

### NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of Karad Projects and Motors Limited will be held on Friday, 15<sup>th</sup> day July, 2016 at 11:00 am at the Registered Office of the Company at Plot No. B – 67/68, MIDC Karad Industrial Area, Tasawade, Karad – 415 109, to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Financial Statements as at March 31, 2016, together with the reports of Directors and Auditors thereon.
2. To confirm payment of Interim Dividend @ 12.5% i.e. Rs. 1.25 per Equity Share of Rs. 10/- each in the month of March, 2016 as Final Dividend for the financial year 2015-16.
3. To appoint a Director in place of Mr. Sandeep Phadnis (DIN: 06561013) who retires by rotation and being eligible, offers himself for reappointment.
4. To ratify appointment of Statutory Auditors and to fix their remuneration.

#### **SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** Mr. Avinash Purandare (DIN 05295477), who was appointed as an Additional Director of the Company in terms of Section 161(1) of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member of the Company under Section 160 of the Companies Act, 2013, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the Members be and is hereby accorded for the payment of remuneration to the Cost Auditors, M/s. Parkhi Limaye & Co., Cost Accountant (Firm Registration No. 000191), as appointed by the

Board for the financial year 2016-17, up to Rs.2,00,000/- (Rupees Two Lakhs Only) plus out of pocket and travelling expenses, if any,"

By order of the Board of Directors,  
For Karad Projects and Motors Limited,



**Raghunath Apte**  
**Company Secretary**

Place: Pune

Date: April 15, 2016

**NOTES:**

A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Statement Pursuant to Section 102 of the Companies Act, 2013 is annexed herewith.

**STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 102 OF THE  
COMPANIES ACT, 2013**

Item No. 5

Mr. Avinash Purandare was appointed by the Board of Directors as an Additional Director of the Company with effect from June 25, 2015. Under Section 161(1) of the Companies Act, 2013, he holds the office of director up to the date of this Annual General Meeting. The Company has received a notice from a Member, in writing, as required under Section 160 of the Companies Act, 2013, intending his candidature for appointment along with the requisite deposit.

Mr. Purandare (55) is a qualified Engineer and is associated with Kirloskar Brothers Limited and its group companies since last 11 years. He is not holding any shares in the Company. As an Additional Director, he has attended 6 board meetings since his appointment. Presently, he is a Managing Director of Kirloskar Systech Limited, a fellow subsidiary company.

The Board considers that it is in the interest of the Company to continue to have the benefit of rich experience and expertise of Mr. Avinash Purandare.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Avinash Purandare, are deemed to be concerned or interested in the above resolution, financially or otherwise. The Board recommends passing of this resolution.

Relevant documents are available for inspection by the Members of the Company during working hours at the Registered Office of the Company.

Item No. 6

The Board has appointment of Parkhi Limaye & Co., Cost Accountant (Firm Registration No. 000191), as Cost Auditor of the Company for auditing cost accounting records maintained by the Company for the financial year from April 1, 2016 to March 31, 2017 at their meeting held on April 15, 2016.

In terms of Section 148 of the Companies Act, 2013 and the Central Government's notification dated June 30, 2014 prescribing 'The Companies (Cost Records and Audit) Rules, 2014' and the 'Companies (Cost Records and Audit) Amendment Rules, 2014', the Company is required to get its cost records audited by a Cost Accountant.

Pursuant to provisions of Section 148(3) of the Companies Act, 2013, the remuneration payable to such Cost Auditors would require to be approved by the Members of the Company. The Board has approved payment of remuneration of Rs. 2,00,000/- p.a. plus out of pocket and traveling expenses, if any.

None of the Directors or Key Managerial Personnel is deemed to be concerned or interested, directly or indirectly, financially or otherwise, in the above resolution. The Board recommends passing of this resolution.

Relevant documents are available for inspection by the Members of the Company during working hours at the Registered Office of the Company.

By order of the Board of Directors,  
**For Karad Projects and Motors Limited,**



**Raghunath Apte**  
**Company Secretary**

Place: Pune  
Date: April 15, 2016



## BOARD'S REPORT

The Members  
Karad Projects and Motors Limited

Your Directors present the **Fifteenth Annual Report** and Audited Financial Statements of the Company for the year ended **March 31, 2016**.

### 1. FINANCIAL PERFORMANCE

The financial results of the Company for the year 2015-16 as compared with the previous year are as under:-

| Particulars                             | Current Year<br>ended<br>March 31,<br>2016<br>(Rs. In Million) | Previous Year<br>ended<br>March 31,<br>2015<br>(Rs. In Million) |
|-----------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------|
| Revenue from Operations                 | 2625.67                                                        | 2451.28                                                         |
| Other Income                            | 8.74                                                           | 4.63                                                            |
| <b>Total</b>                            | <b>2634.41</b>                                                 | <b>2455.92</b>                                                  |
| Less - Depreciation                     | 54.12                                                          | 67.10                                                           |
| Finance Costs                           | 10.20                                                          | 8.62                                                            |
| Other Expenses                          | 2516.90                                                        | 2352.59                                                         |
| Profit / (Loss) before tax              | 53.19                                                          | 27.61                                                           |
| Provision for Income / deferred tax     | 7.86                                                           | 14.74                                                           |
| <b>Net Profit / (Loss) for the year</b> | <b>45.33</b>                                                   | <b>12.87</b>                                                    |

### APPROPRIATIONS:

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

| Particulars                      | Current Year<br>ended<br>March 31, 2016<br>(Rs. In Million) | Previous Year<br>ended<br>March 31, 2015<br>(Rs. In Million) |
|----------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|
| Proposed Dividend                | --                                                          | 6.98                                                         |
| Tax on Dividend                  | --                                                          | 1.39                                                         |
| Transfer to General Reserve      | --                                                          | --                                                           |
| Balance Carried to Balance Sheet | 45.33                                                       | 4.50                                                         |
| <b>Total</b>                     | <b>45.33</b>                                                | <b>12.87</b>                                                 |

### 2. STATEMENT OF AFFAIRS:

During the year, the total revenue from operations of the Company reached to the level of Rs. 2,626 Million which is 7.11% higher in comparison with



previous year. The Company has also earned a profit before tax of Rs. 53 Million in comparison with previous year's profit of Rs.28 Million.

In case of Projects Division, policy decision has been taken 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. 2,613 Million which is higher by 8.5% in comparison with the previous year. This division has also earned a profit before tax of Rs. 206 Million, which is higher by 27% over previous year. This was made possible in spite of the adverse factors like increase in contract labour and material costs and higher Transfer Price rise to distribution.

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. Wound Stators, Finished rotors, Pumps, Customized motors etc.
- Cost reduction through strategic sourcing.
- Capacity enhancement of wound stators through additional capital investment
- Added new customers
- Focus on Bottom Line rather than Top Line.

During the current year, this division has taken target of 12% growth in top-line.

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**

During the Financial Year 2015-16, your Directors have declared and paid an interim dividend Rs. 1.25 per equity share of Rs. 10 each (i.e. 12.5%).

Your directors do not recommend final dividend for the financial year 2015-16.

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

Extract of the Annual Return in Form MGT-9 as 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 2015-16, Seven Board Meetings were held: 16<sup>th</sup> April 2015, 25<sup>th</sup> June 2015, 14<sup>th</sup> July 2015, 15<sup>th</sup> October 2015, 15<sup>th</sup> January 2016, 26<sup>th</sup> February and 25<sup>th</sup> March 2016.

## 6. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had 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 the Independent Directors of the Company have given declaration under Section 149(7) of the Act, that they meet the criteria laid down in Section 149(6) of the Act.

## 8. DISCLOSURE REQUIRED UNDER SECTION 134(3)(e) OF THE COMPANIES ACT, 2013

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 OF THE COMPANIES ACT, 2013:**

Details of 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:

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

|    |                                                                                                                   |                |
|----|-------------------------------------------------------------------------------------------------------------------|----------------|
| a. | Name(s) of the related party and nature of relationship                                                           | Not Applicable |
| b. | Nature of contracts/arrangements/transactions                                                                     |                |
| c. | Duration of the contracts/arrangements/transactions                                                               |                |
| d. | Salient terms of the contracts or arrangements or transactions including the value, if any                        |                |
| e. | Justification for entering into such contracts or arrangements or transactions                                    |                |
| f. | date(s) of approval by the Board                                                                                  |                |
| g. | Amount paid as advances, if any                                                                                   |                |
| h. | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 |                |

**2. Details of material contracts or arrangements 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 /                             | On-going transactions                               |

|   |                                                                                             |                                                                                                                                                       |
|---|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | arrangements / transactions                                                                 |                                                                                                                                                       |
| d | Salient terms of the contracts or arrangements or transactions including the value, if any; | As per Purchase Order / Agreement / Invoices etc. The amount is mentioned under related party transaction which is appearing elsewhere in the report. |
| 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's approval is not required                                      |
| f | Amount paid as advances, if any:                                                            | Nil                                                                                                                                                   |

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

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

#### 12. MATERIAL CHANGES AND COMMITMENTS AFTER THE END OF FINANCIAL YEAR:

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

#### 13. BUSINESS RISK MANAGEMENT :

The Company has formulated a Risk Management 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.

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

Mr. Avinash Purandare was appointed as an Additional Director of the Company w.e.f. June 25, 2015. 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. Being eligible he offers himself for re-appointment. 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. 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, Mr. Umesh Shastry, due to pre-occupation resigned as director of the Company and consequently ceased to be



Chairman of the Company. The Board wishes to place on record its sincere gratitude to him for his guidance and expertise provided to the Company from time to time.

#### **15. 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.

#### **16. 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.

#### **17. 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.

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

The Company has an Internal Financial Control Systems which commensurate with the size, scale, nature and complexity of its operations. Corporate Internal Audit Department (CIA) of Kirloskar Brothers Limited were appointed as Internal Auditors for Financial year 2015-16. 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.

#### **19. HOLDING COMPANY**

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

#### **20. AUDITORS**

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

Parkhi Limaye & Co. (Firm Registration No. 191) have been appointed as Cost Accountant as per Section 148 of the Act, read with applicable rules



made thereunder for the Financial Year 2016-17. Their remuneration is subject to approval by the shareholders.

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

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

With reference to Auditors' comment under Note No. Part C (15), your Board wish to state that certain projects are very old/closed or in certain cases financial closure is pending and in both cases vendor balances are appearing since reconciliation/settlement are to be prepared.

We are taking it forward to reconcile wherever possible.

Provision are also made in the books towards adjusting the advances/debit balance which are doubtful.

## **22. SECRETARIAL AUDITORS**

Mr. Abhijit Dakhawe, Practicing Company Secretary (CP No. 4474) has been appointed as Secretarial Auditor as per Section 204 of the Act, 2013 for the Financial Year 2015-16 and Financial Year 2016-17.

In reply to one of the observation made in the Secretarial Audit Report, your directors wish to state that registration of charge in favour of HDFC Bank Ltd is in process, as the said charge could not be registered with Registrar of Companies for want of *pari passu* letter from the existing charge holder i.e Indian Overseas Bank.

## **23. COMPOSITION OF AUDIT COMMITTEE**

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

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

## **24. 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



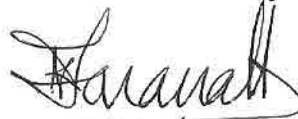
Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rule 2013, the report for the year ended on March 31, 2016:

|                                                                  |     |
|------------------------------------------------------------------|-----|
| 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 |

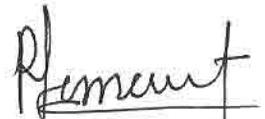
## 25. ACKNOWLEDGMENT

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

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



K. Tarañath  
Chairman



Ravindra Samant  
Managing Director

Place: Pune

Date : April 15, 2016



**Annexure I to Board's Report****Form No. MGT-9****EXTRACT OF ANNUAL RETURN**as on the financial year ended on **March 31, 2016**

[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<br>Tel. No: 02164258424<br>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                            | 31%                                |
| 2       | Wound Stators                                    | 31909                            | 24%                                |
| 3       | Stamping and Lamination                          | 28910                            | 16%                                |
| 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<br>Udyog Bhavan, Tilak Road, Pune 411002 | L29113PN1920PLC000670 | Holding                        | 100%             | Section 2(46)      |

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

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 |                          |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh |                                                 |          |          |                   |                                           |          |          |                   |                          |
| c) Others (specify)                                                               |                                                 |          |          |                   |                                           |          |          |                   |                          |
| Sub-total (B)(2):-                                                                | -                                               | -        | -        | -                 | -                                         | -        | -        | -                 | -                        |
| Total Public Shareholding (B)=(B)(1)+(B)(2)                                       |                                                 |          |          |                   |                                           |          |          |                   |                          |
| C. Shares held by Custodian for GDRs & ADRs                                       |                                                 |          |          |                   |                                           |          |          |                   |                          |
| Grand Total (A+B+C)                                                               | -                                               | 13952450 | 13952450 | 100               | -                                         | 13952450 | 13952450 | 100               | 0%                       |

(ii) Shareholding of Promoters

| Sl No. | Shareholder's Name         | Shareholding at the beginning of the year |                                  |                                                  | Share holding at the end of the year |                                  |                                                  | % Change in 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%                                       |
|        | Total                      | 13952450                                  | 100%                             | 0                                                | 13952450                             | 100%                             | 0                                                | 0%                                       |

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

| Sl. No. |                               | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                               | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|         | At the beginning of the year  | No change during the year                 |                                  |                                         |                                  |
|         | Date wise Increase / Decrease |                                           |                                  |                                         |                                  |
|         | At the End of the year        |                                           |                                  |                                         |                                  |

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

| Sl. No. |                                     | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                                     | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|         | For Each of the Top 10 Shareholders |                                           |                                  |                                         |                                  |
| 1       | At the beginning of the year        | Not Applicable                            |                                  |                                         |                                  |
|         | Date wise Increase / Decrease       |                                           |                                  |                                         |                                  |
|         | At the End of the year              |                                           |                                  |                                         |                                  |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-----------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|         |                                   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|         | At the beginning of the year      | Not Applicable                            |                                  |                                         |                                  |
|         | Date wise Increase / Decrease     |                                           |                                  |                                         |                                  |
|         | 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                              | 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>         |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |            |                    |
| • Addition                                                 | 222,555                          | Nil             | Nil        | 222,555            |
| • Reduction                                                | Nil                              | Nil             | Nil        | Nil                |
| <b>Net Change</b>                                          | <b>222,555</b>                   | <b>Nil</b>      | <b>Nil</b> | <b>222,555</b>     |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |            |                    |
| i) Principal Amount                                        | 222,555                          | Nil             | Nil        | 222,555            |
| 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>222,555</b>                   | <b>Nil</b>      | <b>Nil</b> | <b>222,555</b>     |

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

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

| Sr. No.   | Particulars of Remuneration                                                         |                                   |
|-----------|-------------------------------------------------------------------------------------|-----------------------------------|
| <b>A.</b> | <b>Remuneration to Managing Director, Whole-time Directors and/or Manager:</b>      | Ravindra Samant Managing Director |
| 1         | Gross salary                                                                        |                                   |
|           | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 3,751,631                         |
|           | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 32,400                            |
|           | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                                 |
| 2         | Stock Option                                                                        | -                                 |
| 3         | Sweat Equity                                                                        | -                                 |
| 4         | Commission                                                                          |                                   |

| Sr. No. | Particulars of Remuneration |             |
|---------|-----------------------------|-------------|
|         | - as % of profit            | -           |
|         | - others, specify           | -           |
| 5       | Others, please specify      | -           |
|         | Total (A)                   | 3,784,031/- |
|         | Ceiling as per the Act      | 42,00,000/- |

**B. Remuneration to other directors**

| Sr. No. | Particulars of Remuneration                  |                 |                    |                   | Total    |
|---------|----------------------------------------------|-----------------|--------------------|-------------------|----------|
| 1       | Independent Directors                        | Mr. K. Taranath | Mr. Achyut Gokhale |                   |          |
|         | Fee for attending board / committee meetings | 60,000          | 40,000             |                   | 100,000  |
|         | Commission                                   |                 |                    |                   |          |
|         | Others, please specify                       |                 |                    |                   |          |
|         | Total (1)                                    | 60,000          | 40,000             |                   | 100,000  |
| 2       | Other Non Executive Directors                | Anant Sathe     | Sandeep Phadnis    | Avinash Purandare |          |
|         | Fee for attending board / committee meetings | Nil             | Nil                | Nil               | Nil      |
|         | Commission                                   | Nil             | Nil                | Nil               | Nil      |
|         | Others, please specify                       | Nil             | Nil                | Nil               | Nil      |
|         | Total (2)                                    | Nil             | Nil                | Nil               | Nil      |
|         | Total (B) = (1+2)                            | Nil             | Nil                | Nil               | 1,00,000 |
|         | Total Managerial Remuneration                | Not Applicable  |                    |                   |          |
|         | Overall Ceiling as per the Act               | Not Applicable  |                    |                   |          |

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

| Sr. No. | Particulars of Remuneration                                                         | Key Managerial Personnel     |
|---------|-------------------------------------------------------------------------------------|------------------------------|
|         |                                                                                     | Mr. Sujit Chikurdekar<br>CFO |
| 1       | Gross salary                                                                        |                              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,091,135                    |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                            |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                            |
| 2       | Stock Option                                                                        | -                            |
| 3       | Sweat Equity                                                                        | -                            |
| 4       | Commission                                                                          | -                            |
|         | - As % of profit                                                                    | -                            |
|         | - Others                                                                            | -                            |
| 5       | Others                                                                              | -                            |
|         | Total                                                                               | 1,091,135                    |

# VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

## **Annexure II**

### **Remuneration policy**

#### **PHILOSOPHY:**

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

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

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

#### **OBJECTIVE:**

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

#### **COVERAGE:**

Guidelines of determining remuneration of:

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

#### **I. DIRECTORS**

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

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

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



required.

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

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

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

The remuneration components shall include *inter alia*:

a. Fixed salary:

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

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

b. Commission:

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

c. Non-monetary benefits:

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

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



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

- d. Compensation for loss of office may be paid as may be approved by the Board subject to the provisions of Section 202 of the Act.
- e. Separation / Retirement benefits:

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

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

- g. Performance Evaluation:

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

## **ii. Non Managing Director:**

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

- a. Sitting fees :

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

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

b. Commission

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

c. Professional fees:

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

**EXCESS REMUNERATION:**

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

**WAIVING OF EXCESS REMUNERATION:**

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

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

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

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

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

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

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

The remuneration components may include:

a. Fixed salary:

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

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

b. Variable pay:

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

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

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

c. Perquisites / Other Benefits:

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

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

d. Annual Pay Revision / Promotion

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

e. Stock options:

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

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

g. Separation / Retirement benefits:

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

h. Retention Bonus

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

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

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

#### **CONSULTANTS & ADVISORS:**

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

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

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

s/d

**Chairman**




### Annexure III

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)   | <b>Conservation of energy:</b>                                                                                                                                                                                                                                                                                                                                                                                           |
| (i)   | <b>The steps taken or impact on conservation of energy</b> <ol style="list-style-type: none"> <li>1. The Company has maintained its plant power factor at unity</li> <li>2. Installation of LED based Street Lighting in Stamping and Motor Division.</li> </ol>                                                                                                                                                         |
| (ii)  | <b>The steps taken by the Company for utilizing alternate sources of energy</b> <ol style="list-style-type: none"> <li>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.</li> <li>2. Managing production activities in single shift only and avoiding the use of second shift for Motor Division.</li> </ol> |
| (iii) | <b>The capital investment on energy conservation equipment:</b> Rs. 0.072 Mn.                                                                                                                                                                                                                                                                                                                                            |
| (B)   | <b>Technology absorption:</b>                                                                                                                                                                                                                                                                                                                                                                                            |
| (i)   | <b>The efforts made towards technology absorption:</b> <ol style="list-style-type: none"> <li>1. Semi Automatic Winding line for Stator winding</li> <li>2. Auto stacking of tools</li> <li>3. Induction heating for stator body fitting in pump assembly</li> <li>4. URJA stator development &amp; productionization for KBL KOV</li> <li>5. Low cost Canned Motors and IE2 motors development</li> </ol>               |
| (ii)  | <b>Benefits derived:</b> <ol style="list-style-type: none"> <li>1. Motor production as per customer requirement.</li> <li>2. Auto stacking of tools gives productivity improvement and cost reduction.</li> <li>3. Productivity improvement by 80% &amp; energy saving.</li> <li>4. High contribution products.</li> </ol>                                                                                               |
| (iii) | <b>In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):</b>                                                                                                                                                                                                                                                                                              |
|       | (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)  | <b>Expenditure incurred on Research and Development:</b> Nil                                                                                                                                                                                                                                                                                                                                                             |
| (C)   | <b>Foreign Exchange earnings and outgo :</b>                                                                                                                                                                                                                                                                                                                                                                             |
|       | Earnings – Rs. 36,765,720/- (Previous Year Rs. 41,097,022)                                                                                                                                                                                                                                                                                                                                                               |
|       | Outgo – Rs. 201,855,952/- (Previous Year Rs. 250,051,719)                                                                                                                                                                                                                                                                                                                                                                |

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



K. Taranath  
Chairman

Ravindra Samant  
Managing Director

Place: Pune

Date: April 15, 2016



*Abhijit Dakhare*

*Company Secretary*

A/6, "Vishwakul", Swanand Society,

Sahakarnagar # 2, Pune 411009

Tel: 020-65003013; dakhawe@gmail.com

## Secretarial Audit Report For the Financial Year Ended 31.03.2016

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

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

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

Based on my verification of the **Karad Projects and Motors Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **31<sup>st</sup> March 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Karad Projects and Motors Limited ("The Company")** for the financial year period ended on **31<sup>st</sup> March 2016** according to the provisions of:

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



(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (during the year under review not applicable to the Company as the Company is an unlisted company);
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (during the year under review not applicable to the Company as the Company is an unlisted company);
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get its securities listed);
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (during the year under review not applicable to the Company as the Company is an unlisted company);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get debt securities listed);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client (during the year under review not applicable to the Company as the Company is not availing services of Registrars to an Issue and Share Transfer Agents);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the year under review not applicable to the Company as the Company has not done delisting of shares); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (during the year under review not applicable to the Company as the Company is an unlisted company);

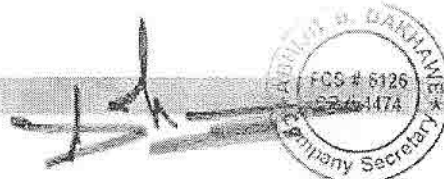
(vi) As informed to me, no other law is applicable specifically to the Company.

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

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

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

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



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

**The Companies Act, 2013:**

- (a) As per provisions of Section 77 of the Companies Act, 2013, the Company has not registered particulars of charges with Registrar of Companies in respect of Letter of Hypothecation of Stock and Book Debts dated 28th June 2014 with HDFC Bank Limited, as informed to us the said charge could not be registered within stipulated time on account of want of *pari passu* letter from the existing charge holder viz. Indian Overseas Bank.

**I further report that**

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

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

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

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

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



Abhijit Dakhare  
Company Secretary  
FCS # 6126.  
CP No # 4474



Place: Pune  
Date: 15-APR-2016

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of **KARAD PROJECTS AND MOTORS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

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

**Auditor's Responsibility**

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

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





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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner 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, 2016 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 (15) to the financial statements regarding some of the Trade Payable and Advances to Vendors which are pending reconciliation and confirmation.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

(c) The Balance Sheet, the Statement of Profit and Loss Statement and the Cash Flow Statement dealt with by this are in agreement with the books of account

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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



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

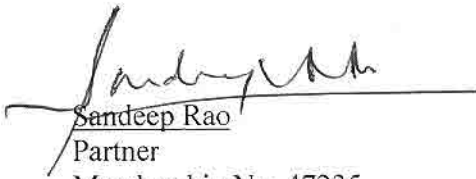
CHARTERED ACCOUNTANTS

- i. 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s P.G.BHAGWAT

Chartered Accountants

Firm's Registration No.: 101118W

  
Sandeep Rao  
Partner

Membership No. 47235

Pune

15<sup>th</sup> April, 2016

## **Annexure A**

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

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



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

CHARTERED ACCOUNTANTS

information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31<sup>st</sup> March, 2016, for a period more than six months from the date they became payable, except Rs. 39.12 Lacs on account of sales tax which was in arrears for more than six months. We were informed that these sales tax liabilities are subject to reconciliations and would get crystallized on their respective assessments.

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

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

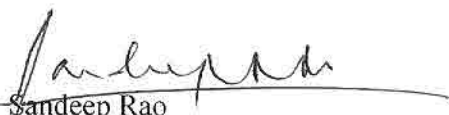
- (viii) Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company does not have any debenture holders.
- (ix) According to information and explanation provided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

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

CHARTERED ACCOUNTANTS

- (xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation provided to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanation provided to us, the company has not entered into any non-cash transactions with director or persons connected with him.
- (xvi) According to the information and explanation provided to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

  
Sandeep Rao  
Partner  
Membership No. 47235  
Pune  
15<sup>th</sup> April, 2016

## **Annexure B**

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

We have audited the internal financial controls over financial reporting of **KARAD PROJECTS AND MOTORS LIMITED** ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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

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

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

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

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

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

CHARTERED ACCOUNTANTS

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

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

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

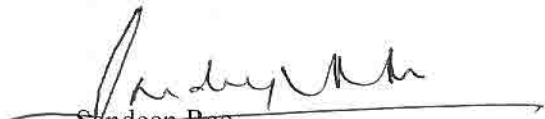
### **Opinion**

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31<sup>st</sup> March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s P.G.BHAGWAT

Chartered Accountants

Firm's Registration No.: 101118W

  
Sandeep Rao

Partner

Membership No. 47235

Pune

15<sup>th</sup> April, 2016

## BALANCE SHEET AS AT MARCH 31, 2016

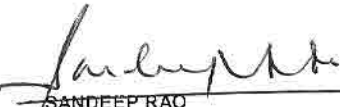
|                                                                                            |  |          | Rupees                                                                     |                                                                             |
|--------------------------------------------------------------------------------------------|--|----------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Particulars                                                                                |  | Note No. | Figures as at the end of current reporting period ending on March 31, 2016 | Figures as at the end of previous reporting period ending on March 31, 2015 |
| <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      | 545,414,910                                                                | 521,078,689                                                                 |
| (c) Money received against share warrants                                                  |  |          | 684,939,410                                                                | 660,603,189                                                                 |
| <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      | 6,183,558                                                                  | 5,423,545                                                                   |
|                                                                                            |  |          | 6,183,558                                                                  | 5,423,545                                                                   |
| <b>4 Current liabilities</b>                                                               |  |          |                                                                            |                                                                             |
| (a) Short-term borrowings                                                                  |  | A-7      | 222,555                                                                    | -                                                                           |
| (b) Trade payables                                                                         |  |          | -                                                                          | -                                                                           |
| i) Total outstanding dues of Micro Enterprises and Small Enterprises (Ref. Note Part-C6)   |  |          | 423,601,153                                                                | 509,774,008                                                                 |
| ii) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises |  |          | -                                                                          | -                                                                           |
| (c) Other current liabilities                                                              |  | A-8      | 218,974,228                                                                | 204,059,637                                                                 |
| (d) Short-term provisions                                                                  |  | A-9      | 5,954,085                                                                  | 13,807,122                                                                  |
|                                                                                            |  |          | 648,752,021                                                                | 727,640,767                                                                 |
| <b>TOTAL</b>                                                                               |  |          | <b>1,339,874,989</b>                                                       | <b>1,393,667,501</b>                                                        |
| <b>II. ASSETS</b>                                                                          |  |          |                                                                            |                                                                             |
| <b>1 Non-current assets</b>                                                                |  |          |                                                                            |                                                                             |
| (a) Fixed assets                                                                           |  |          |                                                                            |                                                                             |
| (i) Tangible assets                                                                        |  | A-10     | 253,210,142                                                                | 271,826,650                                                                 |
| (ii) Intangible assets                                                                     |  | A-10     | 1,255,998                                                                  | 2,145,296                                                                   |
| (iii) Capital work-in-progress                                                             |  |          | 2,035,000                                                                  | 3,154,376                                                                   |
| (iv) Intangible assets under development                                                   |  |          | -                                                                          | -                                                                           |
| (b) Non-current investments                                                                |  | A-11     | 5,100                                                                      | 349,129                                                                     |
| (c) Deferred tax assets (net)                                                              |  | A-4      | 15,573,648                                                                 | 12,084,855                                                                  |
| (d) Long-term loans and advances                                                           |  | A-12     | 18,605,671                                                                 | 14,347,200                                                                  |
| (e) Other non-current assets                                                               |  | A-13     | 44,606,885                                                                 | 128,711,857                                                                 |
|                                                                                            |  |          | 335,292,444                                                                | 432,619,363                                                                 |
| <b>2 Current assets</b>                                                                    |  |          |                                                                            |                                                                             |
| (a) Current investments                                                                    |  | A-14     | 255,240,415                                                                | 243,419,549                                                                 |
| (b) Inventories                                                                            |  | A-15     | 627,894,250                                                                | 554,182,909                                                                 |
| (c) Trade receivables                                                                      |  | A-16     | 14,362,630                                                                 | 60,929,863                                                                  |
| (d) Cash and bank balances                                                                 |  | A-17     | 36,115,701                                                                 | 33,436,038                                                                  |
| (e) Short-term loans and advances                                                          |  | A-18     | 70,969,549                                                                 | 69,079,779                                                                  |
| (f) Other current assets                                                                   |  |          | 1,004,582,545                                                              | 961,048,138                                                                 |
| <b>TOTAL</b>                                                                               |  |          | <b>1,339,874,989</b>                                                       | <b>1,393,667,501</b>                                                        |

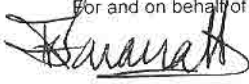
## Notes to accounts

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

## Part-B &amp; Part-C

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

  
SANDEEP RAO  
Partner

For and on behalf of the Board of Directors  
  
K. TARANATH  
Chairman  
(DIN:00051697)

  
RAVINDRA SAMANT  
Managing Director  
(DIN: 07002226)

  
RAGHUNATH APTE  
Company Secretary

PUNE : April 15, 2016

PUNE : April 15, 2016

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Rupees

| Particulars                                                                              | Note No. | Figures for the current reporting period ending on March 31, 2016 | Figures for the current reporting period ending on March 31, 2015 |
|------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------|-------------------------------------------------------------------|
| I. Revenue from operations                                                               | A-19     | 2,625,667,961                                                     | 2,451,284,176                                                     |
| II. Other income                                                                         | A-20     | 8,739,144                                                         | 4,630,848                                                         |
| III. Total Revenue (I + II)                                                              |          | 2,634,407,105                                                     | 2,455,915,024                                                     |
| IV. Expenses:                                                                            |          |                                                                   |                                                                   |
| Cost of materials consumed                                                               | A-21     | 2,155,437,064                                                     | 2,039,738,709                                                     |
| Purchases of Stock-in-Trade                                                              |          | -                                                                 | -                                                                 |
| Changes in inventories of finished goods work-in-progress and Stock-in-trade             | A-21     | 7,644,131                                                         | -31,472,229                                                       |
| Employee benefits expense                                                                | A-22     | 89,556,076                                                        | 82,061,962                                                        |
| Finance costs                                                                            | A-23     | 10,202,389                                                        | 8,619,897                                                         |
| Depreciation, amortization and impairment                                                | A-10     | 54,116,755                                                        | 67,096,248                                                        |
| Other expenses                                                                           | A-24     | 264,262,149                                                       | 262,257,464                                                       |
| Total expenses                                                                           |          | 2,581,218,564                                                     | 2,428,302,051                                                     |
| V. Profit before exceptional and extraordinary items and tax (III-IV)                    |          | 53,188,541                                                        | 27,612,973                                                        |
| VI. Exceptional items                                                                    |          | -                                                                 | -                                                                 |
| VII. Profit before extraordinary items and tax (V - VI)                                  |          | 53,188,541                                                        | 27,612,973                                                        |
| VIII. Extraordinary Items                                                                |          | -                                                                 | -                                                                 |
| IX. Profit before tax (VII- VIII)                                                        |          | 53,188,541                                                        | 27,612,973                                                        |
| X. Tax expense:                                                                          |          |                                                                   |                                                                   |
| (1) Current tax                                                                          |          | 11,350,000                                                        | 12,000,000                                                        |
| (2) Deferred tax                                                                         |          | -3,488,793                                                        | -12,084,855                                                       |
| (3) Income tax provision for earlier years                                               |          | -                                                                 | 14,826,638                                                        |
|                                                                                          |          | 7,861,207                                                         | 14,741,783                                                        |
| XI. Profit/(loss) for the period from continuing operations (IX-X)                       |          | 45,327,334                                                        | 12,871,190                                                        |
| 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)                                              |          | 45,327,334                                                        | 12,871,190                                                        |
| XVI. Earnings per equity share having nominal value of Rs. 10 per share (Refer Part C-9) |          |                                                                   |                                                                   |
| (1) Basic                                                                                |          | 3.25                                                              | 0.92                                                              |
| (2) Diluted                                                                              |          | 3.25                                                              | 0.92                                                              |

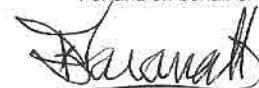
## Notes to accounts

## 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

For and on behalf of the Board of Directors

  
K. TARANATH  
Chairman  
(DIN:00051697)

  
RAVINDRA SAMANT  
Managing Director  
(DIN: 07002226)

  
RAGHUNATH APTE  
Company Secretary

PUNE : April 15, 2016

PUNE : April 15, 2016



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

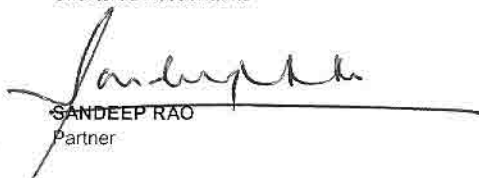
| Particulars |                                                                                | Figures for the<br>current reporting<br>period ending on<br>March 31, 2016 | Figures for the<br>current reporting<br>period ending on<br>March 31, 2015 |
|-------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <b>A</b>    | <b>Cash flows from Operating Activities</b>                                    |                                                                            |                                                                            |
|             | Net Profit before Taxes and Extraordinary Items                                | 53,188,541                                                                 | 27,612,973                                                                 |
|             | Adjustments for :-                                                             |                                                                            |                                                                            |
| 1           | Depreciation / Amortization                                                    | 54,116,755                                                                 | 67,096,248                                                                 |
| 2           | (Profit)/Loss on sale of Fixed Assets(Net)                                     | (2,278,263)                                                                | 820,491                                                                    |
|             | Employees Stock Option - Compensation debited to Profit and loss Account (Net) | -                                                                          | -                                                                          |
| 3           | Provision for Doubtful Debts/Advances/Bad debts written off                    | 120,138,659                                                                | 119,955,073                                                                |
| 4           | Interest Income                                                                | (3,253,299)                                                                | (2,497,831)                                                                |
| 5           | Dividend Income                                                                | (30,700)                                                                   | (17,500)                                                                   |
| 6           | Interest Expenses                                                              | 7,209,902                                                                  | 3,095,140                                                                  |
|             | Investment written off                                                         | -                                                                          | -                                                                          |
| 7           | Unrealized exchange (gain)/ Loss                                               | -                                                                          | 493,500                                                                    |
|             | Profit on sale of investment                                                   | (658,076)                                                                  | -                                                                          |
|             | Provision for diminution on investment written off                             | -                                                                          | -                                                                          |
| 8           | Excess provision written back                                                  | (920,245)                                                                  | (17,963,325)                                                               |
| 11          | Depreciation written back                                                      | -                                                                          | -                                                                          |
|             | <b>Operating Profit Before Working capital changes</b>                         | <b>227,513,274</b>                                                         | <b>198,594,769</b>                                                         |
|             | Adjustments for :-                                                             |                                                                            |                                                                            |
| 1           | (Increase)/decrease in Trade and Other Receivables                             | (111,759,512)                                                              | (109,218,582)                                                              |
| 2           | (Increase)/decrease in Inventories                                             | (11,820,866)                                                               | (20,672,037)                                                               |
| 3           | Increase/(decrease) in Trade and other payables                                | (70,210,163)                                                               | (6,846,986)                                                                |
| 4           | Cash Generated from Operations                                                 | 33,722,733                                                                 | 61,857,164                                                                 |
| 5           | Income Tax (Paid)/Refunded                                                     | (15,613,918)                                                               | (1,628,493)                                                                |
|             | <b>Net Cash from Operating Activities</b>                                      | <b>18,108,815</b>                                                          | <b>60,228,671</b>                                                          |
| <b>B</b>    | <b>Cash flows from Investing Activities</b>                                    |                                                                            |                                                                            |
| 1           | Purchase of Fixed Assets/Capital Advance                                       | (33,658,809)                                                               | (69,282,524)                                                               |
| 2           | Sale of Fixed Assets                                                           | 3,655,551                                                                  | 97,136                                                                     |
| 3           | (Purchase)/sale of Investments                                                 | 1,002,105                                                                  | -                                                                          |
| 4           | Interest Received                                                              | 3,554,087                                                                  | 2,021,511                                                                  |
| 5           | Dividend Received                                                              | 30,700                                                                     | 17,500                                                                     |
|             | <b>Net Cash from Investment Activities</b>                                     | <b>(25,416,366)</b>                                                        | <b>(67,146,377)</b>                                                        |
| <b>C</b>    | <b>Cash Flows from Financing Activities</b>                                    |                                                                            |                                                                            |
| 1           | (Repayment)/Proceeds of /from long term borrowing (net)                        | -                                                                          | -                                                                          |
| 2           | (Repayment)/Proceeds of /from Short term borrowing (net)                       | 222,555                                                                    | (50,000,000)                                                               |
|             | (Repayment)/Proceeds of /from other borrowing (net)                            | -                                                                          | -                                                                          |
| 3           | Interest Paid                                                                  | (7,229,066)                                                                | (3,121,182)                                                                |
| 4           | Dividend Paid ( Including tax on Dividend )                                    | (29,362,164)                                                               | -                                                                          |
| 6           | Increase in Share Capital                                                      | -                                                                          | -                                                                          |
| 7           | Increase in Share Premium                                                      | -                                                                          | -                                                                          |
|             | <b>Net Cash used in Financing Activities</b>                                   | <b>(36,368,675)</b>                                                        | <b>(53,121,182)</b>                                                        |
| <b>D</b>    | <b>Unrealized Exchange Gain / (Loss) in cash and cash equivalents</b>          | <b>(43,676,226)</b>                                                        | <b>(60,038,888)</b>                                                        |
|             | <b>Net Increase in Cash and Cash Equivalents</b>                               | <b>51,347,443</b>                                                          | <b>111,386,331</b>                                                         |
| 1           | <b>Cash &amp; Cash Equivalents at beginning of period (Refer Note A-16)</b>    | <b>51,347,443</b>                                                          | <b>111,386,331</b>                                                         |
| 2           | <b>Cash &amp; Cash Equivalents at end of period (Refer Note A-16)</b>          | <b>7,671,217</b>                                                           | <b>51,347,443</b>                                                          |

Notes to accounts

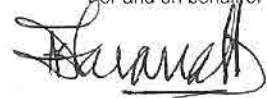
Part-B &amp; Part-C

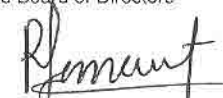
The notes referred to above form an integral part of the Balance Sheet and Profit and Loss Account Statement

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

  
**K. TARANATH**  
Chairman  
(DIN:00051697)

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

  
**RAGHUNATH APTE**  
Company Secretary

PUNE : April 15, 2016

PUNE : April 15, 2016

| Particulars                                                    | Rupees                                                                     |                                                                             |
|----------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------|
|                                                                | Figures as at the end of current reporting period ending on March 31, 2016 | Figures as at the end of previous reporting period ending on March 31, 2015 |
| <b>Note : A-1</b>                                              |                                                                            |                                                                             |
| <b>Share Capital</b>                                           |                                                                            |                                                                             |
| <b>Authorised</b>                                              |                                                                            |                                                                             |
| 180,00,000 (180,00,000) Equity shares of Rs.10 each            | 180,000,000                                                                | 180,000,000                                                                 |
| 250,00,000 (250,00,000) 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, 2016 |             | Figures as at the end of previous reporting period ending on March 31, 2015 |             |
|--------------------------------------------------------------------------|----------------------------------------------------------------------------|-------------|-----------------------------------------------------------------------------|-------------|
|                                                                          | Number                                                                     | Rupees      | Number                                                                      | Rupees      |
| Shares outstanding at the beginning of the year                          |                                                                            |             |                                                                             |             |
| Equity shares                                                            | 13,952,450                                                                 | 139,524,500 | 13,952,450                                                                  | 139,524,500 |
| Preference shares                                                        | -                                                                          | -           | -                                                                           | -           |
| Reduction in share capital                                               | -                                                                          | -           | -                                                                           | -           |
| Equity shares                                                            | -                                                                          | -           | -                                                                           | -           |
| Preference shares                                                        | -                                                                          | -           | -                                                                           | -           |
| Reorganisation of Preference Shares into Equity Shares                   | -                                                                          | -           | -                                                                           | -           |
| Equity shares                                                            | -                                                                          | -           | -                                                                           | -           |
| Preference shares                                                        | -                                                                          | -           | -                                                                           | -           |
| Shares Issued during the year                                            | -                                                                          | -           | -                                                                           | -           |
| Equity shares                                                            | -                                                                          | -           | -                                                                           | -           |
| (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 31st March, 2016 the Board of Directors has proposed Dividend of Rs. 0.00 (Rs. 0.50) For the year ended 31st March, 2016 Interim dividend paid per share Rs. 1.25 (Rs. 0.00).

## 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, 2016 |              | Figures as at the end of previous reporting period ending on March 31, 2015 |              |
|----------------------------------------------|----------------------------------------------------------------------------|--------------|-----------------------------------------------------------------------------|--------------|
|                                              | 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                                                                         | Rupees  |         |           |         |         |
|-------------------------------------------------------------------------------------|---------|---------|-----------|---------|---------|
|                                                                                     | 2015-16 | 2014-15 | 2013-14   | 2012-13 | 2011-12 |
| <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, 2016 | Figures as at the end of previous reporting period ending on March 31, 2015 |
| <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                                                                 |
| Opening Balance                                                                                | -                                                                          | -                                                                           |
| Add: Securities premium credited on Shares issued                                              | -                                                                          | -                                                                           |
| Closing Balance                                                                                | 298,223,298                                                                | 298,223,298                                                                 |
| (d) Share Options Outstanding Account                                                          | -                                                                          | -                                                                           |
| Opening Balance                                                                                | -                                                                          | -                                                                           |
| Add: Current Year Transfer                                                                     | -                                                                          | -                                                                           |
| Less: Written Back in Current Year                                                             | -                                                                          | -                                                                           |
| Closing Balance                                                                                | -                                                                          | -                                                                           |
| (e) General Reserve                                                                            | 14,094,468                                                                 | 14,094,468                                                                  |
| Opening Balance                                                                                | -                                                                          | -                                                                           |
| Add: Current Year Transfer                                                                     | -                                                                          | -                                                                           |
| Add: For Transferor companies on merger                                                        | -                                                                          | -                                                                           |
| Less: Difference between cancellation of investments and share capital of transferor companies | -                                                                          | -                                                                           |
| Closing Balance                                                                                | 14,094,468                                                                 | 14,094,468                                                                  |
| (f) Surplus                                                                                    | -                                                                          | -                                                                           |
| Opening balance                                                                                | 190,853,363                                                                | 186,353,224                                                                 |
| Add: Net Profit for the current year                                                           | 45,327,334                                                                 | 12,871,190                                                                  |
| Less: Adjusted against capital reduction                                                       | -                                                                          | -                                                                           |
| Add: For Transferor companies on merger                                                        | -                                                                          | -                                                                           |
| Less: Difference between cancellation of investments and share capital of transferor companies | -                                                                          | -                                                                           |
| Balance available for appropriation                                                            | 236,180,697                                                                | 199,224,414                                                                 |
| Less: Appropriations                                                                           | -                                                                          | -                                                                           |
| Proposed Dividend/Interim Dividend                                                             | 17,440,563                                                                 | 6,976,225                                                                   |
| Tax on Dividend                                                                                | 3,550,550                                                                  | 1,394,826                                                                   |
| Transfer to Reserves                                                                           | -                                                                          | -                                                                           |
| Sub total                                                                                      | 20,991,113                                                                 | 8,371,051                                                                   |
| Closing Balance                                                                                | 215,189,584                                                                | 190,853,363                                                                 |
| <b>TOTAL</b>                                                                                   | <b>545,414,910</b>                                                         | <b>521,078,689</b>                                                          |
| <b>Note : A-3</b>                                                                              |                                                                            |                                                                             |
| <b>Long Term Borrowings</b>                                                                    |                                                                            |                                                                             |
| <b>Secured</b>                                                                                 |                                                                            |                                                                             |
| (a) Term loans from banks:                                                                     | -                                                                          | -                                                                           |
|                                                                                                | -                                                                          | -                                                                           |
| <b>Unsecured</b>                                                                               |                                                                            |                                                                             |
| (a) Foreign currency long term loans                                                           | -                                                                          | -                                                                           |
| From banks:                                                                                    | -                                                                          | -                                                                           |
|                                                                                                | -                                                                          | -                                                                           |
| From others:                                                                                   | -                                                                          | -                                                                           |
| (a) Loans and advances from related parties (Refer Part C-10)                                  | -                                                                          | -                                                                           |
|                                                                                                | -                                                                          | -                                                                           |
| (b) Sales Tax deferral                                                                         | -                                                                          | -                                                                           |
| <b>TOTAL</b>                                                                                   | <b>-</b>                                                                   | <b>-</b>                                                                    |

| Particulars                                       | Rupees                                                                     |                                                                             |
|---------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------|
|                                                   | Figures as at the end of current reporting period ending on March 31, 2016 | Figures as at the end of previous reporting period ending on March 31, 2015 |
| <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                                                                   |
| ii) Other timing differences                      | -                                                                          | -                                                                           |
|                                                   | -                                                                          | 2,584,226                                                                   |
| (b) <b>Deferred Tax Assets</b>                    |                                                                            |                                                                             |
| i) On depreciation / amortization of fixed assets | 805,599                                                                    | -                                                                           |
| ii) On employees voluntary retirement schemes     | 758,927                                                                    | 993,834                                                                     |
| iii) Provision for doubtful debts / advances      | 9,808,527                                                                  | 9,946,165                                                                   |
| iv) Provision for employee benefits               | 4,200,595                                                                  | 3,691,183                                                                   |
| v) Other timing differences                       | -                                                                          | 37,899                                                                      |
|                                                   | 15,573,648                                                                 | 14,669,081                                                                  |
| <b>TOTAL</b>                                      | -15,573,648                                                                | -12,084,855                                                                 |

| Particulars                                                         | Rupees                                                                     |                                                                             |
|---------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------|
|                                                                     | Figures as at the end of current reporting period ending on March 31, 2016 | Figures as at the end of previous reporting period ending on March 31, 2015 |
| <b>Note : A-5</b>                                                   |                                                                            |                                                                             |
| <b>Other Long Term Liabilities</b>                                  |                                                                            |                                                                             |
| (a) <b>Trade Payables</b>                                           | -                                                                          | -                                                                           |
| (b) <b>Others</b>                                                   |                                                                            |                                                                             |
| i) Advances and deposits received from Customers                    | -                                                                          | -                                                                           |
| ii) Gross amount due to customers for project related contract work | -                                                                          | -                                                                           |
| <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) | 6,183,558 | 5,423,545 |
| ii) Pension Scheme                              | -         | -         |
| iii) Gratuity                                   | -         | -         |
| (b) <b>Others</b>                               |           |           |
| i) Provision for Product Warranty               | -         | -         |
| <b>TOTAL</b>                                    | 6,183,558 | 5,423,545 |

|                                                                                                                            |         |   |
|----------------------------------------------------------------------------------------------------------------------------|---------|---|
| <b>Note : A-7</b>                                                                                                          |         |   |
| <b>Short Term Borrowings</b>                                                                                               |         |   |
| <b>Secured</b>                                                                                                             |         |   |
| (a) <b>Loans repayable on demand from banks</b>                                                                            |         |   |
| Cash credit / overdraft from Banks                                                                                         | 222,555 | - |
| Secured by hypothecation of stock of Raw material, Consumables stores, Finished, semi finished goods.                      |         |   |
| <b>Sub Total</b>                                                                                                           | 222,555 | - |
| <b>Unsecured</b>                                                                                                           |         |   |
| (a) <b>Foreign currency short term loans and advances</b>                                                                  |         |   |
| i) From banks in respect of Buyer's Credit for Raw material purchase                                                       | -       | - |
| (a) <b>Rupee short term loans and advances</b>                                                                             |         |   |
| i) From banks in respect of bill discounting the Company                                                                   | -       | - |
| 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% |         |   |
| <b>Sub Total</b>                                                                                                           | -       | - |
| <b>TOTAL</b>                                                                                                               | 222,555 | - |

| Particulars                                                                                           | Rupees                                                                     |                                                                             |
|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------|
|                                                                                                       | Figures as at the end of current reporting period ending on March 31, 2016 | Figures as at the end of previous reporting period ending on March 31, 2015 |
| <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). | -                                                                          | -                                                                           |
| (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                                                                          | 2,766,478                                                                  | 10,868,442                                                                  |
| (iii) Salary & Reimbursements                                                                         | 14,392,273                                                                 | 16,532,383                                                                  |
| (iv) Contribution to PF & Superannuation                                                              | 809,427                                                                    | 1,571,192                                                                   |
| (v) Statutory and other liabilities                                                                   | 33,396,164                                                                 | 35,086,282                                                                  |
| (vi) Capital creditors                                                                                | 4,496,051                                                                  | 3,326,716                                                                   |
| (vii) Provision for expenses                                                                          | 163,113,835                                                                | 136,674,622                                                                 |
| <b>TOTAL</b>                                                                                          | <b>218,974,228</b>                                                         | <b>204,059,637</b>                                                          |
| <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)                                                     | 5,954,085                                                                  | 5,436,071                                                                   |
| (b) <b>Others</b>                                                                                     |                                                                            |                                                                             |
| (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>5,954,085</b>                                                           | <b>13,807,122</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 01.04.2014                            | 18,140,870      | 7,973,312      | 39,976,189 | 337,340,331       | 7,034,456            | 5,829,751         | 3,503,233 | 419,798,142 | 13,400,898         |
| 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>                  | 18,140,870      | 7,973,312      | 68,950,376 | 407,613,338       | 6,800,011            | 5,679,612         | 3,503,232 | 518,660,751 | 14,894,131         |
| Additions                                | -               | -              | 1,312,005  | 33,620,541        | 139,553              | 590,567           | -         | 35,662,666  | 325,570            |
| Acquired through business combinations   | -               | -              | -          | -                 | -                    | -                 | -         | -           | -                  |
| Other adjustments                        | -               | -              | -          | -                 | -                    | -                 | -         | -           | -                  |
| - exchange difference                    | -               | -              | -          | -                 | -                    | -                 | -         | -           | -                  |
| - borrowing costs                        | -               | -              | -          | -                 | -                    | -                 | -         | -           | -                  |
| Disposals                                | 91,207          | -              | 419,793    | 3,319,167         | 243,748              | 271,987           | -         | 4,345,902   | -                  |
| Disposals through demerger               | -               | -              | -          | -                 | -                    | -                 | -         | -           | -                  |
| Revaluation / Impairments                | -               | -              | -          | -                 | -                    | -                 | -         | -           | -                  |
| <b>As at 31.03.2016</b>                  | 18,049,663      | 7,973,312      | 69,842,588 | 437,914,712       | 6,695,816            | 5,998,192         | 3,503,232 | 549,977,515 | 15,219,701         |
| <b>Depreciation/Amortisation</b>         |                 |                |            |                   |                      |                   |           |             |                    |
| At 01.04.2014                            | -               | 1,019,780      | 5,681,129  | 169,202,821       | 3,511,565            | 2,059,340         | 1,484,096 | 182,958,731 | 11,776,830         |
| 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>                     | -               | 1,103,500      | 8,539,096  | 227,316,104       | 3,681,741            | 4,233,601         | 1,960,059 | 246,834,101 | 12,748,835         |
| Adjustment for depreciation written back | -               | -              | -          | -                 | -                    | -                 | -         | -           | -                  |
| Charge for the year                      | -               | 83,720         | 3,174,127  | 48,049,882        | 656,217              | 697,172           | 240,768   | 52,901,886  | 1,214,868          |
| Acquired through business combinations   | -               | -              | -          | -                 | -                    | -                 | -         | -           | -                  |
| Depreciation on disposal                 | -               | -              | 78,836     | 2,384,009         | 239,070              | 266,699           | -         | 2,968,614   | -                  |
| Provision for Impairment                 | -               | -              | -          | -                 | -                    | -                 | -         | -           | -                  |
| <b>At 31.03.2016</b>                     | -               | 1,187,220      | 11,634,387 | 272,981,977       | 4,098,888            | 4,664,074         | 2,200,827 | 296,767,373 | 13,963,703         |
| <b>Net Block</b>                         |                 |                |            |                   |                      |                   |           |             |                    |
| At 31.03.2016                            | 18,049,663      | 6,786,092      | 58,208,201 | 164,932,735       | 2,596,928            | 1,334,118         | 1,302,405 | 253,210,142 | 1,255,998          |
| At 31.03.2015                            | 18,140,870      | 6,869,812      | 60,411,280 | 180,297,234       | 3,118,270            | 1,446,011         | 1,543,173 | 271,826,650 | 2,145,296          |



# KARAD PROJECTS AND MOTORS LIMITED

## Note : A-11 Non Current Investments

| Particulars                                        | As at 31<br>March 2016 | As at 31<br>March 2015 |
|----------------------------------------------------|------------------------|------------------------|
| <b>Long term investments</b>                       |                        |                        |
| <b>Non Trade Investments (Refer A below)</b>       |                        |                        |
| (a) Investment in Equity instruments               | 5,100                  | 349,129                |
| (b) Investments in preference shares               | -                      | -                      |
| (c) Other non-current investments (specify nature) | -                      | -                      |
| <b>Total</b>                                       | <b>5,100</b>           | <b>349,129</b>         |

| Particulars                              | As at 31<br>March 2016 | As at 31<br>March 2015 |
|------------------------------------------|------------------------|------------------------|
| Aggregate amount of quoted investments   | -                      | 344,029                |
| Aggregate amount of unquoted investments | 5,100                  | 5,100                  |
| Market value of quoted investments       | -                      | 1,250,106              |

### 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) |                |
|---------|----------------------------------------------------------------------|-------------------------|-----------------------|---------------|-------------------|--------------------------|-----------------------|------|----------------|----------------|--------------------------------------------------|----------------|--------------|----------------|
|         |                                                                      |                         | 2016                  | 2015          |                   |                          | 2016                  | 2015 | 2016           | 2015           | 2016                                             | 2015           | 2016         | 2015           |
| (a)     | <b>Investment in Equity Instruments - at cost</b>                    |                         |                       |               |                   |                          |                       |      |                |                |                                                  |                |              |                |
| 1       | Kirloskar Pneumatic Co.Ltd.                                          | Others                  | -                     | 425           | Quoted            | Fully Paid               | N.A.                  | N.A. | -              | 51,000         | -                                                | -              | -            | 51,000         |
| 2       | Alfred Herbert (India) Ltd.                                          | Others                  | -                     | 300           | Quoted            | Fully Paid               | N.A.                  | N.A. | -              | 9,110          | -                                                | -              | -            | 9,110          |
| 3       | Kirloskar Electric Co. Ltd.                                          | Others                  | -                     | 7,286         | Quoted            | Fully Paid               | N.A.                  | N.A. | -              | 163,918        | -                                                | -              | -            | 163,918        |
| 4       | Kirloskar Investment & Finance Ltd.                                  | Others                  | -                     | 45,000        | Quoted            | Fully Paid               | N.A.                  | N.A. | -              | 630,000        | -                                                | 629,999        | -            | 1              |
| 5       | Kirloskar Ferrous Ind. Ltd.                                          | Others                  | -                     | 10,000        | Quoted            | Fully Paid               | N.A.                  | N.A. | -              | 100,000        | -                                                | -              | -            | 100,000        |
| 6       | Risa International Ltd. (Erstwhile Govindji Trikamdass Exports Ltd.) | Others                  | -                     | 200           | Quoted            | Fully Paid               | N.A.                  | N.A. | -              | 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>510</b>            | <b>63,721</b> |                   |                          |                       |      | <b>5,100</b>   | <b>979,128</b> | <b>-</b>                                         | <b>629,999</b> | <b>5,100</b> | <b>349,129</b> |
| (b)     | <b>Investments in Preference Shares</b>                              |                         |                       |               |                   |                          |                       |      |                |                |                                                  |                |              |                |
|         | <b>Total</b>                                                         |                         | <b>-</b>              | <b>-</b>      |                   |                          |                       |      | <b>-</b>       | <b>-</b>       | <b>-</b>                                         | <b>-</b>       | <b>-</b>     | <b>-</b>       |
| (c)     | <b>Other non-current investments</b>                                 |                         |                       |               |                   |                          |                       |      |                |                |                                                  |                |              |                |
|         | <b>Total</b>                                                         |                         | <b>-</b>              | <b>-</b>      |                   |                          |                       |      | <b>-</b>       | <b>-</b>       | <b>-</b>                                         | <b>-</b>       | <b>-</b>     | <b>-</b>       |
|         | <b>Total</b>                                                         |                         | <b>510</b>            | <b>63,721</b> |                   |                          |                       |      | <b>5,100</b>   | <b>979,128</b> | <b>-</b>                                         | <b>629,999</b> | <b>5,100</b> | <b>349,129</b> |

| Particulars                                                                                    | Figures as at the end of current reporting period ending on March 31, 2016 | Figures as at the end of previous reporting period ending on March 31, 2015 |
|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <b>Note : A-12</b>                                                                             |                                                                            |                                                                             |
| <b>Long Term Loans and Advances</b>                                                            |                                                                            |                                                                             |
| (a) <b>Capital Advances</b>                                                                    |                                                                            |                                                                             |
| Unsecured, considered good                                                                     | 1,138,418                                                                  | 1,179,134                                                                   |
| Doubtful                                                                                       | -                                                                          | -                                                                           |
| Less: Provision for doubtful advances                                                          | 1,138,418                                                                  | 1,179,134                                                                   |
|                                                                                                | 1,138,418                                                                  | 1,179,134                                                                   |
| (b) <b>Security Deposits</b>                                                                   |                                                                            |                                                                             |
| Unsecured, considered good                                                                     | 10,553,559                                                                 | 6,254,372                                                                   |
| Doubtful                                                                                       | -                                                                          | -                                                                           |
| Less: Provision for doubtful deposits                                                          | 10,553,559                                                                 | 6,254,372                                                                   |
|                                                                                                | 10,553,559                                                                 | 6,254,372                                                                   |
| (c) <b>Loans and Advances to related parties</b>                                               |                                                                            |                                                                             |
| Unsecured, considered good                                                                     | -                                                                          | -                                                                           |
| Doubtful                                                                                       | -                                                                          | -                                                                           |
| Less: Provision for doubtful advances                                                          | -                                                                          | -                                                                           |
|                                                                                                | -                                                                          | -                                                                           |
| (d) <b>Other Loans and advances</b>                                                            |                                                                            |                                                                             |
| (i) <b>Advances</b>                                                                            |                                                                            |                                                                             |
| Unsecured, considered good                                                                     | 6,913,694                                                                  | 6,913,694                                                                   |
| Doubtful                                                                                       | -                                                                          | -                                                                           |
| Less: Provision for doubtful advances                                                          | 6,913,694                                                                  | 6,913,694                                                                   |
|                                                                                                | -                                                                          | -                                                                           |
| (ii) <b>Advance Income tax net of provision</b>                                                | 6,913,694                                                                  | 6,913,694                                                                   |
|                                                                                                | -                                                                          | -                                                                           |
|                                                                                                | 18,605,671                                                                 | 14,347,200                                                                  |
| <b>Note : A-13</b>                                                                             |                                                                            |                                                                             |
| <b>Other Non Current Assets</b>                                                                |                                                                            |                                                                             |
| (a) <b>Long term trade receivables</b>                                                         |                                                                            |                                                                             |
| Unsecured, considered good                                                                     | -                                                                          | 82,385,338                                                                  |
| Doubtful                                                                                       | 28,341,790                                                                 | 29,262,036                                                                  |
| Less: Provision for doubtful advances                                                          | 28,341,790                                                                 | 111,647,374                                                                 |
|                                                                                                | 28,341,790                                                                 | 29,262,036                                                                  |
| (b) <b>Others</b>                                                                              |                                                                            |                                                                             |
| (i) <b>Claims Receivables</b>                                                                  |                                                                            |                                                                             |
| (ii) <b>Gross Amount Due from Customers</b>                                                    | 44,581,885                                                                 | 46,276,519                                                                  |
| (iii) <b>Fixed deposits with banks of maturity of more than 12 months</b>                      | 25,000                                                                     | 50,000                                                                      |
| (iv) <b>Fixed deposits with banks of maturity of more than 12 months (Ermarked with banks)</b> | -                                                                          | -                                                                           |
|                                                                                                | 44,606,885                                                                 | 46,326,519                                                                  |
| <b>TOTAL</b>                                                                                   | 44,606,885                                                                 | 128,711,857                                                                 |
| <b>Note : A-14</b>                                                                             |                                                                            |                                                                             |
| <b>Inventories</b>                                                                             |                                                                            |                                                                             |
| (a) <b>Raw Materials</b>                                                                       | 97,989,577                                                                 | 73,095,263                                                                  |
| (b) <b>Work-in-progress (Refer Part C-3(B))</b>                                                | 111,776,558                                                                | 95,244,808                                                                  |
| (c) <b>Finished goods</b>                                                                      | 37,038,134                                                                 | 61,214,015                                                                  |
| (d) <b>Stock-in-trade</b>                                                                      | -                                                                          | -                                                                           |
| (e) <b>Stores and spares</b>                                                                   | 8,436,146                                                                  | 13,865,463                                                                  |
| <b>Mode of valuation (Refer Part B-4)</b>                                                      |                                                                            |                                                                             |
| <b>TOTAL</b>                                                                                   | 255,240,415                                                                | 243,419,549                                                                 |
| <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                                                                     | 625,385,209                                                                | 553,684,085                                                                 |
| Unsecured, considered doubtful                                                                 | -                                                                          | -                                                                           |
| Less: Provision for doubtful debts                                                             | 625,385,209                                                                | 553,684,085                                                                 |
|                                                                                                | -                                                                          | -                                                                           |
| (ii) <b>Trade receivables outstanding for a period exceeding six months</b>                    |                                                                            |                                                                             |
| Unsecured, considered good                                                                     | 2,509,041                                                                  | 498,824                                                                     |
| Unsecured, considered doubtful                                                                 | -                                                                          | -                                                                           |
| Less: Provision for doubtful debts                                                             | 2,509,041                                                                  | 498,824                                                                     |
|                                                                                                | -                                                                          | -                                                                           |
|                                                                                                | 2,509,041                                                                  | 498,824                                                                     |
| <b>TOTAL</b>                                                                                   | 627,894,250                                                                | 554,182,909                                                                 |

| Particulars                                                                                   | Rupees                                                                     |                                                                             |
|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------------------|
|                                                                                               | Figures as at the end of current reporting period ending on March 31, 2016 | Figures as at the end of previous reporting period ending on March 31, 2015 |
| <b>Note : A-16</b>                                                                            |                                                                            |                                                                             |
| <b>Cash &amp; Bank Balances</b>                                                               |                                                                            |                                                                             |
| <b>(a) Cash &amp; Cash Equivalents</b>                                                        |                                                                            |                                                                             |
| (i) Cash on hand                                                                              | 71,022                                                                     | 150,645                                                                     |
| (ii) Balances with banks                                                                      | 7,600,195                                                                  | 51,196,798                                                                  |
| (iii) Earmarked balances with banks                                                           | -                                                                          | -                                                                           |
| Unpaid dividend accounts                                                                      | -                                                                          | -                                                                           |
| (iv) Fixed deposits upto 3 months                                                             | -                                                                          | -                                                                           |
|                                                                                               | 7,671,217                                                                  | 51,347,443                                                                  |
| <b>(b) Other bank balances</b>                                                                |                                                                            |                                                                             |
| Fixed deposits (more than 3 months but less than 12 months) *                                 | 6,691,413                                                                  | 9,582,420                                                                   |
| Fixed deposits (more than 3 months but less than 12 months) (Earmarked with banks)            | -                                                                          | -                                                                           |
|                                                                                               | 6,691,413                                                                  | 9,582,420                                                                   |
| * Fixed deposits of Rs. 3,001,487 (Rs. 3,001,487) are held as margin money against guarantees |                                                                            |                                                                             |
| <b>TOTAL</b>                                                                                  | <b>14,362,630</b>                                                          | <b>60,929,863</b>                                                           |

|                                                     |                   |                   |
|-----------------------------------------------------|-------------------|-------------------|
| <b>Note : A-17</b>                                  |                   |                   |
| <b>Short term loans and advances</b>                |                   |                   |
| <b>(a) Loans and advances to related parties</b>    |                   |                   |
| (i) Advances                                        | -                 | -                 |
| Unsecured, considered good                          | -                 | -                 |
| Doubtful                                            | -                 | -                 |
| Less: Provision for doubtful loans and advances     | -                 | -                 |
|                                                     | -                 | -                 |
| <b>(b) Others (specify nature)</b>                  |                   |                   |
| (i) Security deposits                               |                   |                   |
| Unsecured, considered good                          | -                 | -                 |
| Doubtful                                            | -                 | -                 |
| Less: Provision for doubtful advances               | -                 | -                 |
|                                                     | -                 | -                 |
| (ii) Advances to suppliers and others               |                   |                   |
| Unsecured, considered good                          | 5,696,428         | 7,280,683         |
| Doubtful                                            | -                 | -                 |
| Less: Provision for doubtful advances               | 5,696,428         | 7,280,683         |
|                                                     | 5,696,428         | 7,280,683         |
| (iii) Advance Income Tax (net of Provision for Tax) | 30,419,273        | 26,155,355        |
| <b>TOTAL</b>                                        | <b>36,115,701</b> | <b>33,436,038</b> |

|                                                |                   |                   |
|------------------------------------------------|-------------------|-------------------|
| <b>Note : A-18</b>                             |                   |                   |
| <b>Other current assets</b>                    |                   |                   |
| (i) Interest Accrued on Investments & Deposits | 386,442           | 687,230           |
| (ii) Claims Receivables                        | 9,419,780         | 7,362,672         |
| (iii) Gross amount due from customers          | 61,163,327        | 61,029,877        |
| <b>TOTAL</b>                                   | <b>70,969,549</b> | <b>69,079,779</b> |

| Particulars                                        | Figures for the current reporting period ending on March 31, 2016 |                      |
|----------------------------------------------------|-------------------------------------------------------------------|----------------------|
|                                                    | Figures for the current reporting period ending on March 31, 2015 |                      |
| <b>Note : A-19</b>                                 |                                                                   |                      |
| <b>Revenue from operations (Refer Part C-3(A))</b> |                                                                   |                      |
| Sale of products                                   | 2,743,211,758                                                     | 2,477,842,939        |
| Less: Excise duty                                  | 332,972,060                                                       | 270,671,770          |
|                                                    | 2,410,239,698                                                     | 2,207,171,169        |
| Project related revenue                            | 13,080,430                                                        | 24,075,311           |
| Sale of services                                   | 441,928                                                           | 46,465               |
| Other operating revenues                           | 201,905,905                                                       | 219,991,231          |
| <b>TOTAL</b>                                       | <b>2,625,667,961</b>                                              | <b>2,451,284,176</b> |

| Particulars                                                                           | Rupees                                                            |                                                                   |
|---------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|
|                                                                                       | Figures for the current reporting period ending on March 31, 2016 | Figures for the current reporting period ending on March 31, 2015 |
| <b>Note : A-20</b>                                                                    |                                                                   |                                                                   |
| <b>Other Income</b>                                                                   |                                                                   |                                                                   |
| (a) Interest Income                                                                   |                                                                   |                                                                   |
| (i) From Customers                                                                    | -                                                                 | -                                                                 |
| (ii) From Others                                                                      | 3,253,299                                                         | 2,497,831                                                         |
| (b) Dividend Income from long term investments                                        | -                                                                 | -                                                                 |
| (i) From subsidiary companies                                                         | -                                                                 | -                                                                 |
| (ii) From others                                                                      | 30,700                                                            | 17,500                                                            |
| (c) Other non-operating income (net of expenses directly attributable to such income) | 4,797,069                                                         | 2,115,517                                                         |
| (d) Profit on sale of Investments                                                     | 658,076                                                           | -                                                                 |
| <b>TOTAL</b>                                                                          | <b>8,739,144</b>                                                  | <b>4,630,848</b>                                                  |

| Particulars                                                                         | Rupees                                                            |                                                                   |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|
|                                                                                     | Figures for the current reporting period ending on March 31, 2016 | Figures for the current reporting period ending on March 31, 2015 |
| <b>Note : A-21</b>                                                                  |                                                                   |                                                                   |
| <b>Cost of material consumed</b>                                                    |                                                                   |                                                                   |
| Raw material consumed (Refer Part C-1)                                              | 1,899,428,159                                                     | 1,820,678,561                                                     |
| Stores and spares consumed                                                          | 95,056,004                                                        | 92,815,837                                                        |
| Processing charges                                                                  | 160,952,901                                                       | 126,244,311                                                       |
|                                                                                     | <b>2,155,437,064</b>                                              | <b>2,039,738,709</b>                                              |
| <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))                                                | 95,244,808                                                        | 107,773,705                                                       |
| Finished goods                                                                      | 61,214,015                                                        | 17,212,889                                                        |
|                                                                                     | <b>156,458,823</b>                                                | <b>124,986,594</b>                                                |
| <b>Closing Stock</b>                                                                |                                                                   |                                                                   |
| Work-in-progress (Refer Part C-3(B))                                                | 111,776,558                                                       | 95,244,808                                                        |
| Finished goods                                                                      | 37,038,134                                                        | 61,214,015                                                        |
|                                                                                     | <b>148,814,692</b>                                                | <b>156,458,823</b>                                                |
|                                                                                     | <b>7,644,131</b>                                                  | <b>-31,472,229</b>                                                |

|                                                                 |                   |                   |
|-----------------------------------------------------------------|-------------------|-------------------|
| <b>Note : A-22</b>                                              |                   |                   |
| <b>Employee benefit expenses</b>                                |                   |                   |
| Salaries, wages and bonus                                       | 79,841,274        | 69,022,221        |
| Contribution to provident fund, super annuation fund and E.S.I. | 4,945,843         | 4,603,588         |
| Gratuity                                                        | 1,330,116         | 4,263,717         |
| Welfare expenses                                                | 3,438,843         | 4,172,436         |
| Pension Benefits                                                | -                 | -                 |
| ESOP Expenses                                                   | -                 | -                 |
| <b>TOTAL</b>                                                    | <b>89,556,076</b> | <b>82,061,962</b> |

|                                                                           |                   |                  |
|---------------------------------------------------------------------------|-------------------|------------------|
| <b>Note : A-23</b>                                                        |                   |                  |
| <b>Finance Cost</b>                                                       |                   |                  |
| Interest expense                                                          | 7,209,902         | 3,095,140        |
| Other borrowing costs                                                     | 2,992,487         | 5,524,757        |
| Applicable net gain/loss on foreign currency transactions and translation | -                 | -                |
| <b>TOTAL</b>                                                              | <b>10,202,389</b> | <b>8,619,897</b> |

| Particulars                                       | Rupees                                                            |                                                                   |
|---------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------|
|                                                   | Figures for the current reporting period ending on March 31, 2016 | Figures for the current reporting period ending on March 31, 2015 |
| <b>Note : A-24</b>                                |                                                                   |                                                                   |
| <b>Other expenses</b>                             |                                                                   |                                                                   |
| Power & fuel                                      | 34,444,761                                                        | 28,513,412                                                        |
| Repairs and maintenance                           |                                                                   |                                                                   |
| Plant and machinery                               | 15,159,698                                                        | 8,010,706                                                         |
| Buildings                                         | 5,178,120                                                         | 4,615,933                                                         |
| Others                                            | 843,682                                                           | 378,615                                                           |
| Rent                                              | 1,394,055                                                         | 4,116,575                                                         |
| Rates and taxes                                   | 10,234,418                                                        | 13,672,829                                                        |
| Travel and conveyance                             | 6,446,361                                                         | 7,915,676                                                         |
| Postage and telephone                             | 1,240,100                                                         | 1,245,386                                                         |
| Insurance                                         | 3,559,321                                                         | 4,654,061                                                         |
| Directors sitting fees                            | 100,000                                                           | -                                                                 |
| Freight and forwarding charges                    | 33,580,646                                                        | 28,870,529                                                        |
| Brokerage and commission                          | 5,623                                                             | -                                                                 |
| Advertisements and publicity                      | 1,010,134                                                         | 663,488                                                           |
| Loss on sale/disposal of fixed assets             | 660,095                                                           | 820,491                                                           |
| Provision for doubtful debts, advances and claims | -                                                                 | 23,489,588                                                        |
| Bad debts, advances and claims written off        | 120,138,659                                                       | 96,465,485                                                        |
| Auditors remuneration (Refer Part C-5)            | 1,765,305                                                         | 1,776,836                                                         |
| Legal Expenses and Consulting Fees                | 6,304,038                                                         | 11,776,773                                                        |
| Stationery and printing                           | 10,069,581                                                        | 8,663,367                                                         |
| Excise duty paid (Net)                            | 136,913                                                           | 29,129                                                            |
| Foreign exchange difference Loss (Net)            | 2,028,313                                                         | 3,978,030                                                         |
| Other miscellaneous expenses                      | 10,162,326                                                        | 12,600,555                                                        |
| <b>TOTAL</b>                                      | <b>264,262,149</b>                                                | <b>262,257,464</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.

### 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.

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## 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            | 757,820,827          | 786,150,669          |
| Copper Wire      | 421,633,865          | 329,774,943          |
| Aluminum         | 55,377,143           | 60,576,711           |
| Motor Body       | 111,722,861          | 70,507,137           |
| Motor Frames     | 164,679,858          | 157,887,854          |
| Rotor with Shaft | 1,726,407            | 42,903,054           |
| Others           | 386,467,198          | 372,878,193          |
| <b>Total</b>     | <b>1,899,428,159</b> | <b>1,820,678,561</b> |

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

| Particulars  | Current Year (Rs.) |                      | Previous Year (Rs.) |                      |
|--------------|--------------------|----------------------|---------------------|----------------------|
|              | %                  | Value                | %                   | Value                |
| Imported     | 11.70              | 222,262,543          | 11.93               | 217,225,875          |
| Indigenous   | 88.30              | 1,677,165,616        | 88.07               | 1,603,452,686        |
| <b>Total</b> | <b>100.00</b>      | <b>1,899,428,159</b> | <b>100.00</b>       | <b>1,820,678,561</b> |

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

| Particulars       | Current Year (Rs.) | Previous Year (Rs.) |
|-------------------|--------------------|---------------------|
| Capital Goods     | 218,173            | 54,908,604          |
| Raw Material      | 198,906,881        | 190,946,123         |
| Stores and Spares | -                  | -                   |

#### (B) EARNING IN FOREIGN CURRENCY

| Particulars         | Current Year (Rs.) | Previous Year (Rs.) |
|---------------------|--------------------|---------------------|
| FOB Value of Export | 36,765,720         | 41,097,022          |

#### (C) EXPENDITURE IN FOREIGN CURRENCY

| Particulars         | Current Year (Rs.) | Previous Year (Rs.) |
|---------------------|--------------------|---------------------|
| Travelling Expenses | 1,181,406          | 1,414,919           |
| Commission          | 1,215,810          | 2,142,271           |
| Interest paid       | -                  | -                   |
| Others              | 333,682            | 639,802             |

# 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         | 772,689,937          | 802,182,119          |
| Pumps                   | 160,141,421          | 64,489,011           |
| Wound Stators           | 650,145,855          | 578,897,854          |
| Die-cast Rotors         | 269,377,245          | 255,323,572          |
| Stamping & Lamination   | 327,714,896          | 356,467,998          |
| Stator/Rotor Stacks     | 95,039,869           | 62,889,523           |
| Connecting Rods         | 37,776,286           | 32,940,534           |
| Drive Unit Assembly     | 110,872,459          | 65,551,683           |
| Hydraulic Valves        | 910,493              | 3,967,637            |
| Project related revenue | 13,080,430           | 24,075,311           |
| Others                  | 187,919,070          | 204,498,934          |
| <b>Total</b>            | <b>2,625,667,961</b> | <b>2,451,284,176</b> |

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

| Particulars           | Current Year (Rs.) | Previous Year (Rs.) |
|-----------------------|--------------------|---------------------|
| Electric Motors       | 3,148,212          | 15,648,433          |
| Pumps                 | 766,192            | 6,689,935           |
| Wound Stators         | 50,729,692         | 22,290,665          |
| Die-cast Rotors       | 31,764,735         | 7,866,997           |
| Stamping & Lamination | 2,453,865          | 32,479,146          |
| Stator/Rotor Stacks   | 8,714,163          | 447,996             |
| Connecting Rods       | 1,818,312          | 1,822,672           |
| Drive Unit Assembly   | 433,763            | 6,097,515           |
| Hydraulic Valves      | -                  | 195,753             |
| Others                | 11,947,624         | 1,705,696           |
| <b>Total</b>          | <b>111,776,558</b> | <b>95,244,808</b>   |

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

| SN | Particulars                                                              | Current Year (Rs.) | Previous Year (Rs.) |
|----|--------------------------------------------------------------------------|--------------------|---------------------|
| 1  | Contract revenue recognized for the year (Note A-19)                     | 13,080,430         | 24,075,311          |
| 2  | Amount of advances received for contracts in progress (Note A-8 (e)(ii)) | 699,289            | 1,702,578           |
| 3  | Amount of retentions for contracts in progress                           | 17,301,988         | 16,536,290          |
| 4  | Gross Amount Due From Customer :                                         |                    |                     |
|    | Contract cost incurred                                                   | 526,535,070        | 504,817,876         |
|    | Recognized profit less recognized losses                                 | (124,012,763)      | (114,975,646)       |
|    | Less: Progress Billing                                                   | (341,358,980)      | (328,812,353)       |
|    | POC (Note A-18(iii))                                                     | 61,163,327         | 61,029,877          |



# 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             | 1,475,000          | 1,475,000           |
| Tax audit fees         | 125,000            | 125,000             |
| Other certification    | 152,355            | 153,750             |
| Out of pocket expenses | 12,950             | 23,086              |
| <b>Total</b>           | <b>1,765,305</b>   | <b>1,776,836</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. 4,542,724 (Previous year Rs. 4,216,725), 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<br>31-03-2016    | As at<br>31-03-2015 |
|-------------------------------------------------|------------------------|---------------------|
|                                                 | Gratuity Plan (Funded) |                     |
| Amount to be recognized in Balance Sheet        |                        |                     |
| Present value of defined benefit obligation     | 22,431,324             | 20,927,491          |
| Less : Fair value of plan assets                | 23,051,651             | 22,745,539          |
| Amount to be recognized as (liability) or asset | 620,327                | 1,818,048           |
| Amounts reflected in the Balance Sheet          |                        |                     |
| Liabilities                                     | --                     | --                  |
| Assets                                          | 620,327                | 1,818,048           |
| Net (Liability)/Asset                           | 620,327                | 1,818,048           |

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

| Particulars                                                                                                                                                                                                     | As at<br>31-03-2016    | As at<br>31-03-2015 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------------------|
|                                                                                                                                                                                                                 | Gratuity Plan (Funded) |                     |
| 1. Current Service Cost                                                                                                                                                                                         | 1,408,976              | 772,224             |
| 2. Interest Cost                                                                                                                                                                                                | 1,566,641              | 1,441,016           |
| 3. Expected Return on Plan Assets                                                                                                                                                                               | (1,977,244)            | (2,032,671)         |
| 4. Actuarial Losses / (Gains)                                                                                                                                                                                   | 331,743                | 5,006,661           |
| 5. Acquisition adjustment Gain                                                                                                                                                                                  |                        | --                  |
| 6. Expenses Recognized in the Statement of Profit and Loss                                                                                                                                                      | 1,330,116              | 5,187,230           |
| Included in Payments to and provision for Employees, (for Previous year it 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<br>31-03-2016    | As at<br>31-03-2015 |
|--------------------------------------------------------------------------------|------------------------|---------------------|
|                                                                                | Gratuity Plan (Funded) |                     |
| 1. Balance of the present value of Defined benefit Obligation as on 01.04.2015 | 20,927,491             | 18,623,642          |
| 2. Add : Current Service Cost                                                  | 1,408,976              | 772,224             |
| Add : Interest Cost                                                            | 1,566,641              | 1,441,016           |
| 3. Add /(Less) : Actuarial losses / (gains)                                    | 212,924                | 4,245,703           |
| 4. Less : Benefit paid                                                         | (1,684,708)            | (4,155,094)         |
| 5. Balance of the present value of Defined Benefit Obligation as at 31-03-2016 | 22,431,324             | 20,927,491          |

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

| Particulars                                                              | As at<br>31-03-2016    | As at<br>31-03-2015 |
|--------------------------------------------------------------------------|------------------------|---------------------|
|                                                                          | Gratuity Plan (Funded) |                     |
| 1. Opening balance of the fair value of the plan assets as at 01-04-2015 | 21,836,463             | 25,581,313          |
| Opening Adjustment                                                       | 909,076                | --                  |
|                                                                          | 22,745,539             | 25,581,313          |
| 2. Add : Expected Return on plan assets                                  | 1,977,244              | 2,032,671           |
| 3. Add / (Less) : Actuarial gains / (losses)                             | (118,819)              | (760,958)           |
| 4. Acquisition adjustment Gain                                           |                        | --                  |
| 5. Add : Contribution by the employer                                    | 132,395                | 47,607              |
| 6. Less : Benefits paid                                                  | (1,684,708)            | (4,155,094)         |
| 7. Closing balance of the fair value of the plan assets as at 31-03-2016 | 23,051,651             | 22,745,539          |

- e) Principal actuarial assumptions at the balance sheet:

| Particulars                                                                                                                                                                                                         | As at<br>31-03-2016 | As at<br>31-03-2015 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| 1. Discount Rate                                                                                                                                                                                                    | 7.70%               | 7.80%               |
| 2. Expected Return on Plan Assets                                                                                                                                                                                   | 9.00%               | 9.00%               |
| 3. Salary Growth Rate                                                                                                                                                                                               | 10.00%              | 10.00%              |
| 4. Attrition Rate                                                                                                                                                                                                   | 5.00%               | 5.00%               |
| 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. |                     |                     |

## KARAD PROJECTS AND MOTORS LIMITED

### Part C: NOTES FORMING PART OF ACCOUNTS

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

| Particulars                                     | As at<br>31-03-2016 | As at<br>31-03-2015 |
|-------------------------------------------------|---------------------|---------------------|
|                                                 | Leave Encashment    |                     |
| 1. Carrying amount at the beginning of the year | 10,859,616          | 8,294,742           |
| 2. Provision made during the year               | 1,988,780           | 3,777,447           |
| 3. Amount used during the year                  | 710,753             | 1,212,573           |
| 4. Unused amounts reversed during the year      | --                  | --                  |
| 5. Carrying amount at the end of the year       | 12,137,643          | 10,859,616          |

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

| Particulars                                                                   | As at<br>31-03-2016 | As at<br>31-03-2015 |
|-------------------------------------------------------------------------------|---------------------|---------------------|
| I - Basic/Diluted                                                             |                     |                     |
| Profit/(Loss) after Tax                                                       | 45,327,334          | 12,871,190          |
| 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 | 3.25                | 0.92                |

#### 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. Ravindra Samant         | Key Managerial Personnel (Managing Director) |

# 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                      | 24,242,366<br>(16,939,927)          | 1,997,057<br>(96,973)            | --<br>--                 | --<br>--                                                                                          |
| Sales/job work                          | 2,117,673,432<br>(1,800,549,470)    | --<br>--                         | --<br>--                 | --<br>--                                                                                          |
| Interest received                       | --<br>--                            | --<br>--                         | --<br>--                 | --<br>--                                                                                          |
| Proposed/Interim Dividend               | 24,416,788<br>--                    | --<br>--                         | --<br>--                 | --<br>--                                                                                          |
| Receiving services/ expenses reimbursed | 11,077,483<br>(15,894,928)          | --<br>--                         | --<br>--                 | --<br>--                                                                                          |
| Rendering services/ expenses recovered  | --<br>--                            | --<br>--                         | --<br>--                 | --<br>--                                                                                          |
| Capital goods purchase                  | 62,043<br>--                        | --<br>--                         | --<br>--                 | --<br>--                                                                                          |
| Capital goods sales                     | --<br>--                            | --<br>--                         | --<br>--                 | --<br>--                                                                                          |
| Remuneration paid                       | --<br>--                            | --<br>--                         | 3,784,031<br>(1,420,115) | --<br>--                                                                                          |
| Closing balance                         | Dr. 401,723,297<br>Dr.(297,081,064) | Cr.150,480<br>Cr.(3,974)         | --<br>--                 | --<br>--                                                                                          |

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# 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) | 17,169,886           | 2,617,237,219      | 2,634,407,105        |
| Segment results (Profit before tax)  | (153,045,589)        | 206,234,130        | 53,188,541           |
| <b>Net profit before tax</b>         | <b>(153,045,589)</b> | <b>206,234,130</b> | <b>53,188,541</b>    |
| Income Tax - Current year            |                      |                    | (11,350,000)         |
| Income Taxes for earlier years       |                      |                    | -                    |
| Deferred Tax                         |                      |                    | 3,488,793            |
| <b>Net profit after tax</b>          |                      |                    | <b>45,327,334</b>    |
|                                      |                      |                    |                      |
| <b>Other information:</b>            |                      |                    |                      |
| Segment Assets                       | 155,232,439          | 1,138,649,629      | 1,293,882,068        |
| Unallocated Assets                   |                      |                    | 45,992,921           |
| <b>Total assets</b>                  |                      |                    | <b>1,339,874,989</b> |
|                                      |                      |                    |                      |
| Segment Liabilities                  | 178,503,076          | 476,432,503        | 654,935,579          |
| Unallocated Liabilities              |                      |                    | 684,939,410          |
| <b>Total Liabilities</b>             |                      |                    | <b>1,339,874,989</b> |
|                                      |                      |                    |                      |
| Capital expenditure                  | -                    | 35,988,236         | 35,988,236           |
| Depreciation & Impairment            | -                    | 54,116,755         | 54,116,755           |
| Other non-cash expenditure           | 119,527,215          | 611,444            | 120,138,659          |

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<br>31-03-2016 | As at<br>31-03-2015 |
|----------|---------------------|---------------------|
| USD      | 368,542             | 7,35,469            |
| EURO     | 1,942               | 172                 |

## KARAD PROJECTS AND MOTORS LIMITED

### Part C: NOTES FORMING PART OF ACCOUNTS

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<br>31-03-2016 | As at<br>31-03-2015 |
|----------|---------------------|---------------------|
| USD      | 1,395               | 3,300               |
| EURO     | 53,509              | 1,07,452            |
| GBP      |                     | 7,701               |

### 13. CONTINGENT LIABILITY AND COMMITMENTS:

| Particulars                                                                                                                                                                  | As at Mar 31,<br>2016 (Rs) | As at Mar 31,<br>2015 (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)                                                                                                              | 14,004,469                 | 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                                                                                                                      | 475,877,684                | 411,753,531                |
| (d) Demand in respect of Excise matters                                                                                                                                      | 1,899,646                  | 1,899,646                  |
| (e) In respect of Labour matters                                                                                                                                             | 5,321,684                  | 5,853,852                  |
| (f) In Respect of sales tax matters for the year 2010-11                                                                                                                     | 3,218,942                  | 58,337,106                 |
| <b>(ii) Commitments</b>                                                                                                                                                      |                            |                            |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for                                                                           | 15,962,476                 | 3,536,363                  |
| (b) Export obligation under EPCG License obtained from DGFT. Export obligation fulfilled up to 31 <sup>st</sup> March, 2016 is Rs.44,245,934 (Up to Previous year 8,834,432) | 42,083,809                 | 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

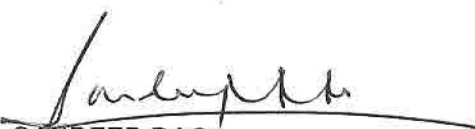
### 14. Prior Period Expenditure

| Particulars              | As at<br>31-03-2016 | As at<br>31-03-2015 |
|--------------------------|---------------------|---------------------|
| Prior Period Expenditure | Nil                 | Nil                 |

Grouped under Other Miscellaneous Expenses (Note A-24)

15. 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.
16. 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

PUNE : April 15, 2016

For and on behalf of the Board of Directors

  
**K. TARA NATH**  
Chairman  
(DIN : 00051697)

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

  
**RAGHUNATH APTE**  
Company Secretary

PUNE : April 15, 2016