

Karad Projects and Motors Limited

Annual Report

2013-14

KARAD PROJECTS AND MOTORS LIMITED

(Wholly Owned Subsidiary of Kirloskar Brothers Limited)

(Formerly known as Kirloskar Constructions and Engineers Limited)

DIRECTORS' REPORT

Your Board of Directors takes pleasure in presenting this 13TH ANNUAL REPORT and Audited Statement of Accounts for the year ended on 31st March, 2014.

1. FINANCIALS HIGHLIGHTS:

Particulars	Current Year 31-03-2014	Previous Year 31-03-2013
Total Revenue	2,023,755,668	152,629,802
Total Expenditure	2,095,964,438	313,162,691
Profit/(Loss) before Tax	(72,208,770)	(160,532,889)
Provision for Taxation	6,445,208	30,443,010
Profit /(Loss) after Tax	(65,763,562)	(130,089,879)
Profit/(Loss) as per last Balance Sheet	(130,089,879)	(195,422,903)
Add: Profit of amalgamated Company	382,206,674	-
Balance Transferred to Balance Sheet	186,353,233	(325,512,782)

Previous year's figures are not comparable since they do not include the figures of amalgamating company.

2. SCHEME OF AMALGAMATION

The Scheme of Amalgamation (Scheme) between the Company and Hematic Motors Private Limited was approved by the Board the Directors at its meeting held on November 29, 2012. The appointed date as per the said scheme was April 1, 2012.

The said scheme was presented before the Hon'ble Bombay High Court and Hon'ble Madras High Court and orders were passed on March 1, 2013 and June 12, 2013 respectively. The scheme was made effective on July 29, 2013. Subsequent to this amalgamation the operations of the Company are now split into two divisions viz. Projects Division and Products Division.

As per clause 10 of the Scheme, shareholders of Hematic Motors Private Limited (HMPL) were issued 210 Equity Shares of Rs. 10/- each for every 1 Equity Share of Rs.100/- held by them in HMPL. Accordingly, 9,837,450 Equity Shares of Rs. 10/- were allotted during the year under review. The paid up capital of the Company is now Rs. 139,524,500/- divided into 13,952,450 Equity Shares of Rs. 10/- each.

- Projects Division: Udyog Bhavan, Tilak Road, Pune 411 002 (India) Phone: +91 20 2444 0770 Fax: +91 20 2444 0156
- Motor Division: Plot B-67 & 68, MIDC Karad Industrial Area, Tasawade, Karad 415 109 (India) Phone: +91 2164 258424 Fax: +91 2164 258425
- Stamping Division: Plot D-2 & D-2/1, MIDC Karad Industrial Area, Tasawade, Karad 415 109 (India) Phone: +91 2164 258515 Fax: +91 2164 258522
- Component Division: 775/B, Plot No. 11, Karad Dhebewadi Road, Wing 415 122 (India) Phone: +91 2164 267061 Fax: +91 2164 267522

Registered Office: Plot B-67 & 68, MIDC Karad Industrial Area, Tasawade, Karad 415 109, Tal. Karad, Dist. Satara, Maharashtra (India)

Email: enquiry@kpml.co.in, Website: www.kpml.co.in

CIN: U45203PN2001PLC149623

3. OPERATIONS:

During the year, the total revenue from operations of the Company is Rs. 199 Crores.

- A. The performance of the Projects Division was affected mainly due to non-booking of new orders as a policy decision taken by the management to concentrate on old and existing projects and complete them systematically in all respect. Further, adverse liquidity position and lack of skilled manpower has also affected the performance of this division.
- B. The Products Division of the Company has achieved a turnover of Rs. 192 Crores which is lower by about 11% compared to the previous year. There have been various external reasons for this negative growth.

Due to overall economic slowdown, two of the verticals of Products Division viz. Motor Division and Stamping Division got adversely affected. However, Component Division has been benefited by the additional business of Pump assemblies from Kirloskar Brothers Limited, Kirloskarvadi. Loss on foreign currency outflow due to Rupee depreciation has also affected adversely.

During the current year, we may expect an improvement in the economic situation. This division would focus on the top line growth by obtaining certifications/approvals for existing products, indigenization, improvement in sales mix and introduction of new products. Major thrust would also be on increase in stake of existing customers and find out new customers.

4. QUALITY, SAFETY, HEALTH AND ENVIRONMENT MEASURES

The Company has a comprehensive safety, health and environment policy and systems in place. During the year, the Products Division of the Company has awarded with EMS 14001 and OHSAS 18001 certifications. Measures are being taken on a continuous basis with a commitment to improve the systems. Project Managers, Engineers and other staff members are being trained to adapt themselves to the organization's policies and for promoting safety consciousness across the organization.

5. DIVIDEND

Your Directors do not recommend any dividend for the financial year 2013-14.

6. PUBLIC DEPOSITS

The Company has not accepted any deposits from public falling under Section 58-A and 58-AA of the Companies Act, 1956.

7. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Details of Energy Conservation, Technology Absorption, Research and Development and Foreign Exchange earnings as required under Section 217 (1) (e) of the Companies Act, 1956, are given in the annexure to this Report.

8. EMPLOYEE RELATIONS

Relations between the Employee and the Management continued to be cordial during the year. The Directors hereby place on record their appreciation of efficient and loyal services rendered by the employees at all levels.

The information prescribed in Section 217 (2-A) of the Companies Act, 1956 read together with the Companies (Particulars of Employees) Rules, 1975, as amended is not given, as none of the employees of the company is in receipt of a remuneration in excess of the prescribed limits in this regard.

9. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors confirms that

- a. In the preparation of Annual Accounts, the applicable Accounting Standards have been followed and there was no material departure from the accounting standards.
- b. The Directors have selected such accounting policies and applied them consistently and made Judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year 31/03/2014 and of the Profit of the Company for that period.
- c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting of fraud and other irregularities.
- d. The Directors have prepared the annual accounts on going concern basis.

10. DIRECTORS

Mr. Padmakar Jawdekar, Mr. Jayant Sapre and Mr. Sanjay Kirloskar, due to their pre-occupation resigned as directors of the Company during the year under review. The Board wishes to place on record its sincere gratitude to these directors who provided guidance and expertise to the Company from time to time.

Mr. Umesh Shastry, Mr. Ravindra Murthy, Mr. Subodh Shrivastava and Mr. Sandeep Phadnis were appointed as Additional Directors of the Company w.e.f. July 22, 2013. By virtue of the provisions of 161(1) of the Companies Act, 2013 [corresponding to Section 260 of the Companies Act, 1956] their tenure comes to an end at the ensuing Annual General Meeting. Being eligible they offer themselves for re-appointment.

Mr. A R Sathe was re-appointed as Managing Director by the Board of Directors of the Company at its meeting held on July 22, 2013, for a period from August 1, 2013 to October 31, 2013. Further, his tenure as Managing Director was extended by the Board of Directors of the Company at their meeting held on October 14, 2013, for a period from November 1, 2013 to October 31, 2014. His appointment was approved by members in Extra Ordinary General Meeting held on November 14, 2013.

11. AUDITORS

The Joint Auditors M/s G. D. Apte and Co., have communicated their unwillingness for re-appointment as the auditors at the ensuing Annual General Meeting.

P. G. Bhagwat, Chartered Accountants, Pune, will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The requisite certificate pursuant to section 139 of the Companies Act, 2013 has been received. The Audit Committee has recommended their re-appointment and the annual audit fees.

12. COST AUDITORS

Particulars of the Cost Auditor:

Name of Firm:	PARKHI LIMAYE & CO.
Name of Partners:	Mrs. Varsha S. Limaye (Membership No.12358) Ms. Sangita S. Kulkarni (Membership No.27105)
Firm Registration No:	191
PAN of Firm:	AAJFP2875P
Regd. Office of Firm:	'Aabha', Plot No 16, Siddhakala CHS, Warje,Pune - 411 058
Address for Correspondence:	32, Navketan Society, Kothrud, Pune - 411 038
Telephone:	020 - 2543 0388
E-mail:	parkhilimaye@hotmail.com

Filing of Cost Audit Report for FY 2013-14 by Cost Auditors:

Cost Audit became applicable to the Company from Financial Year 2013-14 onwards. The due date for filing the report to Ministry of Corporate Affairs is 30th September 2014.

Filing of Cost Audit Report for FY 2012-13 by erstwhile Hematic Motors Private Limited

Due date: September 30, 2013

Filing date: May 21, 2013

13. AUDIT COMMITTEE

The Audit Committee of the Company consists of following members:

- (i) Mr. Ravindra Murthy, Chairman
- (ii) Mr. Umesh Shastry
- (iii) Mr. Sandeep Phadnis

14. DISCLOSURE UNDER THE "SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In terms of Section 22 of the "Sexual Harassment Of Woman At Workplace (Prevention, Prohibition And Redressal) Act, 2013, read with Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Rule, 2013, we report that there was no complaint received and no case was filed, during the year ended on March 31, 2014.

15. REPLY TO AUDITOR'S REMARK IN AUDIT REPORT:

Point vii - Annexure to Auditors' Report

The internal audit system (project division) is being strengthened to commensurate with its size and the nature of its business of the Company & the coverage & scope of sites under internal audit will increase.

Point ix (a) - Annexure to Auditors' Report

There have been some delays in payment of TDS due to problem in online net banking. Company has internally reconciled VAT, Service Tax and is in the process of revising returns wherever necessary & completing the assessments for earlier years.

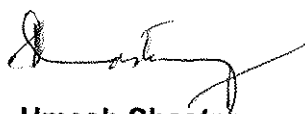
Point ix (b) - Annexure to Auditors' Report

In case of liabilities mentioned in point ix (b), we are in the process of getting appeals cleared as early as possible. The sufficient provision has been made in the books of accounts except in case of service tax which has been shown as contingent.

16. ACKNOWLEDGMENT

The Directors wish to place on record their gratitude and appreciation for the co-operation and support received from the Company's holding company viz. Kirloskar Brothers Limited, Bankers viz. IDBI Bank, HDFC Bank and Citibank NA, Customers and Employees at all levels and look forward to their continued support and cooperation

**For and on behalf of Board of Directors
For KARAD PROJECTS AND MOTORS LIMITED**



**Umesh Shastry
Chairman**



**A. R. Sathe
Managing Director**

Place: Pune
Date: June 10, 2014

Information as per Section 217 (1) (e) of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rule 1988 and forming part of the Directors Report for the period ended 31st March, 2013.

01. CONSERVATION OF ENERGY

The Products Division of the Company has ongoing study to identify and implement energy saving system. Efforts have also been put into identify and use alternate sources of energy, wherever possible, to achieve optimum cost and to save consumption of conventional fuels.

The Projects Division of the Company is engaged in the business of Civil work and Construction, providing infrastructure, laying cross-country pipe lines for petroleum products and high pressure gas pipelines for supply of gas and in the construction of industrial buildings, tunnels, flyovers, water-sewage-effluent treatment plants and other industrial plants and in providing water management solutions and operates at the locations provided by its clients and uses electrical energy for implementation of the various projects undertaken by it. The energy conservation measures undertaken ensure savings in energy costs and thereby improves its operational efficiency.

02. TECHNOLOGY ABSORPTION

I. RESEARCH AND DEVELOPMENT

- a) Specific area in which R & D carried out by the Company and benefits derived as a result of above R & D.

During the year, the Company has not carried out any R & D activity.

- b) Expanding on R & D

1) Capital	Nil
2) Recurring	Nil
3) Total	Nil
4) Total R & D expenditure as a % of Total Turnover.	Nil

However, development work in respect of new engineering techniques for achieving higher efficiencies is a continuous process in the Company.

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | | |
|----|--|----------------|
| a) | Efforts in brief, made towards Technology absorption, adaptation and innovation | Does not Apply |
| b) | Benefits derived as a results of the above efforts e.g. products improvement, cost reduction, product development, import substitution, etc... | Does not Apply |

- | | |
|--|--|
| c) In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished.
1. Technology imported
2. Year of import
3. Has technology been fully absorbed
4. If not fully absorbed, area where this has not taken place reasons therefore, and future plan of action. | Does not Apply

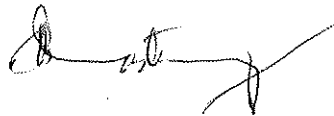
Not applicable
Not applicable
Not applicable
Not applicable |
|--|--|

For efficient execution of contracts/orders awarded to the Company, it imports various equipments (wherever indigenization is not possible) in order to ensure usage of contemporary technology. Such technologies are understood and absorbed.

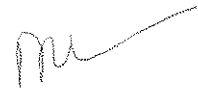
03. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|--|---|
| a) Activities relating to exports, initiatives taken to increase exports, development of new product market for products and services and exports plan | Export of Stators, Rotors and Laminations |
| b) Total foreign exchange earned | Rs. 54,696,169 |
| Total foreign exchange outgo | Rs. 61,236,562 |

**For and on behalf of Board of Directors
For KARAD PROJECTS AND MOTORS LIMITED**



**Umesh Shastry
Chairman**



**A. R. Sathe
Managing Director**

Place: Pune
Date: June 10, 2014

INDEPENDENT AUDITORS' REPORT

To the Members of Karad Projects and Motors Limited Report on the Financial Statements

We have audited the accompanying financial statements of Karad Projects and Motors Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

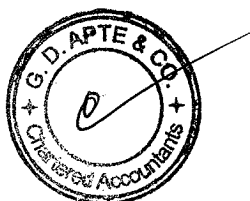
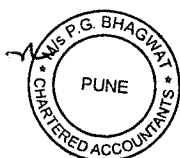
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

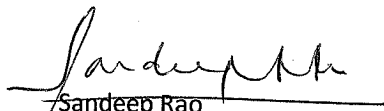


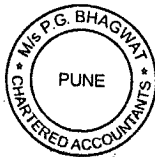
(c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

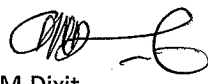
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

M/s. P. G. Bhagwat
Chartered Accountants
Firm Registration Number 101 118W


Sandeep Rao
Partner
Membership No.47235
Pune, April 14, 2014



G. D. Apte & Co.
Chartered Accountants
Firm Registration Number 100 515W

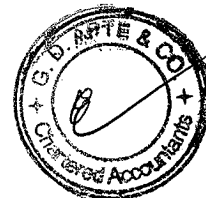

C.M. Dixit
Partner
Membership No.17532
Pune, April 14, 2014



Annexure to Auditors' Report

(Annexure referred to in Paragraph 1 under the heading "Report on other legal and other regulatory requirements" of our Audit Report of even date to the members of Karad Projects and Motors Ltd. on the Financial Statements for the year ended on March 31, 2014)

- i. In respect of Fixed Assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The fixed assets have been physically verified by management during the year, as per the program of physical verification of fixed assets, which, in our opinion is reasonable considering the size of the Company and the nature of its business. No material discrepancies were identified on such verification.
 - c. During the year, the Project division of the Company has disposed off substantial part of the fixed assets. However, in our opinion it has not affected the going concern status of the Company.
- ii. In respect of Inventories:
 - a. As per the information and explanations given to us, physical verification of the inventories has been carried out by the management. In our opinion, the frequency of such verification of inventory is reasonable.
 - b. In our opinion, procedures of physical verification of inventories are reasonable in relation to the size of the Company and nature of its business.
 - c. In our opinion, the company has maintained proper records of inventory. Discrepancies observed on physical verification have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us, the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for sale of goods and services. During the course of audit we have not observed any continuing failure to correct major weaknesses in internal control system.
- v. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that Section; and
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value

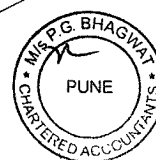


of rupees five lacs in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.

- vi. The Company has not accepted any deposits from the public.
- vii. The Company has an internal audit system commensurate with its size and the nature of its business except in respect of Project division where the scope and coverage needs to be enhanced.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of records with the view to determine whether they are accurate or complete.
- ix. In respect of Statutory Dues:
- (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Value Added Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities except in respect of Project division, where few delays have been observed for Tax Deducted at Source. There are no undisputed dues outstanding for more than six months as on March 31, 2014, from the date they became payable except in respect of Service Tax and Value Added Tax for earlier years of Project division, where we are unable to comment since, adjustments if any, consequent to assessments cannot be ascertained.

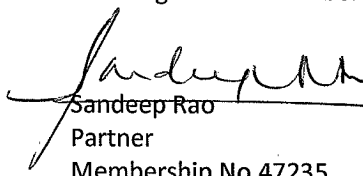
- (b) According to the information and explanations given to us, there are no dues of Income Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, which have not been deposited on account of any dispute, except the cases stated below:

Name of Statute	Nature of dues	Amount Rs. Lacs	Period to which it relates	Forum where the dispute is pending
Central Excise Act	Excise Duty	12.35	2007-08	Customs Excise and Service Tax Appellate Tribunal
Madhya Pradesh Value Added Tax Act, 2002	Value Added Tax	0.36	2007-08	Deputy Commissioner (Appeals)
Gujrat Value Added Tax Act, 2003	Value Added Tax	42.75	2003-04	Sales Tax Appellate Tribunal
Gujrat Value Added Tax Act, 2003	Value Added Tax	47.11	2006-07	Deputy Commissioner (Appeals)
West Bengal Value Added Tax Act, 2003	Sales Tax	114.29	2005-06	Joint Commissioner (Appeals)
West Bengal Value Added Tax Act, 2003	West Bengal Sales Tax	59.95	2006-07	Joint Commissioner (Appeals)
West Bengal Value Added Tax Act, 2003	West Bengal Sales Tax	76.97	2008-09	Joint Commissioner (Appeals)
Finance Act, 1994	Service Tax	139.55	2007-08 to 2009-10	Customs Excise and Service Tax Appellate Tribunal



- x. The Company has no accumulated losses at the end of the financial year. The Company has incurred cash losses during the year and in the immediately preceding financial year.
- xi. In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions and Banks. The Company has no outstanding debentures.
- xii. Based on audit procedures performed by us and according to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
- xvi. According to the information and explanations given to us, in our opinion, term loans availed by the Company were applied by the Company for the purposes for which the loans were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. During the year pursuant to the scheme of amalgamation of the Company, approved by the Honourable High Courts of Bombay and Madras, it has made preferential allotment of shares to a Company covered in the register maintained under section 301 of the Companies Act, 1956 which in our opinion is not prejudicial to the interest of the Company.
- xix. The Company has not issued any Debentures during the year.
- xx. The Company has not raised any money by public issue during the year.
- xxi. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

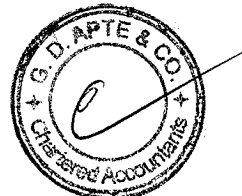
M/s. P. G. Bhagwat
Chartered Accountants
Firm Registration Number 101 118W


Sandeep Rao
Partner
Membership No.47235
Pune, April 14, 2014



G. D. Apte & Co.
Chartered Accountants
Firm Registration Number 100 515W


C.M. Dixit
Partner
Membership No.17532
Pune, April 14, 2014



Karad Projects and Motors Limited
(Formerly Kirloskar Constructions and Engineers Limited)
Balance Sheet as at March 31, 2014

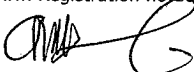
Particulars		Note No.	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
I. EQUITY AND LIABILITIES				
1 Shareholders' Funds				
(a) Share Capital		A-1	139,524,500	411,500,020
(b) Reserves and Surplus		A-2	516,578,559	-310,512,782
			656,103,059	100,987,238
2 Non-Current Liabilities				
(a) Deferred Tax Liabilities (Net)		A-3	-	-
(b) Long-Term Provisions		A-4	4,280,333	-
			4,280,333	-
3 Current Liabilities				
(a) Short-Term Borrowings		A-5	50,000,000	-
(b) Trade Payables (Refer Note No. 7 of A-23)		A-6	576,924,818	306,923,522
(c) Other Current Liabilities		A-7	143,911,741	160,862,994
(d) Short-Term Provisions			4,014,409	5,969,116
			774,850,968	473,755,632
TOTAL			1,435,234,360	574,742,870
II. ASSETS				
1 Non-Current Assets				
(a) Fixed Assets				
(i) Tangible Assets		A-8	236,839,411	174,146,985
(ii) Intangible Assets		A-8	1,624,068	-
(iii) Capital Work-in-Progress			21,240,596	-
(b) Non-Current Investments		A-9	349,129	5,100
(c) Long-Term Loans and Advances		A-10	21,883,768	-
(d) Trade Receivables		A-13	110,066,629	104,110,882
(e) Other Non-Current Assets		A-11	26,554,527	52,170,142
			418,558,128	330,433,109
2 Current Assets				
(a) Inventories		A-12	222,747,512	9,077,654
(b) Trade Receivables		A-13	458,662,326	52,942,003
(c) Cash and Bank Balances		A-14	114,577,078	15,973,622
(d) Short-Term Loans and Advances		A-15	127,694,064	107,601,548
(e) Other Current Assets		A-16	92,995,252	58,714,934
			1,016,676,232	244,309,761
TOTAL			1,435,234,360	574,742,870

Summary of Significant Accounting Policies

A-23

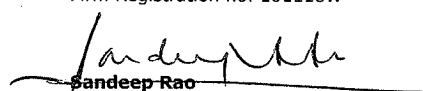
The accompanying notes are an integral part of Financial Statements.
As per our report of even date attached

For M/s G.D. Apte & Co.
Chartered Accountants
Firm Registration no. 100515W



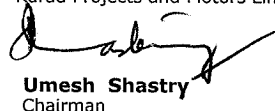
C.M. Dixit
Partner
Membership No. 17532

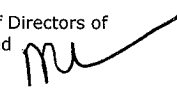
For M/s P.G. Bhagwat
Chartered Accountants
Firm Registration no. 101118W



Sandeep Rao
Partner
Membership No. 47235

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


Umesh Shastry
Chairman


A.R. Sathe
Managing Director


Raghunath Apte
Company Secretary

Pune, 14th April, 2014



Karad Projects and Motors Limited
(Formerly Kirloskar Constructions and Engineers Limited)
Statement of Profit and Loss for year ended March 31, 2014

Particulars	Note No.	Year ended March 31, 2014 (Rs.)	Year ended March 31, 2013 (Rs.)
I. Revenue from Operations	A-17	2,239,134,170	117,354,829
Less : Excise Duty		241,139,044	-
Net Revenue from Operations		1,997,995,126	117,354,829
II. Other Income	A-18	25,760,542	35,274,974
III. Total Revenue (I + II)		2,023,755,668	152,629,802
IV. Expenses:			
Material Consumed and Contract Costs	A-19	1,671,769,976	146,901,920
(Increase)/ Decrease of inventories of Finished Goods and Work in Progress	A-19	(15,089,974)	-
Employee Benefits Expense	A-20	81,039,762	25,880,262
Finance Costs	A-21	37,803,789	5,040,385
Depreciation, Amortization and Provision for Impairment	A-8	46,846,398	13,889,763
Other Expenses	A-22	273,594,486	121,450,362
Total Expenses		2,095,964,438	313,162,691
V. Profit/(Loss) before tax (III- IV)		(72,208,770)	(160,532,889)
VI. Tax (Expense)/Income:			
(1) Current Tax		-	-
(2) Deferred Tax		6,874,344	30,443,010
(3) Income Tax provision for earlier years		(429,136)	-
		6,445,208	30,443,010
VII. Profit/(Loss) for the period from continuing operations (V- VI)		(65,763,562)	(130,089,879)
VIII. Profit/(Loss) from discontinuing operations		-	-
IX. Tax expense of discontinuing operations		-	-
X. Profit/(Loss) from Discontinuing operations (after tax) (VIII- IX)		-	-
XI. Profit /(Loss) for the period (VII + X)		(65,763,562)	(130,089,879)
Add: Profit of Amalgamated Company from Appointed Date (1.4.12 to 31.3.13) (Refer Note 16 of A-23)		138,007,686	-
Profit/(Loss) after amalgamation		72,244,124	(130,089,879)
XII. Earnings/(Loss) per equity share having nominal value of Rs.10/- each			
Basic & Diluted		(4.71)	(8.06)

Summary of Significant Accounting Policies

A-23

The accompanying notes are an integral part of Financial Statements.
As per our report of even date attached

For M/s G.D. Apte & Co.
Chartered Accountants
Firm Registration no.109515W

C.M. Dixit
Partner
Membership No. 17532

For M/s P.G. Bhagwat
Chartered Accountants
Firm Registration no. 101118W

Sandeep Rao
Partner
Membership No. 47235

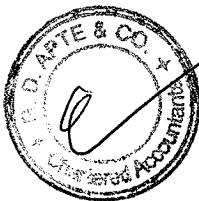
Raghunath Apte
Company Secretary

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

Umesh Shastry
Chairman

A.R.Sathe
Managing Director

Pune, 14th April, 2014



Karad Projects and Motors Limited
(Formerly Kirloskar Constructions and Engineers Limited)
Cash Flow Statement For The Year Ended March 31, 2014

	2013-14 (Rs.)	2012-13 (Rs.)
A Cash flows from Operating Activities		
Net Profit/ (loss) before Taxes and Extraordinary Items	(72,208,770)	(160,532,889)
Adjustments for :-		
Depreciation / Amortization	46,846,398	13,889,763
*(Profit)/Loss on sale of Fixed Assets (Net)	9,773,571	21,898,197
Assets Written off	-	2,419,621
Provision for Doubtful Debts/Advances	38,025,000	1,500,000
Interest Expenses	37,803,789	10,239
Bad Debts Written Off	29,571,397	-
Interest Income	(23,556,360)	(3,228,972)
Dividend Income	(18,250)	(50)
Excess provision written back	(156,875)	-
Unrealized exchange (gain)/ Loss	1,077,998	-
Operating Profit Before Working capital changes	67,157,899	(124,044,090)
Movement in working capital		
(Increase)/ decrease in Trade and other	(15,257,576)	15,503,666
(Increase)/ decrease in Other Non current Assets	23,028,333	-
(Increase)/ decrease in Inventories	3,101,270	63,599,564
(Increase)/ decrease in Short Term loans and advance	107,059,581	(6,350,317)
(Increase)/ decrease in Other Current Assets	(26,101,962)	-
Increase/ (decrease) in Trade Payable	83,695,295	-
Increase/ (decrease) in current liabilities	(45,298,094)	-
Increase/ (decrease) in Short term provisions	(5,308,536)	(14,608,339)
Cash Generated / (Utilized) from Operating Activities	192,076,210	(65,899,515)
Income Tax (Paid) / Refunded	594,739	9,511,640
Net Cash Generated/ (Utilized) from Operating Activities (A)	192,670,949	(56,387,875)
B Cash flows from Investing Activities		
Purchase of Fixed Assets	(54,365,888)	-
Sale of Fixed Assets	2,929,292	66,698,143
Investment in Fixed Deposits with Bank	(2,002,966)	(2,875,833)
Interest Received	24,565,979	3,228,972
Dividend Received	18,250	50
Net Cash Generated/ (Utilized) from Investment Activities (B)	(28,855,333)	67,051,332
C Cash Flows from Financing Activities		
(Repayment)/Proceeds of /from long term borrowing (net)	(272,750,000)	-
(Repayment)/Proceeds of /from Short term borrowing (net)	50,000,000	-
Interest Paid	(38,989,243)	(10,239)
Income tax (paid) / refund	-	(9,511,640)
Net Cash Generated/ (Utilized) from Financing Activities (C)	(261,739,243)	(9,521,879)
Net Cash Generated/ (Utilized) from Operating, Investing and Financing Activities during the year (A+B+C)	(97,923,627)	1,141,578
Cash & Cash Equivalents at the beginning of the year*	209,309,958	13,644,263
Cash & Cash Equivalents at the end of the year	111,386,331	14,785,841
Increase/ (Decrease) In Cash and Cash Equivalent	(97,923,627)	1,141,578



Karad Projects and Motors Limited
(Formerly Kirloskar Constructions and Engineers Limited)
Cash Flow Statement For The Year Ended March 31, 2014

COMPONENTS OF CASH AND CASH EQUIVALENTS	As at March 31, 2014	As at March 31, 2013
Current account	82,822,279	4,672,775
Fixed deposits upto 3 months from original maturity	28,474,474	10,030,492
Cash on hand	89,578	82,574
Total	111,386,331	14,785,841

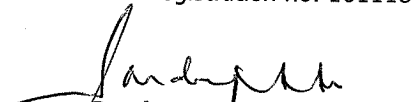
Notes:

- * Includes Rs. 19,45,24,117/- in respect of amalgamating Company
- The above cash- flow statements have been prepared under the indirect method setout in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

As per our report of even date attached
For M/s G.D. Apte & Co.
Chartered Accountants
Firm Registration no.100515W

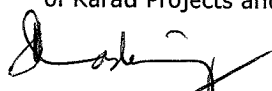

C. M. Dixit
Partner
Membership No. 17532

For M/s P.G.Bhagwat
Chartered Accountants
Firm Registration no. 101118W


Sandeep Rao
Partner
Membership No. 47235


Raghunath Apte
Company Secretary

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


Umesh Shastry
Chairman


A.R. Sathe
Managing Director

Pune, 14th April, 2014



Karad Projects and Motors Limited
(Formerly Kirlskar Constructors and Engineers Limited)
Notes to Accounts

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-1		
Share Capital		
Authorized		
18,000,000 (31 Mar 2013:17,000,000) Equity shares of Rs.10/-each	180,000,000	170,000,000
25,000,000 (31 Mar 2013:25,000,000) preference shares of Rs.10/-each	250,000,000	250,000,000
Total	430,000,000	420,000,000
Issued, Subscribed & Paid up		
13,952,450 (31 March 2013: 16,150,002) equity shares of Rs. 10/- each full paid up	139,524,500	161,500,020
NIL (31 March 2013 : 25,000,000) preference shares of Rs. 10/- each fully paid up	-	250,000,000
Total	139,524,500	411,500,020

Reconciliation of share capital

Particulars	Equity		Preference	
	No. of shares	Amount in Rs.	No. of Shares	Amount in Rs.
Equity Shares outstanding at the beginning of the year 01.04.13	16,150,002	161,500,020		-
Preference Shares outstanding at the beginning of the year 01.04.13		-	25,000,000	250,000,000
Reduction in Share Capital (Refer Note 16 of A-23)	16,150,002	161,500,020	25,000,000	250,000,000
Reduction in Equity Share Capital	(14,535,002)	(145,350,020)		-
Reduction in Preference Shares	1,615,000	16,150,000.00	(22,500,000)	(225,000,000)
Reorganization of Preference Share into Equity Shares (Refer Note 16 of A-23)	2,500,000	25,000,000	2,500,000	25,000,000
Balance of Share Capital After Reduction in Share Capital	4,115,000	41,150,000	(2,500,000)	(25,000,000)
Shares Issued During the Year under the Scheme of Amalgamation (Refer Note 16 of A-23)				
Equity Shares numbers 98,37,450 of Rs. 10/- each fully paid up	9,837,450	98,374,500		-
(Above equity shares issued for consideration other than cash in the scheme of amalgamation)				
Closing Balance of Share Capital outstanding at the end of the year 31.03.2014	13,952,450	139,524,500	-	-

Shares held by Holding Company
13,952,450 Equity Shares (16,150,002 Previous year) are held by Kirlskar Brothers Limited, The holding Company.
NIL Preference Shares (25,000,000 Previous year) are held by Kirlskar Brothers Limited, The holding Company.

Details of more than 5% holding

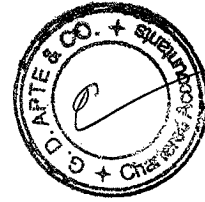
Name of the shareholder	% of Holding	No. of shares
Kirlskar Brothers Limited	100%	13,952,450

Other Disclosures

Particulars	No. of shares
Equity Shares :	
Fully paid up pursuant to contract(s) without payment being received in cash in the scheme of amalgamation. (Refer Note 16 of A-23)	9,837,450

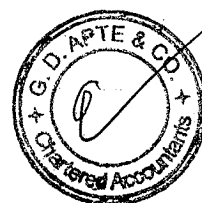
Rights of equity shareholders:

The company has one class of equity shares, having par value of Rs. 10/- each 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 the 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.



Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-2		
Reserves & Surplus		
(a) Capital Reserves		
Opening Balance	15,000,000	15,000,000
Add: On Amalgamation (Refer Note 16 of A-23)	2,907,560	-
Add: Current Year Transfer	-	-
Closing Balance	17,907,560	15,000,000
(b) Surplus on Capital Reduction and Reorganization (Refer Note 16 of A-23)		
Balance as per Last Financial Statement	-	-
Add: Created on account of scheme of arrangement	370,350,020	-
Sub-total	370,350,020	-
Less: Utilized as per the scheme of arrangement	-	-
- for revamping of Current assets and liabilities	81,237,117	-
- Balance of Statement of Profit & Loss as at 01.04.2012	195,422,903	-
- Excess of amount of Share capital issued to shareholders of amalgamating company over its Share Capital as at 01.04.2012	93,690,000	-
TOTAL	370,350,020	-
Closing Balance	-	-
(c) Securities Premium Reserve		
Opening Balance	-	-
Add: On Amalgamation (Refer Note 16 of A-23)	298,223,298	-
Closing Balance	298,223,298	-
(d) General Reserve		
Opening Balance	-	-
Add: On Amalgamation (Refer Note 16 of A-23)	14,094,468	-
Add: Current Year Transfer	-	-
Closing Balance	14,094,468	-
(e) Surplus		
Opening balance	(325,512,782)	(195,422,903)
Less: Adjusted against Capital Reduction (Refer Note 16 of A-23)	195,422,903	-
Add: On Amalgamation (Refer Note 16 of A-23)	244,198,987	-
Add: Net Profit/(Net Loss) For the current year	72,244,125	(130,089,879)
Closing Balance	186,353,233	(325,512,782)
TOTAL	516,578,559	(310,512,782)

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-3		
Deferred Tax Liabilities (Net)		
a) Deferred Tax Liabilities		
i) On depreciation / amortization of fixed assets	10,640,427	23,059,682
TOTAL(a)	10,640,427	23,059,682
b) Deferred Tax Assets (Refer Note 14 of A-23)		
i) On employees voluntary retirement schemes	1,242,292	-
ii) Provision for doubtful debts / advances	6,727,486	-
iii) Provision for employee benefits	2,594,852	-
iv) Other timing differences	75,797	-
v) Carry forward of losses and unabsorbed depreciation	-	23,059,682
TOTAL(b)	10,640,427	23,059,682
TOTAL(a-b)	-	-



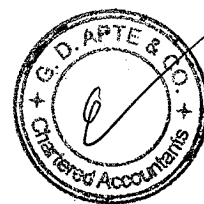
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Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-4 Long Term Provisions		
Provision for employee benefits Leave Encashment	4,280,333	-
TOTAL	4,280,333	-

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-5 Short Term Borrowings Unsecured		
Rupee short term loans and advances		
From Citi Bank, N.A. Covered by Corporate Guarantee of Kirloskar Brothers Limited. Repayable on June 16, 2014. Rate of interest applicable is 11%	50,000,000	-
TOTAL	50,000,000	-

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-6 Other Current Liabilities		
(a) Interest accrued but not due on borrowings	45,205	-
(b) Other payables		
(i) Advance from customers	15,572,856	80,785,548
(ii) Salary & Reimbursement	13,062,994	1,551,682
(iii) Contribution to PF & Superannuation	587,173	104,686
(iv) Statutory and Other Liabilities	26,841,177	1,071,478
(v) Capital Creditors	2,454,930	-
(vi) Provision for expenses	85,347,406	77,349,600
TOTAL (b)	143,866,536	160,862,994
TOTAL	143,911,741	160,862,994

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-7 Short Term Provisions		
Provision for employee benefits		
(i) Gratuity	-	2,955,711
(ii) Leave Encashment	4,014,409	3,013,405
TOTAL	4,014,409	5,969,116

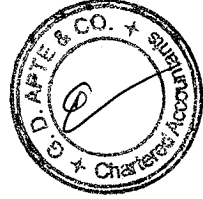


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Karad Projects and Motors Limited
(Formerly Kirloskar Constructions and Engineers Limited)

Note : A- 8 Tangible and Intangible Assets

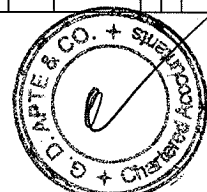
Particulars	Tangible Assets								Amount Rs.	
	Land Free hold	Land Lease hold	Buildings	Plant & Machinery	Furniture & Fittings	Office Equipments	Vehicles	Total	Intangible Assets	Computer Software
Gross Block										
At 01.04.2012	17,924,003	-	-	367,307,055	16,099	10,060,927	9,466,887	404,774,971	8,139,821	
Additions	-	-	-	-	-	-	-	-	-	-
Acquired through business combinations	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-
- exchange difference	-	-	-	-	-	-	-	-	-	-
- borrowing costs	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Disposals / demerger	-	-	-	158,478,762	-	710,400	8,489,485	167,678,647	-	-
Revaluation / Impairments	-	-	-	-	-	-	-	-	-	-
As at 31.03.2013	17,924,003	-	-	208,828,293	16,099	9,350,527	977,402	237,096,324	8,139,821	
Additions	-	-	11,634,812	54,887,230	28,142	475,724	1,890,452	68,916,360	1,698,253	
Acquired through business combinations	-	-	-	-	-	-	-	-	-	-
- Of Merged Entity as on 01-04-2012	216,867	7,131,712	30,726,555	244,068,827	5,325,583	2,377,833	7,997,853	297,845,230	6,656,189	
- Of Merged Entity from Appointed date 01-04-12 to 31-03-13	-	841,600	-	23,365,079	1,738,290	680,560	1,556,637	28,182,166	201,075	
Other adjustments	-	-	-	-	-	-	-	-	-	-
- exchange difference	-	-	-	-	-	-	-	-	-	-
- borrowing costs	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Disposals of Merged Entity from Appointed date 01-04-12 to 31-03-13	-	-	-	198,574,234	73,658	246,396	4,345,103	203,239,391	3,294,440	
Disposals / demerger	-	-	2,385,178	2,043,361	-	-	4,574,008	9,002,547	-	-
Revaluation / Impairments	-	-	-	-	-	-	-	-	-	-
As at 31.03.2014	18,140,870	7,973,312	39,976,189	330,531,834	7,034,456	12,638,248	3,503,233	419,798,142	13,400,898	
Depreciation/ Amortization / Impairment										
At 01.04.2012	-	-	-	110,950,882	3,587	6,860,141	7,932,866	125,747,476	8,114,607	
Charge for the year	-	-	-	12,872,765	1,019	787,476	203,289	13,864,549	25,214	
Acquired through business combinations	-	-	-	-	-	-	-	-	-	
Depreciation on disposal	-	-	-	68,896,004	-	362,856	7,403,826	76,662,686	-	
As at 31.03.2013	-	-	-	54,927,643	4,606	7,284,761	732,329	62,949,339	8,139,821	
Charge for the year	-	408,589	1,610,377	30,921,103	321,524	566,648	310,084	34,138,325	508,071	
Acquired through business combinations	-	-	-	-	-	-	-	-	-	
- Of Merged Entity as on 01-04-2012	-	527,471	3,192,029	105,465,623	2,485,159	900,651	4,787,773	117,358,706	5,631,476	
- Of Merged Entity from Appointed date 01-04-12 to 31-03-13	-	83,720	946,602	22,974,126	706,902	117,973	513,906	25,343,229	791,902	
Depreciation on disposal	-	-	-	62,371,619	6,626	57,406	2,411,538	64,847,189	3,294,440	
Depreciation on disposal of Merged Entity from Appointed date 01-04-12 to 31-03-13	-	-	67,879	1,667,342	-	-	2,448,458	4,183,679	-	
Provision for Impairment	-	-	-	12,200,000	-	-	-	12,200,000	-	
As at 31.03.2014	-	1,019,780	5,681,129	162,449,534	3,511,565	8,812,627	1,484,096	182,958,731	11,776,830	
Net Block										
As at 31.03.2013	17,924,003	-	-	153,900,650	11,493	2,065,766	245,073	174,146,985	-	
As at 31.03.2014	18,140,870	6,953,532	34,295,060	168,082,300	3,522,891	3,825,621	2,019,137	236,839,411	1,624,068	



Sr. No.	Particulars	As at 31 March 2014	As at 31 March 2013
I	Long term investments		
A	Non Trade Investments		
	(a) Investment in Equity Instruments(Quoted)	344,029	-
	(b) Investment in Equity Instruments(Unquoted)	5,100	5,100
	Total (A)	349,129	5,100

Sr. No.	Particulars	As at 31 March 2014	As at 31 March 2013
I	Aggregate amount of quoted investments	344,029	-
II	Aggregate amount of unquoted investments	5,100	5,100
III	Market value of quoted investments	993,655	-

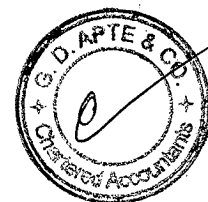
A. Details of Non Trade Investments														Amount Rs.
Sr. No.	Name of the Body Corporate	Subsidiary / JV /	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (Gross)		Provision for diminution in value of Investments		Amount (Net)	
			2014	2013			2014	2013	2014	2013	2014	2013	2014	2013
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	Investment in Equity Instruments - at cost													
	Acquired through amalgamation (Refer Note 16 of A-23)													
1	Kirloskar Pneumatic Co.Ltd.	Others	-	425	Quoted	Fully Paid	N.A.	N.A.	-	-	-	-	51,000	-
2	Alfred Herbert (India) Ltd.	Others	-	300	Quoted	Fully Paid	N.A.	N.A.	-	-	-	-	9,110	-
3	Kirloskar Electric Co. Ltd.	Others	-	7,286	Quoted	Fully Paid	N.A.	N.A.	-	-	-	-	163,918	-
4	Kirloskar Investment & Finance Ltd.	Others	-	45,000	Quoted	Fully Paid	N.A.	N.A.	-	-	629,999	-	1	-
5	Kirloskar Ferrous Ind. Ltd.	Others	-	10,000	Quoted	Fully Paid	N.A.	N.A.	-	-	-	-	100,000	-
6	Risa International Ltd. (Erstwhile Govindji Trikamdas Exports Ltd.)	Others	-	200	Quoted	Fully Paid	N.A.	N.A.	-	-	-	-	20,000	-
	Subtotal		-	63,211					-	-	629,999	-	344,029	-
(b)	Kirloskar Proprietary Limited	Others	510	-	Un-Quoted	Fully Paid	N.A.	N.A.	5,100	5,100	-	-	5,100	5,100
	Total (a+b)		510	63,211	510				5,100	5,100	-	-	344,029	5,100



Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-10		
Long Term Loans and Advances		
(a) Capital Advances		
Secured, considered good	-	-
Unsecured, considered good	16,460,952	-
Doubtful	-	-
Less: Provision for doubtful advances	-	-
TOTAL(a)	16,460,952	-
b. Security Deposits		
Secured, considered good	-	-
Unsecured, considered good	5,422,816	-
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
TOTAL(b)	5,422,816	-
TOTAL	21,883,768	-

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-11		
Other Non Current Assets		
(i) Fixed Deposit of maturity of more than 12 months (Out of above, fixed deposit of NIL (P.Y.Rs.220,42,551) are pledged with bank as margin against bank guarantees)	50,000	22,042,551
(ii) Interest Accrued on Deposit	-	985,782
(iii) Advance Income Tax & TDS Receivables	26,504,527	29,141,809
TOTAL	26,554,527	52,170,142

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-12		
Inventories		
(a) Raw Materials and components	69,122,620	3,078,114
(b) Work-in-progress	109,009,891	-
(c) Finished goods	28,607,739	-
(d) Stores and spares	22,931,316	7,999,540
TOTAL(a to d)	229,671,566	11,077,654
Less : Provision for Slow/Non Moving Inventory Mode of valuation (Refer Note No. 'N' of A-23)	6,924,054	2,000,000
TOTAL	222,747,512	9,077,654



Karad Projects and Motors Limited
(Formerly Kirloskar Constructions and Engineers Limited)
Notes to Accounts

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-13		
Trade Receivables		
(a) Long term Trade Receivables		
Secured, considered good	110,066,629	104,110,882
Unsecured, considered good	44,820,974	36,500,000
Doubtful	44,820,974	36,500,000
Less: Provision for doubtful debts		
TOTAL (a)	110,066,629	104,110,882
(b) Current Trade Receivables		
(i) Trade receivables outstanding for a period less than six months from the date they are due for payments.		
Unsecured, considered good	449,450,603	-
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
(ii) Trade receivables outstanding for a period exceeding six months from the date they are due for payments.		
Unsecured, considered good	9,211,723	52,942,003
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
TOTAL (b)	458,662,326	52,942,003
TOTAL	568,728,955	157,052,885

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-14		
Cash & Bank Balances		
(a) Cash & Cash Equivalents		
(i) Cash on hand	89,578	82,574
(ii) Balances with banks	82,822,279	4,672,775
(iii) Fixed deposits up to 3 months from original maturity*	28,474,474	10,030,492
TOTAL (a)	111,386,331	14,785,841
(b) Other Bank Balances		
(i) Bank deposits with maturity more than 3 months but less than 12 months* (Refer Note below)	3,190,747	1,187,781
(ii) Bank deposits with maturity more than 12 months	50,000	22,042,551
Amount disclosed under Other Non-Current Assets refer Note A-11	(50,000)	(22,042,551)
TOTAL (b)	3,190,747	1,187,781
*Note : Includes lien marked FD's of Rs.13,02,533 (P.Y. Rs.1,187,781) with Sales Tax Department.		
TOTAL	114,577,078	15,973,622

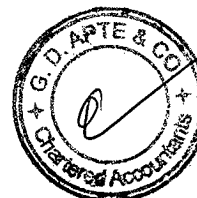
Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-15		
Short Term Loans and Advances		
Others		
Unsecured, considered good		
i) Advances recoverable in cash or kind or for value to be receivable	90,181,840	101,401,749
ii) Prepaid expenses	1,790,832	1,487,447
iii) Other deposits	1,408,344	1,695,197
iv) Advance Income Tax & TDS receivable (Net of Provisions)	24,848,973	-
v) Balances with Government Authorities	9,464,075	3,017,155
TOTAL	127,694,064	107,601,548



Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-16		
Other Current Assets		
(i) Interest Accrued on Investments & Deposits	210,910	151,471
(ii) Claims Receivables	1,526,163	-
(iii) Amount Due from Customers (POC)	84,230,569	58,563,463
(iv) Other Current Assets	7,027,610	-
TOTAL	92,995,252	58,714,934

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-17		
Revenue from Operations		
Sale of Products	2,156,119,769	-
Project Revenue	82,523,659	117,354,829
Other operating revenues		-
- Job Work Receipts	490,742	
TOTAL	2,239,134,170	117,354,829
Less:		
Excise duty	241,139,044	-
Net Revenues from Operations	1,997,995,126	117,354,829

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-18		
Other Income		
(a) Interest Income		
(i) Interest on fixed Deposit	11,096,525	2,188,869
(ii) Interest Income on income tax refund	1,620,859	1,040,103
(iii) Interest Income Others	10,925,935	-
(b) Dividend Income on long term Investments - Others	18,250	50
(c) Other non-operating income (net of exps directly attributable to such income)	1,880,409	6,191,751
(d) Sale of scrap	88,246	3,273,314
(e) Gain on sale of assets	130,318	22,580,887
TOTAL	25,760,542	35,274,974



22

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-19		
Material Consumed and Contract Costs		
(a) Raw Material Consumed	1,407,726,475	2,190,066
(b) Stores and Spares Consumed	98,589,946	60,948,440
(c) Processing Charges	96,734,665	-
(d) Labour & Sub Contracting Charges	68,274,646	83,763,414
(e) Other job expenses	444,244	-
TOTAL	1,671,769,976	146,901,920
(Increase)/Decrease in Inventories of Finished goods and Work in Progress		
Opening Stock		
Work-In- Progress	86,836,042	-
Finished Goods	35,691,614	-
	122,527,656	-
Closing Stock		
Work-In- Progress	109,009,891	-
Finished Goods	28,607,739	-
	137,617,630	-
TOTAL	(15,089,974)	-

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-20		
Employee Benefits Expenses		
Salaries, Wages and Bonus	74,654,394	22,362,629
Contribution Provident and Other Funds	4,673,269	1,076,129
Gratuity	(2,766,638)	60,394
Welfare Expenses	4,478,737	2,381,110
TOTAL	81,039,762	25,880,262

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-21		
Finance Cost		
Interest Expense	18,009,183	5,040,385
Applicable net gain/loss on foreign currency transactions and translation	19,794,606	-
TOTAL	37,803,789	5,040,385



Karad Projects and Motors Limited
(Formerly Kirloskar Constructions and Engineers Limited)
Notes to Accounts

Particulars	As at March 31, 2014 (Rs)	As at March 31, 2013 (Rs)
Note : A-22		
Other Expenses		
Power & Fuel	25,811,841	726,525
Repairs and Maintenance		
Plant and Machinery	11,018,683	-
Buildings	3,093,991	-
Vehicles & Others	458,758	-
Rent	4,408,859	3,775,456
Rates and taxes	5,342,720	767,275
Travel and conveyance	8,254,826	9,219,066
Legal, Consultancy & Retainer fees	14,932,635	5,961,219
Postage and telephone	1,365,813	1,075,454
Insurance	3,540,620	1,146,839
Freight and forwarding charges	23,759,241	-
Brokerage and commission	24,884	47,000
Advertisements and publicity	435,168	390,471
Excise duty paid	1,261,837	-
Loss on sale/disposal of fixed assets	9,903,889	46,898,705
Foreign exchange difference Loss (Net)	32,924,380	-
Loss/Compensation on Contracts	37,500,000	30,617,603
Bad debts written off	29,571,397	-
Provision for doubtful debts and advances	37,955,000	1,500,000
Advances written off	70,000	-
Other Miscellaneous Expenses	21,959,944	19,324,749
TOTAL	273,594,486	121,450,362



2

Karad Projects and Motors Limited

Part A-23: Significant Accounting Policies

A. Corporate Information

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

The Company is wholly owned subsidiary of Kirloskar Brothers Limited.

B. Basis of preparation

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards ('AS') by Companies Accounting Standard Rules, 2006, and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis, unless otherwise stated. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

C. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future periods.

D. Change in Accounting Policy:

Change in accounting policy is made only if the adoption of a different accounting policy is required by statute or for compliance of accounting standard or if it is considered that the change would result in more appropriate presentation of the financial statements.

The impact of the adjustment resulting from the change in accounting policy, if material, is shown in the financial statements of the period in which such change is made, to reflect the effect of such change.

E. Fixed Assets and Impairment of Assets

Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment (if any). The cost of a fixed asset comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs attributable to construction or acquisition of qualifying fixed assets for the period up to the completion of construction or acquisition of such qualifying fixed assets are included in the gross book value of the asset to which they relate.



Part A-23: Significant Accounting Policies

Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Impairment Policy:

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.

F. Depreciation and Amortization

Depreciation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful lives of the respective fixed assets as prescribed in Schedule XIV of the Act except on Stamping tools which are amortized on a straight line basis over a period of three years.

Depreciation on assets sold during the year is recognized on a pro-rata basis to the profit and loss account till the date of sale.

Amortization

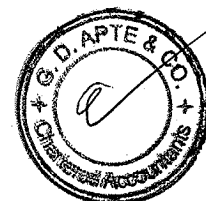
Intangible assets are amortized over a period of 3 years on a straight line basis.

G. Investments

Investments are classified as trade when investment is made in the shares or debentures of another company for the purpose of promoting the trade or business of the first company.

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investment is made are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.



Part A-23: Significant Accounting Policies

H. Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- i. Sale of products and services are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and when services are rendered.
- ii. Where the ability to assess the ultimate collection with reasonable certainty is lacking at the time of raising any claim, revenue recognition is postponed to the extent of uncertainty involved. In such cases revenue is recognized only when it is reasonably certain that the ultimate collection will be made.
- iii. Interest: Accrues on the time basis determined by the amount outstanding and the rate applicable.
- iv. Dividend: From investments in shares are not recognized in the statement of profit and loss until a right to receive payment is established by the reporting date.

Revenue from construction contracts are recognized as below:

- i. Contract revenue is recognized by adding the aggregate cost and proportionate margin using the percentage of completion method as per Accounting Standard 7.
- ii. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost.
- iii. Adequate provision is made for any loss in the year in which it is first foreseen.

I. Employee benefits

Short term compensated absence benefits (both vesting and non-vesting) are accounted for on the basis of the actual valuation of the leave entitlement as on the balance sheet date.

The actuarial valuations in respect of post-employment defined benefit plans and long term employee benefits as at the balance sheet date are measured using Projected Unit Credit Method.

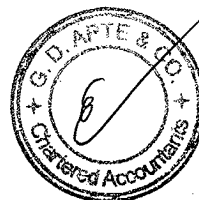
I. Short Term Employee Benefits:

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, etc. are recognized in the period in which the employee renders the related service.

II. Post-Employment Benefits:

a) Defined Contribution Plans:

The Company's superannuation scheme, state governed provident fund



Part A-23: Significant Accounting Policies

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.

b) 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.

Actuarial gains and losses are recognized immediately in the Statement of Profit & Loss.

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.

III. Long Term Employee Benefits:

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 in note II (b) above.

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

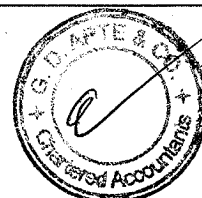
J. Tax on Income

Current Tax

Tax expense comprises of Current and Deferred Tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

Deferred Tax

Deferred tax is measured based on the tax rates and the tax laws enacted or



Karad Projects and Motors Limited

Part A-23: Significant Accounting Policies

substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all Deferred Tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Deferred Tax assets are re-assessed by the Company at each balance sheet date and accordingly are adjusted in the financial statements.

K. Earnings Per Share

Basic earnings per share is 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 year.

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 year are adjusted for the effects of all dilutive potential equity shares.

L. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

The company does not recognize a contingent liability but makes a disclosure in the Notes to Accounts.

M. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

N. Inventories

- a) Inventories are valued at the lower of cost and net realizable value.
- b) The cost is calculated on weighted average method.
- c) Cost comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

O. Segment Reporting:

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves



Karad Projects and Motors Limited

Part A-23: Significant Accounting Policies

different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Unallocated items:

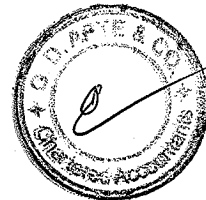
Unallocated items include income and expenses which are not allocated to any reportable business segment.

Segment Policies :

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

P. Borrowing Costs

Borrowing costs are interest and other costs incurred by an enterprise in connection with the borrowing of funds. It also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.



Karad Projects and Motors Limited
Notes to Accounts A-23

1. Sundry Debtors includes Rs. Nil due from Private Limited companies in which Directors are Members/Directors.

2. (A) Consumption of Raw Material-Product Division

Sr. No.	Particulars	2013-14 (Rs.)
1	CRNGO	57,17,61,309
2	Copper Wire	34,67,08,973
3	Aluminum	4,23,89,711
4	Motor Body	16,67,58,769
5	Motor Frames	5,55,90,437
6	Rotor with Shaft	3,57,03,954
7	Others	18,54,27,871
Total		140,43,41,024

(B) Consumption of Imported/Indigenous Raw Material- Product Division

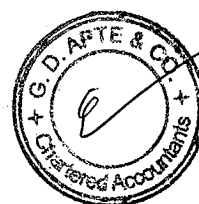
Sr. No.	Particulars	2013-14	
		%	Value (Rs.)
1	Imported	20.77	29,09,73,582
2	Indigenous	79.23	1,11,33,67,442
Total		100	140,43,41,024

3. (A) CIF Value Of Imports- Product Division

Sr. No.	Particulars	2013-14 (Rs.)
1	Capital Goods	-
2	Raw Material	24,97,15,021
3	Stores and Spares	4,52,228

(B) Earning In Foreign Currency- Product Division

Sr. No.	Particulars	2013-14 (Rs.)
1	FOB Value of Export	5,46,96,169



Karad Projects and Motors Limited
Notes to Accounts A-23

(C) Expenditure in Foreign Currency- Product Division

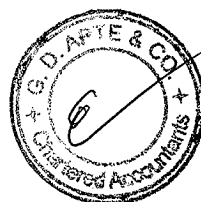
Sr. No.	Particulars	2013-14 (Rs.)
1	Travelling Expenses	10,38,058
2	Commission on procurement	12,23,030
3	Interest paid	87,18,416
4	Others	89,809

4. (A) Details Regarding Turnover- Product Division

Sr. No.	Particulars	2013-14 (RS.)
1	Wound Stators	51,82,74,931
2	Die-cast Rotors	18,35,56,113
3	Stator/Rotor Stacks	7,13,77,580
4	Electric Motors	65,20,44,284
5	Stamping & Lamination	24,53,28,770
6	Connecting Rods	3,60,30,495
7	Hydraulic Valves	38,42,359
8	CPHM Pump Assembly	2,15,15,613
9	KPD Pump Assembly	3,30,77,317
10	Others	
	- Sale	15,02,42,798
	- Job work	1,81,207
Total		191,54,71,467

(B) Details regarding Work-In-Progress- Product Division

Sr. No.	Particulars	2013-14 (Rs.)
1	Wound Stators	3,66,33,315
2	Die-cast Rotors	1,77,54,459
3	Stator/Rotor Stacks	1,06,34,806
4	Electric Motors	26,36,568
5	Stamping & Lamination	3,26,38,979
6	Connecting Rods	16,90,635
7	Others	70,21,129
Total		10,90,09,891



Karad Projects and Motors Limited
Notes to Accounts A-23

5. Construction Contracts-Project Division- Disclosures Pursuant to AS-7 (Revised)

Sr. No.	Particulars	2013-14 (Rs.)	2012-13 (Rs.)
1	Contract revenue recognized for the year ended 31 st March 2014 (Note A-17)	8,25,23,659	11,73,54,829
2	Amount of advances received as on 31 st March 2014 for contracts in progress (Note A-6 (b)(i))	1,55,72,856	8,07,85,548
3	Amount of retentions as on 31 st March 2014 for contracts in progress	49,54,849	8,59,82,042
4	Gross Amount Due From Customer :		
	Contract cost incurred	4,48,13,83,244	4,33,27,54,356
	Recognized profit less recognized losses	(23,64,90,812)	(19,60,52,689)
	Less: Progress Billing	(4,16,06,61,863)	(4,07,81,38,204)
	POC (Note A-16 (iii))	8,42,30,569	5,85,63,463

6. Remuneration to Auditors

Sr. No.	Particulars	2013-14 (Rs.)	2012-13 (Rs.)
1	Audit Fees (excl. service tax)	14,75,000	5,00,000
2	Tax Audit Fees	3,00,000	2,50,000
3	Other Services	1,26,500	-
4	Company Law Matters	-	-
5	Reimbursement of Expenses	1,25,534	1,00,000
	TOTAL	20,27,034	8,50,000

- 7. 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.



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Karad Projects and Motors Limited
Notes to Accounts A-23

8. Employee Benefits

i. Defined Contribution Plans:

Amount of Rs.42,86,564/-, is recognized as an expense and included in 'Employee Benefits Expenses' in the Statement of Profit and Loss.

Defined Benefit Plans:

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

Sr. No.	Particulars	As at 31-03-2014			As at 31-03-2013
		Gratuity Plan (Funded)			Gratuity Plan (Funded)
		Project Division	Product Division	Total	
1	Amount to be recognized in Balance Sheet				
	Present value of defined benefit obligation	5,34,804	1,80,88,838	1,86,23,642	4,45,503
	Less : Fair value of plan assets	9,11,822	2,46,69,491	2,55,81,313	8,40,389
2	Amount to be recognized as (liability) or asset	3,77,018	65,80,653	69,57,671	3,94,886
3	Amounts reflected in the Balance Sheet				
	Liabilities	-	-	-	-
	Assets	3,77,018*	65,80,653	69,57,671	3,94,886
Net (Liability)/Asset		3,77,018	65,80,653	69,57,671	3,94,886

*Grouped under Other Current Assets (Note No- A16)



Karad Projects and Motors Limited
Notes to Accounts A-23

b) The amounts recognized in Statement of Profit and Loss are as follows:

Sr. No.	Particulars	As at 31-03-2014			As at 31-03-2013
		Gratuity Plan (Funded)			Gratuity Plan (Funded)
		Project Division	Product Division	Total	
1	Current Service Cost	1,37,517	9,69,676	11,07,193	1,55,310
2	Interest Cost	35,195	16,53,963	16,89,158	48,372
3	Expected Return on Plan Assets	(71,433)	(15,78,013)	(16,49,446)	(87,817)
4	Actuarial Losses / (Gains)	(83,411)	(42,93,090)	(43,76,501)	(46,682)
5	Expenses Recognized in the recognized in the Statement of Profit and Loss	17,868	(32,47,464)	(32,29,596)	69,183
	(Disclosed under Employee benefits expenses, which is net of gratuity paid of Rs. 462,958.)				

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

Sr. No.	Particulars	As at 31-03-2014			As at 31-03-2013
		Gratuity Plan (Funded)			Gratuity Plan (Funded)
		Project Division	Product Division	Total	
1	Balance of the present value of Defined benefit Obligation as on 01.04.2013	4,45,503	2,18,99,861	2,23,45,364	8,49,652
2	Add : Current Service Cost	1,37,517	9,69,676	11,07,193	1,55,310
3	Add : Interest Cost	35,195	16,53,963	16,89,158	48,372
4	Add /(Less) : Actuarial losses / (gains)	(83,411)	(39,84,008)	(40,67,419)	(46,682)
5	Less : Benefit paid	-	(24,50,654)	(24,50,654)	(5,61,149)
6	Balance of the present value of Defined Benefit Obligation as at 31-03-2014	5,34,804	1,80,88,838	1,86,23,642	4,45,503



Karad Projects and Motors Limited
Notes to Accounts A-23

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

Sr. No.	Particulars	As at 31-03-2014			As at 31-03-2013
		Gratuity Plan (Funded)			Gratuity Plan (Funded)
		Project Division	Product Division	Total	
1	Opening balance of the fair value of the plan assets as at 01-04-2013	8,40,389	1,22,84,565	1,31,24,954	13,13,721
2	Add : Expected Return on plan assets	71,433	15,78,013	16,49,446	87,817
3	Add / (Less) : Actuarial gains / (losses)	-	3,09,082	3,09,082	-
4	Acquisition adjustment Gain	-	-	-	-
5	Add : Contribution by the employer	-	1,29,48,485	1,29,48,485	-
6	Less : Benefits paid	-	(24,50,654)	(24,50,654)	(5,61,149)
7	Closing balance of the fair value of the plan assets as at 31-03-2014	9,11,822	2,46,69,491	2,55,81,313	8,40,389

e) Principal actuarial assumptions at the balance sheet:

Sr. No.	Particulars	Project Division	Product Division	As at 31-03-2013
		As at 31-03-2014	As at 31-03-2014	
1	Discount Rate	8.90%	9.00%	7.90%
2	Expected Return on Plan Assets	8.50%	9.00%	8.50%
3	Salary Growth Rate/ Increase in compensation level	8.00%	10.00%	8.00%
4	Attrition Rate	20.00%	15.00%	20.00%
5	Expected average remaining working lives of employees (Years)	4.78	4.98	4.82



Karad Projects and Motors Limited
Notes to Accounts A-23

9. Details of provisions and movements in each class of provision – Leave Encashment

Amount Rs.

Sr. No.	Particulars	As at 31-03-2014		
		Product Division	Project Division	Total
1	Carrying amount at the beginning of the year	89,40,636	30,13,405	1,19,54,041
2	Provision made during the year	-	-	-
3	Amount used during the year	12,59,581	2,43,846	15,03,427
4	Unused amounts reversed/reclassified during the year	46,893	21,08,979	21,55,872
5	Carrying amount at the end of the year	76,34,162	6,60,580	82,94,742

10. Earnings / (Loss) per share (Basic and Diluted)

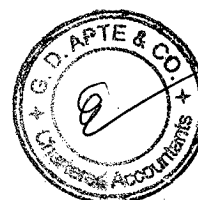
Sr. No.	Particulars	As at 31-03-2014	As at 31-03-2013
1	I - Basic /Diluted		
	Profit / (Loss) after Tax	(6,57,63,562)	(13,00,89,879)
	Weighted average number of equity shares used as denominator	1,39,52,450	1,61,50,002
2	II - Basic/ Diluted earnings / (Loss) per share of nominal value of Rs 10/- each	(4.71)	(8.06)

11. Related Party Disclosures

A. Project Division:

Names of the related party and nature of relationship where control exists

Sr. No.	Name of the Related Party	Nature of relationship
1	Kirloskar Brothers Limited	Holding Company
2	Kirloskar Systech Limited	Fellow Subsidiary
3	Kirloskar Proprietary Limited	Enterprises over which key managerial personnel or their relatives exercise significant influence
4	Anant R. Sathe	Key Managerial Personnel (Managing Director)



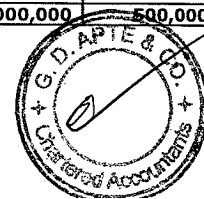
Disclosure of related parties transactions

Project Division

Rupees

Sr No	Nature of transaction/relationship/major parties	2013-14		2012-13	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
1	Purchase of goods & services				
	Subsidiary/Fellow subsidiary Companies				
	Kirloskar Systech Limited	154,500	154,500	45,540	45,540
	TOTAL	154,500	154,500	45,540	45,540
2	Sale of fixed assets				
	Holding Company				
	Kirloskar Brothers Limited (inclusive of taxes)	145,779,584	145,779,584	-	-
	Subsidiary/Fellow subsidiary Companies				
	Kirloskar Systech Limited	-	-	130,602	130,602
	TOTAL	145,779,584	145,779,584	130,602	130,602
3	Investments				
	Enterprises over which key managerial personnel or their relatives exercise significant influence				
	Kirloskar Proprietary Limited	5,100	5,100	5,100	5,100
	TOTAL	5,100	5,100	5,100	5,100
4	Royalty Paid				
	Enterprises over which key managerial personnel or their relatives exercise significant influence				
	Kirloskar Proprietary Limited	193,471	193,471	370,562	370,562
	TOTAL	193,471	193,471	370,562	370,562
5	Dividend received				
	Enterprises over which key managerial personnel or their relatives exercise significant influence				
	Kirloskar Proprietary Limited	50	50	50	50
	TOTAL	50	50	50	50
6	Amount Due - Received				
	Holding Company				
	Kirloskar Brothers Limited	80,167,563	80,167,563	134,573,601	134,573,601
	TOTAL	80,167,563	80,167,563	134,573,601	134,573,601
7	Amount Due - Repaid				
	Holding Company				
	Kirloskar Brothers Limited	80,167,563	80,167,563	134,573,601	134,573,601
	TOTAL	80,167,563	80,167,563	134,573,601	134,573,601
8	Interest Paid				
	Enterprises over which key managerial personnel or their relatives exercise significant influence				
	Kirloskar Proprietary Limited	-	-	77,518	77,518
	TOTAL	-	-	77,518	77,518
9	Reimbursement of Expenses				
	Subsidiary/Fellow subsidiary Companies				
	Kirloskar Systech Limited	-	-	14,300	14,300
	TOTAL	-	-	14,300	14,300
10	Amount Due				
	Holding Company *				
	Kirloskar Brothers Limited	177,607,769	177,607,769	283,219,790	283,219,790
	Subsidiary/Fellow subsidiary Companies				
	Kirloskar Systech Limited	185,256	185,256	29,020	29,020
	TOTAL	177,793,025	177,793,025	283,248,810	283,248,810
11	Corporate Guarantee				
	Holding Company				
	Kirloskar Brothers Limited	500,000,000	500,000,000	500,000,000	500,000,000
	TOTAL	500,000,000	500,000,000	500,000,000	500,000,000

* "Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction



B Product Division

A) Name of related parties where control exists (Parties which are controlled by reporting enterprise or parties which directly or indirectly control reporting enterprise)

- 1) Kirloskar Brothers Limited, Pune.

B) Enterprises under common control:

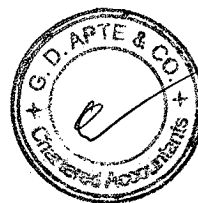
- 1) The Kolhapur Steel Limited, Kolhapur
- 2) Kirloskar Systech Limited, Pune
- 3) Kirloskar Corrocoat Limited, Kirloskarwadi

C) Key Management personnel:

- 1) Mr. Gopal Ramdurgkar (Managing Director) (Upto 16-06-2013)

D) Enterprises over which key managerial personnel or their relatives exercise significant influence:

- 1) A.G. Electro Services (Upto 16-06-2013)
- 2) Cryotech (Upto 16-06-2013)



Product Division

Nature of Transaction	Where control exists	Enterprises under common control	Key Management personnel	Enterprises over which key managerial personnel or their relatives exercise significant influence
Purchases / Job work	30,842,152	49,709	-	65,205
Sales / Job work	1,489,864,734	527,184	-	333,976
Interest Received	10,800,000	-	-	-
ICD Refund	120,000,000	-	-	-
Receiving Services / Expenses Reimbursed	2,080,895	253,938	-	-
Rendering Services / Expenses Recovered	6,077	15,248	-	-
Capital goods Purchase	388,750	-	-	-
Capital goods Sales	-	-	820,000	-
Remuneration Paid	-	-	1,244,225	-
Closing Balance Debit / (Credit):				
As on 31.03.2014	307,884,282	(33,677)	-	517,593



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Karad Projects and Motors Limited
Notes to Accounts A-23

12. Remuneration paid to Managing Director of Product Division during the year is Rs.12,44,225/-

13. Segment Reporting:

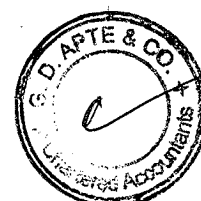
Company has two reportable segments viz. Project division and Product division which have been identified in line with the Accounting Standard 17 on Segment Reporting, taking into the account organizational Structure as well as differential risk and return of these segments.

For the year ended March 31, 2014

(Amount Rs.)

Particulars	Project Division	Product Division	Total
Segment Revenue	8,69,90,191	1,93,67,65,477	2,02,37,55,668
Segment results (Profit before tax)	(16,85,83,026)	9,63,74,256	(7,22,08,769)
Net profit before tax	(16,85,83,026)	9,63,74,256	(7,22,08,769)
Less: Income Taxes provision for earlier years write back	-	-	(4,29,136)
Add: Deferred Tax	-	-	68,74,344
Net profit after tax	(16,85,83,026)	9,63,74,256	(6,57,63,561)
Other information:			
Segment Assets	29,40,85,248	1,14,11,49,112	1,43,52,34,360
Total assets	29,40,85,248	1,14,11,49,112	1,43,52,34,360
Segment Liabilities	43,69,77,984	34,21,53,317	77,91,31,301
Total Liabilities	43,69,77,984	34,21,53,317	77,91,31,301
Capital expenditure	22,500	7,05,92,113	7,06,14,613
Depreciation & Impairment	17,539,223	29,307,175	4,68,46,398
Other non cash expenditure	7,54,55,000	-	7,54,55,000
Capital Employed	(14,28,92,736)	79,89,95,795	65,61,03,059

14. Deferred Tax Liability of Rs.106,40,427/- as at March 31, 2014 pertains to difference in depreciation on Fixed Assets between financial books and tax books. The same has been reversed to Statement of Profit and Loss for the year ended March 31, 2014 on account of the Deferred Tax Assets arising from provision for doubtful debts and other provisions. Deferred Tax Asset has not been recognized by the management on the entire business losses & unabsorbed depreciation as a matter of prudence.



Karad Projects and Motors Limited
Notes to Accounts A-23

- 15.** Disclosure regarding exposure of the company in respect of outstanding Foreign Currency transactions as on the date of Balance Sheet which are not hedged by a derivative instruments or otherwise:

Outstanding Liability in Foreign Currency, which is translated at the exchange rate as at the date of Balance Sheet, is as under:

Currency	As at 31-03-2014
USD	1,63,181
EURO	2,183

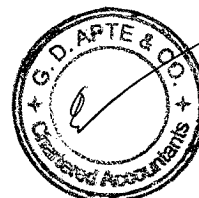
Amount receivable in Foreign Currency, which is translated at the exchange rate as at the date of Balance Sheet, is as under:

Currency	As at 31-03-2014
USD	-
EURO	1,53,118
GBP	6,400

- 16.** The Hon'ble High Courts of Madras and Bombay have vide their orders dated June 23, 2013 and March 1, 2013 respectively approved the scheme of Arrangement and Amalgamation of Hematic Motors Private Limited ('HMPL') with the Company ('the Scheme').

In accordance with the reorganization and reduction of share capital provided by the Scheme following effects have been given in the financial statements:

- The issued subscribed and paid up equity and preference share capital of the Company has been reduced from Rs. 4,115 lakhs to Rs. 411.50 lakhs divided in to 16,15,000 equity shares of Rs. 10 each and 25,00,000 preference shares of Rs.10 each, which has resulted in surplus of Rs. 3,703.50 lakhs from the capital reduction.
- The preference share capital of the Company has been reorganized and converted into equity share capital by issuing one equity share of Rs.10 each for one preference share of Rs. 10 each.



Karad Projects and Motors Limited
Notes to Accounts A-23

- iii. The surplus of Rs. 3,703.50 lakhs arising on reduction of Share Capital has been adjusted as under:

Particulars	Amount (Rs. Lakhs)
Revamping of Current Assets	812.37
Debit balance in Profit and Loss A/c of the Company as at April 1, 2012	1,954.23
Excess of the amount of share capital issued to shareholders of HMPL over its share capital as at April 1, 2012	936.90
Total	3,703.50

The requisite disclosures under Accounting Standard 14 'Accounting for Amalgamations' notified under the Companies (Accounting Standards) Rules, 2006 are as under:

a) Name and general nature of business of the amalgamating company:

Hematic Motors Private Limited ('HMPL') is engaged in manufacturing activities of Wound Stators, Die-cast Rotors, Stator/ Rotor Stacks and Electric Motors.

b) Name and general nature of business of the amalgamated company:

Karad Projects and Motors Limited (formerly known as Kirloskar Constructions and Engineers Limited) ('KPML' or 'the Company' is engaged in activities of construction contracts and projects.

- c)** Appointed date of amalgamation is April 1, 2012 and effective date is July 29, 2013.

d) Method of accounting used to reflect the amalgamation:

The amalgamation qualifies to be accounted for under "Pooling of interest method" as per Accounting Standard (AS 14) - "Accounting for Amalgamations" notified under the Companies (Accounting Standards) Rules, 2006. The accounting treatment as per the Scheme approved by the Hon'ble High Courts has been given effect in the above financial statements which is as under:

- i. The assets, liabilities and reserves of HMPL as at April 1, 2012 were incorporated in the financial statements of the Company at their carrying value.



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Karad Projects and Motors Limited
Notes to Accounts A-23

- ii. The Company has issued 210 equity shares of Rs.10 each against 1 equity share of Rs.100 each held by the equity shareholders of HMPL. Accordingly, 98,37,450 equity shares of Rs.10 each have been allotted.
- iii. Excess of the amount of share capital issued to shareholders of HMPL over its share capital as at April 1, 2012, amounting to Rs.936.90 lakhs has been adjusted against the surplus arising on reduction of share capital. Had the scheme been silent as regards this treatment, the same would have been adjusted against the reserves of the Company.

17. Contingent Liabilities and Commitments:

Particulars	As at Mar 31, 2014 (Rs)	As at Mar 31, 2013 (Rs)
Contingent liabilities and commitments (to the extent not provided for)		
(i) Contingent Liabilities		
(a) Demand in respect of Service Tax (Contested by Company)	1,39,55,056	-
(b) Probable claims in respect of projects* (Refer Note Below)	27,22,12,648	14,84,43,394
(c) Claims against the company not acknowledged as debt	2,82,67,227	2,62,28,589
(d) Demand in respect of Excise matters	18,99,646	-
(e) In respect of Labour matters	58,53,852	-
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	4,92,68,385	-

***Note:** Includes Rs. 987.82 lakhs where Bank Guarantees have been invoked during the year 2008-09. In FY 2008-09, Hon'ble 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 does not 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 management.



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Karad Projects and Motors Limited
Notes to Accounts A-23

18. In the opinion of the Board, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

19. Prior Period Expenditure*

Particulars	As at 31-03-2014	As at 31-03-2013
Prior Period Expenditure	60,351	62,37,780

*Grouped under Other Miscellaneous Expenses (Note A-22)

20. Previous year comparatives:

Previous years' figures have been regrouped and reclassified, wherever necessary to conform to current years' classification and the same are not comparable since it does not include the figures in respect of amalgamating company.

Signature to Notes A-1 to A-23

As per our report of even date attached

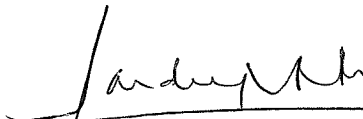
For G. D. Apte & Co.
Chartered Accountants

For M/S P. G. Bhagwat
Chartered Accountants

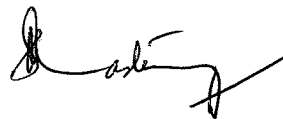
For and on behalf of the
Board of Directors



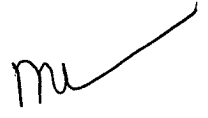
C. M. Dixit
Partner
Membership No.: 17532
Date: April 14, 2014
Place: Pune



Sandeep Rao
Partner
Membership No.: 47235
Date: April 14, 2014
Place: Pune



Umesh Shastry
Chairman



A. R. Sathe
Managing Director



Raghunath Apte
Company Secretary