

**KARAD PROJECTS AND MOTORS LIMITED**

**Annual Report**

**2014-15**

# KARAD PROJECTS AND MOTORS LIMITED

(Wholly Owned Subsidiary of Kirloskar Brothers Limited)

(Formerly known as Kirloskar Constructions and Engineers Limited)

## DIRECTORS' REPORT

The members of the Company,

Your Directors present the **14<sup>th</sup> Annual Report** and Audited Accounts of the Company for the year ended **March 31, 2015**.

### 1. FINANCIAL PERFORMANCE

The financial results of the Company for the year 2014-15 as compared with the previous year are as under:-

	<b>Current Year ended March 31, 2015 (Rs. In Million)</b>	<b>Previous Year ended March 31, 2014 (Rs. In Million)</b>
Revenue from Operations	<b>2451.28</b>	1998.00
Other Income	<b>4.63</b>	25.76
<b>Total</b>	<b>2455.92</b>	2023.76
Less - Depreciation	<b>67.10</b>	46.85
Finance Costs	<b>8.62</b>	43.23
Other Expenses	<b>2352.59</b>	2005.89
Profit / (Loss) before tax	<b>27.61</b>	(72.21)
Provision for Income / deferred tax	<b>14.74</b>	6.45
<b>Net Profit / (Loss) for the year</b>	<b>12.87</b>	(65.76)

### APPROPRIATIONS:

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

<b>Particulars</b>	<b>Current Year ended March 31, 2015 (Rs. In Million)</b>	<b>Previous Year ended March 31, 2014 (Rs. In Million)</b>
Dividend	6.98	--
Tax on Dividend	1.39	--
Transfer to General Reserve	--	--
Balance Carried to Balance Sheet	4.5	--
<b>Total</b>	<b>12.87</b>	--

- **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

## **2. STATEMENT OF AFFAIRS:**

During the year, the total revenue from operations of the Company reached to the level of Rs. 2,451 Million which is 23% higher in comparison with previous year. The Company has also earned a profit before tax of Rs. 28 Million in comparison with previous year's loss of Rs. 72 Million.

In case of Projects Division, policy decision is taken by the management to concentrate and close existing projects systematically and not to go for further projects in view of proposed closure of this division.

The Products Division (consist of three verticals viz. Motor, Stamping and Component Divisions) of the Company has achieved a turnover of Rs. 2,409 Million which is higher by 26% in comparison with the previous year. This division has also earned a profit before tax of Rs. 162 Million, which is higher by 68% over previous year. This division has surpassed its annual operating plan both in terms of top-line and bottom-line. This was made possible in spite of the adverse factors like increase in contract labour costs and higher depreciation due to change in rates as per Companies Act, 2013. There are various internal and external factors which propelled this growth.

This division has taken many initiatives during this financial year. Major ones are as under –

- Improvement in sale mix and introduction of new value added products. e.g. Finished rotors, Pumps, Customized motors etc.
- Motor stock and sale from plant
- Products indigenization and various Certifications/approvals
- Capacity enhancement through additional capital investment
- Added new customers
- Reduction in Finance and employee related expenditure.
- Cost reduction through strategic sourcing.
- Productivity improvement by 30% at Motor division.

External factors like stable Indian currency and reduction in crude oil prices also helped this division in achieving its targets.

During the current year, this division has taken target of 22% growth in top-line. We will continue to put efforts on initiatives taken last year and few new initiatives like;

- Strengthening Marketing department
- Strengthening Engineering department

There were no material changes or commitments to report which affect the financial position of the Company that has occurred between the end of financial year and the date of this report.

### **3. DIVIDEND**

Your Directors are pleased to recommend a dividend of Rs. 0.50 per equity share of Rs. 10 each (i.e. 5%) for the financial year 2014-15.

### **STATUTORY DISCLOSURES**

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

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

#### **5. BOARD MEETINGS:**

During the Financial year 2014-15 eight Board Meetings were held: 14<sup>th</sup> April 2014, 10<sup>th</sup> June 2014, 11<sup>th</sup> July 2014, 13<sup>th</sup> October 2014, 28<sup>th</sup> October 2014, 15<sup>th</sup> January 2015, 25<sup>th</sup> February 2015 and 30<sup>th</sup> March 2015.

#### **6. DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

- Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - d) the directors had prepared the annual accounts on a going concern basis; and
  - e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **7. INDEPENDENT DIRECTORS DECLARATION**

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

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

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

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

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

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

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note No. A-11 of the Financial Statements.

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

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

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

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

a	Name(s) of the related party and nature of relationship	Kirloskar Brothers Limited - Holding company
b	Nature of contracts / arrangements / transactions	Sale / Purchase and rendering / receiving services
c	Duration of the contracts / arrangements / transactions	On monthly basis
d	Salient terms of the contracts or arrangements or transactions including the value, if any;	Transactions with related parties for the year ended March 31, 2015 is attached to the Notes to accounts in the Balance Sheet.
e	Date(s) of approval by the Board, if any;	As all the transactions are in ordinary course of business and at arm's length, Board approval is not required
f	Amount paid as advances, if any:	Nil

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

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

## **12. BUSINESS RISK MANAGEMENT :**

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

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

Mr. Ravindra Samant was appointed as an Additional Director of the Company w.e.f. November 1, 2014. By virtue of the provisions of 161(1) of the Companies Act, 2013 his tenure comes to an end at the ensuing Annual General Meeting. He is also appointed as a Managing Director of the Company for a period of three years with effect from November 1, 2014. Being eligible he offers himself for re-appointment.

Mr. A. R. Sathe ceased to act as a Managing Director with effect from October 31, 2014. Since November 1, 2014, he continues to be director of the Company liable to retire by rotation.

Mr. K Taranath (DIN 00051697) has been appointed as an Additional Director in the category of Independent Director with effect from February 25, 2015, pursuant to the provisions of Section 161 of the Companies Act, 2013 and Articles of Association of the Company and who holds office till the date of the ensuing Annual general Meeting. A proposal for his appointment as a Director at the ensuing Annual General Meeting with the requisite deposit by a member has been received.

Mr. Achyut Gokhale (DIN 00198894) has been appointed as an Additional Director in the category of Independent Director with effect from March 30, 2015, pursuant to the provisions of Section 161 of the Companies Act, 2013 and

Articles of Association of the Company and who holds office till the date of the ensuing Annual general Meeting. A proposal for his appointment as a Director at the ensuing Annual General Meeting with the requisite deposit by a member has been received.

During the year under review, Mr. Subodh Shrivastava and Mr. Ravindra Murthy, due to their pre-occupation resigned as directors of the Company. 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. Anant R. Sathe, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

During the year under review, pursuant to provisions of Section 203 of the Companies Act, 2013, Mr. Sujit Chikurdekar was appointed as a Chief Financial Officer and Mr. Raghunath Apte on deputation from Kirloskar Brothers Limited, holding company, was appointed as a Company Secretary.

#### **14. PARTICULARS OF EMPLOYEE:**

The information as prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not given, as none of the employees of the company is in receipt of remuneration in excess of the prescribed limits.

#### **15.DEPOSITS:**

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

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

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



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

The Company has an Internal Financial Control Systems which commensurate with the size, scale, nature and complexity of its operations. PricewaterhouseCoopers (India) Pvt. Ltd were appointed as Internal Auditors for Financial year 2014-15. Based on the report of Internal Auditors the company undertakes corrective action and further strengthens the controls. Significant audit observations and corrective actions thereon are presented to the Board.

## **18.HOLDING COMPANY**

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

## **19.AUDITORS**

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

## **20.COMPOSITION OF AUDIT COMMITTEE**

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

Mr. Taranath – Chairman  
Mr. Achyut Gokhale – Member  
Mr. Umesh Shastry – Member

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

In terms of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rule 2013, the report for the year ended on March 31, 2015:

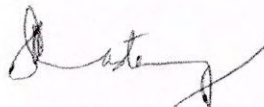
No. of Complaints received in the year	Nil
No. of complaints disposed off in the year;	Nil
Cases pending for more than 90 days;	Nil

No. of workshops and awareness programmes conducted in the year;	2
Nature of action by employer or District Officer, if any	Nil

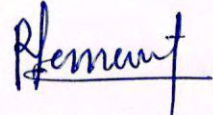
## 22.ACKNOWLEDGMENT

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

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



**Umesh Shastry  
Chairman**



**Ravindra Samant  
Managing Director**

Place: Pune  
Date : 16<sup>th</sup> April, 2015

## Annexure I to Board's Report

### Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on **March 31, 2015**

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

#### I. REGISTRATION AND OTHER DETAILS:

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

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

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Electric Motors	31103	33%
2	Wound Stators	31909	24%
3	Stamping and Lamination	28910	15%
4	Die-cast rotors	31909	10%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S.No.	Name and address of the Company	CIN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Kirloskar Brothers Limited Udyog Bhavan, Tilak Road, Pune 411 002	L29113PN1920PLC000670	Holding	100%	Section 2(46)

**i) Category-wise Share Holding**

[illegible]

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

(ii) Shareholding of Promoters

SI No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Kirloskar Brothers Limited	13952450	100%	0	13952450	100%	0	0%
	<b>Total</b>	<b>13952450</b>	<b>100%</b>	<b>0</b>	<b>13952450</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

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

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

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

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

**(v) Shareholding of Directors and Key Managerial Personnel:**

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

## V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	NIL	Rs. 50,000,000	NIL	Rs. 50,000,000
ii) Interest due but not paid	NIL	Rs. 45,205	NIL	Rs. 45,205
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>Rs. 50,045,205</b>	<b>NIL</b>	<b>Rs. 50,045,205</b>
Change in Indebtedness during the financial year				
• Addition	NIL			
• Reduction	NIL	Rs. (50,045,205)	NIL	Rs. (50,045,205)
<b>Net Change</b>	<b>NIL</b>	<b>Rs. (50,045,205)</b>	<b>NIL</b>	<b>Rs. (50,045,205)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Ravindra Samant – Managing Director (From 1-Nov-2014 to 31-Mar-2015)
A.	Remuneration to Managing Director, Whole-time Directors and/or Manager:	
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 11,02,495/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs. 13,500/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-

Sr. No.	Particulars of Remuneration	Ravindra Samant – Managing Director (From 1-Nov-2014 to 31-Mar-2015)
2	Stock Option	-
3	Sweat Equity	-
4	Commission	
	- as % of profit	-
	- others, specify	-
5	Others, please specify	-
	Total (A)	Rs. 11,15,995/-
	Ceiling as per the Act	Rs. 12,50,000/-

**B. Remuneration to other directors**

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

Sr. No.	Particulars of Remuneration	Umesh Shastry	Anant Sathe	Sandeep Phadnis	Subodh Srivastav	Ravidra Murthy	Total
2	Other Non Executive Directors	Nil	Nil	Nil	Nil	Nil	
	Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	Nil	Nil	Nil	Nil	Nil	<b>Nil</b>
	<b>Total (B) = (1+2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	<b>Total Managerial Remuneration</b>	<b>Not Applicable</b>					
	<b>Overall Ceiling as per the Act</b>	<b>Not Applicable</b>					



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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		Ravindra Samant (from 1-Apr-2014 to 31-Oct-2014)	Mr. Sujit Chikurdekar
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 18,82,192/-	Rs. 10,01,256/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- As % of profit	-	-
	- Others	-	-
5	Others	-	-
	<b>Total</b>	<b>Rs. 18,82,192/-</b>	<b>Rs. 10,01,256/-</b>

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

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

## **Annexure II to Board's Report**

### **Remuneration policy of the Company**

## **Annexure III to Board's Report**

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

### **(A) Conservation of energy:**

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

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

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

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

#### **(iii) The capital investment on energy conservation equipment: Rs. 2 Mn.**

### **(B) Technology absorption:**

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

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

(ii) **Benefits derived:**

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

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

(a) the details of technology imported: Not Applicable

(b) the year of import: Not Applicable

(c) Whether the technology been fully absorbed: Not Applicable

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

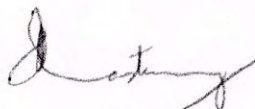
(iv) **Expenditure incurred on Research and Development:** Nil

(C) **Foreign Exchange earnings and outgo :**

Earnings – Rs. 41,097,022

Outgo – Rs. 250,051,719

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



**Umesh Shastry  
Chairman**



**Ravindra Samant  
Managing Director**

Place: Pune

Date : 16<sup>th</sup> April, 2015

# KARAD PROJECTS AND MOTORS LIMITED

(Wholly Owned Subsidiary of Kirloskar Brothers Limited)

(Formerly known as Kirloskar Constructions and Engineers Limited)

## Remuneration Policy

### PHILOSOPHY:

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

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

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

### OBJECTIVE:

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

### COVERAGE:

Guidelines of determining remuneration of:

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

### I. DIRECTORS

#### i. Managing Director:

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

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

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

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

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

The remuneration components shall include *inter alia*:

#### a. Fixed salary:

- ☐ **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

## Karad Projects And Motors Ltd

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

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

b. Commission:

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

c. Non-monetary benefits:

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

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

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

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

e. Separation / Retirement benefits:

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

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

g. Performance Evaluation:

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

ii. **Non Managing Director:**

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

a. Sitting fees :

Sitting fees may be paid for Board Meetings and any Committee Meetings attended by the non-Managing Director or independent directors. The fees may be same or different for attending the Board or Committee meetings or Board may determine the amount of sitting fees that may be paid for different

## Karad Projects And Motors Ltd

types of meetings within limits as prescribed under the Act. Different sitting fees may be paid to non-Managing Directors or independent directors.

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

### b. Commission

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

### c. Professional fees:

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

## EXCESS REMUNERATION:

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

## WAIVING OF EXCESS REMUNERATION:

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

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

## II. KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT

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

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

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

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

## Karad Projects And Motors Ltd

The remuneration components may include:

a. Fixed salary:

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

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

b. Variable pay:

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

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

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

c. Perquisites / Other Benefits:

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

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

d. Annual Pay Revision / Promotion

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

e. Stock options:

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

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

g. Separation / Retirement benefits:

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

h. Retention Bonus

## **Karad Projects And Motors Ltd**

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

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

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

### **CONSULTANTS & ADVISORS:**

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

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

For **Karad Projects and Motors Ltd .,**

A handwritten signature in black ink, appearing to be 'J. K. Karad', written over a horizontal line.

**April 16, 2015**

Handwritten initials 'SK' in black ink.



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

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of KARAD PROJECTS AND MOTORS LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether

the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

**Emphasis of Matters**

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

Refer Note No. Part C (16) to the financial statements regarding some of the Trade Payable and Advances to Vendors which are pending reconciliation and confirmation.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by The Companies (Auditor's Report) Order, 2015 issued by the Government of India (Ministry of Corporate Affairs) in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Company has no branch offices whose accounts are audited by branch auditors.
  - (d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

CHARTERED ACCOUNTANTS

(f) There are no observations and comments on financial transactions or other matters which have an adverse effect on the functioning of the Company.

(g) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(h) There are no qualifications, reservations or adverse remarks relating to maintenance of accounts and other matters connected therewith.

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. Refer Note No. Part C (13) on Contingent Liabilities disclosing the impact of pending litigation on the financial position of the company in its financial statements.

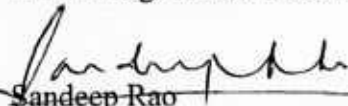
ii. The Company does not have any long-term contracts including derivative contracts, having any material foreseeable losses, for which provision was required.

iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For M/s P G Bhagwat

Chartered Accountants

Firm's Registration No.: 101118W



Sandeep Rao

Partner

Membership No. 47235

Pune:

16<sup>th</sup> April, 2015

## **Annexure**

Re: KARAD PROJECTS AND MOTORS LIMITED

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) The fixed assets are been physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. During the year physical verification of assets was undertaken and as informed to us there were no material discrepancies noticed on such verification.
- (ii) (a) Physical verification of inventory has been conducted by the management during the current year. In our opinion, the interval of such verification is reasonable.  
  
(b) In our opinion the procedures of physical verification of inventory followed by the management reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) The Company is maintaining proper records of inventory. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
- (iv) In our opinion and according to information and explanation given to us there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit we have not observed any major weaknesses or continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies

Act and the rules framed there under, are not applicable to it. According to information and explanation given to us, no order has been passed against the company by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (I) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of records with a view to determine whether they are accurate and complete.

- (vii) (a) The Company regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax cess and any other statutory dues with the appropriate authorities.

According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31<sup>st</sup> March, 2015, for a period more than six months from the date they became payable except Rs. 31.42 Lacs on account of sales which was in arrears for more than six months. We were informed that these sales tax liabilities are subject to reconciliations and would get crystallized on their respective assessments.

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

Name of Statute	Nature of dues	Amount in Rs. Lacs	Period	Forum Where dispute is pending
Central Excise Act	Excise Duty	12.35	2007-08	CESTAT
M.P. Value Added Tax	Value Added Tax	0.36	2007-08	Dy. Commissioners Appeals
Gujrath Value Added Tax	Value Added Tax	42.75	2003-04	Sales tax Appellate Tribunal
W.Bengal Value Added Tax	Value Added Tax	114.29	2005-06	Jt. Commissioners Appeals
W.Bengal Value Added Tax	Value Added Tax	59.95	2006-07	Jt. Commissioners Appeals
W.Bengal Value Added Tax	Value Added Tax	76.97	2008-09	Jt. Commissioners Appeals
Finance Act 1994	Service Tax	139.55	2007-08 to 2009-10	CESTAT
Maharashtra Value Added Tax	Value Added Tax	583.37	2010-11	Asst. Commissioner Sale Tax



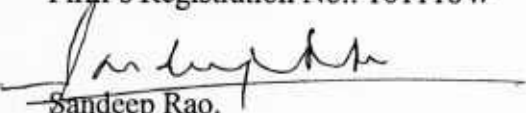
**M/s P. G. BHAGWAT**

CHARTERED ACCOUNTANTS

(c) According to the information and explanation given to us, there are no amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.

- (viii) The Company has no accumulated losses at the end of 31<sup>st</sup> March, 2015. The Company has not incurred cash losses in the current financial year. The Company had incurred cash losses in the immediately preceding financial year.
- (ix) Based on our audit procedures and according to the information and explanation given to us the Company has not defaulted in repayment of dues to a financial institution or bank. The Company does not have any debenture holders.
- (x) According to the information and explanation given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company does not have any term loans.
- (xii) Based upon the audit procedures performed by us and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

  
Sandeep Rao.

Partner

Membership No.47235

Pune:

16<sup>th</sup> April, 2015

## BALANCE SHEET AS AT MARCH 31, 2015

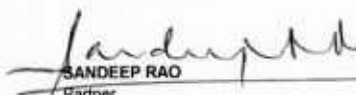
		Rupees	
Particulars	Note No.	Figures as at the end of current reporting period ending on March 31, 2015	Figures as at the end of previous reporting period ending on March 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	A-1	139,524,500	139,524,500
(b) Reserves and surplus	A-2	521,078,689	516,578,550
(c) Money received against share warrants		-	-
		660,603,189	656,103,050
<b>2 Share application money pending allotment</b>		-	-
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	A-3	-	-
(b) Deferred tax liabilities (Net)	A-4	-	-
(c) Other long term liabilities	A-5	-	-
(d) Long-term provisions	A-6	5,423,545	4,280,333
		5,423,545	4,280,333
<b>4 Current liabilities</b>			
(a) Short-term borrowings	A-7	-	50,000,000
(b) Trade payables		509,774,008	578,924,818
(c) Other current liabilities	A-8	204,059,637	163,321,974
(d) Short-term provisions	A-9	13,807,122	4,014,409
		727,640,767	794,261,201
<b>TOTAL</b>		<b>1,393,667,501</b>	<b>1,454,644,584</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	A-10	271,826,650	236,839,411
(ii) Intangible assets	A-10	2,145,296	1,824,068
(iii) Capital work-in-progress		3,154,376	21,240,596
(iv) Intangible assets under development		-	-
(b) Non-current investments	A-11	349,129	349,129
(c) Deferred tax assets (net)	A-4	12,084,855	-
(d) Long-term loans and advances	A-12	14,347,200	23,303,463
(e) Other non-current assets	A-13	128,711,857	108,400,910
		432,619,363	391,757,577
<b>2 Current assets</b>			
(a) Current investments		-	-
(b) Inventories	A-14	243,419,549	222,747,512
(c) Trade receivables	A-15	554,182,909	479,788,272
(d) Cash and bank balances	A-16	60,929,863	114,577,078
(e) Short-term loans and advances	A-17	33,436,038	150,342,428
(f) Other current assets	A-18	69,079,779	95,431,717
		961,048,138	1,062,887,007
<b>TOTAL</b>		<b>1,393,667,501</b>	<b>1,454,644,584</b>

Notes to accounts

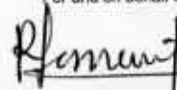

Part-B &amp; Part-C

The notes referred to above form an integral part of the Balance Sheet and Profit and Loss Account Statement

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


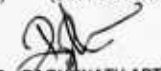
  
SANDEEP RAO  
Partner

For and on behalf of the Board of Directors

RAVINDRA SAMANT  
Managing Director  
(DIN : 07002226)

UMESH SHASTRI  
Chairman  
(DIN : 03194924)

   
SUJIT CHIKURDEKAR RAGHONATH APTE  
Divisional Manager (Finance) Company Secretary

PUNE : April 16, 2015

PUNE : April 16, 2015

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2015


		Rupees	
Particulars	Note No.	Figures for the current reporting period ending on March 31, 2015	Figures for the current reporting period ending on March 31, 2014
I. Revenue from operations	A-19	2,451,284,176	1,997,995,126
II. Other income	A-20	4,630,848	25,760,542
III. Total Revenue (I + II)		2,455,915,024	2,023,755,668
IV. Expenses:			
Cost of materials consumed	A-21	2,039,738,709	1,696,638,940
Purchases of Stock-in-Trade		-	-
Changes in inventories of finished goods work-in-progress and Stock-in-trade	A-21	-31,472,229	-2,458,938
Employee benefits expense	A-22	82,061,962	81,039,762
Finance costs	A-23	8,619,897	43,230,153
Depreciation, amortization and impairment	A-10	67,096,248	46,846,398
Other expenses	A-24	262,257,464	230,668,123
Total expenses		2,428,302,051	2,095,964,438
V. Profit before exceptional and extraordinary items and tax (III-IV)		27,612,973	-72,208,770
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		27,612,973	-72,208,770
VIII. Extraordinary items		-	-
IX. Profit before tax (VII- VIII)		27,612,973	-72,208,770
X. Tax expense:			
(1) Current tax		12,000,000	-
(2) Deferred tax		-12,084,855	6,874,344
(3) Income tax provision for earlier years		14,826,638	-429,136
		14,741,783	6,445,208
XI. Profit/(loss) for the period from continuing operations (IX-X)		12,871,190	-65,763,562
XII. Profit/(loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XI + XIV)		12,871,190	-65,763,562
XVI. Earnings per equity share having nominal value of Rs. 10 per share (Refer Part C-9)			
(1) Basic		0.92	-4.71
(2) Diluted		0.92	-4.71

Notes to accounts

Part-B &amp; Part-C

The notes referred to above form an integral part of the Balance Sheet and Profit and Loss Account Statement


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

  
SANDEEP RAO  
Partner


PUNE : April 16, 2015

For and on behalf of the Board of Directors

  
RAVINDRA SAMANT  
Managing Director  
(DIN : 07002226)

  
UMESH SHASTRI  
Chairman  
(DIN : 03194924)

  
SUJIT CHIKURDEKAR  
Divisional Manager (Finance)

  
RAGHUNATH APTE  
Company Secretary

PUNE : April 16, 2015



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

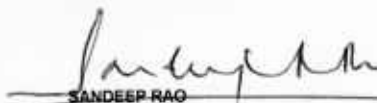
Particulars	Figures for the current reporting period ending on March 31, 2015	Figures for the current reporting period ending on March 31, 2014
<b>A Cash flows from Operating Activities</b>		
Net Profit before Taxes and Extraordinary Items	27,612,973	(72,208,770)
Adjustments for :-		
1 Depreciation / Amortization	67,096,248	46,846,398
2 (Profit)/Loss on sale of Fixed Assets(Net)	820,491	9,773,571
3 Provision for Doubtful Debts/Advances/Bad debts written off	119,955,073	67,596,397
4 Interest Income	(2,497,831)	(23,556,360)
5 Dividend Income	(17,500)	(18,250)
6 Interest Expenses	3,095,140	37,803,789
7 Unrealized exchange (gain)/ Loss	493,500	1,077,998
8 Excess provision written back	(17,963,325)	(156,875)
<b>Operating Profit Before Working capital changes</b>	198,594,769	67,157,898
Adjustments for :-		
1 (Increase)/decrease in Trade and Other Receivables	(109,218,582)	68,728,376
2 (Increase)/decrease in Inventories	(20,672,037)	3,101,270
3 Increase/(decrease) in Trade and other payables	(6,846,986)	33,088,666
4 Cash Generated from Operations	61,857,164	192,076,210
5 Income Tax (Paid)/Refunded	(1,628,493)	594,739
<b>Net Cash from Operating Activities</b>	60,228,671	192,670,949
<b>B Cash flows from Investing Activities</b>		
1 Purchase of Fixed Assets/Capital Advance	(69,282,524)	(54,365,888)
2 Sale of Fixed Assets	97,136	2,929,292
3 (Purchase)/sale of Investments	-	(2,002,966)
4 Interest Received	2,021,511	24,565,979
5 Dividend Received	17,500	18,250
<b>Net Cash from Investment Activities</b>	(67,146,377)	(28,855,333)
<b>C Cash Flows from Financing Activities</b>		
1 (Repayment)/Proceeds of /from long term borrowing (net)	-	(272,750,000)
2 (Repayment)/Proceeds of /from Short term borrowing (net)	(50,000,000)	50,000,000
3 Interest Paid	(3,121,182)	(38,989,243)
<b>Net Cash used in Financing Activities</b>	(53,121,182)	(261,739,243)
<b>D Unrealized Exchange Gain / (Loss) in cash and cash equivalents</b>		
<b>Net Increase in Cash and Cash Equivalents</b>	(60,038,888)	(97,923,627)
1 Cash & Cash Equivalents at beginning of period (Refer Note A-16)	111,386,331	209,309,958
2 Cash & Cash Equivalents at end of period (Refer Note A-16)	51,347,443	111,386,331

Notes to accounts

Part-B &amp; Part-C

The notes referred to above form an integral part of the Balance Sheet and Profit and Loss Account Statement

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


  
SANDEEP RAO  
Partner


PUNE : April 16, 2015

For and on behalf of the Board of Directors

  
RAVINDRA SAMANT  
Managing Director  
(DIN : 07002226)

  
UMESH SHASTRI  
Chairman  
(DIN : 03194924)

  
SUJIT CHIKURDEKAR  
Divisional Manager (Finance)

  
RAGHUNATH APTE  
Company Secretary

PUNE : April 16, 2015

## Notes to Accounts

Particulars	Rupees	
	Figures as at the end of current reporting period ending on March 31, 2015	Figures as at the end of previous reporting period ending on March 31, 2014
<b>Note : A-1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
1,800,000 (1,800,000) Equity shares of Rs.10 each	180,000,000	180,000,000
2,500,000 (2,500,000) Preference shares of Rs.10 each	250,000,000	250,000,000
	430,000,000	430,000,000
<b>Issued, Subscribed &amp; fully Paid up</b>		
13,952,450 (13,952,450) Equity shares of Rs.10 each fully paid	139,524,500	139,524,500
<b>Total</b>	139,524,500	139,524,500

## a) Reconciliation of share capital

Particulars	Figures as at the end of current reporting period ending on March 31, 2015		Figures as at the end of previous reporting period ending on March 31, 2014	
	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year				
Equity shares	13,952,450	139,524,500	16,150,002	161,500,020
Preference shares	-	-	25,000,000	250,000,000
Reduction in share capital	-	-	-	-
Equity shares	-	-	-14,535,002	-145,350,020
Preference shares	-	-	-22,500,000	-225,000,000
Reorganisation of Preference Shares into Equity Shares	-	-	-	-
Equity shares	-	-	2,500,000	25,000,000
Preference shares	-	-	-2,500,000	-25,000,000
Shares Issued during the year	-	-	-	-
Equity shares	-	-	9,837,450	98,374,500
(issued for consideration other than cash in the scheme of amalgamation)	-	-	-	-
Shares outstanding at the end of the year	13,952,450	139,524,500	13,952,450	139,524,500

## b) Rights of equity shareholder:

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

For the year ended March 31, 2015 the board of directors has proposed dividend of Rs. 0.50 (Rs. Nil) per share.

## c) Details of share holders holding more than 5% shares

Name of the shareholder	Figures as at the end of current reporting period ending on March 31, 2015		Figures as at the end of previous reporting period ending on March 31, 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Brothers Limited (Holding Company)	13,952,450	100%	13,952,450	100%

## d) Shares reserved for Employee Stock Option Scheme (ESOS)

Particulars	No. of Shares	Amount	Rupees	
			No. of Shares	Amount
Shares reserved for ESOS scheme	NIL	NIL	NIL	NIL

## e) Other details

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Equity Shares :</b>					
Issued Fully paid up pursuant to contract(s) without payment being received in cash	-	9,837,450	-	-	-
Issued Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-

Particulars	Rupees	
	Figures as at the end of current reporting period ending on March 31, 2015	Figures as at the end of previous reporting period ending on March 31, 2014
<b>Note : A-2</b>		
<b>Reserves &amp; Surplus</b>		
(a) Capital Reserves	17,907,560	17,907,560
(b) Capital Redemption Reserve	-	-
(c) Securities Premium Reserve	298,223,298	298,223,298
(d) Share Options Outstanding Account	-	-
(e) General Reserve	14,094,468	14,094,468
(f) Surplus		
Opening balance	186,353,224	-325,512,791
Add: Net Profit for the current year	12,871,190	72,244,125
Less: Adjusted against capital reduction	-	195,422,903
Add: For Transferor companies on merger	-	244,198,987
Balance available for appropriation	199,224,414	186,353,224
Less: Appropriations		
Proposed Dividend/Interim Dividend	8,976,225	-
Tax on Dividend	1,394,826	-
Sub total	8,371,051	-
Closing Balance	190,853,363	186,353,224
<b>TOTAL</b>	<b>521,078,689</b>	<b>516,578,550</b>
<b>Note : A-3</b>		
<b>Long Term Borrowings</b>		
	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

Particulars	Rupees	
	Figures as at the end of current reporting period ending on March 31, 2015	Figures as at the end of previous reporting period ending on March 31, 2014
<b>Note : A-4</b>		
<b>Deferred Tax Liabilities (Net)</b>		
(a) <b>Deferred Tax Liabilities</b>		
i) On depreciation / amortization of fixed assets	2,584,226	10,640,427
ii) Other timing differences	-	-
	2,584,226	10,640,427
(b) <b>Deferred Tax Assets</b>		
i) On depreciation / amortization of fixed assets	-	-
ii) On employees voluntary retirement schemes	993,834	1,242,292
iii) Provision for doubtful debts / advances	9,946,165	6,727,486
iv) Provision for employee benefits	3,691,183	2,594,852
v) Other timing differences	37,899	75,797
	14,669,081	10,640,427
<b>TOTAL</b>	-12,084,855	-
<b>Note : A-5</b>		
<b>Other Long Term Liabilities</b>		
	-	-
<b>TOTAL</b>	-	-
<b>Note : A-6</b>		
<b>Long Term Provisions</b>		
(a) <b>Provision for employee benefits</b>		
(i) Leave Encashment (unfunded) (Refer Part C-8)	5,423,545	4,280,333
(ii) Pension Scheme	-	-
(iii) Gratuity	-	-
(b) <b>Others</b>		
(i) Provision for Product Warranty	-	-
<b>TOTAL</b>	5,423,545	4,280,333
<b>Note : A-7</b>		
<b>Short Term Borrowings</b>		
<b>Secured</b>		
	-	-
<b>Unsecured</b>		
(a) <b>Rupee short term loans and advances</b>		
i) From Citi Bank, N.A. Covered by Corporate Guarantee of Kirloskar Brothers Limited. Repaid on June 16, 2014. Rate of interest applicable was 11%	-	50,000,000
<b>Sub Total</b>	-	50,000,000
<b>TOTAL</b>	-	50,000,000

Particulars	Rupees	
	Figures as at the end of current reporting period ending on March 31, 2015	Figures as at the end of previous reporting period ending on March 31, 2014
<b>Note : A-8</b>		
<b>Other Current Liabilities</b>		
(a) Current maturities of long-term debt	-	-
(b) Interest accrued and due on borrowings	-	-
(c) Interest accrued but not due on borrowings	-	-
(d) Investor Education & Protection fund will be credited by the following amounts (as and when due).	-	45,205
(i) Unpaid dividends (unclaimed)	-	-
(ii) Unpaid matured deposits and interest accrued thereon	-	-
(e) Other payables	-	-
(i) Gross amount due to customers for project related contract work	-	-
(ii) Advances from customers	-	-
(iii) Salary & Reimbursements	10,868,442	15,572,856
(iv) Contribution to PF & Superannuation	16,532,383	13,062,994
(v) Statutory and other liabilities	1,571,192	587,173
(vi) Capital creditors	35,086,282	46,251,401
(vii) Provision for expenses	3,326,716	2,454,930
<b>TOTAL</b>	<b>136,674,622</b>	<b>85,347,415</b>
	204,059,637	163,321,974
<b>Note : A-9</b>		
<b>Short Term Provisions</b>		
(a) <b>Provision for employee benefits</b>		
(i) Gratuity (Funded)	-	-
(ii) Leave Encashment (unfunded) (Refer Part C-8)	-	-
(b) <b>Others</b>	5,436,071	4,014,409
(i) Proposed Dividend	6,976,225	-
(ii) Income Tax on Dividend	1,394,826	-
(iii) Provision for Income tax (Net)	-	-
(iv) Provision for Product Warranty	-	-
<b>TOTAL</b>	<b>13,807,122</b>	<b>4,014,409</b>

## Note A-10: Tangible and Intangible Assets

Particulars	Tangible Assets								Intangible Assets
	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Furniture & Fittings	Office Equipments	Vehicles	Total	Computer Softwares
<b>Gross Block</b>									
At 01.04.2013	17,924,003	-	-	215,636,790	16,099	2,542,030	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 01-04-2012 to 31-03-2013	-	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	-	-	-	198,574,234	73,658	246,396	4,345,103	203,239,391	3,294,440
Disposals of Merged Entity from Appointed date 01-04-2012 to 31-03-2013	-	-	2,385,178	2,043,361	-	-	4,574,008	9,002,547	-
Disposals through demerger	-	-	-	-	-	-	-	-	-
Revaluation / Impairments	-	-	-	-	-	-	-	-	-
<b>As at 31.03.2014</b>	<b>18,140,870</b>	<b>7,973,312</b>	<b>39,976,189</b>	<b>337,340,331</b>	<b>7,034,456</b>	<b>5,829,751</b>	<b>3,503,233</b>	<b>419,798,142</b>	<b>13,400,898</b>
Additions	-	-	29,508,207	71,701,726	316,122	401,399	-	101,927,454	1,594,893
Acquired through business combinations									
Other adjustments	-	-	-	-	-	-	-	-	-
- exchange difference	-	-	-	-	-	-	-	-	-
- borrowing costs	-	-	-	-	-	-	-	-	-
Disposals	-	-	534,020	1,428,719	550,567	551,538	1	3,064,845	101,660
Disposals through demerger	-	-	-	-	-	-	-	-	-
Revaluation / Impairments	-	-	-	-	-	-	-	-	-
<b>As at 31.03.2015</b>	<b>18,140,870</b>	<b>7,973,312</b>	<b>68,950,376</b>	<b>407,613,338</b>	<b>6,800,011</b>	<b>5,679,612</b>	<b>3,503,232</b>	<b>518,660,751</b>	<b>14,894,131</b>
<b>Depreciation/Amortisation</b>									
At 01.04.2013	-	-	-	61,680,930	4,606	531,474	732,329	62,949,339	8,139,821
Adjustment for depreciation written back	-	-	-	-	-	-	-	-	-
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 01-04-2012 to 31-03-2013	-	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 01-04-2012 to 31-03-2013	-	-	67,879	1,667,342	-	-	2,448,458	4,183,679	-
Provision for Impairment	-	-	-	12,200,000	-	-	-	12,200,000	-
<b>At 31.03.2014</b>	<b>-</b>	<b>1,019,780</b>	<b>5,681,129</b>	<b>169,202,821</b>	<b>3,511,565</b>	<b>2,059,340</b>	<b>1,484,096</b>	<b>182,958,731</b>	<b>11,776,830</b>
Adjustment for depreciation written back	-	-	-	-	-	-	-	-	-
Charge for the year	-	83,720	2,928,350	55,573,910	710,268	1,179,476	298,252	60,773,976	1,073,665
Acquired through business combinations	-	-	-	-	-	-	-	-	-
Depreciation on disposal	-	-	70,383	1,043,556	550,567	482,711	-	2,147,217	101,660
Provision for Impairment	-	-	-	3,582,929	10,475	1,477,496	177,711	5,248,611	-
<b>At 31.03.2015</b>	<b>-</b>	<b>1,103,500</b>	<b>8,539,096</b>	<b>227,316,104</b>	<b>3,681,741</b>	<b>4,233,601</b>	<b>1,960,059</b>	<b>246,834,101</b>	<b>12,748,835</b>
<b>Net Block</b>									
<b>At 31.03.2015</b>	<b>18,140,870</b>	<b>6,869,812</b>	<b>60,411,280</b>	<b>180,297,234</b>	<b>3,118,270</b>	<b>1,446,011</b>	<b>1,543,173</b>	<b>271,826,650</b>	<b>2,145,296</b>
<b>At 31.03.2014</b>	<b>18,140,870</b>	<b>6,953,532</b>	<b>34,295,060</b>	<b>168,137,510</b>	<b>3,522,891</b>	<b>3,770,411</b>	<b>2,019,137</b>	<b>236,839,411</b>	<b>1,624,068</b>

# KARAD PROJECTS AND MOTORS LIMITED

Note : A-11 Non Current Investments

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Long term investments</b>		
<b>Non Trade Investments (Refer A below)</b>		
(a) Investment in Equity instruments	349,129	349,129
(b) Investments in preference shares	-	-
(c) Other non-current investments (specify nature)	-	-
<b>Total</b>	<b>349,129</b>	<b>349,129</b>

Particulars	As at 31 March 2015	As at 31 March 2014
Aggregate amount of quoted investments	344,029	344,029
Aggregate amount of unquoted investments	5,100	5,100
Market value of quoted investments	1,250,106	993,655

## A. Details of Non Trade Investments

Sr. No.	Name of the Body Corporate	Subsidiary / JV/ Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (Gross)		Provision for diminution in value of Investments		Amount (Net)	
			2015	2014			2015	2014	2015	2014	2015	2014	2015	2014
(a)	<b>Investment in Equity Instruments - at cost</b>													
1	Kirloskar Pneumatic Co.Ltd.	Others	425	425	Quoted	Fully Paid	N.A.	N.A.	51,000	51,000	-	-	51,000	51,000
2	Alfred Herbert (India) Ltd.	Others	300	300	Quoted	Fully Paid	N.A.	N.A.	9,110	9,110	-	-	9,110	9,110
3	Kirloskar Electric Co. Ltd.	Others	7,286	7,286	Quoted	Fully Paid	N.A.	N.A.	163,918	163,918	-	-	163,918	163,918
4	Kirloskar Investment & Finance Ltd.	Others	45,000	45,000	Quoted	Fully Paid	N.A.	N.A.	630,000	630,000	629,999	629,999	1	1
5	Kirloskar Ferrous Ind. Ltd.	Others	10,000	10,000	Quoted	Fully Paid	N.A.	N.A.	100,000	100,000	-	-	100,000	100,000
6	Risa International Ltd. (Erstwhile Govindji Trikamdas Exports Ltd.)	Others	200	200	Quoted	Fully Paid	N.A.	N.A.	20,000	20,000	-	-	20,000	20,000
7	Kirloskar Proprietary Limited	Others	510	510	Un-Quoted	Fully Paid	N.A.	N.A.	5,100	5,100	-	-	5,100	5,100
	<b>Total</b>		<b>63,721</b>	<b>63,721</b>					<b>979,128</b>	<b>979,128</b>	<b>629,999</b>	<b>629,999</b>	<b>349,129</b>	<b>349,129</b>
(b)	<b>Investments in Preference Shares</b>													
	<b>Total</b>		-	-					-	-	-	-	-	-
(c)	<b>Other non-current investments</b>													
	<b>Total</b>		-	-					-	-	-	-	-	-
	<b>Total</b>		<b>63,721</b>	<b>63,721</b>					<b>979,128</b>	<b>979,128</b>	<b>629,999</b>	<b>629,999</b>	<b>349,129</b>	<b>349,129</b>

2

Particulars	Figures as at the end of current reporting period ending on March 31, 2015	Figures as at the end of previous reporting period ending on March 31, 2014
<b>Note : A-12</b>		
<b>Long Term Loans and Advances</b>		
(a) <b>Capital Advances</b>		
Unsecured, considered good	1,179,134	16,460,952
Doubtful	-	-
Less: Provision for doubtful advances	1,179,134	16,460,952
(b) <b>Security Deposits</b>	1,179,134	16,460,952
Unsecured, considered good	6,254,372	6,842,511
Doubtful	-	-
Less: Provision for doubtful deposits	6,254,372	6,842,511
(c) <b>Loans and Advances to related parties</b>	6,254,372	6,842,511
(d) <b>Other Loans and advances</b>	-	-
(i) <b>Advances</b>		
Unsecured, considered good	6,913,694	-
Doubtful	-	-
Less: Provision for doubtful advances	6,913,694	-
(ii) <b>Advance Income tax net of provision</b>	-	-
	6,913,694	-
	-	-
	14,347,200	23,303,463
<b>Note : A-13</b>		
<b>Other Non Current Assets</b>		
(a) <b>Long term trade receivables</b>		
Unsecured, considered good	82,385,338	88,940,686
Doubtful	29,262,036	44,820,974
Less: Provision for doubtful advances	111,647,374	133,761,660
(b) <b>Others</b>	29,262,036	44,820,974
(i) <b>Claims Receivables</b>	82,385,338	88,940,686
(ii) <b>Gross Amount Due from Customers</b>	46,276,519	19,410,224
(iii) <b>Fixed deposits with banks of maturity of more than 12 months</b>	-	-
(iv) <b>Fixed deposits with banks of maturity of more than 12 months (Emarked with banks)</b>	50,000	50,000
	-	-
	46,326,519	19,460,224
<b>TOTAL</b>	128,711,857	108,400,910
<b>Note : A-14</b>		
<b>Inventories</b>		
(a) <b>Raw Materials</b>	73,095,263	73,853,712
(b) <b>Work-in-progress (Refer Part C-3(B))</b>	95,244,808	107,773,705
(c) <b>Finished goods</b>	61,214,015	17,212,889
(d) <b>Stock-in-trade</b>	-	-
(e) <b>Stores and spares</b>	13,865,463	23,907,206
Mode of valuation (Refer Part B-4)		
<b>TOTAL</b>	243,419,549	222,747,512
<b>Note : A-15</b>		
<b>Trade receivables</b>		
(i) <b>Trade receivables outstanding for a period less than six months</b>		
Unsecured, considered good	553,684,085	476,584,930
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	553,684,085	476,584,930
(ii) <b>Trade receivables outstanding for a period exceeding six months</b>	553,684,085	476,584,930
Unsecured, considered good	498,824	3,203,342
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	498,824	3,203,342
	498,824	3,203,342
<b>TOTAL</b>	554,182,909	479,788,272



Particulars	Rupees	
	Figures as at the end of current reporting period ending on March 31, 2015	Figures as at the end of previous reporting period ending on March 31, 2014
<b>Note : A-16</b>		
<b>Cash &amp; Bank Balances</b>		
(a) Cash & Cash Equivalents		
(i) Cash on hand	150,645	89,578
(ii) Balances with banks	51,196,798	82,822,279
(iii) Earmarked balances with banks		
Unpaid dividend accounts	-	-
(iv) Fixed deposits upto 3 months *	-	28,474,474
* Fixed deposits of Rs. 1,302,533 lien marked	51,347,443	111,386,331
(b) Other bank balances		
Fixed deposits (more than 3 months but less than 12 months) *	9,582,420	3,190,747
Fixed deposits (more than 3 months but less than 12 months) (Earmarked with banks)	-	-
* Fixed deposits of Rs. 3,001,487 are held as margin money against guarantees	9,582,420	3,190,747
<b>TOTAL</b>	<b>60,929,863</b>	<b>114,577,078</b>

<b>Note : A-17</b>		
<b>Short term loans and advances</b>		
(a) Loans and advances to related parties	-	-
(b) Others (specify nature)		
(i) Security deposits		
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful advances	-	-
(ii) Advances to suppliers and others		
Unsecured, considered good	7,280,683	98,988,928
Doubtful	-	-
Less: Provision for doubtful advances	7,280,683	98,988,928
	7,280,683	98,988,928
(iii) Advance Income Tax (net of Provision for Tax)	26,155,355	51,353,500
<b>TOTAL</b>	<b>33,436,038</b>	<b>150,342,428</b>

<b>Note : A-18</b>		
<b>Other current assets</b>		
(i) Interest Accrued on Investments & Deposits	687,230	210,910
(ii) Claims Receivables	7,362,672	10,990,238
(iii) Gross amount due from customers	61,029,877	84,230,569
<b>TOTAL</b>	<b>69,079,779</b>	<b>95,431,717</b>

Particulars	Figures for the current reporting period ending on March 31, 2015	Figures for the current reporting period ending on March 31, 2014
<b>Note : A-19</b>		
<b>Revenue from operations (Refer Part C-3(A))</b>		
Sale of products	2,477,842,939	2,000,201,782
Less: Excise duty	270,671,770	241,139,044
	2,207,171,169	1,759,062,738
Project related revenue	24,075,311	82,523,659
Sale of services	46,465	490,742
Other operating revenues	219,991,231	155,917,987
<b>TOTAL</b>	<b>2,451,284,176</b>	<b>1,997,995,126</b>

Particulars	Rupees	
	Figures for the current reporting period ending on March 31, 2015	Figures for the current reporting period ending on March 31, 2014
<b>Note : A-20</b>		
<b>Other Income</b>		
(a) Interest Income		
(i) From Customers	-	-
(ii) From Others	-	-
(b) Dividend Income from long term investments	2,497,831	23,643,319
(i) From subsidiary companies	-	-
(ii) From others	17,500	66,889
(c) Other non-operating income (net of expenses directly attributable to such income)	2,115,517	2,050,334
<b>TOTAL</b>	<b>4,630,848</b>	<b>25,760,542</b>

Particulars	Figures as at the end of current reporting period ending on March 31, 2015		Figures as at the end of previous reporting period ending on March 31, 2014	
<b>Note : A-21</b>				
<b>Cost of material consumed</b>				
Raw material consumed (Refer Part C-1)	1,820,678,561		1,394,627,193	
Stores and spares consumed	92,815,837		99,502,436	
Processing charges	126,244,311		202,509,311	
	2,039,738,709		1,696,638,940	
<b>Changes in inventories of finished goods work-in-progress and Stock-in-Trade</b>				
<b>Opening Stock</b>				
Work-in-progress (Refer Part C-3(B))	107,773,705		86,836,042	
Finished goods	17,212,889		35,691,614	
	124,986,594		122,527,656	
<b>Closing Stock</b>				
Work-in-progress (Refer Part C-3(B))	95,244,808		107,773,705	
Finished goods	61,214,015		17,212,889	
	156,458,823		124,986,594	
	-31,472,229		-2,458,938	

<b>Note : A-22</b>		
<b>Employee benefit expenses</b>		
Salaries, wages and bonus	69,022,221	74,654,394
Contribution to provident fund, super annuation fund and E.S.I.	4,603,588	4,673,269
Gratuity	4,263,717	-2,766,638
Welfare expenses	4,172,436	4,478,737
<b>TOTAL</b>	<b>82,061,962</b>	<b>81,039,762</b>

<b>Note : A-23</b>		
<b>Finance Cost</b>		
Interest expense	3,095,140	18,009,183
Other borrowing costs	5,524,757	5,426,364
Applicable net gain/loss on foreign currency transactions and translation	-	19,794,606
<b>TOTAL</b>	<b>8,619,897</b>	<b>43,230,153</b>

Particulars	Rupees	
	Figures as at the end of current reporting period ending on March 31, 2015	Figures as at the end of previous reporting period ending on March 31, 2014
<b>Note : A-24</b>		
<b>Other expenses</b>		
Power & fuel		
Repairs and maintenance	28,513,412	25,811,841
Plant and machinery		
Buildings	8,010,706	11,018,683
Others	4,615,933	3,093,991
Rent	378,615	586,536
Rates and taxes	4,116,575	4,408,859
Travel and conveyance	13,672,829	5,342,720
Postage and telephone	7,915,676	8,254,826
Insurance	1,245,386	1,365,813
Freight and forwarding charges	4,654,061	3,540,620
Brokerage and commission	28,870,529	23,759,241
Advertisements and publicity	-	24,884
Loss on sale/disposal of fixed assets	663,488	435,168
Provision for doubtful debts, advances and claims	820,491	9,903,889
Bad debts, advances and claims written off	23,489,588	37,955,000
Auditors remuneration (Refer Part C-5)	96,465,465	29,641,397
Legal Expenses and Consulting Fees	1,776,836	2,027,034
Stationery and printing	11,776,773	14,932,635
Excise duty paid (Net)	8,663,367	4,135,713
Foreign exchange difference Loss (Net)	29,129	1,261,837
Other miscellaneous expenses	3,978,030	32,924,380
	12,600,555	10,243,056
<b>TOTAL</b>	<b>262,257,464</b>	<b>230,666,123</b>

# KARAD PROJECTS AND MOTORS LIMITED

## Part B: NOTES FORMING PART OF ACCOUNTS

### Significant Accounting Policies

#### 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, pumps and construction contracts and projects.

The Company is wholly owned subsidiary of Kirloskar Brothers Limited.

#### 1. Basis of preparation of financial statements

- a) The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India and comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provision of the Companies Act, 2013.
- b) The financial statements have been prepared under the historical cost convention on an accrual basis.
- c) The accounting policies applied by the Company are consistent with those used in the previous year. Company's policy for 'changes of policies' is stated in para (2) below.

#### 2. 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.

#### 3. Use of estimates

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

#### 4. 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.

#### 5. Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

# KARAD PROJECTS AND MOTORS LIMITED

## Part B: NOTES FORMING PART OF ACCOUNTS

### 6. Depreciation

Depreciation on fixed assets has been provided in a manner that amortizes the cost of the assets over their estimated useful lives as detailed below:

- a) On a straight-line method based on useful life specified in Part C of Schedule II to the Companies Act, 2013, except on Stamping tools.
- b) On Stamping tools, on a straight-line method on the basis of estimate useful life of three years.
- c) Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

### 7. 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.

- a) 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.
- b) 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.
- c) Interest: Accrues on the time basis determined by the amount outstanding and the rate applicable.
- d) 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.
- e) 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.

### 8. 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.

### 9. Intangible Assets

An intangible asset is an identifiable non-monetary asset, without physical substance, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

Acquired intangible asset:

The company has only computer software as acquired intangible asset. It is amortized over a period of 3 years on straight line method.

The company recognizes expenditure on research or research of an internal project as an expense when it is incurred.

# KARAD PROJECTS AND MOTORS LIMITED

## Part B: NOTES FORMING PART OF ACCOUNTS

### 10. Foreign Currency Transactions

- a) Initial Recognition: A foreign currency transaction is recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- b) Conversion: At the year end, monetary items denominated in foreign currencies are converted into rupee equivalents at the year-end exchange rates.
- c) Exchange Differences: All exchange differences arising on settlement/conversion on foreign currency transactions are included in the statement of Profit and Loss Account.

### 11. 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.

- a) Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- b) 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.

### 12. Employee Benefits

Short term compensated absence benefits (both vesting and non-vesting) are accounted for on the basis of the actual valuation 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 made 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 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 plan. 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.



# KARAD PROJECTS AND MOTORS LIMITED

## Part B: NOTES FORMING PART OF ACCOUNTS

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 Profit & Loss Account.

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.

### 13. 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.

### 14. Earnings per share

#### Basic earnings per share

For the purpose of calculating basic earnings per share, the net profit or loss for the period attributable to equity shareholders after deducting preference dividends and any attributable tax thereto for the period is divided by weighted number of equity shares outstanding during the period.

#### Diluted earnings per share

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

### 15. Taxes on Income

- a) Tax on income for the current period is determined on the basis of taxable income after considering the various deductions available under The Income Tax Act, 1961.
- b) Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or subsequently enacted regulations.

# KARAD PROJECTS AND MOTORS LIMITED

## Part B: NOTES FORMING PART OF ACCOUNTS

- c) Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. At each reporting date the company reassesses the unrecognized deferred tax assets and reviews the deferred tax assets recognized.

### 16. 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.

### 17. Provisions

A Provision is recognized when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources is expected to settle the obligation, in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

A contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation cannot be made.

The company does not recognize a contingent liability but makes a disclosure in the notes to accounts.



# KARAD PROJECTS AND MOTORS LIMITED

## Part C: NOTES FORMING PART OF ACCOUNTS

### 1. (A) CONSUMPTION OF RAW MATERIAL

Particulars	Current Year (Rs.)	Previous Year (Rs.)
CRNGO	786,150,669	571,761,309
Copper Wire	329,774,943	346,708,973
Aluminum	60,576,711	42,389,711
Motor Body	70,507,137	166,758,769
Motor Frames	157,887,854	55,590,437
Rotor with Shaft	42,903,054	35,703,954
Others	372,878,193	175,714,040
<b>Total</b>	<b>1,820,678,561</b>	<b>1,394,627,193</b>

### (B) CONSUMPTION OF IMPORTED/INDIGENOUS RAW MATERIAL

Particulars	Current Year (Rs.)		Previous Year (Rs.)	
	%	Value	%	Value
Imported	11.93	217,225,875	20.86	290,973,582
Indigenous	88.07	1,603,452,686	79.14	1,103,653,611
<b>Total</b>	<b>100.00</b>	<b>1,820,678,561</b>	<b>100.00</b>	<b>1,394,627,193</b>

### 2. (A) CIF VALUE OF IMPORTS

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Capital Goods	54,908,604	-
Raw Material	190,946,123	249,715,021
Stores and Spares	-	452,228

### (B) EARNING IN FOREIGN CURRENCY

Particulars	Current Year (Rs.)	Previous Year (Rs.)
FOB Value of Export	41,097,022	54,696,169

### (C) EXPENDITURE IN FOREIGN CURRENCY

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Travelling Expenses	1,414,919	1,038,058
Commission	2,142,271	1,223,030
Interest paid	-	8,718,416
Others	639,802	89,809

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# KARAD PROJECTS AND MOTORS LIMITED

## Part C: NOTES FORMING PART OF ACCOUNTS

### 3. (A) DETAILS REGARDING TURNOVER

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Electric Motors	802,182,119	652,044,284
Pumps	64,489,011	-
Wound Stators	578,897,854	518,274,931
Die-cast Rotors	255,323,572	183,556,113
Stamping & Lamination	356,467,998	245,328,770
Stator/Rotor Stacks	62,889,523	71,377,580
Connecting Rods	32,940,534	36,030,495
Drive Unit Assembly	65,551,683	54,592,930
Hydraulic Valves	3,967,637	3,842,359
Project related revenue	24,075,311	82,523,659
Others	204,498,934	150,424,005
<b>Total</b>	<b>2,451,284,176</b>	<b>1,997,995,126</b>

### (B) DETAILS REGARDING WORK-IN-PROGRES

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Electric Motors	15,648,433	2,636,568
Pumps	6,689,935	--
Wound Stators	22,290,665	36,633,315
Die-cast Rotors	7,866,997	17,754,459
Stamping & Lamination	32,479,146	32,638,979
Stator/Rotor Stacks	447,996	10,634,806
Connecting Rods	1,822,672	1,690,635
Drive Unit Assembly	6,097,515	--
Hydraulic Valves	195,753	--
Others	1,705,696	5,784,943
<b>Total</b>	<b>95,244,808</b>	<b>107,773,705</b>

### 4. CONSTRUCTION CONTRACTS – DISCLOSURES PURSUANT TO AS-7 (REVISED)

S N	Particulars	Current Year (Rs.)	Previous Year (Rs.)
1	Contract revenue recognized for the year (Note A-19)	24,075,311	82,523,659
2	Amount of advances received for contracts in progress (Note A-8 (e)(ii))	1,702,578	15,572,856
3	Amount of retentions for contracts in progress	16,536,290	4,954,849
4	Gross Amount Due From Customer :		
	Contract cost incurred	504,817,876	4,481,383,244
	Recognized profit less recognized losses	(114,975,646)	(236,490,812)
	Less: Progress Billing	(328,812,353)	(4,160,661,863)
	POC (Note A-18(iii))	61,029,877	84,230,569

# KARAD PROJECTS AND MOTORS LIMITED

## Part C: NOTES FORMING PART OF ACCOUNTS

### 5. PAYMENTS TO AUDITORS

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Audit fees	14,75,000	14,75,000
Tax audit fees	1,25,000	3,00,000
Other certification	1,53,750	1,26,500
Out of pocket expenses	23,086	1,25,534
<b>Total</b>	<b>1,776,836</b>	<b>20,27,034</b>

6. 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.

### 7. EMPLOYEE BENEFITS

#### I. Defined Contribution Plans:

Amount of Rs. 4,216,725 (Previous year Rs. 4,286,564), is recognized as an expense and included in "Payments to and Provision for Employees" in the profit and loss account.

#### II. Defined Benefit Plans:

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

Particulars	As at 31-03-2015	As at 31-03-2014
	Gratuity Plan (Funded)	
Amount to be recognized in Balance Sheet		
Present value of defined benefit obligation	20,927,491	18,623,642
Less : Fair value of plan assets	22,745,539	25,581,313
Amount to be recognized as (liability) or asset	1,818,048	6,957,671
Amounts reflected in the Balance Sheet		
Liabilities	--	--
Assets	1,818,048	6,957,671
<b>Net (Liability)/Asset</b>	<b>1,818,048</b>	<b>6,957,671</b>

- b) The amounts recognized in Profit and Loss Account are as follows:

Particulars	As at 31-03-2015	As at 31-03-2014
	Gratuity Plan (Funded)	
1. Current Service Cost	772,224	1,107,193
2. Interest Cost	1,441,016	1,689,158
3. Expected Return on Plan Assets	(2,032,671)	(1,649,446)
4. Actuarial Losses / (Gains)	5,006,661	(4,376,501)
5. Acquisition adjustment Gain	--	--
6. Expenses Recognized in the Statement of Profit and Loss	5,187,230	(3,229,596)
Included in Payments to and provision for Employees, which is net of fair value of assets of Project Division of Rs. 909,076 and Rs. 14,437 on account of adjustments against earlier payments.		

# KARAD PROJECTS AND MOTORS LIMITED

## Part C: NOTES FORMING PART OF ACCOUNTS

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

Particulars	As at 31-03-2015	As at 31-03-2014
	Gratuity Plan (Funded)	
1. Balance of the present value of Defined benefit Obligation as on 01.04.2014	18,623,642	22,345,364
2. Add : Current Service Cost	772,224	1,107,193
Add : Interest Cost	1,441,016	1,689,158
3. Add / (Less) : Actuarial losses / (gains)	4,245,703	(4,067,419)
4. Less : Benefit paid	(4,155,094)	(2,450,654)
5. Balance of the present value of Defined Benefit Obligation as at 31-03-2015	20,927,491	18,623,642

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

Particulars	As at 31-03-2015	As at 31-03-2014
	Gratuity Plan (Funded)	
1. Opening balance of the fair value of the plan assets as at 01-04-2014	25,581,313	13,124,654
2. Add : Expected Return on plan assets	2,032,671	1,649,446
3. Add / (Less) : Actuarial gains / (losses)	(760,958)	309,082
4. Acquisition adjustment Gain	--	--
5. Add : Contribution by the employer	47,607	12,948,485
6. Less : Benefits paid	(4,155,094)	(2,450,654)
7. Closing balance of the fair value of the plan assets as at 31-03-2015	22,745,539	25,581,313

- e) Principal actuarial assumptions at the balance sheet:

Particulars	As at 31-03-2015	As at 31-03-2014
1. Discount Rate	7.80%	9.00%
2. Expected Return on Plan Assets	9.00%	9.00%
3. Salary Growth Rate	10.00%	10.00%
4. Attrition Rate	5%	15.00%
5. The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment markets.		

## 8. DETAILS OF PROVISIONS AND MOVEMENTS IN EACH CLASS OF PROVISION – LEAVE ENCASHMENT

Particulars	As at 31-03-2015	As at 31-03-2014
	Leave Encashment	
1. Carrying amount at the beginning of the year	8,294,742	11,954,041
2. Provision made during the year	3,777,447	--
3. Amount used during the year	1,212,573	1,503,427
4. Unused amounts reversed during the year	--	2,155,872
5. Carrying amount at the end of the year	10,859,616	8,294,742

## KARAD PROJECTS AND MOTORS LIMITED

### Part C: NOTES FORMING PART OF ACCOUNTS

#### 9. EARNINGS/(LOSS) PER SHARE (BASIC AND DILUTED)

Particulars	As at 31-03-2015	As at 31-03-2014
I - Basic/Diluted		
Profit/(Loss) after Tax	12,871,190	(65,763,562)
Weighted average number of equity shares used as denominator	13,952,450	13,952,450
II - Basic/Diluted earnings/(loss) per share of nominal value of Rs 10/- each	0.92	(4.71)

#### 10. RELATED PARTY DISCLOSURES

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

Name of the Related Party	Nature of relationship
Kirloskar Brothers Limited	Holding Company
Kirloskar Systech Limited	Fellow Subsidiary
Kirloskar Corrocoat Limited	Fellow Subsidiary
Mr. Anant Sathe	Key Managerial Personnel (Managing Director) (Upto 31 <sup>st</sup> October, 2014)
Mr. Ravindra Samant	Key Managerial Personnel (Managing Director) (From 01 <sup>st</sup> November, 2014)

# KARAD PROJECTS AND MOTORS LIMITED

## Part C: NOTES FORMING PART OF ACCOUNTS

### (B) Related Party Transactions

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	16,939,927 (30,842,152)	96,973 (204,209)	-- --	-- (65,205)
Sales/job work	1,800,549,470 (1,489,864,734)	-- (527,184)	-- --	-- (333,976)
Interest received	-- (10,800,000)	-- --	-- --	-- --
ICD refund	-- (120,000,000)	-- --	-- --	-- --
Receiving services/ expenses reimbursed	15,894,928 (2,080,895)	-- (253,938)	-- --	-- --
Rendering services/ expenses recovered	-- (6,077)	-- (15,248)	-- --	-- --
Capital goods purchase	-- (388,750)	-- --	-- --	-- --
Capital goods sales	-- (145,779,584)	-- --	-- (820,000)	-- --
Remuneration paid	-- --	-- --	1,420,115 (1,244,225)	-- --
Closing balance	Dr. 297,081,064 Dr.(129,876,513)	Cr. 3,974 Cr.(218,933)	-- --	-- Dr.(517,593)



# KARAD PROJECTS AND MOTORS LIMITED

## Part C: NOTES FORMING PART OF ACCOUNTS

### 11. 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.

Particulars	Project Division	Product Division	Total
Segment Revenue (Net of Excise duty)	44,679,764	2,411,235,260	2,455,915,024
Segment results (Profit before tax)	(134,660,511)	162,273,484	27,612,973
<b>Net profit before tax</b>	<b>(134,660,511)</b>	<b>162,273,484</b>	<b>27,612,973</b>
Income Tax - Current year			(12,000,000)
Income Taxes for earlier years			(14,826,638)
Deferred Tax			12,084,855
<b>Net profit after tax</b>			<b>12,871,190</b>
<b>Other information:</b>			
Segment Assets	1,116,220,428	239,206,860	1,355,427,288
Unallocated Assets			38,240,213
<b>Total assets</b>			<b>1,393,667,501</b>
Segment Liabilities	434,175,808	290,517,452	724,693,260
Unallocated Liabilities			668,974,241
<b>Total Liabilities</b>			<b>1,393,667,501</b>
Capital expenditure	-	103,522,347	103,522,347
Depreciation & Impairment	5,248,611	61,847,637	67,096,248
Other non-cash expenditure	118,999,862	955,211	119,955,073

## KARAD PROJECTS AND MOTORS LIMITED

### Part C: NOTES FORMING PART OF ACCOUNTS

12. 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 31-03-2015	As at 31-03-2014
USD	7,35,469	1,63,181
EURO	172	2183

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 31-03-2015	As at 31-03-2014
USD	3,300	--
EURO	1,07,452	153,118
GBP	7,701	6,400

### 13. CONTINGENT LIABILITY AND COMMITMENTS:

Particulars	As at Mar 31, 2015 (Rs)	As at Mar 31, 2014 (Rs)
<b>(i) Contingent liabilities and commitments (to the extent not provided for)</b>		
(a) Demand in respect of Service Tax (Contested by the Company)	13,955,056	13,955,056
(b) Probable claims in respect of projects *	98,782,254	98,782,254
(c) Claims against the company not acknowledged as debt	411,753,531	28,267,227
(d) Demand in respect of Excise matters	1,899,646	1,899,646
(e) In respect of Labour matters	5,853,852	5,853,852
(f) In Respect of sales tax matters for the year 2010-11	58,337,106	--
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	3,536,363	49,268,385
(b) Export obligation under EPCG License obtained from DGFT. Export obligation fulfilled upto 31 <sup>st</sup> March, 2015 is Rs. 8,834,432	77,495,311	--

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



# KARAD PROJECTS AND MOTORS LIMITED

## Part C: NOTES FORMING PART OF ACCOUNTS

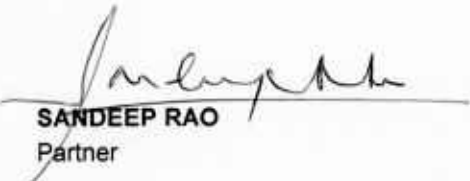
### 14. Prior Period Expenditure

Particulars	As at 31-03-2015	As at 31-03-2014
Prior Period Expenditure	Nil	60,351

Grouped under Other Miscellaneous Expenses (Note A-24)


15. Effective from 1<sup>st</sup> April, 2014, the Company has charged depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II to the Companies Act, 2013. Due to above, depreciation charged for the year ended 31<sup>st</sup> March, 2015 is higher by Rs. 26,989,204.
16. In respect of Project Division of the Company, balances of some of the trade payable and advance to vendors are pending reconciliation / confirmations. These balances are in the process of reconciliation and the net adjustments, if any, arising out of this process of reconciliation will be accounted for after the completion of entire reconciliation process. Such net adjustments are not expected to have a material effect on the financial statements of the Company.
17. Previous years' figures have been regrouped and reclassified, wherever necessary to conform to current years' classification.

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

  
**SANDEEP RAO**  
Partner

For and on behalf of the Board of Directors

  
**RAVINDRA SAMANT**  
Managing Director  
(DIN : 07002226)

  
**UMESH SHASTRY**  
Chairman  
(DIN : 03194924)

  
**SUJIT CHIKURDEKAR**  
Divisional Manager (Finance)

  
**RAGHUNATH APTE**  
Company Secretary

PUNE : April 16, 2015

PUNE : April 16, 2015