.781
	Current non-financial assets	289.708	766.628	776.732

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
(a) Cash and Cash equivalents			
(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) Other bank balances			
(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:

- a) Cash on hand
- b) 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
Authorised			
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
	4,300.000	4,300.000	4,300.000
Issued, subscribed & fully paid up			
13,952,450 (13,952,450) Equity shares of Rs.10 each fully paid	1,395.245	1,395.245	1,395.245
	1,395.245	1,395.245	1,395.245

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
Equity Shares :					
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
1) Current borrowings			
(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			
	110.396	2.226	-

Note 14: Financial liabilities
(INR in Lakhs)

Particulars	31 March 2017	31 March 2016	01 April 2015
1) Current Trade payable			
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
	5,422.854	4,236.012	5,097.740
2) Other current financial liabilities			
(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
	3,081.627	1,820.022	1,565.337

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
1) Provision for employee benefits			
(i) Leave encashment (Refer note 32)	151.308	121.376	108.596
(ii) Gratuity (Refer note 30)	29.073	-	-
	180.381	121.376	108.596
Non-current provision	76.683	61.836	54.235
Current provision	103.698	59.541	54.361

Karad Projects and Motors Limited**Notes to Accounts****Note 16: Other current non-financial liabilities***(INR in Lakhs)*

Particulars	31 March 2017	31 March 2016	01 April 2015
1) Contribution to PF and superannuation	7.235	8.094	15.712
2) Statutory dues	160.781	133.686	150.588
3) Advances from customer	39.727	27.665	108.684
	207.743	169.445	274.984

Karad Projects and Motors Limited
Notes to Accounts
(INR in Lakhs)

Particulars	For the year 2016-17	For the year 2015-16
Note 17		
Revenue from operations		
Sale of product	31,072.437	27,431.739
Sale of services	12.396	4.419
	31,084.832	27,436.158
Project related revenue (refer note 29)	106.016	130.804
Other operating revenues	2,451.537	2,019.059
	33,642.386	29,586.021

Particulars	For the year 2016-17	For the year 2015-16
Note 18		
Other Income		
(a) Interest Income		
(i) From others	16.102	32.533
	16.102	32.533
(b) Dividend Income		
(i) From other than subsidiary companies	0.001	0.307
(c) Finance income		
(i) Corporate guarantee fair valuation	-	3.951
(ii) Net interest income on defined benefit obligation	0.478	4.106
	0.478	8.057
(b) Other non-operating income		
(iii) Miscellaneous Income	84.577	47.971
	84.577	47.971
	101.157	88.868

Particulars	For the year 2016-17	For the year 2015-16
Note 19		
Cost of material consumed		
Raw material consumed	21,418.616	18,994.282
	21,418.616	18,994.282
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock		
Finished goods	370.381	612.140
Work-in- progress	1,117.766	952.448
Stock in trade		
	1,488.147	1,564.588
Closing Stock		
Finished goods	289.125	370.381
Work-in- progress	1,321.154	1,117.766
Stock in trade		
	1,610.279	1,488.147
	-122.132	76.441

Particulars	For the year 2016-17	For the year 2015-16
Note 20		
Employee benefits expense		
Salaries, wages and bonus	870.542	798.413
Contribution to provident fund, super annuation fund and E.S.I	57.343	49.458
Gratuity	14.612	14.090
Welfare expenses	33.877	34.388
	976.375	896.349

Particulars	For the year 2016-17	For the year 2015-16
Note 21		
Finance cost		
Interest expense	66.144	72.099
Other borrowing costs	29.614	29.925
	95.758	102.024
Unwinding of discount on corporate guarantees	3.832	20.119
	99.590	122.143

Particulars	For the year 2016-17	For the year 2015-16
Note 22		
Depreciation and amortisation		
Depreciation on tangible assets	531.551	529.019
Depreciation on intangible assets	9.095	12.149
	540.646	541.168

Particulars	For the year 2016-17	For the year 2015-16
Note 23		
Other expenses		
Stores and spares consumed	1,021.822	950.560
Processing charges	1,848.442	1,609.529
Power & fuel	378.161	344.448
Repairs and maintenance		
Plant and machinery	158.107	151.597
Buildings	81.113	51.781
Others	9.613	6.437
Rent	6.099	13.941
Rates and taxes	352.028	102.344
Travel and conveyance	65.253	64.463
Postage and telephone	16.539	12.401
Insurance	18.060	35.593
Directors sitting fees	1.375	1.000
Freight and forwarding charges	412.478	335.806
Advertisements and publicity	10.038	9.723
Settlement on Discontinuation of Project	347.400	-
Loss on sale/disposal of fixed assets	-	6.601
Loss on sale of investment	-	2.536
Provision for doubtful debts, advances and claims	581.786	-
Bad debts, advances and claims written off	-	1,201.387
Auditors remuneration (Refer Note - 27)	17.659	17.653
Legal Expenses and Consulting Fees	50.604	63.040
Stationery and printing	96.206	100.696
Foreign exchange difference Loss (Net)	10.903	20.283
Other miscellaneous expenses	314.243	101.623
Excise duty	3,724.366	3,331.090
	9,522.296	8,534.532

Particulars	For the year 2016-17	For the year 2015-16
Note 24		
Other Comprehensive Income		
Remeasurements gains and losses on post employments benefits	21.142	3.317
Tax on remeasurements gains and losses	7.317	1.148
	13.825	2.169

Karad Projects and Motors Limited
Notes to accounts

1. Corporate information

Karad Projects and Motors Limited (KPML) is a public company domiciled in India and incorporated under the provisions of the Indian Companies Act, 1956. KPML is engaged in manufacturing of wound stators, die-cast, stator/rotor stacks, electric motors, pumps and construction contracts and projects.

The Company is wholly owned subsidiary of Kirloskar Brothers Limited.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

31 March 2017 are the Company's first financial statements prepared in accordance with Ind AS and Ind AS 101 First-time Adoption of Indian Accounting Standards (Ind AS 101) has been applied. The transition has been carried out from Indian GAAP which is considered as the Previous GAAP, as defined in Ind AS 101. An explanation of how the transition to Ind AS has affected the reported balance sheet, profit or loss and cash flows of the Company is provided in Note 43.

The financial statements were authorised for issue by the Board of Directors on 14 April 2017

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Non-derivative financial instruments at fair value through profit or loss	Fair value
Defined benefit plan assets	Fair value

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information is presented in INR rounded to the nearest Millions, except share and per share data and/or unless otherwise stated.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying value of assets or liabilities in future periods.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

1. Estimation of defined benefit obligation - Refer Note 30

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables which tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

2. Impairment of financial assets

The impairment provisions for financial assets disclosed are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3. Estimated useful life of intangible assets - Refer note 3 Intangible asset and amortisation

Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

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- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

2.5 Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The cost is calculated on moving weighted average method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of fixed manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. The cost is determined on moving weighted average method.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.6 Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and highly liquid short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.7 Property, plant and equipment

- **Recognition and measurement -**

Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing costs directly attributable to the construction

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of a qualifying asset are capitalised as part of the cost. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment under construction are disclosed as capital work-in-progress.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

- **Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

- **Disposal**

An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/expenses in the statement of profit and loss.

- **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost. Depreciation is recognised in the statement of profit and loss generally on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013 or as assessed by the Management of the Company based on technical evaluation. In the cases mentioned below where the management based on the technical evaluation have estimated the life to be higher or lower than the life prescribed in schedule II,

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Sr. No	Particulars	Life
1	Solar System	20 years
2	Solar Inverter	5 years
3	Stamping tools	3 years

2.8 Intangible assets and amortisation

• Recognition and measurement

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

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

• Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

• Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

2.9 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Company has assumed that recovery of excise duty flows to the Company on its own account. Accordingly, it is the liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/value added tax (VAT) is not received by the Company on its own account. Accordingly, it is excluded from revenue.

Construction Contracts

- Contract revenue and contract costs arising from fixed price contracts are recognized in accordance with the percentage completion method. Revenue is recognized only to the extent of actual cost incurred till such time the outcome of the contract cannot be ascertained reliably.
- The stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract.
- Full provision is made for any loss estimated on a contract in the year in which it is first foreseen.

- d) In case of multiple elements transaction, revenue recognition criteria is applied for each separately identifiable component of transaction in order to reflect the substance of the transaction. Revenue is recognised separately for each component as and when the recognition criteria for the component is fulfilled.

Sale of goods and rendering of services

Revenue from the sale of goods and services is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and when services are rendered. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Company does not provide any extended warranties or maintenance contracts to its customers.

Other income

Other income comprises of interest income, dividend income, foreign currency gain on financial assets and liabilities and export benefits.

Interest income is recognised as it accrues in the statement of profit and loss, using the effective interest method. Dividend income and export benefits in the form of Duty Draw Back claims are recognised in the statement of profit and loss on the date that the Company's right to receive payment is established.

2.10 Finance costs

Finance costs comprises of interest expense on borrowings, and foreign currency loss (in the nature of finance cost) on financial assets and liabilities. Interest expenditure is recognised as it accrues in the statement of profit and loss, using the effective interest method.

2.11 Foreign currencies transactions

The financial statements are presented in INR, which is also the company's functional currency. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

Transactions and balances

Transactions in foreign currencies are initially recorded at functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.12 Employee Benefits

Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short term compensated absences, leave travel allowance etc. are recognized in the period in which the employee renders the related service.

Post-Employment Benefits

Defined Contribution Plans

The Company's superannuation scheme, State governed provident fund scheme and employee state insurance scheme are defined contribution plans. The contribution paid/payable under the scheme is recognized during the period in which the employee renders the related service.

Defined Benefit Plans

The employees' gratuity fund scheme is the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expenses on a straight-line basis over the average period until the benefits become vested. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Long Term Employee Benefit

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned above.

Accumulated leaves that are expected to be utilized within the next 12 months are treated as short term employee benefits.

2.13 Income Taxes

Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of tax laws enacted at the end of reporting period. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.14 Provisions

A Provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources is expected to settle the obligation, in respect of which a reliable estimate can be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in case of

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) present obligation arising from past events, when no reliable estimate is possible
- c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognized, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.15 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

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Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term except for general inflation.

2.16 Impairment of non-financial assets

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's net selling price or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.17 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are determined using present value estimates or other valuation techniques, for example, the present value of estimated expected future cash flows using discount rates commensurate with the risks involved. Fair value estimation techniques normally incorporate assumptions that market participants would use in their estimates of values, future revenues, and future expenses, including assumptions about interest rates, default, prepayment and volatility. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realised in an immediate sale or settlement of the instrument.

For cash and other liquid assets, the fair value is assumed to approximate to book value, given the short term nature of these instruments. For those items with a stated maturity exceeding twelve months, fair value is calculated using a discounted cash flow methodology.

The financial instruments carried at fair value were categorized under the three levels of the Ind AS fair value hierarchy as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

2.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

- 1) Debt instruments at amortised cost
- 2) Debt instruments at fair value through other comprehensive income (FVTOCI)
- 3) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- 4) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial asset

Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b. Financial assets that are debt instruments and are measured as at FVTOCI
- c. Lease receivables

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- d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- e. Loan commitments which are not measured as at FVTPL
- f. Financial guarantee contracts which are not measured as at FVTPL

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

- a. Trade receivables or contract revenue receivables; and
- b. All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

Financial liabilities

Initial recognition and measurement

The company initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.19 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. If it is antidilutive, it is ignored.

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Notes to Accounts
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Particulars	31 March 2017	31 March 2016	1 April 2015
Note 25: Contingent Liabilities			
a) Claims against the company not acknowledged as debt Claims are in the nature of legal notices received from vendors, customers and contested by the Company.	4,676.692	4,758.777	4,117.535
b) Other money for which company is contingently liable			
i) Demand in respect of service tax (contested by the company pending with CESTAT, Chennai)	-	140.045	139.551
ii) Demand in respect of excise matters	18.996	18.996	18.996
iii) Demand in respect of labour matters	53.217	53.217	58.539
iv) In respect of sales tax matters for the year 2010-11	15.189	32.189	583.371
v) Probable claims in respect of projects*	-	987.823	987.823
Total contingent liabilities	4,764.094	5,991.047	5,905.814
Note 26: Commitments			
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	120.542	159.625	35.364
ii) Export obligation under EPCG License obtained from DGFT. Export obligation fulfilled upto 31st March, 2017 is Rs. 7,43,47,877 (upto previous year 44,245,934)	119.819	420.838	774.953
Total commitments	240.361	580.463	810.317

- * Rs. 987.82 Lakhs are in respect of Bank Guarantees for which Honorable Madras High Court had granted a stay and the matter was under arbitration. Meanwhile, vacate stay petition was moved to court and matter is now pending in the court of law. However, the management doesn't expect any ultimate liability in this respect. In view of this, and in view of the fact that there are no other claims in respect of projects, the possibilities of arising of any liability are remote in the view of the management.

Particulars	2016-17	2015-16
Note 27: Remuneration to Auditors		
a) Audit Fees	14.750	14.750
b) Taxation matters	1.250	1.250
c) For company law matters	-	-
d) For other services: Certification fees	1.519	1.524
e) Expenses reimbursed	0.141	0.130
Total audit fees payable	17.659	17.653
Note 28: Earning per Share (Basic and diluted)		
a) Profit for the year before tax	1,308.151	509.974
Less : Attributable Tax thereon	43.601	76.362
Profit after Tax	1,264.550	433.612
b) Weighted average number of equity shares used as denominator	139.525	139.525
c) Basic earning per share of nominal value of Rs 10/- each	9.06	3.11
Note 29: Construction contract		
Contract revenue recognized for the year	106.016	130.804
Amount of advances received for contracts in progress	0.044	6.993
Amount of retentions for contracts in progress	180.855	173.020
Gross Amount Due From Customers	-	-
Contract cost incurred	5,441.394	5,265.351
Recognized profit less recognized losses	(1,891.941)	(1,240.128)
Less : Progress Billing	(3,537.972)	(3,413.590)
PDCL	11.550	611.633

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Note 30: Employee Benefits :

i Defined Contribution Plans:

Amount of Rs. 53,090 Lakhs (Previous year Rs. 45,427 Lakhs), is recognized as an expense and included in 'Payments to and Provision for Employees' in the profit and loss account.

ii Defined Benefit Plans:

a) The amounts recognised in Balance Sheet are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016
	Gratuity Plan (Funded)	Gratuity Plan (Funded)
A. Amount to be recognised in Balance Sheet		
Present Value of Defined Benefit Obligation	253,409	224,313
Less: Fair Value of Plan Assets	224,336	230,517
Amount to be recognised as liability or (asset)	29,073	(6,203)
B. Amounts reflected in the Balance Sheet		
Liabilities	29,073	-
Assets	-	(6,203)
Net Liability/(Assets)	29,073	(6,203)

b) The amounts recognised in the Profit and Loss Statement are as follows:

Particulars	2016-17	2015-16
	Gratuity Plan (Funded)	Gratuity Plan (Funded)
1 Current Service Cost	14,612	14,090
2 Acquisition (gain)/ loss	-	-
3 Past Service Cost	-	-
4 Net Interest (income)/expenses	(0,478)	(4,106)
5 Curtailment (Gain)/ loss	-	-
6 Settlement (Gain)/loss	-	-
Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note A-18)	14,135	9,984

c) The amounts recognised in the statement of other comprehensive income (OCI)

Particulars	2016-17	2015-16
	Gratuity Plan (Funded)	Gratuity Plan (Funded)
1 Opening amount recognised in OCI outside profit and loss account	-	-
2 Remeasurements for the year - Obligation (Gain)/loss	20,841	2,129
3 Remeasurements for the year - Plan assets (Gain) / Loss	0,301	1,188
4 Total Remeasurements Cost / (Credit) for the year recognised in OCI	21,142	3,317
5 Less: Accumulated balances transferred to retained earnings	21,142	3,317
Closing balances (Remeasurements (gain)/loss recognised OCI)	-	-

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016
	Gratuity Plan (Funded)	Gratuity Plan (Funded)
1 Balance of the present value of Defined benefit Obligation at beginning of the period	224,313	209,275
2 Acquisition adjustment	-	-
3 Transfer in/ (out)	-	-
4 Interest expenses	16,396	15,666
5 Past Service Cost	-	-
6 Current Service Cost	14,612	14,090
7 Curtailment Cost / (credit)	-	-
8 Settlement Cost/ (credit)	-	-
9 Benefits paid	(22,754)	(16,847)
10 Remeasurements on obligation - (Gain) / Loss	20,841	2,129
Present value of obligation as at the end of the period 31-03-2017	253,409	224,313

- c) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Particulars		Gratuity Plan (Funded)	
		As at 31 March 2017	As at 31 March 2016
1	Fair value of the plan assets as at beginning of the period	230.517	227.455
2	Acquisition adjustment	-	-
3	Transfer in/(out)	-	-
4	Interest income	16.874	19.772
5	Contributions	-	1.324
6	Benefits paid	(22.754)	(16.847)
7	Amount paid on settlement	-	-
8	Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(0.301)	(1.188)
9	Fair value of plan assets as at the end of the period 31.03.2017	224.336	230.517
10	Actual return on plan assets	16.573	12.745

- f) Net interest (Income) / expenses

Particulars		Gratuity Plan (Funded)	
		As at 31 March 2017	As at 31 March 2016
1	Interest (Income) / Expense -- Obligation	16.396	15.666
2	Interest (Income) / Expense -- Plan assets	(16.874)	19.772
3	Net Interest (Income) / Expense for the year	(0.478)	(4.106)

- g) The broad categories of plan assets as a percentage of total plan assets as at reporting date of Employee's Gratuity Scheme are as under:

Particulars		Gratuity Plan (Funded)
		As at 31 March 2017
	Government of India securities	31.42
	State Government securities	10.65
	Other approved securities (Govt. guaranteed securities)	1.34
	High quality corporate bonds	42.85
	Equity shares of listed companies	5.23
	Special deposit scheme	8.29
	Others	0.22
	Total	100.00

- Discount rate as at 31-03-2017 - 6.8%
- Expected return on plan assets as at 31-03-2017 - 7.70%
- Salary growth rate : For Gratuity Scheme - 10%
- Attrition rate: For gratuity scheme the attrition rate is taken at 5%
- The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

- h) General descriptions of defined plans:

1 Gratuity Plan:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

- i) The Company expects to fund Rs. 30 Lakhs towards its gratuity plan in the year 2017-18.

- j) Sensitivity analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation (PVO). Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%)

Change in assumption		Effect on gratuity obligation	
		As at 31 March 2017	As at 31 March 2016
1	Discount rate		
	Increase by 1% to 7.8%	237.927	211.012
	Decrease by 1% to 5.8%	271.072	239.390
		-	-
2	Salary increase rate		
	Increase by 1% to 11.0%	268.086	236.893
	Decrease by 1% to 9.0%	240.240	212.964
		-	-
3	Withdrawal rate		
	Increase by 1% to 6.0%	250.737	222.663
	Decrease by 1% to 4.0%	256.396	226.150

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Note 31: Related Party Disclosures

(a) Names of the related party and nature of relationship where control exists

Name of the related party	Nature of relationship
Kirloskar Brothers Limited	Holding company
Kirloskar Construction Limited	Fellow Subsidiary

(b) Key management personnel and their relatives with whom company has transacted during the year .

Name of the related party	Nature of relationship
Ravindra Samant	Managing Director
Mr. K. Tarunath	Chairman
Mr. Anant Sadhe	Director
Mr. Achyut Gokhale	Director
Mr. Sandeep Phadnis	Director
Mr. Sujit Chikurdekar	CFO upto 10th July 2016
Mr. Vijaykumar Kulkarni	CFO w.e.f. 15th July 2016

(c) Transactions with related parties

Nature of Transactions	Year	Where control exists	Enterprises under common	KMP and relatives of KMP*
Purchases/ Job work	2016-2017	569.046	10.823	
	2015-2016	242.424	19.971	
Sales/Job work	2016-2017	24,515.573		
	2015-2016	21,176.734		
Proposed/ interim dividend	2016-2017			
	2015-2016	244.168		
Receiving services/ expenses reimbursed	2016-2017	118.269		
	2015-2016	110.775		
Rendering services/ expenses recovered	2016-2017			
	2015-2016			
Capital goods purchase	2016-2017			
	2015-2016	0.620		
Sitting Fees	2016-2017			1.375
	2015-2016			1.000

(d) Key management personnel compensation

	2016-2017	2015-2016
Short term employee benefits	58.815	47.656
Post employment benefits	7.969	4.617
Other long term employee benefit	6.760	6.897
Termination benefit		
Share based payment		

(e) Outstanding balances arising from transactions with related parties

Nature of Transactions	Year	Where control exists	Enterprises under common	KMP and relatives of KMP
Receivables (net)	2016-2017	6,510.413	-	-
	2015-2016	4,017.233	-	-
Payables (net)	2016-2017	-	0.130	-
	2015-2016	-	1.505	-

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Note 32: Movement in provision

Particulars	Compensated Absenses
Carrying amount as at 1 April 2015 (Current)	108.596
Additional provision recognised during year	19.888
Amount utilised during the year	7.108
Unused amounts reversed during the year	-
Unwinding of provision during the year	-
Carrying amount as at 31 March 2016 (Current)	121.376
Additional provision recognised during year	38.048
Amount utilised during the year	8.116
Unused amounts reversed during the year	-
Unwinding of provision during the year	-
Carrying amount as at 31 March 2017 (Current)	151.308

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Note 33: Segment Reporting

The company's Managing Director, the Chief Financial Officer, examine the company's performance both from a product and geographic perspective and has identified two reportable segments of its business.

Project division:

For project division, policy decision is taken by the management to close down existing projects business and not to go for further projects in view of proposed closure of this division.

Product division:

Product division consists of three verticals as motor, stamping and component. Managing Director and the Chief Financial Officer along with Plant Heads monitor product division as whole and not at vertical level.

The Managing Director & Chief Financial Officer, primarily use profit before tax to assess the performance of operating segments.

(a) Segment results

<u>Year ended 31 March 2017</u>	<u>Product sector</u>	<u>Project sector</u>	<u>Total</u>
Revenue	33,565,352	178,191	33,743,543
External customers			
Inter-segment			
Total revenue	33,565,352	178,191	33,743,543
Income/(Expenses)			
1) Material Consumed	20,788,005	491,297	21,279,302
2) Depreciation	540,646	-	540,646
3) Other Expenses	9,620,230	995,213	10,615,443
Segment Profit	2,616,470	(1,308,319)	1,308,151
Segment Assets	15,699,722	822,811	16,522,533
Unallocated Assets			583,094
Total assets	15,699,722	822,811	17,105,627
Segment liabilities	6,838,809	2,164,193	9,003,001
Unallocated Liabilities			8,102,625
Total Liabilities	6,838,809	2,164,193	17,105,627
 <u>Year ended 31 March 2016</u>	 <u>Product sector</u>	 <u>Project sector</u>	 <u>Total</u>
Revenue	29,503,191	171,699	29,674,889
External customers			
Inter-segment			
Total revenue	29,503,191	171,699	29,674,889
Income/(Expenses)			
1) Material Consumed	18,648,302	302,713	18,951,015
2) Depreciation	541,168	-	541,168
3) Other expenses	8,273,290	1,399,442	9,672,732
Segment Profit	2,040,430	(1,530,456)	509,974
Segment Assets	11,386,496	1,355,881	12,742,378
Unallocated Assets			458,603
Total assets	11,386,496	1,355,881	13,200,981
Segment liabilities	4,764,325	1,584,756	6,349,081
Unallocated Liabilities			6,851,900
Total Liabilities	4,764,325	1,584,756	13,200,981

<u>Year ended 1 April 2015</u>	<u>Product sector</u>	<u>Project sector</u>	<u>Total</u>
Segment Assets	2,392,069	10,990,990	13,383,059
Unallocated Assets			377,678
Total assets			<u>13,760,736</u>
Segment liabilities	2,905,175	4,141,483	7,046,657
Unallocated Liabilities			6,714,079
Total Liabilities			<u>13,760,736</u>

(b) Reconciliations to amounts reflected in the financial statements

<u>(i) Reconciliation of profit</u>	<u>31 March 2017</u>	<u>31 March 2016</u>	
Segment profit	1,308,151	509,974	
Intra segment elimination			
Current tax expense	(401,500)	(114,648)	
Deferred tax expenses	357,899	38,286	
Finance income	-	-	
Any other items of reconciliations which are considered as adjustments/ elimination above			
Profit before tax and discontinued operations	<u>1,264,550</u>	<u>433,612</u>	
 <u>(ii) Reconciliation of assets</u>	 <u>31 March 2017</u>	 <u>31 March 2016</u>	 <u>01 April 2015</u>
Segment operating assets	16,522,533	12,742,378	13,383,059
Reconciliation items such as DTA/ assets held for sale etc. which not allocated to any segments	583,094	458,603	377,678
Total assets	<u>17,105,627</u>	<u>13,200,981</u>	<u>13,760,736</u>
 <u>(iii) Reconciliation of liabilities</u>	 <u>31 March 2017</u>	 <u>31 March 2016</u>	 <u>01 April 2015</u>
Segment operating liabilities	9,003,001	6,349,081	7,046,657
Reconciliation items - liabilities which are not allocated to any particular segment	8,102,625	6,851,900	6,714,079
Total liabilities	<u>17,105,627</u>	<u>13,200,981</u>	<u>13,760,736</u>

(c) Geographic information

	<u>31 March 2017</u>	<u>31 March 2016</u>	<u>01 April 2015</u>
Revenue from external customers			
India	33,331,633	29,218,364	26,808,589
Outside India	310,753	367,657	410,970
	<u>33,642,386</u>	<u>29,586,021</u>	<u>27,219,559</u>
Non current assets (other than deferred tax asset & financial asset)			
India	3,133,616	2,775,309	2,969,044
Outside India	-	-	-
	<u>3,133,616</u>	<u>2,775,309</u>	<u>2,969,044</u>

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Note 34: Fair Value of financial assets and liabilities

Set out below, is a comparison by class of the carrying amounts and fair value of the company's financial instruments that are recognised in the financial statements

Sr.No.	Particulars	Carrying value			Fair Value		
		31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
a)	Financial Asset						
	Carried at fair value through Other Comprehensive Income (FVTOCI)						
	Unquoted investment	0.051	0.051	0.051	0.051	0.051	0.051
b)	Carried at fair value through Profit and Loss (FVTPL)						
	Quoted investment	-	-	12.501	-	-	12.501
c)	Carried at amortised cost						
	Loans						
	Other financial assets	105.351	105.536	62.544	105.351	105.536	62.544
	Trade receivable	2.005	4.114	7.372	2.005	4.114	7.372
	Cash and cash equivalent	9,399,413	6,394,709	6,511,320			
		688,208	143,626	609,299			
		10,195,027	6,648,037	7,203,086	107,354	109,701	82,468
d)	Financial Liabilities						
	Carried at amortised cost						
	Current borrowings at fixed rate of interest	110.396	2.226	-	110.396	2.226	-
	Other current financial liabilities	3,081,627	1,820,022	1,565,337	3,081,627	1,820,022	1,565,337
	Trade payable	5,422,854	4,236,012	5,097,740			
		8,614,877	6,058,259	6,663,077	3,192,023	1,822,247	1,565,337

The company has calculated fair value of financial assets and liabilities except for trade receivable, trade payable and cash & cash equivalents using discounted cash flow model.
The company has not disclosed the fair values of trade receivable, trade payable and cash & cash equivalents since their carrying amounts are reasonable approximation of fair value.
Quoted investment are carried at fair value through profit and loss (FVTPL).

Note 35: Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance company's operations and to provide guarantees to support its operations. Company's principal financial assets include trade and other receivables, and cash and cash equivalents, that derive directly from its operations.

Company is exposed to market risk, credit risk and liquidity risk.

Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and appropriate financial risk performance for company are accountable to the Board Audit Committee. This process provides assurance to the company's senior management that company's financial risk-taking activities are governed by the appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company's policies and risk appetite.

The board of directors reviews and agrees policies for managing each of these risk is summarised below

1) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Company uses expected credit loss model for assessing and providing for credit risk. Refer note 36 for expected credit loss model analysis.

a) Trade receivable

Customer credit risk is managed by each business unit subject to the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. Trade receivables are non interest bearing and are generally on, 45 days to 60 days credit term. The ageing analysis of trade receivable as on reporting date is as follows

	Not Due	Past due but not impaired			Impaired	Total
		Less than 180 days	181 to 365 days	above 366 days	above 366 days	
31 March 2017	7,503.047	1,864.967	231.399	-	865.204	10,264.617
31 March 2016	5,438.478	931.141	25.090	-	283.418	6,678.127
1 April 2015	4,541.589	1,140.889	4.988	823.853	292.620	6,803.940

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the company's finance team in accordance with company's policy. Investments of surplus funds are made on the basis of Company policy and reviewed by Managing Director & Chief Financial Officer of the Company. Company's maximum exposure to credit risk for the components of statement of financial position is the carrying amount as disclosed in Note 10.

2) Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic banks at optimised cost.

The table summarises the maturity profile of company's financial liabilities based on contractual undiscounted payments

As of 31 March 2017						
	Carrying amount	On demand	Less than 180 days	181 to 365 days	ove 366 day	Total
Interest bearing borrowings	110.396	110.396	-	-	-	110.396
Other liabilities	3,081.627	-	3,081.627	-	-	3,081.627
Trade and other payable	5,422.854	-	5,422.854	-	-	5,422.854

As of 31 March 2016						
	Carrying amount	On demand	Less than 6 months	6-12 Months	1-2 years	Total
Interest bearing borrowings	2.226	2.226	-	-	-	2.226
Other liabilities	1,820.022	-	1,820.022	-	-	1,820.022
Trade and other payable	4,236.012	-	4,236.012	-	-	4,236.012

As of 1 April 2015						
	Carrying amount	On demand	Less than 6 months	6-12 Months	1-2 years	Total
Interest bearing borrowings	-	-	-	-	-	-
Other liabilities	1,565.337	-	1,565.337	-	-	1,565.337
Trade and other payable	5,097.740	-	5,097.740	-	-	5,097.740

The company has access to following undrawn facilities at the end of the reporting period

	31 March 2017	31 March 2016	1 April 2015
Floating rate	12.10%	12.35%	12.65%
Expiring within one year	999,999	1,000,000	1,000,000
Expiring beyond one	-	-	-

3) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2017 and 31 March 2016. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, proportion of financial instruments in foreign currencies are all constant at 31 March 2017.

Company's activities expose it to variety of financial risks, including effect of changes in foreign currency exchange rate and interest rate.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

b) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in local currency INR and in different foreign currencies. Company has foreign currency trade receivables, trade payables, advances, deposits and therefore is exposed to foreign exchange risk. The company has not hedged its foreign currency exposure by derivative instruments or otherwise. Below is the sensitivity analysis for the foreign currency risk.

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(INR in Lakhs)

Particulars	Currency	Amount in Foreign Currency		
		31 March 2017	31 March 2016	1 April 2015
Financial Assets				
Trade Receivables	USD	-	0.014	0.003
	EUR	0.924	0.555	1.075
	GBP	-	-	0.077
Financial liabilities				
Trade Payables	USD	2.930	3.685	7.355
	EUR	0.143	0.019	0.002

Currency wise net exposure (Liabilities-Assets)

Particulars	Amount in Foreign Currency		
	31 March 2017	31 March 2016	1 April 2015
USD	2.930	3.671	7.322
EUR	(0.781)	(0.516)	(1.072)
GBP	-	-	0.077

Sensitivity Analysis

Currency	Amount in INR		Sensitivity %	Impact on profit (strengthen)		Impact on profit (weakening)	
	2017	2016		2017	2016	2017	2016
USD	201,991	243,539	0.076	(15,265)	(18,405)	15,265	18,405
EUR	(56,527)	(38,724)	0.026	1,443	0,988	(1,443)	(0,988)
Total	145,464	204,815		(13,822)	(17,416)	13,822	17,416

(GBP - Great Britain Pound, EUR- Euro, USD - US Dollar)

Karai Projects and Motors Limited
Notes to Accounts
(INR in Lakhs)

Note 36 : Impairment of financial assets: Expected credit loss

Provision for expected credit loss

Internal rating	Category	Description of category	Basis of recording expected credit loss		
			Investments	Loans and deposits	Trade receivables
A	High quality asset, negligible credit risk	Assets where the counter party has strong capacity to meet obligations and where risk is negligible or nil.	12- months expected credit losses	12 months expected credit losses	Life- time expected credit losses - simplified approach
B	Standard asset, moderate credit risk	Assets where there is moderate risk of default and where there has been low frequency of defaults in past			
C	Low quality asset, High credit risk	Assets where there is high probability of default. In general, assets where contractual payments are more than year past due are categorised as low quality asset. Also includes where credit risk of counter party has increased significantly through payments may not be more than a year past	Life- time expected credit losses	Life- time expected credit losses	
D	Doubtful asset- credit impaired	Assets are written off, when there is no reasonable expectations of recovery. Where loans and receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off		

As at 31 March 2017

1) Expected credit loss for loans, security deposits and investments

Particulars		Asset group	Internal rating	Estimated gross carrying amount of default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 months expected credit losses	Financial assets for which credit risk has not increased significantly from inception	Investments	A	-	0%	-	0.051
		Security Deposits	A	-	0%	-	105
		Security Deposits	B	-	-	-	-
		Fixed Deposit	A	-	0%	-	0.898
		Claim receivable	A	-	0%	-	-
		Others	A	-	0%	-	1.105
Loss allowance measured at life time expected credit losses	Financial assets for which credit risk has increased significantly and not credit	NB.					
	Financial assets for which credit risk has increased significantly and credit impaired	NB.					

2) Expected credit loss for trade receivables under simplified approach

Particulars	Not due	Past due but not impaired		Impaired	Total
		Less than 180 days	180 to 365 Days		
Gross carrying amount	7,303,037	1,864,967	231,399	865,204	10,264,617
Expected loss rate	0%	0%	0%	100%	
Expected credit losses (Loss allowance provision)	-	-	-	865,204	865,204
Carrying amount of trade receivable (Net of impairment)	7,303,037	1,864,967	231,399	-	9,399,413

As at 31 March 2016

1) Expected credit loss for loans, security deposits and investments

Particulars	Asset group	Internal rating	Estimated gross carrying amount of default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 months expected credit losses	Financial assets for which credit risk has not increased significantly from inception	Investments	A	-	0%	-
		Security Deposits	A	-	0%	-
		Security Deposits	H	-	0%	-
		Fixed Deposit	A	-	0%	-
		Claim receivable	A	-	0%	-
		Others	A	-	0%	-
Loss allowance measured at life time expected credit losses	Financial assets for which credit risk has increased significantly and not credit	NIL				
	Financial assets for which credit risk has increased significantly and credit impaired	NIL				

2) Expected credit loss for trade receivables under simplified approach

Particulars	Not due	Past due but not impaired		Impaired	Total
		Less than 180 days	180 to 365 days		
Gross carrying amount	5,438,478	931,141	25,090	283,418	6,678,127
Expected loss rate	0%	0%	0%	100%	
Expected credit losses (Loss allowance provision)	-	-	-	283,418	283,418
Carrying amount of trade receivables (Net of impairment)	5,438,478	931,141	25,090	-	6,394,709

As at 1 April 2015

1) Expected credit loss for loans, security deposits and investments

Particulars	Asset group	Internal rating	Estimated gross carrying amount of default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 months expected credit losses	Financial assets for which credit risk has not increased significantly from inception	Investments	A	-	0%	-
		Security Deposits	A	-	0%	-
		Security Deposits	H	-	-	-
		Fixed Deposit	A	-	0%	-
		Claim receivable	A	-	0%	-
		Others	A	-	0%	-
Loss allowance measured at life time expected credit losses	Financial assets for which credit risk has increased significantly and not credit	NIL				
	Financial assets for which credit risk has increased significantly and credit impaired	NIL				

2) Expected credit loss for trade receivables under simplified approach

Particulars	Not due	Past due but not impaired		Impaired	Total
		Less than 180 days	180 to 365 days		
Gross carrying amount	4,541,589	1,140,889	4,983	873,853	6,561,314
Expected loss rate	0%	0%	0%	100%	
Expected credit losses (Loss allowance provision)	-	-	-	873,853	873,853
Carrying amount of trade receivables (Net of impairment)	4,541,589	1,140,889	4,983	-	5,687,461

Reconciliation of loss provision

	Trade receivables
Loss allowance as at 1 April 2015	297,620
Changes in loss allowance	(9,207)
Loss allowance as at 31 March 2016	288,413
Changes in loss allowance	581,786
Loss allowance as at 31 March 2017	870,200

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Note 37: Capital management

For the purpose of the company's capital management, capital includes issued equity capital , share premium and all other equity reserves. The primary objective of the company's capital management is to maximise the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Company's policy is to keep the gearing ratio between 40% and 60%. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

Particulars	31 March 2017	31 March 2016
Loans and borrowings	110.396	2.226
Trade payables	5,422.854	4,236.012
Other financial liability	3,081.627	1,820.022
Less: Cash and cash equivalents	688.208	143.626
Net debt	7,926.669	5,914.632
Equity	8,102.625	6,851.900
Capital and net debt	16,029.294	12,766.532
Gearing ratio	49%	46%

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Note 38: Corporate social responsibility expenditures

- (a) Amount required to be spent by the Company during the current year is Rs. 0.573
(b) Amount spent by the Company during the current year is Rs. 0.743

The company as per its policy on Corporate Social Responsibility(CSR) and recommendation and approval of the CSR committee has contributed Rs. 0.743 towards Educational aid in the current financial year.

Note 39

Suppliers/Service providers covered under Micro, Small, Medium Enterprises Development Act, 2006 have not furnished the information regarding filing of necessary memorandum with the appropriate authority. In view of this, information required to be disclosed cannot be given.

Note 40

In respect of Project Division of the Company, balances of some of the trade payable and advance to vendors are pending reconciliation / confirmations. These balances are in the process of reconciliation and the net adjustments, if any, arising out of this process of reconciliation will be accounted for after the completion of entire reconciliation process. Such net adjustments are not expected to have a material effect on the financial statements of the

Note 41

Previous years' figures have been regrouped and reclassified, wherever necessary to conform to current year's classification.

Note 42

Details of specified bank notes (SBN) held and transacted during 08.11.2016 to 30.12.2016:

Particulars	SBNs	Other denomination notes	Total
Closing balance in hand on 08.11.2016	0.215	0.207	0.422
Add:- Permitted receipts	-	0.215	0.215
Less:- Permitted payments	-	-	-
Less:- Deposited in banks	0.215	-	0.215
Closing balance in hand on 30.12.2016	-	0.422	0.422

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Ind AS mandatory exceptions

1. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to the Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required by Indian GAAP:

2. Derecognition of financial assets and liabilities

Ind AS 101, requires first time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements of Ind AS 109, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities de-recognised as a result of past transaction was obtained at the time of initially accounting of transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from date of transition to Ind AS.

3. Classification and measurement of financial asset

Ind AS 101 requires an entity to assess classification and measurement of financial assets, on the basis of the facts and circumstances that exists at the transition date to Ind AS.

Explanation of transition to Ind AS

An explanation of how the transition from Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow is set out in the following tables and notes that accompany the tables. The reconciliations include-

- equity reconciliation as at 1 April 2015;
- equity reconciliation as at 31 March 2016;
- profit reconciliation for the year ended 31 March 2016; and
- cash flow reconciliation for the year ended 31 March 2016

In the reconciliations mentioned above, certain reclassifications have been made from Indian GAAP financial information to align with the Ind AS presentation.

Reconciliation of statement of profit and loss and other comprehensive income

Particulars	Notes	Year ended 31 March 2016		
		Indian GAAP	Ind AS Adjustments	Ind AS
Revenue from Operations	a,b	26,256,680	3,329,342	29,586,021
Other Income	d,h	87,391	1,477	88,868
Total Income		26,344,071	3,330,818	29,674,889
Expenses				
Cost of materials consumed		18,994,282	-	18,994,282
Purchases of Stock-in-Trade		-	-	-
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress		-	-	76,441
Employee benefits expense	c,d	76,441	-	-
Finance costs	h	895,561	0,789	896,349
Depreciation and amortization expense		102,024	20,119	122,143
Other expenses	a,b,f	541,168	-	541,168
Total expenses		5,202,711	3,331,822	8,534,532
Profit/(loss) before exceptional items and tax (III-IV)		25,812,186	3,352,730	29,164,915
Exceptional items		531,885	(21,911)	509,974
Profit / (loss) before tax		531,885	(21,911)	509,974
Tax expenses	i	-	-	-
(1) Current tax	i	113,500	1,148	114,648
(2) Deferred tax		(34,888)	(3,398)	(38,286)
Profit (Loss) for the period from continuing operations		453,273	(19,661)	433,612
Profit/(loss) from discontinued operations		-	-	-
Tax expenses of discontinued operations		-	-	-
Profit/(loss) from discontinued operations (after tax)		-	-	-
Profit/(loss) for the period		453,273	(19,661)	433,612
Other Comprehensive Income				
Items that will not be reclassified to profit or loss	e	-	(3,317)	(3,317)
Income tax relating to items that will not be reclassified to profit or loss	e	-	1,148	1,148
Items that will be reclassified to profit or loss		-	-	-
Income tax relating to items that will be reclassified to profit or loss		-	-	-
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)		453,273	(21,830)	431,443
Earnings Per Share (after extraordinary items)				
(a) Basic		3.25	(0.14)	3.11
(b) Diluted		3.25	(0.14)	3.11

Note: Figures for Indian GAAP are regrouped wherever necessary to present above reconciliation.

Reconciliations between Indian GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Indian GAAP to Ind AS

Reconciliation of Equity

Particulars	Note No	As at 1 April 2015			As at 31 March 2016		
		Indian GAAP	Ind AS Adjustments	Ind AS	Indian GAAP	Ind AS Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, Plant and Equipment	a	2,718,267	(179,240)	2,539,026	2,532,101	(179,240)	2,352,861
Capital work-in-progress		31,544	-	31,544	20,350	-	20,350
Investment Property	b	-	179,240	179,240	-	179,240	179,240
Goodwill		-	-	-	-	-	-
Other Intangible assets		21,453	-	21,453	12,560	-	12,560
Intangible assets under development		-	-	-	-	-	-
Biological Asset other than bearer plants		-	-	-	-	-	-
Financial Assets							
Investments	f	3,491	9,061	12,552	0,051	-	0,051
Trade receivables		823,853	-	823,853	-	-	-
Loans		62,544	-	62,544	105,536	-	105,536
Others		0,500	-	0,500	0,250	-	0,250
Deferred tax assets (net)	c	120,849	(4,724)	116,124	155,736	(1,326)	154,410
Other non-current assets		192,781	-	192,781	210,298	-	210,298
Total non-current assets		3,980,281	4,336	3,984,618	3,036,982	(1,326)	3,035,656
Current assets							
Inventories		2,434,195	-	0,024	2,552,404	-	2,552,404
Financial Assets		-	-	-	-	-	-
Investments		-	-	-	-	-	-
Trade receivables	e, f, h, i	5,687,466	-	0,057	6,394,709	-	6,394,709
Cash and cash equivalents		609,399	-	0,006	143,626	-	143,626
Bank balance other than (iii) above		-	-	-	-	-	-
Loans		-	-	-	-	-	-
Others		6,872	-	0,000	3,864	-	3,864
Current Tax Assets (net)		261,554	-	0,003	304,193	-	304,193
Other current assets	h	756,732	20,000	0,008	762,795	3,832	766,628
Total current assets		9,756,119	20,000	0,098	10,161,592	3,832	10,165,425
TOTAL ASSETS		13,736,400	24,336	3,984,716	13,198,475	2,506	13,200,981
EQUITY AND LIABILITIES							
Equity							
Equity share capital		1,395,245	-	1,395,245	1,395,245	-	1,395,245
Other equity		5,210,787	108,047	5,318,834	5,454,149	2,506	5,456,655
Total equity		6,606,032	108,047	6,714,079	6,849,394	2,506	6,851,900
LIABILITIES							
Non-current liabilities							
Financial Liabilities		-	-	-	-	-	-
Borrowings		-	-	-	-	-	-
Trade payables		-	-	-	-	-	-
Other financial liabilities		-	-	-	-	-	-
Provisions		54,235	-	54,235	61,836	-	61,836
Deferred tax liabilities (net)	i	-	-	-	-	-	-
Other non-current liabilities		-	-	-	-	-	-
Total non-current liabilities		54,235	-	54,235	61,836	-	61,836
Current liabilities							
Financial liabilities		-	-	-	-	-	-
Borrowings		-	-	-	-	-	-
Trade payables		5,097,740	-	5,097,740	4,236,012	-	4,236,012
Other financial liabilities		1,565,337	-	1,565,337	1,820,022	-	1,820,022
Other current liabilities		274,984	-	274,984	169,445	-	169,445
Provisions		138,071	(83,711)	54,361	59,541	-	59,541
Current tax liabilities (net)	u	-	-	-	-	-	-
Total current liabilities		7,076,132	(83,711)	6,992,422	6,287,245	-	6,287,245
Total liabilities		7,130	(83,711)	7,046,657	6,349,081	-	6,349,081
TOTAL EQUITY AND LIABILITIES		13,736,400	24,336	13,760,736	13,198,475	2,506	13,200,981

Note: Figures for Indian GAAP are regrouped wherever necessary to present above reconciliation.

Reconciliation of statement of profit and loss and other comprehensive income

Particulars	Notes	Year ended 31 March 2016		
		Indian GAAP	Ind AS Adjustments	Ind AS
Revenue from Operations	a,b	26,256.680	3,329.342	29,586.021
Other Income	d,h	87.391	1.477	88.868
Total Income		26,344.071	3,330.818	29,674.889
Expenses				
Cost of materials consumed		18,994.282	-	18,994.282
Purchases of Stock-in-Trade		-	-	-
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress		76.441	-	76.441
Employee benefits expense	c,d	895.561	0.789	896.349
Finance costs	h	102.024	20.119	122.143
Depreciation and amortization expense		541.168	-	541.168
Other expenses	a,b,f	5,202.711	3,331.822	8,534.532
Total expenses		25,812.186	3,352.730	29,164.915
Profit/(loss) before exceptional items and tax (III-IV)		531.885	(21.911)	509.974
Exceptional items		-	-	-
Profit / (loss) before tax		531.885	(21.911)	509.974
Tax expenses	i			
(1) Current tax	i	113.500	1.148	114.648
(2) Deferred tax		(34.888)	(3.398)	(38.286)
Profit (Loss) for the period from continuing operations		453.273	(19.661)	433.612
Profit/(loss) from discontinued operations		-	-	-
Tax expenses of discontinued operations		-	-	-
Profit/(loss) from discontinued operations (after tax)		-	-	-
Profit/(loss) for the period		453.273	(19.661)	433.612
Other Comprehensive Income				
Items that will not be reclassified to profit or loss	c	-	(3.317)	(3.317)
Income tax relating to items that will not be reclassified to profit or loss	c	-	1.148	1.148
Items that will be reclassified to profit or loss		-	-	-
Income tax relating to items that will be reclassified to profit or loss		-	-	-
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)		453.273	(21.830)	431.443
Earnings Per Share (after extraordinary items)				
(a) Basic		3.25	(0.14)	3.11
(b) Diluted		3.25	(0.14)	3.11

Note: Figures for Indian GAAP are regrouped wherever necessary to present above reconciliation.

a) Excise duty

Under Indian GAAP, excise duty is reduced from gross revenues to report revenues net of excise duty.

Under Ind AS, revenue includes gross inflows of economic benefits received by a company for its own account. Excise duty collected, which is a duty on manufacture and a primary obligation of the manufacturer is considered as revenue with the corresponding payments to Government as expenditure. This adjustment does not have any impact on statement of profit

The impact on profitability arising from this change is summarised as follows:

Statement of profit and loss	Year ended 31 March 2016
Revenue from Operations	
Add: Excise duty	3,320,721
Other expenses - excise duty	
Add: Excise duty on sales	3,320,721

b) Variable consideration

Under Indian GAAP, cash discounts are reported separately as an expenditure in statement of profit and loss.

Under Ind AS, revenue is measured at the fair value of consideration received or receivable taking into account the amount of any cash discounts allowed by the entity.

The impact on profitability arising from this change is summarised as follows:

Statement of profit and loss	Year ended 31 March 2016
Revenue from Operations	
Add / (Less): Cash discount	(0,378)
Other expenses:	
(Loss): Cash discount	(0,378)

c) Employee benefit expenses - actuarial gains and losses and return on plan assets

Under Indian GAAP, actuarial gains and losses and return on plan assets on post-employment defined benefit plans are recognised immediately in statement of profit and loss.

Under Ind AS, Remeasurements which comprise of actuarial gains and losses, return on plan assets and changes in the effect of asset ceiling, if any, with respect to post-employment defined benefit plans are recognised immediately in other comprehensive income (OCI). Further, Remeasurements recognised in OCI are never reclassified to statement of profit and loss.

The impact on profitability arising from this change is summarised as follows:

Statement of profit and loss	Year ended 31 March 2016
Employee benefit expenses	
Add / (Less): Actuarial gain / loss	(3,317)
Tax expenses	
Add / (Less): Income tax impact of above	1,148
Other comprehensive income	Year ended 31 March 2016
Items that will not be classified to P/L	
Add / (Less): Actuarial gain / loss	(3,317)
Add / (Less): Income tax impact of above	1,148

d) Employee benefit expenses - net interest income / expenses

Under Indian GAAP, net finance cost / income on post-employment defined benefit plans (gratuity) is recognised in statement of profit and loss under 'employee benefit expenses'.

Under Ind AS, net finance cost / income is recorded under 'finance cost / income'.

The impact on profitability arising from this change is summarised as follows:

Statement of profit and loss	Year ended 31 March 2016
Other income	
Add / (Less): net interest on net defined benefit	4,108
Employee benefit expenses	
Add / (Less): net interest on net defined benefit	4,108

n) Proposed dividend

Under Indian GAAP, dividend proposed after the date of the financial statements but prior to the approval of financial statements is considered as an adjusting event, and a provision for dividend is recognised in the financial statements of the period to which the dividend relates.

Under Ind AS, dividend declaration is considered as a non-adjusting event and provision for dividend is recognised only in the period when the dividend is approved by the shareholders in annual general meeting.

The impact on equity arising from this change is summarised as follows:

Balance sheet	1 April 2015	31 March 2016
Current provision		
(Less): Provision for dividend and tax on that	(83,711)	-
Impact on retained earnings on transition date	83,711	

f) Non-current investment - Fair value through Profit and Loss account

Under Indian GAAP investment in equity instruments is classified as long term investments carried at cost less provision for other than temporary decline in value of such investments.

The impact on equity arising from this change is summarised as follows:

Statement of profit and loss	Year ended 31 March 2016
Other expense	2,480
Other Income	
Less : Reversal of gain on sale of investment as per Indian GAAP	(6,581)

Balance sheet	1 April 2015	31 March 2016
Non-current investments		
Add : Fair value gain	9,061	-
Impact on retained earnings on transition date	9,061	-

g) Investment property

Under Indian GAAP, there is limited guidance on investment property.

Under Ind AS, investment property comprises of land or building held for earning rentals or for capital appreciation or both. Where a property is held for a currently undetermined future use, it is regarded as held for capital appreciation. Investment property is required to be measured at cost and is subsequently depreciated based on its useful life. Fair value of the investment property is to be disclosed at every reporting period end.

The impact on equity arising from this change is summarised as follows:

Balance sheet	1 April 2015	31 March 2016
Property, plant and equipment	(179,240)	(179,240)
Investment property	179,240	179,240

h) Corporate Guarantee

Under Indian GAAP, financial guarantee given by the parent on behalf of its subsidiaries is recognised as 'Contingent liability'. No accounting treatment is prescribed in the books of subsidiary.

Under Ind AS, liability for guarantee is recognised at fair value. The fair value of the guarantee not payable to the parent is written back as income. Finance cost is recognised over the term of the guarantee using effective interest method.

The impact arising from this change is summarised as follows:

Statement of profit and loss	Year ended 31 March 2016
Other Income	3,851
Finance cost	20,119

Balance sheet	1 April 2015	31 March 2016
Other current assets	20,000	4,832
Impact on retained earnings on transition date	20,000	

i) **Deferred tax**

Under Indian GAAP, the deferred tax is recognised using the income statement / balance sheet approach i.e. reflecting the tax effects of timing differences between accounting income and taxable income for the period.

Under Ind AS, the Company has recognised deferred taxes using the balance sheet approach i.e. reflecting the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Also, deferred taxes is recognised on account of the above mentioned changes explained in notes (a) to (k)

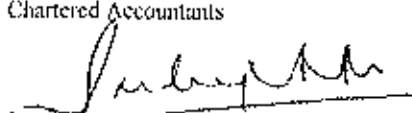
The impact arising from this change is summarised as follows:

Statement of profit and loss	Year ended 31 March 2016
Add/ (Less): Deferred tax	(3,398)

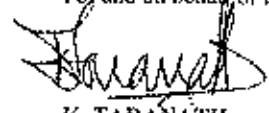
The impact on equity arising from this change is summarised as follows:

Balance sheet	1 April 2015	31 March 2016
Deferred tax asset	2,667	-
Deferred tax liability	7,391	1,326
Impact on retained earnings on transition date	(4,724)	


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. TARANATHI
Chairman
(DIN:00051697)


VIJAY KUMAR KULKARNI
Chief Financial Officer


RAVINDRA SAMANT
Managing Director
(DIN: 07002226)


RAGHUNATH APTE
Company Secretary

PUNE : April 14, 2017

PUNE : April 14, 2017