

# KPML



Enriching Lives

## The core driving force of success!

**ANNUAL REPORT 2021- 22**



**KARAD PROJECTS AND MOTORS LIMITED**



Customers Visit to KPML



Customers Visit to KPML



Annual Report for the financial year ended on 31<sup>st</sup> March 2022

**BOARD OF DIRECTORS**

K. Taranath	-	Chairman
Ravindra R. Samant	-	Managing Director
Ms. Rama S. Kirloskar	-	Director
C. M. Mate	-	Director

**CHIEF FINANCIAL OFFICER**

Vijaykumar V. Kulkarni

**COMPANY SECRETARY**

Ms. Neha Joshi

**AUDITORS**

P G Bhagwat, LLP  
Chartered Accountant,  
Suite 102, 'Orchard', Dr. Pai Marg, Baner,  
Pune - 411 045

**BANKERS**

HDFC Bank Limited

**REGISTERED OFFICE**

Plot B-67 & 68, MIDC Karad Industrial Area,  
Tasawade, Karad - 415 109  
E-mail: enquiry@kpml.co.in  
Website: www.kpml.co.in

**WORKS/DIVISIONS**

Motor Division: Plot B-67 & 68,  
MIDC Karad Industrial Area,  
Tasawade, Karad - 415 109

Stamping Division: Plot D-2 & D-2/1,  
MIDC Karad Industrial Area,  
Tasawade, Karad - 415 109

Component Division: 775/B, Plot No. 11,  
Karad Dhebewadi Road,  
Wing - 415 122

Project Division: Udyog Bhavan,  
Tilak Road, Pune - 411 002

**Information for shareholders**

Annual General Meeting

Day & date	:	15th July, 2022
Time	:	10.00 AM.
Venue	:	Registered Office, Plot B-67 & 68, MIDC Karad Industrial Area, Tasawade, Karad - 415 109

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## BOARD'S REPORT

The Members  
Karad Projects and Motors Limited  
Karad

Your Directors present the **Twenty First Annual Report** and Audited Financial Statements of the Company for the year ended **March 31, 2022**.

### 1. FINANCIAL PERFORMANCE

The financial results of the Company for the year 2021-22 as compared with the previous year are as under:-

Particulars	Current year ended March 31, 2022 (Rs. in Lakhs)	Current year ended March 31, 2021 (Rs. in Lakhs)
Revenue from Operations	47,748.07	30,842.53
Other Income	514.73	392.39
<b>Total</b>	<b>48,262.80</b>	<b>31,234.93</b>
Less - Depreciation	559.70	583.14
Finance Costs	30.01	35.22
Other Expenses	42,729.62	27,895.72
Profit / (Loss) before tax	4,943.47	2,720.84
Provision for Income / deferred tax **	1,476.28	-1,035.21
Profit / (Loss) after tax	3,467.19	3,756.06
Other Comprehensive Income (OCI)	17.78	11.30
<b>Net Profit / (Loss) after OCI for the year</b>	<b>3,449.42</b>	<b>3,767.36</b>

\*\* Last year Includes Rs. 1,742.44 lakhs credited as MAT entitlement for earlier years.

### APPROPRIATIONS :

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

Particulars	Current year ended March 31, 2022 (Rs. in Lakhs)	Current year ended March 31, 2021 (Rs. in Lakhs)
Dividend	1185.96	1185.96
Transfer to General Reserve	-	-
<b>Total</b>	<b>1185.96</b>	<b>1185.96</b>

### 2. STATEMENT OF AFFAIRS :

During the year, the total revenue from operations of the Company 47,748 lakhs which is higher by 16,906 lakhs than previous year. This increase in revenue is observed mainly due to opportunity in generating revenue since post COVID improvements in the market condition and mainly impact of price rise due to increase in commodity prices.

### 3. DIVIDEND:

During the Financial Year 2021-22, your board had declared and paid 2 times interim dividend aggregating @ 85% on outstanding share capital of Rs. 13,95,24,500/-. And considering the same your Board has not proposed any final dividend for the year ended 31.03.2022.

**STATUTORY DISCLOSURES****4. ANNUAL RETURN:**

As per provisions of Section 92(3) read with Section 134 of the Companies Act, 2013 (the Act), the Annual Return of the Company for the Financial Year ended March 31, 2022 is placed on the website of the Company at <https://kpml.co.in/aboutus.php?id=38>.

**5. BOARD MEETINGS:**

During the Financial year 2021-22, six Board Meetings were held:

- i) 15th April 2021;
- ii) 22nd July 2021;
- iii) 12th October 2021;
- iv) 14th January 2022;
- v) 12th February 2022.
- vi) 24th March 2022

**6. DIRECTORS' RESPONSIBILITY STATEMENT :**

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

- a) in the preparation of the annual accounts, the applicable accounting standards have 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 have 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 have prepared the annual accounts on a going concern basis;
- e) the directors, have laid down internal financial controls to be followed by the Company, wherever required, and that such internal financial controls are adequate and were operating effectively;
- f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the note Nos. 6 of the Financial Statements.

**8. 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 is as below:

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

A	Name(s) of the related party and nature of relationship	Kirloskar Brothers Limited - Holding company
B	Nature of contracts / arrangements / transactions	Sale / Purchase and rendering / receiving services
C	Duration of the contracts / arrangements / transactions	On monthly basis
D	Salient terms of the contracts or arrangements or transactions including the value, if any;	Transactions with related parties for the year ended March 31, 2022 is attached to the Notes to accounts of the Financial Statement.
E	Date(s) of approval by the Board, if any;	As all the transactions are in ordinary course of business and at arm's length, Board approval was not required
F	Amount paid as advances, if any:	Nil

**9. 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 I to this report.

**10. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION 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.

**11. BUSINESS RISK MANAGEMENT :**

The Company have formulated a Risk Management Systems and have constituted a Risk Management Committee. Senior management team periodically reviews the working conditions affecting the Company and reports the same to the Board. Total 06 meetings were held during the year under review. In the opinion of the Board, none of the identified risks threaten the existence of the Company.

**12. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

During the year under review, Mr. Raghunath Apte ceased to be Company Secretary and Key Managerial Personnel of the company with effect from April 15, 2021 and Ms. Neha Joshi was appointed as Company Secretary and Key Managerial Personnel of the company with effect from April 15, 2021

Mr. K. Taranath (DIN: 00051697) Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**13. PARTICULARS OF EMPLOYEE:**

In terms of the requirements under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 a list is available on demand.

**14. DISCLOSURE ON SECRETARIAL STANDARDS:**

The Directors confirm that the Company has complied with the Secretarial Standards.

**15. CORPORATE SOCIAL RESPONSIBILITY**

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

**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 were 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 is commensurate with the size, scale, nature and complexity of its operations. Corporate Internal Audit Department of Kirloskar Brothers Limited are Internal Auditors of the Company. Based on the report of Internal Auditors the Company undertakes corrective action and further strengthens the controls, as and when required. 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**

P G Bhagwat LLP, Chartered Accountants (Firm Registration No. 101118W/ W100682) were re-appointed as auditors for a further period of 4 years in the 18th Annual General Meeting of the Company held on July 17, 2019 till the conclusion of 22nd Annual General Meeting of the Company to be held in calendar year 2023.

Parkhi Limaye & Co. (Firm Registration No. 191) were appointed as Cost Accountant as per Section 148 of the Companies Act, 2013, read with applicable rules made thereunder for the Financial Year 2021-22.

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 2022-23. Their remuneration is subject to approval by the shareholders at the ensuing Annual General Meeting.

Your Company is required to maintain the Cost Records as required under section 148(1) of the Companies Act, 2013 and accordingly such records are maintained by the Company for the year ended March 31, 2022.

**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.

**22. REPORTING ON FRAUDS BY AUDITORS**

During the year under review, no frauds were reported by the Auditors of the Company.

**23. SECRETARIAL AUDITORS**

Mr. Abhijit Dakhawe, Practicing Company Secretary (CP No. 4474) was appointed as a Secretarial Auditor as per section 204 of the Act, 2013 for the Financial Year 2021-22.

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

Dakhawe Apte & Associates, Company Secretaries (UCN P2022MH090400) have been appointed as a Secretarial Auditor as per section 204 of the Act, 2013 for the Financial Year 2022-23.

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

Your Company has complied with the provisions relating to the constitution of Internal Complaints Committee as required under the provisions of 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, 2022:

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;	04
Nature of action by employer or District Officer, if any	Nil

**25. DETAILS OF APPLICATION UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016.**

Not Applicable

**26. DETAILS ON ONE TIME SETTLEMENT:**

Not Applicable

**27. 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**

Place: Pune  
Date: April 29, 2022

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

**Ravindra Samant**  
Managing Director  
(DIN: 07002226)



**Annexure I to Board's Report****The report on conservation of energy, technology absorption, foreign exchange earnings and outgo as per Rule 8(3) of the Companies (Accounts) Rules, 2014:****(A) Conservation of energy :****(i) The steps taken by the Company for utilizing alternate sources of energy**

Company continues to utilize 1100 kw Solar power.

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

1. Thyristor based control installed for bluing furnace. Expecting approx. 10% saving in consumption.
2. Reusing of waste heat for shaft pressing @ Die casting area itself & expected saving of around 10%
3. Use of electric two wheelers to commute between plants and to visit nearby vendors
4. Elimination of Diesel based Forklift usage in plant.
5. Use of LED lamps in place of CFL lamps in Motor Division.
6. Replacement of old motors with IE4 motors for fire fighting system in stamping division.

**(iii) The capital investment on energy conservation equipment : 0.312****(B) Technology absorption:****(i) The efforts made towards technology absorption:**

1. Motorized KS4 assembly line
2. Digitalization of Conference hall

**(ii) Benefits derived :**

1. Productivity improvement

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

- (a) the details of technology imported: Not Applicable
- (b) the year of import: Not Applicable
- (c) Whether the technology been fully absorbed: Not Applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

**(iv) Expenditure incurred on Research and Development: Rs. 110.57 lakhs****(C) Foreign Exchange earnings and outgo :**

Earnings - Rs. 938.49 Lakhs

Outgo - Rs. 2,214.69 Lakhs

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

Place: Pune  
Date: April 29, 2022

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

**Ravindra Samant**  
Managing Director  
(DIN: 07002226)

**ANNEXURE II****FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES****(FOR FY 2021-22)**

1. Brief outline on CSR Policy of the Company: KPML has CSR policy duly approved by the board of Directors with a view to provide a mechanism for meeting its social responsibility in an effective manner and to provide optimum benefits to various deserving sections in surrounding rural area. While implementing such CSR activities KPML is following guidelines laid down by Kirlskar Brothers Ltd., and focusing primarily in the area of education, Health, Environment & other eligible purposes.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. K Taranath	Chairman	1	1
2	Mr. Ravindra Samant	Member	1	1
3	Mr. Chittaranjan Mate	Member	1	1

3	Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.	<a href="http://www.kpml.co.in/images/aboutus/CSR_Policy.pdf">www.kpml.co.in/images/aboutus/CSR_Policy.pdf</a>
4	Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).	The Average CSR obligation of the Company is less than INR 10 Crores.
5	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any	Not Applicable

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set off for the financial year, if any (in Rs)
1			
2			
3			
	TOTAL		

6. Average net profit of the company as per section 135(5). INR 23,85,67,608

7.	(a) Two percent of average net profit of the company as per section 135(5)	INR 47,71,352
	(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
	(c) Amount required to be set off for the financial year, if any.	Nil
	(d) Total CSR obligation for the financial year (7a+7b-7c).	INR 47,71,352

8. (a) CSR amount spent or unspent for the financial year: INR 47,71,905/-

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
INR 47,71,905/-	Not Applicable				

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

1	2	3	4	5		6
Sl. No.	Name of the Project.	Item from the List of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.
				State	District.	
Not Applicable						
1	7	8	9	10	11	
Sl. No.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation – Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
					Name	CSR Registration number.
Not Applicable						

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

1	2	3	4	5		6	7	8	
Sl. No	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the Project.		Amount spent for the project (in Rs.).	Mode of implementation -Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
1	Electrical wiring done at School.	Promoting Education	Yes	Maharashtra	Satara	1,43,601	Yes - Aatmaram Vidyamandir, Ogalewadi.	NA	NA
2	Blue Star Water Cooler donated for ZP School.	Making available safe drinking water	Yes	Maharashtra	Satara	1,86,000	Yes - Arogya Seva Kendra, Talbid.	NA	NA
3	Powder Coated Bench cum Desk with Backrest.	Promoting Education	Yes	Maharashtra	Satara	1,22,000	Yes - Balvidyalay Mandir, Ogalewadi.	NA	NA
4	Electric Vehicle & 12 Watt 15 Street lights installed.	Rural development projects.	Yes	Maharashtra	Satara	3,68,939	Yes - Belevade Grampanchayat.	NA	NA
5	Water Tank	Making available safe drinking water	Yes	Maharashtra	Satara	3,729	Yes - Lek Ladki Abhiyan, Satara.	NA	NA
6	Aquaplast Water Hand Pump--KIT for Flood Affected Area.	Disaster management	Yes	Maharashtra	Satara	61,950	Yes - Netaji Subhashchandra Highschool, Koynanagar.	NA	NA
7	Jalaraj Motor to RIT College	Promoting Education	Yes	Maharashtra	Sangli	2,312	Yes - RIT College, Islampur	NA	NA
8	HP Desktop computer with Laserjet Printer.	Promoting Education	Yes	Maharashtra	Kolhapur	37,500	Yes - SP School, Kolhapur	NA	NA
9	Vedika Pathology for Antigen Test drive and Medicine and Vaccine for Covid 19.	Promoting health care including preventive health care	Yes	Maharashtra	Satara	3,20,460	Yes - Talbid & Tasawade Grampanchayat	NA	NA
10	Various, Hean Sea Saw.	Promoting Education	Yes	Maharashtra	Satara	50,536	Yes - Talbid Balwadi School	NA	NA
11	Exercise equipments (Air walker, leg press, push up bar) and Insurance, registration of E-Cart vehicles for Sanitization.	Rural development projects.	Yes	Maharashtra	Satara	3,22,026	Yes - Talbid Grampanchayat	NA	NA

12	Portable Oxygen Concentrator and 12-Watt 30 Solar Street Lights donated to Varade Gram panchayat.	Rural development projects.	Yes	Maharashtra	Satara	3,81,667	Yes - Varade Grampanchayat	NA	NA
13	Development of school infrastructure, IT and furniture & environment education	Promoting Education	Yes	Maharashtra	Sangli	24,90,676	No	Vikas Charitable Trust	CSR00006556
14	500 LPH RO Plant donated	Making available safe drinking water	Yes	Maharashtra	Satara	1,38,136	Yes - Wing School	NA	NA
15	Desktop to Book Library	Promoting Education	Yes	Maharashtra	Satara	1,42,373	Yes - ZP School Shedgewadi	NA	NA
<b>TOTAL</b>						<b>47,71,905</b>			

(d) Amount spent in Administrative Overheads	0
(e) Amount spent on Impact Assessment, if applicable	0
(f) Total CSR obligation for the financial year (8b+8c+8d+8e)	47,71,905

(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (in Rs.)
i.	Two percent of average net profit of the company as per section 135(5)	47,71,352
ii.	Total amount spent for the Financial Year	47,71,905
iii.	Excess amount spent for the financial year [(ii)-(i)]	553
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	553

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
Not Applicable							

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID.	Name of The Project.	Financial Year in which the project was commenced	Project duration	Total Amount allocated for the project (in Rs)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative Amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed/ Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

**(Asset-wise details):**

(a) Date of creation or acquisition of the capital asset(s).	NA
(b) Amount of CSR spent for creation or acquisition of capital asset.	NA
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	NA
(d) Provide details of the capital asset(s) created or acquired (Including complete address and location of the capital asset)	NA

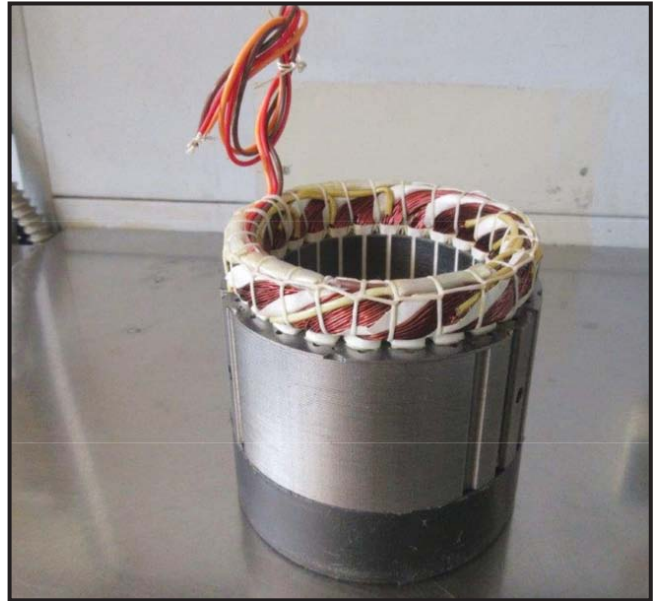
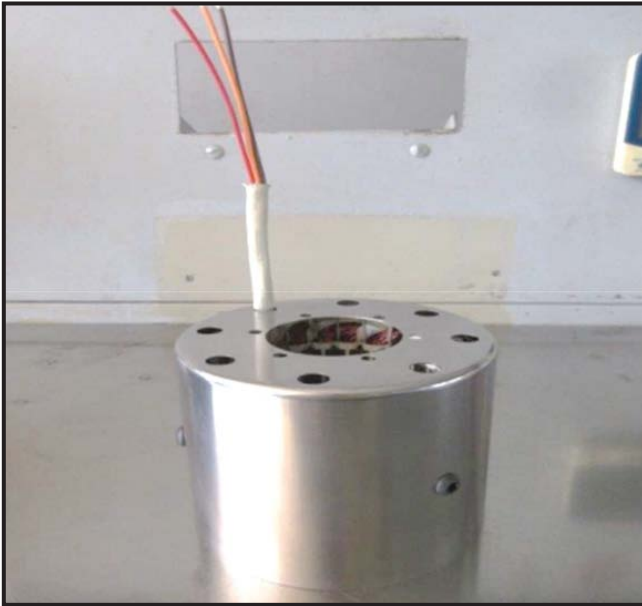
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).	Not Applicable
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**Ravindra Samant**  
(Managing Director)

**K. Taranath**  
(Chairman CSR Committee)



## New Products Development



Development of New Stator (Neptune) for Healthcare Application

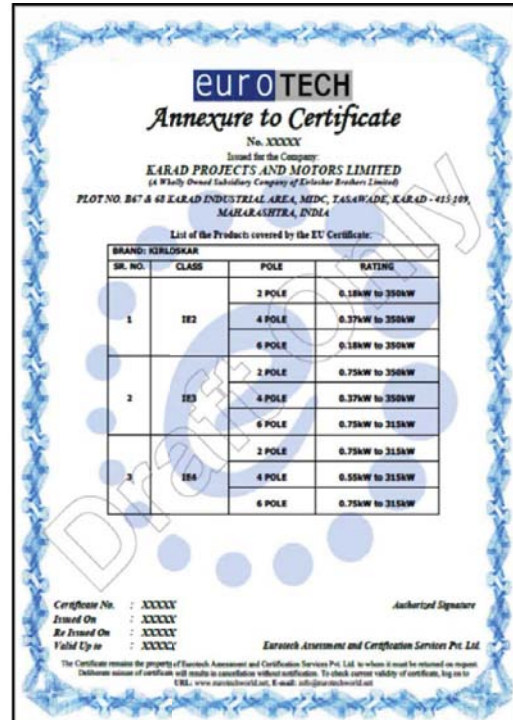


Developed Indigenized KI 250 Frame  
3Ph Induction Motors

Developed Special Motors for Fire Fighting



## Initiatives



CE certification for KI motors of IE4 series from 0.75 kW to 315kW (2P, 4P, 6P)



Dispatch of Indigenous Coalescer units to SPP, U.K.  
Dispatched pilot Batch of First 20 Sets to SPP, UK



## New Initiative



Installed a New Production Line for Stator Manufacturing



Initiated TPM Drive at Component Division



Awarded Vendor J. K. Enterprises for “Best Quality Culture” under Vendor QM Pillar for its Consistent performance, Reliability and Quality Culture





Tree Plantation on Occasion of World Environment Day



Celebrated Ganesh Utsav at KPML



Celebrated Women's Day by Conducting Training program on Proper Nutrition and Diet at Apla Gaon, Karad



Celebrated Republic Day and Rewarded Security Guards for their Contribution and honest Job



Celebration of 51<sup>st</sup> National Safety Week



Celebration of 51<sup>st</sup> National Safety Week by taking Safety Oath in all three Divisions, Quiz Competitions, Spot the Hazard competition and various Mock drills



## Employee Welfare



Completion of Worker's Wage Settlement Agreement



Covid.19 - Vaccination Camp organised at KPML, Karad for Workers and Staff employees, through Sahyadri Super Specialty Hospitals, Karad on dated 02.07.2021.  
Total 320 Nos. Covishield Jabs vaccinated to employees during Camp.



Employee Appreciation : Employees were rewarded for Improvements/  
Achievements in their Respective Functions





## Training Programme



First-Aid Training Programme for workers and staff employees



Leadership Development Programme for Future Managers







Participation of KPML Candidates in TPM Training programme at KBL, KOV



Training Programme for Workers on “Proactive Attitude and Work Place Etiquettes”.



Dietitian Program-Diet for good health for Senior Management



## CSR Activities

### Employee Appreciation for Improvements/ Achievements related safety at workplace



KPML donated Oxygen Concentrator (10 LPM) to SP Office, Satara for Chaitanya Covid. 19 Hospital for Police Department in Satara District.

Donated Automatic Hand Sanitizer Machines to Sant Tukaram Highschool, Karad



Donated Sanitary Pad Disposal Machine to Anandrao Chavan Vidyalay, Malkapur Karad

Donated Emergency Water Filtration Kit powered by hand pump along with 1000 Ltrs. Water Tank, to flood affected area in Koyananagar, District Satara.





Donated RO Water Purifying Plant to Adarsh Vidyamandir, Village Ving, Tal - Karad



Donated Exercise/ Workout Equipments to village Talbid, Karad



**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31.03.2022**

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **31st March 2022** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March 2022** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder (during the year under review not applicable to the Company);
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (during the year under review not applicable to the Company, as the shares of the company are not in dematerialized form);
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (during the year under review not applicable to the Company as the Company does not have any foreign direct investment, overseas direct investment and external commercial borrowings);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (during the year under review not applicable to the Company as the Company is an unlisted company);
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (during the year under review not applicable to the Company as the Company is an unlisted company);
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get its securities listed);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 (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, 2021 (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, 2018 (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.

#### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive 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. Being an unlisted public company, which is a wholly owned subsidiary, appointment of independent directors is exempted.

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 decisions of the Board are 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 Dakhawe**  
Company Secretary  
FCS # 6126  
CP No # 4474  
UDIN: F006126D000222012

Place : Pune  
Date: 29-APR-2022

This report is to be read with Annexure A which forms an integral part of this report.

**Annexure A**

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

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Abhijit Dakhawe**  
Company Secretary  
FCS # 6126  
CP No # 4474  
UDIN: F006126D000222012

Place: Pune  
Date: 29-APR-2022

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

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone Financial Statements of Karad Projects and Motors Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information hereinafter referred to as "the Standalone Financial Statements"

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Financial Statements give the information required by the Companies Act, 2013 ('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 standalone state of affairs of the Company as at March 31, 2022, and its standalone profit (including Other Comprehensive Income), standalone changes in equity and its standalone cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the standalone Financial Statements and our auditor's report thereon. Our opinion on the standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Financial Statements that give a true and fair view of the standalone financial position, standalone financial performance including other comprehensive income, standalone changes in equity and standalone cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Financial Statements, including the disclosures, and whether the standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, 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 (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Financial Statements comply with the Indian Accounting Standards



specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended

- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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) As required by section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements Refer Note 25 to the Financial Statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts as at 31st March 2022;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - (iv) (a) The management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the financial statements, if any, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) the management has represented to us, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements, if any, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by the management and as mentioned under sub-clause (v)(a) and (v)(b) above contain any material misstatement.
- (v) The dividend declared and/or paid during the year by the Company is in compliance with Section 123 of the Act.
- (vi) The requirement to the use of accounting software for maintaining Company's books of account which has a feature of recording audit trail (edit log) facility is deferred to financial years commencing on or after April 1, 2023, therefore reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for financial year ended on March 31, 2022.

For **P G BHAGWAT LLP**  
Chartered Accountants  
Firm Registration Number: 101118W/W100682

**Sandeep Rao**  
Partner  
Membership No.: 47235  
UDIN : 22047235AJEWMR6524

Place : Pune  
Date : April 29, 2022

## Annexure A to the Independent Auditors' Report

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

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.  
  
(B) The Company is maintaining proper records showing full particulars of intangible assets;
- (b) The Property, Plant & Equipment of the Company have been physically verified by the Management during the year. No discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year.
- (e) According to the information and explanations provided to us there are no proceedings have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder. Hence reporting under clause 3(i) (e) of the order is not applicable.
- (ii) (a) The physical verification of inventory, including inventory with third parties, has been conducted at reasonable intervals by the Management during the year. In our opinion and based on the policy adopted by the management, the coverage and procedure of such verification is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.  
  
(b) According to the information and explanations provided to us, the company has been sanctioned working capital limits in excess of five crore rupees during the year, in aggregate, from banks or financial institutions on the basis of security of current assets. The management of the company has provided us with the quarterly returns or statements, which they have represented to us have been filed by the company with their banks or financial institutions. In our opinion, these quarterly returns or statements are in agreement with the books of account of the Company.
- (iii) The company during the year has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence reporting under Clause (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f), of the said Order are not applicable to the Company.
- (iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and 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 the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including Goods and Service Tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanation provided to us, there are no undisputed amounts payable in respect of statutory dues as at 31st March 2022 which were outstanding for a period of more than six months from the date they became payable except in respect of sales tax liability of Rs. 53.92 Lakhs which were explained to us are under reconciliation and would get crystalized on their respective assessments.  
  
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues referred to in sub-clause (a) as at 31st March 2022, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act	Excise Duty	12.35	2007-08	CESTAT
Gujrat VAT	VAT Dues	53.28	2006-07	Dy. Comm. Sales Tax Appeals
W. Bengal VAT	VAT Dues	114.29	2005-06	Jt. Comm. Appeals
W. Bengal VAT	VAT Dues	59.95	2006-07	Jt. Comm. Appeals
W. Bengal VAT	VAT Dues	76.97	2008-09	Jt. Comm. Appeals
MP VAT	VAT Dues	110.26	2014-15	Asst. Comm. Sales Tax
Income Tax Act	Tax Dues	22.49	2017-18,18-19	Dy .Comm. I. Tax
Maharashtra VAT	Vat Dues	27.64	2017-18	Dy. Comm. Sales Tax
I.Tax Act	TDS Diff Liability.	121.89	Various Years	Traces (TDS)

- (viii) In terms of the information and explanations given to us and the books of account and records examined by us, the Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence reporting under clause 3(viii) of the order is not applicable.
- ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender as at the balance sheet date. Company has no loans outstanding as at the date of the Balance sheet.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) According to the information and explanations given to us and on the basis of our audit procedures, the Company has not availed any term loan.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
- (e) The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(e) of the order is not applicable.
- (f) The company does not have any subsidiary, associate or joint venture, hence reporting under clause 3(ix)(f) of the order is not applicable.
- x. (a) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, the provisions of Clause 3(x)(b) of the Order are not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we state that we have not come across any instances requiring us to inform the same to the Central Government in the Form ADT-4. According to the information and explanations given to us, report in the Form ADT-4 as specified under sub-section (12) of section 143 of the Companies Act has not been filed by the Cost auditor or practicing Company secretary of the Company. Accordingly reporting under clause 3(xi)(b) of the order is not applicable.
- (c) 'During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the company during the year.'



- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the company issued till date, for the period under audit.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and procedures performed by us, we report that the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Therefore reporting under clause 3(xvi)(b) of the order is not applicable.
- (c) According to the information and explanations given to us and procedures performed by us, the Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(c) of the order is not applicable.
- (d) Based on information and explanation given to us and as represented by the management, the Group does not have any Core Investment Company (CIC) as part of the Group.
- (xvii) The Company has not incurred cash losses during current financial year and during immediately preceding financial year.
- (xviii) There has been no resignation by statutory auditors during the year hence reporting under clause 3(xviii) of the order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) (a) There is no unspent amount which is required to be transferred to a Fund specified in Schedule VII to the Companies Act, 2013 within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.
- (b) There are no ongoing projects for which the funds are required to be transferred to a special account, within a period of thirty days from the end of the financial year in compliance with section 135(6) of the said Act.

For **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

**Sandeep Rao**

Partner

Membership No.: 47235

UDIN : 22047235AJEWMR6524

Place : Pune

Date : April 29, 2022

## **Annexure B to the Independent Auditors' Report**

**Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:**

### **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 with reference to the Financials Statements of Karad Projects and Motors Limited ("the Company") as of March 31, 2022 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 Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Financials Statements 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 with reference to the Financials Statements 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 with reference to the Financials Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Financials Statements included obtaining an understanding of internal financial controls with reference to the Financials Statements, 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 audit opinion on the Company's internal financial controls with reference to the Financials Statements.

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

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly 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 with reference to the Financials Statements, 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 with reference to the Financials Statements to future periods are subject to the risk that the internal financial control with reference to the Financials Statements 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, in all material respects, an adequate internal financial controls with reference to the Financials Statements and such internal financial controls with reference to the Financials Statements were operating effectively as at March 31, 2022, 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 P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682

Place : Pune

Date : April 29, 2022

**Sandeep Rao**

Partner

Membership No.: 47235

UDIN : 22047235AJEWMR6524



**BALANCE SHEET AS AT MARCH 31, 2022**

(INR in Lakhs)

Particulars	Note No.	31 March 2022	31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	2,733.53	2,873.11
Capital work-in-progress		278.81	32.10
Investment Property	4	-	179.24
Goodwill			
Other Intangible assets	3	4.21	1.46
Intangible assets under development			
Biological Asset other than bearer plants			
<b>Financial Assets</b>			
Investments	5	0.05	0.05
Trade receivables	6	-	-
Loans	6	-	-
Others	6	1,287.79	537.59
Deferred tax assets (net)	7	1,130.72	1,736.70
Other non-current assets	8	556.00	425.66
<b>Total non-current assets</b>		<b>5,991.10</b>	<b>5,785.91</b>
<b>Current assets</b>			
Inventories	9	4,564.40	3,167.09
<b>Financial Assets</b>			
Investments			
Trade receivables	6	10,017.22	10,835.34
Cash and cash equivalents	10	3,182.35	5,575.71
Bank balance	10	2,831.31	294.48
Loans	6	0.00	-
Others	6	60.40	25.45
Current Tax Assets (net)	7	601.47	607.94
Other current assets	8	440.71	301.31
<b>Total current assets</b>		<b>21,697.86</b>	<b>20,807.33</b>
<b>TOTAL ASSETS</b>		<b>27,688.96</b>	<b>26,593.25</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	1,395.25	1,395.25
Other equity	12	15,264.61	14,187.11
<b>Total equity</b>		<b>16,659.85</b>	<b>15,582.35</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings			
Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises; and			
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Other financial liabilities			
Provisions	15	99.94	90.71
Deferred tax liabilities (net)	7	-	-
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>99.94</b>	<b>90.71</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	13	-	-
Trade payables	14		
(A) Total outstanding dues of micro enterprises and small enterprises; and		91.33	36.89
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		7,525.37	7,872.80
Other financial liabilities	14	1,118.88	1,228.68
Other current liabilities	16	457.62	795.70
Provisions	15	1,735.97	986.11
Current tax liabilities (net)			
<b>Total current liabilities</b>		<b>10,929.17</b>	<b>10,920.19</b>
<b>Total liabilities</b>		<b>11,029.11</b>	<b>11,010.90</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,688.96</b>	<b>26,593.25</b>

Corporate Information 1  
Summary of significant accounting policies 2  
See accompanying notes to financial statements 3-44  
The notes referred to above form an integral part of the financial statements

For and on behalf of the Board of Directors

As per our report of even date attached

**For PGBhagwat LLP**Chartered Accountants  
FRN 101118W / W100682**K. TARANATH**Chairman  
(DIN:00051697)**RAVINDRA SAMANT**Managing Director  
(DIN: 07002226)**SANDEEP RAO**Partner  
M.No. 47235**VIJAYKUMAR KULKARNI**

Chief Financial Officer

**NEHA JOSHI**

Company Secretary

PUNE : April 29, 2022

PUNE : April 29, 2022

## Statement of profit and loss for the period ended March 31, 2022

(INR in Lakhs)

Particulars	Note No.	For the year 2021-22	For the year 2020-21
Revenue from Operations	17	47,748.07	30,842.53
Other Income	18	514.73	392.40
<b>Total Income</b>		<b>48,262.80</b>	<b>31,234.93</b>
<b>Expenses</b>			
Cost of materials consumed	19	35,966.27	21,584.62
Purchases of Stock-in-Trade			
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	19	-838.80	6.55
Employee benefits expense	20	2,192.52	1,852.45
Finance costs	21	30.01	35.22
Depreciation and amortization expense	22	559.70	583.15
Other expenses	23	5,409.62	4,452.09
<b>Total expenses</b>		<b>43,319.32</b>	<b>28,514.09</b>
Profit/(loss) before exceptional items and tax		<b>4,943.47</b>	<b>2,720.84</b>
Exceptional items			
<b>Profit / (loss) before tax</b>		<b>4,943.47</b>	<b>2,720.84</b>
<b>Tax expenses</b>			
(1) Current tax	7	863.00	459.49
(2) Income tax for earlier years	7	-	-5.49
(3) MAT entitlement utilized/for earlier years	7	-	-1,742.45
(4) Deferred tax	7	613.28	253.23
<b>Total Tax expense/(income)</b>		<b>1,476.28</b>	<b>-1,035.22</b>
<b>Profit / (Loss) for the period from continuing operations</b>		<b>3,467.19</b>	<b>3,756.06</b>
Profit/(loss) from discontinued operations		-	-
Tax expenses of discontinued operations			
Profit/(loss) from discontinued operations (after tax)		-	-
<b>Profit/(loss) for the period</b>		<b>3,467.19</b>	<b>3,756.06</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss	24	- 25.08	15.94
Income tax relating to items that will not be reclassified to profit or loss	24	7.30	- 4.64
Items that will be reclassified to profit or loss			
Income tax relating to items that will be reclassified to profit or loss			
<b>Total Other Comprehensive Income</b>		<b>-17.78</b>	<b>11.30</b>
<b>Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>3,449.42</b>	<b>3,767.36</b>
<b>Earnings per equity share (for continuing operations)</b>			
(1) Basic		24.85	26.92
(2) Diluted		24.85	26.92
<b>Earnings per equity share (for discontinued operations)</b>			
(1) Basic		-	-
(2) Diluted		-	-
<b>Earnings per equity share (for discontinued and continuing operations)</b>			
(1) Basic		24.85	26.92
(2) Diluted		24.85	26.92

Corporate Information 1  
Summary of significant accounting policies 2  
See accompanying notes to financial statements 3-44  
The notes referred to above form an integral part of the financial statements

For and on behalf of the Board of Directors

As per our report of even date attached

**For PGBhagwat LLP**

Chartered Accountants

FRN 101118W / W100682

**SANDEEP RAO**

Partner

M.No. 47235

PUNE : April 29, 2022

**K. TARANATH**

Chairman

(DIN:00051697)

**VIJAYKUMAR KULKARNI**

Chief Financial Officer

**RAVINDRA SAMANT**

Managing Director

(DIN: 07002226)

**NEHA JOSHI**

Company Secretary

PUNE : April 29, 2022

## Statement of cash flow for the period ended 31st March 2022 (Indirect Method)

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
<b>A Cash flows from Operating Activities</b>		
<b>Net Profit before Tax</b>	<b>4,943.47</b>	2,720.84
Adjustments for :-		
Loss / (profit) on sale of property, plant and equipment-(net)	<b>-71.44</b>	-7.72
Bad Debts / Provision for doubtful debts and advances		19.34
Excess provision / written back debtors (including advances)	<b>-4.00</b>	-173.55
Excess provision / creditors written back (including advances)	<b>-197.04</b>	-17.83
Unrealised foreign exchange (gain) / loss (net)	<b>3.14</b>	2.27
Income from Sale of Investment	-	-
Depreciation and amortisation	<b>559.70</b>	583.15
Interest earned	<b>-242.85</b>	-189.65
Unrealised (gain) / loss on mutual fund investments	-	-
Dividend received	<b>-0.00</b>	-0.00
Finance cost	<b>30.01</b>	35.22
<b>Operating profit before working capital changes</b>	<b>5,020.99</b>	2,972.08
Changes in working capital		
(Increase) /decrease in trade receivables	<b>827.59</b>	-103.97
(Increase)/decrease in inventories	<b>-1,397.30</b>	154.13
(Increase)/decrease in non-current loans	-	-
(Increase)/decrease in other non-current assets	<b>6.84</b>	-11.86
(Increase)/decrease in non-current financial assets-others	<b>0.21</b>	-
(Increase)/decrease in current financial assets-others	-	-
(Increase)/decrease in other current assets	<b>-139.40</b>	24.09
Increase/(decrease) in other non current financial liabilities	-	-
Increase/(decrease) in trade payables	<b>-286.92</b>	-66.46
Increase/(decrease) in other current financial liabilities	<b>20.42</b>	163.34
Increase/(decrease) in other non current liabilities	-	-
Increase/(decrease) in other current liabilities	<b>-338.08</b>	185.79
Increase/(decrease) in long term provisions	<b>9.24</b>	1.77
Increase/(decrease) in short term provisions	<b>724.78</b>	333.84
<b>Cash generated from operations</b>	<b>4,448.37</b>	3,652.75
Direct taxes paid (including taxes deducted at source), net of refunds	<b>-856.53</b>	-472.23
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,591.84</b>	3,180.52
<b>B Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	<b>-752.29</b>	-235.41
Net addition to investments	-	-
Investments in Fixed deposit	<b>-3,287.24</b>	-620.53
Proceeds from sale of property, plant and equipment	<b>254.94</b>	7.72
Interest received on investments	<b>207.90</b>	167.21
Dividend received on investments	<b>0.00</b>	0.00
<b>NET CASH FROM / (USED) IN INVESTING ACTIVITIES</b>	<b>-3,576.69</b>	-681.00



# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022 (Contd.) (Indirect Method)

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
<b>C Cash Flows from Financing Activities</b>		
Increase / (Decrease) in Long term borrowings	-	-
Increase / (Decrease) in borrowings	-	-
Dividend paid including dividend distribution tax	-2,371.92	-488.34
Finance cost	-30.01	-35.22
<b>NET CASH FROM / (USED) IN FINANCING ACTIVITIES</b>	<b>-2,401.93</b>	<b>-523.56</b>
<b>D Unrealised exchange Gain/(loss) in cash &amp; cash equivalent</b>	<b>-6.58</b>	<b>-0.17</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>-2,393.36</b>	<b>1,975.78</b>
<b>Cash and cash equivalents at the beginning of the year (Refer Note 10)</b>	<b>5,575.71</b>	<b>3,599.93</b>
<b>Cash and cash equivalents at the end of the year (Refer Note 10)</b>	<b>3,182.35</b>	<b>5,575.71</b>

As per our report of even date attached

For and on behalf of the Board of Directors

**For PGBhagwat LLP**  
Chartered Accountants  
FRN 101118W / W100682

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

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

**SANDEEP RAO**  
Partner  
M.No. 47235  
PUNE : April 29, 2022

**VIJAYKUMAR KULKARNI**  
Chief Financial Officer

**NEHA JOSHI**  
Company Secretary

PUNE : April 29, 2022

## Statement of Changes in Equity for the period ended 31 March 2022

### A. Equity Share Capital

(INR in Lakhs)

Balance as on 31 March 2021	Changes in equity share capital during the year	Balance as on 31 March 2022
1,395.25	—	1,395.25

### B. Other Equity

	Reserves and Surplus				Total
	Capital Reserve	Securities Premium Reserve	General reserve	Retained Earnings	
<b>Balance as on 1 April 2020</b>	179.08	2,982.23	140.94	7,605.82	10,908.08
Changes in accounting policy or prior period errors	-	-	-	-	-
<b>Restated balance at the beginning of the reporting period</b>	<b>179.08</b>	<b>2,982.23</b>	<b>140.94</b>	<b>7,605.82</b>	<b>10,908.08</b>
Profit for the year				3,756.06	3,756.06
Other comprehensive income				11.30	11.30
Dividends				-488.34	-488.34
Transfer to retained earnings					
Any other change					
<b>Balance as on 31 March 2021</b>	<b>179.08</b>	<b>2,982.23</b>	<b>140.94</b>	<b>10,884.85</b>	<b>14,187.11</b>
<b>Balance as on 1st April 2021</b>	179.08	2,982.23	140.94	10,884.85	14,187.11
Profit for the year				3,467.19	3,467.19
Other comprehensive income				-17.78	-17.78
Dividends				-2,371.92	-2,371.92
Transfer to retained earnings					
Any other change					
<b>Balance as on 31st March 2022</b>	<b>179.08</b>	<b>2,982.23</b>	<b>140.94</b>	<b>11,962.35</b>	<b>15,264.61</b>

**Notes to Accounts****Note 3: Property, Plant and Equipment and Intangible Assets**

(INR in Lakhs)

Particulars	Tangible Assets							Intangible Assets	
	Land Free hold	Land Lease hold	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipments	Vehicles	Total (Tangible Assets)	Total Assets
<b>Gross Block</b>									
As at 1 April 2020	1.26	79.73	1,111.79	6,732.27	193.44	86.60	74.63	8,279.71	8,436.26
Additions	-	-	-	163.50	7.48	4.40	-	175.39	175.39
Disposals	-	-	-	10.59	-	-	-	10.59	10.59
As at 31st March 2021	1.26	79.73	1,111.79	6,885.18	200.93	91.00	74.63	8,444.52	8,601.06
Additions	-	-	-	298.25	4.25	16.39	104.03	422.93	427.13
Disposals	-	-	-	158.13	-	11.39	-	169.52	-
As at 31st March 2022	1.26	79.73	1,111.79	7,025.30	205.18	96.01	178.67	8,697.93	8,858.25
<b>Depreciation/ Amortisation</b>									
As at 1 April 2020	-	15.22	263.02	4,541.89	78.37	66.78	34.57	-	5,153.93
Charge for the year	-	0.84	51.14	498.77	15.45	7.47	8.48	582.15	583.15
Depreciation on disposal	-	-	-	10.59	-	-	-	10.59	10.59
As at 31 March 2021	-	16.06	314.16	5,030.07	93.82	74.25	43.05	5,571.41	5,726.49
Charge for the year	-	0.84	51.14	473.25	15.56	8.54	8.92	558.25	559.70
Depreciation on disposal	-	-	-	153.87	-	11.39	-	165.26	165.68
As at 31st March 2022	-	16.90	365.30	5,349.45	109.39	71.40	51.97	5,964.40	6,120.51
<b>Net block</b>									
As at 31st March 2022	1.26	62.84	746.49	1,675.85	95.79	24.61	126.69	2,733.53	2,737.74
As at 31 March 2021	1.26	63.67	797.63	1,855.11	107.10	16.75	31.59	2,873.11	2,874.57

**Notes:****1) Assets on lease**

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

**2) Contractual obligations**

Refer note 26 for estimated amount of contracts remaining to be executed on capital account and not provided for.

3) Title deeds of all the immovable properties are held in the name of company.

4) Company does not hold any Benami property.

5) No Tangible as well as Intangible assets have been revalued by the Company.

**Notes to Accounts (Contd.)****Note 3: Contd..****6) Capital Work in Progress (CWIP)**

CWIP Aging Schedule as on 31.3.2022

CWIP	Amount in CWIP for a Period of				Total
	Less than 1 Year	1- 2 years	2-3 Years	More than 3 Years	
<b>Project in Progress</b>	267.91	10.90	-	-	<b>278.81</b>
<b>Projects temporarily suspended</b>	-	-	-	-	<b>-</b>

Note:- CWIP amounting to Rs. 10.90 lakhs in the age group of 1-2 Years, mainly includes expenses of foundation of machine whose inspection was pending due to restrictions of Covid-19. The machine is expected to be installed in FY 2022-23.

CWIP Aging Schedule as on 31.3.2021

CWIP	Amount in CWIP for a Period of				Total
	Less than 1 Year	1- 2 years	2-3 Years	More than 3 Years	
<b>Project in Progress</b>	32.10	-	-	-	<b>32.10</b>
<b>Projects temporarily suspended</b>	-	-	-	-	<b>-</b>

Note: CWIP mainly comprise machinery Rs. 32.10 lakhs. Machinery are to be constructed at Karad plant.



## Notes to Accounts

### Note 4: Investment Properties

(INR in Lakhs)

Particulars	Land
<b>Gross Block</b>	
As at 1 April 2020	179.24
Additions	-
Disposals	-
As at 31 March 2021	179.24
Additions	-
Disposals	179.24
<b>As at 31 March 2022</b>	<b>-</b>

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

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

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

Particulars	Vacant land
<b>Opening balance as at 1 April 2021</b>	<b>230.30</b>
Fair value difference	-
Purchases /(Sale)	-235.00
<b>Closing Balance as at 31 March 2022</b>	<b>-</b>

## Notes to Accounts

### Note 5: Other Financial Asset- Investments (INR in Lakhs)

Particulars	31 March 2022	31 March 2021
<b>Investments</b>		
<b>Investments at Fair value through other comprehensive income</b>		
<b>a) Unquoted equity shares (fully paid)</b>		
1(1) Equity Share of Kirloskar Proprietary Limited of Rs. 100 each	0.051	0.051
	<b>0.051</b>	0.051

Particulars	31 March 2022	31 March 2021
Aggregate amount of quoted investments and market value thereof	-	-
Aggregate amount of unquoted investments	0.051	0.051

## Notes to Accounts

## Note 6: Financial Asset

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
<b>Current</b>		
1) <b>Trade receivable</b>		
<b>From related parties</b>	7,255.92	8,699.55
<b>From others</b>	2,761.30	2,135.80
Unsecured, considered good	10,017.22	10,835.34
Doubtful	155.34	159.34
Less: Impairment allowance	10,172.57	10,994.69
	155.34	159.34
	10,017.22	10,835.34
<b>Non-Current</b>		
1) <b>Loans</b>		
(i) <b>Security Deposits</b>		
Unsecured, considered good	-	-
Doubtful	-	-
Less: Impairment allowance	-	-
	-	-
<b>Non-current security deposits</b>	-	-
<b>Current</b>		
1) <b>Loans</b>	-	-
(i) <b>Security Deposits</b>		
Unsecured, considered good	-	-
Doubtful	-	-
Less: Impairment allowance	-	-
	-	-
<b>Current security deposits</b>	-	-
<b>Non-Current</b>		
1) <b>Other financial assets</b>		
(i) Security deposit	150.28	150.50
(ii) Claims receivable	12.25	12.25
(iii) Fixed deposits with banks of maturity of more than 12 months Rs. Nil (31 March 2021 Rs: 49.03 lakhs) are held as margin money against guarantee	1,125.25	374.84
(iv) Interest accrued	-	-
<b>Non-current other financial assets</b>	1,287.79	537.59
<b>Current</b>		
1) <b>Other financial assets</b>		
(i) Claims receivable	-	-
(ii) Interest accrued	60.40	25.45
<b>Current other financial assets</b>	60.40	25.45

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

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

**Notes to Accounts****Note 6: Financial Asset (Contd.)****(INR in Lakhs)****Trade Receivable Ageing Schedule- as on 31.03.2022**

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables-considered good	8950.89	999.60	-	-	-	66.74	10,017.22
(ii) Undisputed Trade Receivables-Considered Doubtful	-	-	-	-	-	140.00	140.00
(iii) Disputed Trade Receivables-considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables-Considered Doubtful	-	-	-	-	15.34	-	15.34
Less:- Provision for doubtful debts	-	-	-	-	-15.34	-140.00	-155.34
<b>Total</b>	<b>8,950.89</b>	<b>999.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66.74</b>	<b>10,017.22</b>

Amount of Rs. 66.74 lakhs in the ageing bucket more than 3 years is on account of retention which is expected to be realised in F. Y. 2022-23

**Trade Receivable Ageing Schedule- as on 31.03.2021**

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables-considered good	10248.93	486.22	-	-	-	100.20	10,835.34
(ii) Undisputed Trade Receivables-Considered Doubtful	-	-	-	-	-	140.00	140.00
(iii) Disputed Trade Receivables-considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables-Considered Doubtful	-	-	-	19.34	-	-	19.34
Less:- Provision for doubtful debts	-	-	-	-19.34	-	-140.00	-159.34
<b>Total</b>	<b>10,248.93</b>	<b>486.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100.20</b>	<b>10,835.34</b>

Amount of Rs. 100.20 lakhs in the ageing bucket more than 3 years is on account of retention which is expected to be realised .

**Note 7: Tax Expenses**

The major components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are:

**(Profit) or Loss****(INR in Lakhs)**

Particulars	2021-22	2020-21
<b>Current income tax:</b>		
Current income tax charge	863.00	459.49
Adjustments in respect of current income tax of previous year	-	-5.49
MAT entitlement for earlier years / utilization	-	-1,742.45
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	-18.29	-22.28
MAT utilization for earlier years	631.57	275.51
<b>Income tax expense reported in the statement of profit or loss</b>	<b>1,476.28</b>	<b>-1,035.22</b>

**Other Comprehensive Income**

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

Particulars	2021-22	2020-21
Net loss/(gain) on remeasurements	-7.30	4.64
<b>Income tax charged to OCI</b>	<b>-7.30</b>	<b>4.64</b>



## Notes to Accounts

(INR in Lakhs)

## Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2022 and 31 March 2021

Particulars	2021-22	2020-21
Accounting profit before tax	4,943.47	2,720.84
<b>At statutory income tax rate of 29.12% (a)</b>	<b>1,439.54</b>	<b>792.31</b>
<b>Adjustments</b>		
Less: tax rate Difference (29.12%-17.472%)	-	-
<b>Subtotal (b)</b>	<b>-</b>	<b>-</b>
<b>Less: Deferred Tax Credit having no effect on MAT</b>	<b>-</b>	<b>-</b>
Deferred tax on timing difference not having effect on MAT		
<b>Subtotal (c)</b>	<b>-</b>	<b>-</b>
<b>Add/Less : Other Differences</b>	<b>-</b>	<b>-</b>
Due to effect on tax on OCI, and others MAT disallowances and exempt Income and rounding off of the provisions	-9.00	5.72
<b>Subtotal (d)</b>	<b>-9.00</b>	<b>5.72</b>
Less: MAT entitlement for earlier years & other credits of earlier years ( e )	-	-1,747.94
Add: Effect on tax due to permanent differences ( f )	41.95	15.51
Add/Less: Difference in deferred tax creation and claim of expenditure in computation (g)	3.80	-18.11
Less: Set off of carry forward losses for which DTA was not recognised ( h )	-	-82.71
<b>Sub total (i) = (b+c+d+e+f+g+h)</b>	<b>36.74</b>	<b>-1,827.53</b>
<b>Total (j) = (a-i)</b>	<b>1,476.28</b>	<b>-1,035.22</b>
<b>Tax expenses/(income) recorded in books</b>	<b>1,476.28</b>	<b>-1,035.22</b>

## Deferred tax

Deferred tax relates to the following: DTL/ (DTA)	Balance Sheet		Statement of profit and loss & OCI	
	31 March 2022	31 March 2021	2021-22	2020-21
Property, plant and equipment (Depreciation)	35.65	62.58	-26.93	-33.32
Employee benefits - compensated absences /gratuity	-81.82	-56.85	-24.98	5.32
Employee benefits - VRS	-	-	-	-
Provision for doubtful debts and advances	-45.24	-46.40	1.16	44.90
Amalgamation expenses	-3.39	-6.77	3.39	6.30
Deferred Tax Asset ( 43 B / 40 a )	-200.56	-222.32	21.76	-40.85
MAT Entitlement	-835.36	-1,466.93	631.57	275.50
<b>Deferred tax expense/(income)</b>			<b>605.98</b>	<b>257.86</b>
<b>Net deferred tax (assets)/liabilities</b>	<b>-1,130.72</b>	<b>-1,736.70</b>		

(INR in Lakhs)

## Reflected in balance sheet as

## 1) Deferred tax

Particulars	31 March 2022	31 March 2021
Deferred tax asset	-331.01	-332.34
MAT entitlement for earlier years	-835.36	-1,466.93
Deferred tax liability	35.65	62.58
Net Deferred tax asset	-1,130.72	-1,736.70

## 2) Current tax asset

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
Current tax asset	601.47	607.94

## Notes to Accounts

### Note 8: Other non-financial assets

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
<b>Non-Current</b>		
<b>1 Capital advances</b>		
Unsecured, considered good	274.75	137.58
<b>2 Other loans and advances</b>		
(i) Advances to supplier and others		
Unsecured, considered good	119.08	119.08
(ii) Gross amount due from customer	-	-
(iii) Prepaid expenses	8.88	19.49
(iv) Claims receivable	153.29	149.52
<b>Total Non-Current</b>	<b>556.00</b>	<b>425.66</b>
<b>c Current</b>		
<b>1 Other loans and advances</b>		
(i) Advances to supplier and others		
Unsecured, considered good	397.10	264.16
(ii) Gross amount due from customer	-	-
(iii) Prepaid expenses	42.45	37.07
(iv) Claims receivable	1.17	0.08
<b>Total Current</b>	<b>440.71</b>	<b>301.31</b>

### Note 9: Inventories

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
(i) Raw Materials	1,565.03	1,027.98
(ii) Finished goods	1,106.74	972.90
(iii) Stores and spares	152.46	131.01
(iv) Work in progress	1,740.16	1,035.20
	<b>4,564.40</b>	<b>3,167.09</b>

### Amounts recognised in profit or loss

Write-back of inventories to net realisable value amounted to Rs 16.46 lakhs (31 March 2021: Rs 11.72 lakhs write down). These were recognised as an expense during the year and included in 'material consumption'.

### Note 10: Cash and cash equivalents

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
<b>(a) Cash and Cash equivalents</b>		
(i) Cash on hand	0.62	0.82
(ii) EEFC accounts	81.42	55.62
(iii) Balances with banks	274.53	535.90
(iv) Fixed deposits (with maturity less than 3 months)	2,825.78	4,983.37
	<b>3,182.35</b>	<b>5,575.71</b>
<b>(b) Other bank balances</b>		
(i) Fixed deposits (with maturity more than 3 months and less than 12 months)	2,831.31	294.48
Fixed deposits of Rs. 51.39 lakhs (March 2021 Rs. Nil) are held as margin money against bank guarantee issued		
	<b>2,831.31</b>	<b>294.48</b>

## Notes to Accounts

## Note 11: Share Capital

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
<b>Authorised</b>		
180,00,000 (180,00,000) Equity shares of Rs.10 each	1,800.00	1,800.00
250,00,000 (250,00,000) Preference shares of Rs.10 each	2,500.00	2,500.00
	4,300.00	4,300.00
<b>Issued, subscribed &amp; fully paid up</b>		
13,952,450 (13,952,450) Equity shares of Rs.10 each fully paid	1,395.25	1,395.25
	1,395.25	1,395.25

## a) Terms/rights attached to equity shares

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

For the year ended 31 March 2022 the Board of Directors has proposed Rs. NIL dividend .(31 March 2021: Rs. 8.50).

## b) Reconciliation of share capital

Particulars	31 March 2022		31 March 2021	
	Number	(Rs)	Number	(Rs)
Shares outstanding at the beginning of the year	1,39,52,450	1,395.25	1,39,52,450	1,395.25
Shares outstanding at the end of the year	1,39,52,450	1,395.25	1,39,52,450	1,395.25

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

Particulars	31 March 2022		31 March 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Brothers Ltd. - Holding Company	1,39,52,450	100.00%	1,39,52,450	100.00%

## d) Shares held by promoters at the end of the year

Promoter Name	No. of Shares	% of Holding	% change during the year
Kirloskar Brothers Ltd.	1,39,52,450	100.00%	Nil

## Notes to Accounts

### e) Other details

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
<b>Equity Shares :</b>					
Issued Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Issued Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-

(INR in Lakhs)

### Note 12: Other Equity

Particulars	31 March 2022	31 March 2021
<b>1) Capital reserve</b>	<b>179.08</b>	179.08
<b>2) Securities Premium Reserve</b>	<b>2,982.23</b>	2,982.23
<b>3) General reserve</b>	<b>140.94</b>	140.94
<b>4) Retained Earnings</b>		
Opening balance	<b>10,884.85</b>	7,605.82
Add: Total Comprehensive Income for the period	<b>3,449.42</b>	3,767.36
Balance available for appropriation	<b>14,334.27</b>	11,373.19
Less: Appropriations :		
Dividend	<b>2,371.92</b>	488.34
Tax on Dividend	-	-
Sub total	<b>2,371.92</b>	488.34
<b>Closing balance</b>	<b>11,962.35</b>	10,884.85
<b>Total Other Equity</b>	<b>15,264.61</b>	14,187.11

(INR in Lakhs)

### Note 13: Financial Liabilities - Borrowings

Particulars	31 March 2022	31 March 2021
<b>1) Current borrowings</b>		
<b>(a) Secured</b>		
<b>Loans repayable on demand from bank</b>		
(i) Cash / export credit facilities (Loan carries interest rate of 8.85% and is secured by hypothecation of Receivables, stock of Raw material, Consumables stores, Finished, semi finished goods.)	-	-
	-	-

1. Company has filed quarterly return of current assets, which are in agreement with books of accounts.

2. During the year Company has created charge with ROC for the facilities availed from HDFC Bank.

There are 11 old charges worth Rs. 141.24 lakhs of 4 parties pending for satisfaction for which Company is in the process of satisfaction of the said charges.



## Notes to Accounts

## Note 14: Financial liabilities

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
<b>1) Current Trade payable</b>		
Due to related parties	275.87	85.70
Due to others (Other than MSME)	7,249.50	7,787.11
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	7,525.37	7,872.80
Due to MSME	91.33	36.89
<b>Total outstanding dues of Creditors</b>	<b>7,616.70</b>	<b>7,909.70</b>
<b>2) Other current financial liabilities</b>		
(i) Salary & Reimbursements	304.47	381.43
(ii) Capital creditors (includes due to MSME Rs. 7.37 lakhs)	90.13	31.41
(iii) Provision for expenses	724.28	815.84
	<b>1,118.88</b>	<b>1,228.68</b>

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

- 1) Trade payables are generally non-interest bearing and are normally settled between 45-90 days terms
- 2) Other payables are non-interest bearing and have an average term of six months
- 3) For terms and conditions with related parties, refer to Note 31
- 4) For explanations on the Group's credit risk management processes, refer to Note 36

**Trade Payable Ageing Schedule- as on 31.03.2022**

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	91.33	-	-	-	-	91.33
(ii) Others	2,182.86	4,824.12	482.77	5.06	3.20	27.36	7,525.37
(iii) Disputed due MSME	-	-	-	-	-	-	-
(iv) Disputed due Others	-	-	-	-	-	-	-
<b>Total</b>	<b>2,182.86</b>	<b>4,915.45</b>	<b>482.77</b>	<b>5.06</b>	<b>3.20</b>	<b>27.36</b>	<b>7,616.70</b>

Amount of Rs. 27.36 lakhs in the ageing bucket more than 3 years is on account of retention .

**Trade Payable Ageing Schedule- as on 31.03.2021**

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	36.89	-	-	-	-	36.89
(ii) Others	2,146.35	5,292.25	403.64	3.20	8.40	18.96	7,872.80
(iii) Disputed due MSME	-	-	-	-	-	-	-
(iv) Disputed due Others	-	-	-	-	-	-	-
<b>Total</b>	<b>2,146.35</b>	<b>5,329.15</b>	<b>403.64</b>	<b>3.20</b>	<b>8.40</b>	<b>18.96</b>	<b>7,909.70</b>

Amount of Rs. 18.96 lakhs in the ageing bucket more than 3 years is on account of retention .

## Notes to Accounts

### Note 15: Provisions

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
<b>Non-Current Provisions</b>		
1) <b>Provision for employee benefits</b>		
(i) Leave encashment (Refer note 32)	99.94	90.71
(ii) Gratuity (Refer note 30)	-	-
2) <b>Other Provisions</b>		
Warranty Provision	-	-
	99.94	90.71
<b>Current Provisions</b>		
1) <b>Provision for employee benefits</b>		
(i) Leave encashment (Refer note 32)	102.13	83.15
(ii) Gratuity (Refer note 30)	78.91	21.36
2) <b>Other Provisions</b>		
Warranty Provision	1,554.93	881.60
	1,735.97	986.11

### Note 16: Other current non-financial liabilities

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
1) Contribution to PF and superannuation	17.45	14.92
2) Statutory dues	359.32	285.97
3) Advances from customer	80.85	494.81
	457.62	795.70

### Note 17 : Revenue from operations

(INR in Lakhs)

Particulars	For the year 2021-22	For the year 2020-21
Sale of product	44,895.13	29,248.56
Sale of services	2.35	5.71
	44,897.48	29,254.26
Project related revenue (refer note 29)	26.53	-
Other operating revenues	2,824.06	1,588.27
	47,748.07	30,842.53

## Notes to Accounts

### Note 18: Other Income

(INR in Lakhs)

Particulars	For the year 2021-22	For the year 2020-21
<b>(a) Interest Income</b>		
(i) From Bank	242.81	172.31
(ii) Income Tax Refund	-	-
(iii) From others	0.04	17.34
	<b>242.85</b>	<b>189.65</b>
<b>(b) Dividend Income</b>		
(i) From other than subsidiary companies	0.00	0.00
<b>(c) Finance income</b>		
(i) Corporate guarantee fair valuation	-	-
(ii) Net interest income on defined benefit obligation	-	-
	-	-
<b>(d) Other non-operating income</b>		
(i) Miscellaneous Income	271.88	202.75
	<b>271.88</b>	<b>202.75</b>
	<b>514.73</b>	<b>392.40</b>

There are no transactions that are not recorded in books of accounts and have been disclosed as Income during the year In the Income Tax assessment under Income Tax Act 1961.

### Note 19 : Cost of material consumed and changes in inventories of finished goods, work-in-progress and stock-in-trade

(INR in Lakhs)

Particulars	For the year 2021-22	For the year 2020-21
Raw material consumed	35,966.27	21,584.62
	<b>35,966.27</b>	<b>21,584.62</b>
<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>Opening Stock</b>		
Finished goods	972.90	744.06
Work-in- progress	1,035.20	1,270.59
Stock in trade	-	-
	<b>2,008.10</b>	<b>2,014.65</b>
<b>Closing Stock</b>		
Finished goods	1,106.74	972.90
Work-in- progress	1,740.16	1,035.20
Stock in trade	-	-
	<b>2,846.90</b>	<b>2,008.10</b>
	<b>-838.80</b>	<b>6.55</b>

## Notes to Accounts

### Note 20 : Employee benefits expenses

(INR in Lakhs)

Particulars	For the year 2021-22	For the year 2020-21
Salaries, wages and bonus	<b>1,876.31</b>	1,664.22
<b>Defined Contribution Plan</b>		
Contribution to provident fund, super annuation fund and E.S.I	<b>119.80</b>	106.58
<b>Defined Benefit Plan</b>		
Gratuity	<b>36.20</b>	35.81
Welfare expenses	<b>160.20</b>	45.84
	<b>2,192.52</b>	1,852.45

### Note 21: Finance cost

(INR in Lakhs)

Particulars	For the year 2021-22	For the year 2020-21
Interest expense	<b>6.33</b>	14.23
Other borrowing costs	<b>22.39</b>	19.50
Net Interest Expense on defined benefit obligation	<b>1.30</b>	1.49
	<b>30.01</b>	35.22
Unwinding of discount on corporate guarantees	-	-
	<b>30.01</b>	35.22

### Note 22: Depreciation and amortisation

(INR in Lakhs)

Particulars	For the year 2021-22	For the year 2020-21
Depreciation on tangible assets	<b>558.25</b>	582.15
Depreciation on intangible assets	<b>1.45</b>	1.00
	<b>559.70</b>	583.15



## Notes to Accounts

### Note 23: Other expenses

(INR in Lakhs)

Particulars	For the year 2021-22	For the year 2020-21
Stores and spares consumed	806.07	708.63
Processing charges	2,376.54	2,096.47
Power & fuel	210.47	186.06
Repairs and maintenance		
Plant and machinery	193.84	140.00
Buildings	93.31	40.89
Others	8.98	4.75
Rent	5.44	6.37
Rates and taxes	38.54	128.50
Travel and conveyance	47.98	23.76
Postage and telephone	10.98	10.15
Insurance	29.10	26.33
Directors sitting fees	0.50	1.03
Freight and forwarding charges	434.15	362.40
Brokerage & Commission	2.35	-
Advertisements and publicity	2.07	1.39
Loss on sale/disposal of fixed assets	1.33	-
Bad debts, advances and claims written off	-	-
Provision for doubtful debts, advances and claims (written back)	-4.00	19.34
Auditors remuneration ( Refer Note - 27 )	16.34	18.63
Legal Expenses and Consulting Fees	84.38	80.01
Stationery and printing	11.57	11.28
Computer Services	54.48	46.91
Foreign exchange difference Loss (Net)	44.94	-23.73
Warranty Expenses	673.33	337.95
CSR Expenses	47.72	49.60
Other miscellaneous expenses	219.25	175.38
	5,409.62	4,452.09

### Note 24: Other Comprehensive Income

(INR in Lakhs)

Particulars	For the year 2021-22	For the year 2020-21
Remeasurements gains and losses on post employments benefits	25.08	-15.94
Tax on remeasurements gains and losses	-7.30	4.64
	17.78	-11.30

## Notes to Accounts

### Significant Accounting Policies

#### Notes to the financial statements for the year ended 31 March 2022

##### 1. Corporate information

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

The Company is wholly owned subsidiary of Kirloskar Brothers Limited.

##### 2. Significant accounting policies

###### 2.1 Basis of preparation

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

The financial statements were authorized for issue by the Board of Directors on 29th April 2022.

###### 2.2 Basis of measurement

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

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

###### 2.3 Functional and presentation currency

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

###### 2.4 Significant accounting judgements, estimates and assumptions

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

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

##### Critical estimates and judgements

The areas involving critical estimates or judgements are:

###### 1. Estimation of defined benefit obligation - Refer Note 30

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

## Notes to Accounts

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

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

### 2. Impairment of financial assets

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

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

### 4. Estimation of provision for warranty claims - Key assumptions about likelihood and magnitude of an outflow of resources.

#### Current versus non-current classification

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

An asset as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

### 2.5 Inventories

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

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

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

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of

## Notes to Accounts

completion and the estimated costs necessary to make the sale.

### 2.6 Cash and short-term deposits

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

### 2.7 Property, plant and equipment

#### • Recognition and measurement -

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

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

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

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

#### • Subsequent costs

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

#### • Disposal

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

#### • Depreciation

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

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

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



## Notes to Accounts

### 2.8 Intangible assets and amortisation

- **Recognition and measurement**

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

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

- **Subsequent measurement**

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

- **Amortisation**

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

Sr.No	Particulars	Life
1	Computer Software	3 years

### 2.9 Investment Properties

Investment property is a property, being land or building or part of it, that is held to earn rental income or for capital appreciation or both but not held for sale in ordinary course of business, use in manufacturing or rendering services or for administrative purposes.

Upon initial recognition, investment property is measured at cost. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment property in the form of land is not depreciated.

Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement profit and loss in the period of derecognition.

### 2.10 Recognition of revenue from contract with customers

Company recognizes revenue when it transfers control over a good or service to a customer and when it has fulfilled all 5 steps as given by Ind AS 115.

Revenue is measured at transaction price i.e. Consideration to which a company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and after considering effect of variable consideration and significant financing component.

For contracts with multiple performance obligations, transaction price is allocated to different obligations based on their standalone selling price. In such case, revenue recognition criteria are applied separately for each different performance obligations, in order to reflect the substance of the transaction and revenue for each obligation as and when the recognition criteria for the component is fulfilled.

## Notes to Accounts

### Sale of goods

Revenue from the sale of goods is recognized when performance obligation is satisfied by transferring promised goods to the extent that it is probable that economic benefits will flow to the Company. For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Amounts included in revenue are net of returns, trade allowances, rebates, goods and service tax, value added taxes.

### Rendering of services

Revenue is recognized over time as the services are provided. The stage of completion for determining the amount of revenue to recognize is assessed based on surveys of work performed.

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Company sells the services in separate transactions.

### Construction Contracts

Contract revenue includes initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

Contract revenue and contract cost arising from fixed price contract are recognized in accordance with the percentage completion method (POC). The stage of completion is measured with reference to cost incurred to date as a percentage of total estimated cost of each contract. Until such time (25% of Project Cost) where the outcome of the contract cannot be ascertained reliably, the company recognizes revenue equal to actual cost.

Full provision is made for any loss estimated on a contract in the year in which it is first foreseen.

For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognized profits (or recognized losses, as the case may be), the surplus is shown as the amount due to customers.

For contracts where the aggregate of contract costs incurred to-date and recognized profits (or recognized losses, as the case may be) exceed progress billing, the deficit is shown as the amount due from customers.

Amounts received before the related work is performed are disclosed in the Balance Sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance Sheet as trade receivables.

### Other income

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

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

## 2.11 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences in relation to the foreign currency borrowings to the extent those are regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized in the cost of that asset. Qualifying assets are those assets which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

## 2.12 Foreign currencies transactions

### Transactions and balances

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

## Notes to Accounts

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

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

### 2.13 Employee Benefits

#### Short Term Employee Benefits

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

#### Post-Employment Benefits

##### Defined Contribution Plans

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

##### Defined Benefit Plans

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

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

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

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

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

#### Long Term Employee Benefit

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned above except for actuarial gains and losses which are recognized in the statement of profit and loss.

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

## Notes to Accounts

### 2.14 Income Taxes

#### Current income tax

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

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

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the assets to the extent company does not have the convincing evidence that it will pay normal tax during the specified period.

#### Deferred tax

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

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

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

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

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

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

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

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

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



## Notes to Accounts

### 2.15 Provisions

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

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

#### Warranty provisions

Provisions for warranty is recognized when the underlying products and services are sold to the customer based on historical warranty data and at its best estimate using expected value method. The initial estimate of warranty-related costs is revised annually.

#### Contingent liability is disclosed in case of

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

Contingent assets are not recognized in the financial statements. A contingent asset is disclosed, where an inflow of economic benefits is probable.

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

### 2.16 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

#### • Company as a lessee

A lessee is required to recognize assets and liabilities for all leases and to recognize depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, it is not to recognize a right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

#### a.1 Right to use asset:

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

## Notes to Accounts

### a.2 Lease liability:

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reduction in the carrying amount to reflect the lease payments made.

### b. Company as a Lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as Operating Leases. Where the Company is a lessor under an operating lease, the asset is capitalized within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognized in the Statement of profit and Loss on a straight-line basis over the term of the lease.

### 2.17 Impairment of non-financial assets

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

Impairment losses are recognized in the statement of profit and loss.

### 2.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## Notes to Accounts

### 2.19 Financial instruments

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

#### Financial assets

##### Initial recognition and measurement

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

##### Subsequent measurement

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

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

##### Derecognition

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

##### Impairment of financial asset

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

- a. Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b. Financial assets that are debt instruments and are measured as at FVTOCI
- c. Lease receivables
- d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.
- e. Loan commitments which are not measured as at FVTPL
- f. Financial guarantee contracts which are not measured as at FVTPL

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

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

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

## Notes to Accounts

### Financial liabilities

#### Initial recognition and measurement

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

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

#### Derecognition

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

#### Offsetting of financial instruments

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

### 2.20 Earnings per share

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

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

### Recent Accounting Pronouncements

Standards issued but not effective

Amendment to Indian Accounting Standard Rules, 2015

The Ministry of Corporate Affairs (MCA) on 5 April 2022, vide Notification dated 23 March 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA).

The notification states that these rules shall be applicable from 1 April 2022 and would thus be applicable for the financial year ending 31 March 2023.

The amendments to Ind AS are intended to keep the Ind AS aligned with the amendments made in IFRS.

1. Amendments to Ind AS 16, "Property, Plant and Equipment" – Proceeds before Intended Use.
2. Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts
3. Amendments to 41, "Agriculture" – Taxation in Fair Value Measurements
4. Amendments to 101, "First-time Adoption of Indian Accounting Standards" – Subsidiary as a First-time Adopter
5. Amendments to Ind AS 103, "Business Combinations" - Reference to the Conceptual Framework, addition of requirement for transactions and other events within the scope of Ind AS 37 and addition of explicit statement that acquirer doesn't recognize contingent assets acquired in business combination.



## Notes to Accounts

6. Amendments to Ind AS 109, "Financial Instruments" - Treatment of fees involved during exchange between as existing borrower and lender of debt instrument with substantially different terms.

### **Exposure Drafts:**

Following exposure drafts have been issued by the Institute of Chartered Accountants of India:

1. Amendments to Ind AS 8, "Definition of accounting estimates" – Changes in accounting estimates and changes in accounting policies
2. Amendments to Ind AS 12, "Income Taxes" --Exception to the initial recognition exemption in Ind AS 12.
3. Amendment to Ind AS 1, "Presentation of financial statements " - Related to disclosure of its material accounting policy information
4. Amendment to Ind AS 107 and AS 34, "Financial Instruments" – Disclosure , Interim financial reporting
5. New Indian Accounting Standard (Ind AS) 117, Insurance Contracts

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2022 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the standalone financial statements.

## Notes to Accounts

### Note 25: Contingent Liabilities

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
<b>a) Claims against the company not acknowledged as debt</b> Claims are in the nature of legal notices received from vendors, customers and contested by the Company.	<b>3356.972</b>	3356.972
<b>b) Other money for which company is contingently liable</b>		
i) Demand in respect of excise matters	<b>18.996</b>	18.996
ii) Demand in respect of labour matters	<b>53.217</b>	53.217
iii) In respect of sales tax matters for the year 2014-15	<b>122.513</b>	122.513
iv) Demand in respect of Income tax for the year 2017-18	<b>12.691</b>	12.691
v) Demand in respect of Income tax for the year 2018-19	<b>9.708</b>	0.000
vi) Demand in respect of earlier years of TDS (TRACES)	<b>121.891</b>	121.862
<b>Total contingent liabilities</b>	<b>3,695.988</b>	3,686.251

### Note 26: Commitments

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	<b>403.284</b>	360.624
<b>Total commitments</b>	<b>403.284</b>	360.624

### Note 27: Remuneration to Auditors

(INR in Lakhs)

Particulars	31 March 2022	31 March 2021
a) Audit Fees	<b>14.750</b>	14.750
b) Tax Audit	<b>1.250</b>	1.250
c) For company law matters	-	-
d) For other services: Certification fees	<b>0.050</b>	2.580
e) Expenses reimbursed	<b>0.286</b>	0.051
<b>Total audit fees</b>	<b>16.336</b>	18.631

## Notes to Accounts

**Note 28: Earning per Share (Basic and diluted)**

(InR in Lakhs)

Particulars	31 March 2022	31 March 2021
a) Profit for the year before tax	4943.472	2720.844
Less : Attributable Tax thereto	1476.279	-1035.219
Profit after Tax	3467.193	3756.063
b) Weighted average number of equity shares used as denominator	139.525	139.525
c) Basic and diluted earning per share of nominal value of Rs 10/- each	24.850	26.920

**Note 29: Construction contract**

(InR in Lakhs)

Particulars	31 March 2022	31 March 2021
Contract revenue recognized for the year	26.530	0.000
Amount of advances received for contracts in progress	0.030	0.030
Amount of retentions for contracts in progress	73.310	70.430
Gross Amount Due From Customer:	0.000	0.000
Contract cost incurred	20.006	0.000
Recognized profit less recognized losses	6.52	-
Less : Progress Billing	-	-
POC	-	-

**Note 30: Employee Benefits :**
**i Defined Contribution Plans:**

Amount of Rs.113.067 Lakhs (Previous year Rs. 100.895 Lakhs), is recognized as an expense and included in 'Payments to and Provision for Employees' in the statement of profit and loss.

**ii Defined Benefit Plans:**
**a) The amounts recognised in Balance Sheet are as follows:**

(InR in Lakhs)

Particulars	31 March 2022 Gratuity Plan (Funded)	31 March 2021 Gratuity Plan (Funded)
A. Amount to be recognised in Balance Sheet		
Present Value of Defined Benefit Obligation	296.584	248.892
Less: Fair Value of Plan Assets	217.677	227.536
Amount to be recognised as liability or (asset)	78.907	21.356
B. Amounts reflected in the Balance Sheet		
Liabilities	78.907	21.356
Assets	-	-
Net Liability/(Assets)	78.907	21.356

## Notes to Accounts

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

(INR in Lakhs)

Particulars	2021-2022 Gratuity Plan (Funded)	2020-2021 Gratuity Plan (Funded)
1 Current Service Cost	36.199	35.812
2 Acquisition (gain)/ loss	-	-
3 Past Service Cost	-	-
4 Net Interest (income)/expenses	1.300	1.492
5 Curtailment (Gain)/ loss	-	-
6 Settlement (Gain)/loss	-	-
Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 20 & Finance cost-Note 21)	37.499	37.304

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

(INR in Lakhs)

Particulars	2021-2022 Gratuity Plan (Funded)	2020-2021 Gratuity Plan (Funded)
1 Opening amount recognised in OCI outside profit and loss account	-	-
2 Remeasurements for the year - Obligation (Gain)/loss	16.832	(13.260)
3 Remeasurements for the year - Plan assets (Gain) / Loss	8.248	(2.684)
4 Total Remeasurements Cost / (Credit) for the year recognised in OCI	25.080	(15.944)
5 Less: Accumulated balances transferred to retained earnings	25.080	(15.944)
Closing balances (Remeasurements (gain)/loss recognised OCI)	-	-

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

(INR in Lakhs)

Particulars	31 March 2022 Gratuity Plan (Funded)	31 March 2021 Gratuity Plan (Funded)
1 Balance of the present value of Defined benefit Obligation at beginning of the period	248.891	251.912
2 Acquisition adjustment	-	-
3 Transfer in/ (out)	-	-
4 Interest expenses	16.423	15.726
5 Past Service Cost	-	-
6 Current Service Cost	36.199	35.812
7 Curtailment Cost / (credit)	-	-
8 Settlement Cost/ (credit)	-	-
9 Benefits paid	(21.762)	(41.299)
10 Remeasurements on obligation - (Gain) / Loss	16.832	(13.260)
Present value of obligation as at the end of the period	296.583	248.891

## Notes to Accounts

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

(INR in Lakhs)

Particulars	Gratuity Plan (Funded)	
	31 March 2022	31 March 2021
1 Fair value of the plan assets as at beginning of the period	227.535	208.026
2 Acquisition adjustment	-	-
3 Transfer in/(out)	-	-
4 Interest income	15.123	14.234
5 Contributions	5.029	43.890
6 Benefits paid	(21.762)	(41.299)
7 Amount paid on settlement	-	-
8 Return on plan assets, excluding amount recognized in Interest Income - (Gain) / Loss	(8.248)	2.684
9 Fair value of plan assets as at the end of the period	217.676	227.535
10 Actual return on plan assets	6.874	16.917

- f) **Net interest (Income) /expenses**

(INR in Lakhs)

Particulars	Gratuity Plan (Funded)	
	31 March 2022	31 March 2021
1 Interest ( Income) / Expense – Obligation	16.423	15.726
2 Interest (Income) / Expense – Plan assets	(15.123)	(14.234)
3 Net Interest (Income) / Expense for the year	1.300	1.492

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

(INR in Lakhs)

Particulars	Gratuity Plan (Funded)
	31 March 2022
Government of India securities	-
State Government securities	-
Other approved securities(Govt. guaranted securitties)	-
High quality corporate bonds	-
Equity shares of listed companies	-
Special deposit scheme	-
Others (with the Insurer)	100.00
<b>Total</b>	<b>100.00</b>

- Discount rate as at 31 March 2022 - 7.10% (31 March 2021- 6.90%)
- Expected return on plan assets as at 31 March 2022 - 6.90% (31 March 2021 - 6.80%)
- Salary growth rate : For Gratuity Scheme - 9.50% (31 March 2021- 9%)
- Attrition rate: For gratuity scheme the attrition rate is taken at 5.5% (31 March 2021- 5%)
- The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



## Notes to Accounts

### h) General descriptions of defined plans:

#### 1 Gratuity Plan:

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

### j) Sensitivity analysis

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

(INR in Lakhs)

Change in assumption		Effect on gratuity obligation	
		31 March 2022	31 March 2021
<b>1 Discount rate</b>			
Increase by 1% to 8.10% (7.9%)		<b>273.113</b>	229.365
Decrease by 1% to 6.10% (5.9%)		<b>323.766</b>	271.483
<b>2 Salary increase rate</b>			
Increase by 1% to 10.5% (10.0%)		<b>319.988</b>	268.380
Decrease by 1% to 8.5% (8.0%)		<b>275.871</b>	231.632
<b>3 Withdrawal rate</b>			
Increase by 1% to 6.5% (6.0%)		<b>292.989</b>	246.275
Decrease by 1% to 4.5% (4.0%)		<b>300.641</b>	251.844

### Note 31: Related Party Disclosures

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

##### Holding company

Kirloskar Brothers Limited

##### Fellow Subsidiary

Kirloskar Brothers International BV, Kirloskar Pompen BV, SPP Pumps Ltd, Rotaserve Limited, SPP Pumps MENA LLC, Kirloskar Brothers International Pty, Micawber 784 Proprietary Limited, Rodelta Pumps International BV, Rotaserve BV, SPP Pumps SAS, SPP Pumps Inc, SPP Pumps (Asia) Company Limited, Braybar Pumps (Proprietary) Limited, SPP Pumps (South Africa) Pty Ltd., Rotaserve Mozambique, SPP Pumps (Singapore) Ltd, SPP Pumps Real estate LLC, Syncroflo Inc

#### (b) Names of the related party and nature of relationship under common control

Kirloskar Ebara Pumps Pvt Ltd., The Kolhapur Steel Limited, Kirloskar Corrocoat Pvt. Limited, Kirloskar Brothers (Thailand) Limited.

## Notes to Accounts

### (c) Key management personnel and their relatives.

Name of the related party	Nature of relationship
Mr. Ravindra Samant	Managing Director
Mr. K. Taranath	Chairman
Mr. C. M. Mate	Director
Ms. Rama Kirloskar	Director
Mr. Vijaykumar Kulkarni	CFO

### (d) Trust where key managerial persons are the trustees.

Karad Projects And Motors Limited Employees Welfare Trust

### (e) Transactions with related parties

(INR in Lakhs)

Nature of Transactions	Year	Where control exists	Enterprises under common control	KMP and relatives of KMP and where KMP are trustees
<b>Purchases/ Job work</b> Kirloskar Brothers Limited Kirloskar Corrocoat Limited		122.006	- 0.026	
	<b>2021-22</b>	<b>122.006</b>	<b>0.026</b>	
Kirloskar Brothers Limited Kirloskar Corrocoat Limited		84.271 -	- 0.248	
	<b>2020-21</b>	<b>84.271</b>	<b>0.248</b>	
<b>Sales/Job work/Others</b> Kirloskar Brothers Limited The Kolhapur Steel Limited Kirloskar Ebara Pumps Pvt Ltd. SPP Pumps UK SPP Pumps (PTY) Ltd. SA Kirloskar Corrocoat Limited		42,260.873 - - - - -	- 318.988 - 12.462 - 0.247	
	<b>2021-22</b>	<b>42,260.873</b>	<b>331.698</b>	
Kirloskar Brothers Limited The Kolhapur Steel Limited Kirloskar Ebara Pumps Pvt Ltd. SPP Pumps UK SPP Pumps (PTY) Ltd. SA		28,612.852	9.566 4.050 4.948 15.873	
	<b>2020-21</b>	<b>28,612.852</b>	<b>34.437</b>	
<b>Interest Received</b> The Kolhapur Steel Ltd			-	
	<b>2021-22</b>	-	-	
Kirloskar Brothers Limited The Kolhapur Steel Ltd		- -	- 12.974	
	<b>2020-21</b>	-	<b>12.974</b>	
<b>Final/ Interim dividend</b> Kirloskar Brothers Limited		2,371.917	-	
	<b>2021-22</b>	<b>2,371.917</b>	-	
Kirloskar Brothers Limited		488.336	-	
	<b>2020-21</b>	<b>488.336</b>	-	

## Notes to Accounts

### (e) Transactions with related parties (Contd.)

Nature of Transactions	Year	Where control exists	Enterprises under common control	KMP and relatives of KMP and where KMP are trustees
<b>Receiving services/ expenses</b>				
Kirloskar Brothers Limited		70.511	-	
Kirloskar Brothers ( Thailand) Limited		-	-	
Kirloskar Corrocoat Private Limited		-	-	
The Kolhapur Steel Ltd		-	-	
	<b>2021-22</b>	<b>70.511</b>	<b>-</b>	
Kirloskar Brothers Limited		62.097		
Kirloskar Brothers ( Thailand) Limited		-	-	
Kirloskar Corrocoat Private Limited		-	-	
The Kolhapur Steel Ltd		-	0.300	
	<b>2020-21</b>	<b>62.097</b>	<b>0.300</b>	
<b>Loan</b>				
The Kolhapur Steel Ltd - Loan Given		-	-	
The Kolhapur Steel Ltd - Loan Recovered		-	-	
	<b>2021-22</b>	<b>-</b>	<b>-</b>	
The Kolhapur Steel Ltd - Loan Given		-	300	
The Kolhapur Steel Ltd - Loan Recovered			(300)	
	<b>2020-21</b>	<b>-</b>	<b>-</b>	
<b>Sitting Fees</b>				
K. Taranath				0.500
Padmakar Jawadekar				-
Anant Sathe				-
	<b>2021-22</b>			<b>0.500</b>
K. Taranath				0.500
Padmakar Jawadekar				0.300
Anant Sathe				0.225
	<b>2020-21</b>			<b>1.025</b>
<b>Contribution Made</b>				
Karad Projects And Motors Limited Employees Welfare Trust				100.000
	<b>2021-22</b>			<b>100.000</b>
Karad Projects And Motors Limited Employees Welfare Trust				-
	<b>2020-21</b>			<b>-</b>

## Notes to Accounts

### (f) Key management personnel compensation

(INR in Lakhs)

	2021-22	2020-21
<b>Mr. Ravindra Samant</b>		
Short term employee benefits	72.707	63.923
Post employment benefits	11.221	12.994
Other long term employee benefit	(1.239)	4.894
	<b>82.688</b>	<b>81.811</b>

### (g) Outstanding balances arising from transactions with related parties

(INR in Lakhs)

Nature of Transactions	Year	Where control exists	Enterprises under common control
<b>Receivables (net)</b>			
Kirloskar Brothers Limited		7,056.813	-
The Kolhapur Steel Limited		-	186.649
Kirloskar Ebara Pumps Pvt Ltd.		-	-
SPP Pumps Ltd (UK)		-	12.462
	<b>2021-22</b>	<b>7,056.813</b>	<b>199.111</b>
Kirloskar Brothers Limited		8,268.729	-
The Kolhapur Steel Limited		-	5.850
Kirloskar Ebara Pumps Pvt Ltd.		-	1.093
	<b>2020-21</b>	<b>8,268.729</b>	<b>6.943</b>
<b>Payables(net)</b>			
Kirloskar Brothers (Thailand) Limited		-	-
Kirloskar Brothers Limited		(275.870)	-
Kirloskar Corrocoat Private Limited		-	-
	<b>2021-22</b>	<b>(275.870)</b>	<b>-</b>
Kirloskar Brothers (Thailand) Limited		-	-
Kirloskar Brothers Limited		(85.696)	-
Kirloskar Corrocoat Private Limited		-	-
	<b>2020-21</b>	<b>(85.696)</b>	<b>-</b>
<b>Loan Receivable</b>			
The Kolhapur Steel Limited		-	-
	<b>2021-22</b>	<b>-</b>	<b>-</b>
The Kolhapur Steel Limited		-	-
	<b>2020-21</b>	<b>-</b>	<b>-</b>

## Notes to Accounts

### Note 32 : Movement in Provision

(INR in Lakhs)

Particulars	Compensated Absences	Product Warranty
Carrying amount as at 1 April 2020	<b>169.608</b>	543.653
Additional provision recognised during year	16.700	467.500
Amount utilised during the year	12.449	129.551
Unused amounts reversed during the year	-	-
Unwinding of provision during the year	-	-
Carrying amount as at 31 March 2021	<b>173.859</b>	881.602
Additional provision recognised during year	32.034	719.742
Amount utilised during the year	3.817	-
Unused amounts reversed during the year	-	46.409
Unwinding of provision during the year	-	-
Carrying amount as at 31 March 2022	<b>202.076</b>	1,554.934

(INR in Lakhs)

### Note 33: Expenditure on Research & Development

Particulars	31 March 2022	31 March 2021
<b>A. On revenue account</b>		
<u>Manufacturing expenses</u>		
Materials	<b>73.933</b>	40.338
Repairs & maintenance	<b>3.747</b>	0.370
<u>Payment to and provision for employee</u>		
Salaries , wages , bonus, allowances, contribution to provident & other funds	<b>27.842</b>	27.895
<u>Other expenses</u>		
Travel expenses	<b>1.988</b>	0.216
Others	<b>3.059</b>	0.055
<b>Total</b>	<b>110.569</b>	68.874
<b>B. On capital account</b>		
Assets capitalised	-	9.517
CWIP	-	-
<b>Total</b>	<b>0.000</b>	9.517
<b>Total</b>	<b>110.569</b>	78.392



## Notes to Accounts

### Note 34: Segment Reporting

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

#### Project division:

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

#### Product division:

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

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

#### a) Segment results

(INR in Lakhs)

Year ended 31 March 2022	Product sector	Project sector	Total
Revenue (Total Income)			
External customers	47,721.539	26.527	47,748.066
Other Income	451.507	63.223	514.731
<b>Total revenue</b>	<b>48,173.046</b>	<b>89.750</b>	<b>48,262.796</b>
<b>Income/(Expenses)</b>			
1) Material Consumed	35,127.470	-	35,127.470
2) Depreciation	559.701	-	559.701
3) Other Expenses	7,631.571	25.662	7,657.233
	43,318.742	25.662	43,344.404
<b>Segment Profit</b>	<b>4,854.304</b>	<b>64.088</b>	<b>4,918.392</b>
Less:- Tax (Expenses)/Income		-	(1,468.976)
<b>Total Comprehensive income for the year</b>	<b>4,854.304</b>	<b>64.088</b>	<b>3,449.416</b>
Segment Assets	24,964.073	992.699	25,956.772
Unallocated Assets			1,732.191
<b>Total assets</b>	<b>24,964.073</b>	<b>992.699</b>	<b>27,688.962</b>
Segment liabilities	8,299.693	2,729.419	11,029.112
Unallocated Liabilities			16,659.850
<b>Total Liabilities</b>	<b>8,299.693</b>	<b>2,729.419</b>	<b>27,688.962</b>
<b>Year ended 31 March 2021</b>	<b>Product sector</b>	<b>Project sector</b>	<b>Total</b>
Revenue	30,842.534	-	30,842.534
External customers	-	-	-
Other Income	388.959	3.438	392.397
<b>Total revenue</b>	<b>31,231.493</b>	<b>3.438</b>	<b>31,234.931</b>
<b>Income/(Expenses)</b>			
1) Material Consumed	21,591.170	-	21,591.170
2) Depreciation	583.148	-	583.148
3) Other expenses	6,288.976	34.849	6,323.825
	28,463.294	34.849	28,498.143
<b>Segment Profit</b>	<b>2,768.199</b>	<b>(31.411)</b>	<b>2,736.788</b>
Less:- Tax Expenses			1,030.576
<b>Total Comprehensive income for the year</b>			<b>3,767.364</b>
Segment Assets	23,207.076	1,041.531	24,248.607
Unallocated Assets			2,344.640
<b>Total assets</b>	<b>23,207.076</b>	<b>1,041.531</b>	<b>26,593.247</b>
Segment liabilities	8,281.760	2,729.136	11,010.896
Unallocated Liabilities			15,582.351
<b>Total Liabilities</b>	<b>8,281.760</b>	<b>2,729.136</b>	<b>26,593.247</b>

## Notes to Accounts

### (b) Reconciliations to amounts reflected in the financial statements

(INR in Lakhs)

(i) Reconciliation of profit	March 31, 2022	March 31, 2021
<b>Segment profit</b>	<b>4,918.392</b>	2,736.788
Intra segment elimination		
Current tax expense	<b>(863.000)</b>	(729.510)
Deferred tax expenses	<b>(605.976)</b>	17.641
MAT Entitlement for earlier years	-	1,742.445
Finance income	-	-
Any other items of reconciliations which are considered as adjustments/ elimination above	-	-
<b>Total Comprehensive income for the year</b>	<b>3,449.416</b>	3,767.364
<b>(ii) Reconciliation of assets</b>	<b>31 March 2022</b>	31 March 2021
<b>Segment operating assets</b>	<b>25,956.772</b>	24,248.607
Reconciliation items such as DTA/ Current tax assets	<b>1,732.191</b>	2,344.640
<b>Total assets</b>	<b>27,688.962</b>	26,593.247
<b>(iii) Reconciliation of liabilities</b>	<b>31 March 2022</b>	31 March 2021
<b>Segment operating liabilities</b>	<b>11,029.112</b>	11,010.896
Reconciliation items - Total Equity	<b>16,659.850</b>	15,582.351
<b>Total liabilities</b>	<b>27,688.962</b>	26,593.247

### c) Geographic information

	31 March 2022	31 March 2021
<b>Revenue from external customers</b>		
India	<b>46,809.579</b>	30,197.266
Outside India	<b>938.487</b>	645.268
	<b>47,748.066</b>	30,842.534
<b>Non current assets (other than deferred tax asset &amp; financial asset)</b>		
India	<b>3,572.545</b>	3,511.577
Outside India	-	-
	<b>3,572.545</b>	3,511.577

## Notes to Accounts

### Note 35 : Fair Value of financial assets and liabilities

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

(INR in Lakhs)

Sr. No.	Particulars	Carrying value	
		31 March 2022	31 March 2021
a)	<b>Financial Asset</b> <b>Carried at fair value through Other Comprehensive Income (FVTOCI)- Level 3</b> Unquoted investment	0.051	0.051
b)	<b>Carried at amortised cost- Level 2</b> Security Deposits-Non-Current	150.284	150.496
	Security Deposits-Current	-	-
	Other financial assets- Non-Current	1,137.501	387.093
	Other financial assets- Current	60.397	25.450
	Trade receivable	10,017.224	10,835.344
	Cash and cash equivalent and bank balances	6,013.662	5,870.190
		17,379.118	17,268.626
c)	<b>Financial Liabilities</b> <b>Carried at amortised cost- Level 2</b> Current borrowings at fixed rate of interest	-	-
	Other current financial liabilities	1,118.876	1,228.682
	Trade payable	7,616.702	7,909.697
		8,735.578	9,138.379

As per assessments made by the management fair values of all financial instruments carried at amortised costs (except as specified above in (a) ) are not materially different from their carrying amounts since they are either short term in nature or the interest rates applicable are equal to the current market rate of interest.

The company has not performed a fair valuation of its investments in unquoted shares which are classified as **FVOCI** as the company believes that impact of change on account of fair value is insignificant.

### Note 36 : Financial risk management policy and objectives

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

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

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

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

## Notes to Accounts

### 1) Credit Risk

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

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

#### a) Trade receivable

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

(INR in Lakhs)

	Not Due	Past due but not impaired			Impaired	Total	Expected Loss	Net Receivable after impairment
		Less than 180 days	181 to 365 days	above 366 days				
31 March 2022	8,950.891	999.595	-	66.738	155.343	10,172.567	(155.343)	10,017.224
31 March 2021	10,248.928	486.219	-	100.198	159.343	10,994.688	(159.343)	10,835.344

### Reconciliation of loss provision

Particulars	Trade receivables
Loss allowance as at 31 March 2021	159.344
Changes in loss allowance	(4.000)
Loss allowance as at 31 March 2022	155.344

#### b) Financial instruments and cash deposits

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

## Notes to Accounts

### 2) Liquidity risk

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

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

(INR in Lakhs)

31 March 2022						
	Carrying amount	On demand	Less than 180 days	181 to 365 days	above 366 days	Total
Interest bearing borrowings	-	-	-	-	-	-
Other liabilities	1,118.876	-	1,118.876	-	-	1,118.876
Trade and other payable	7,616.702	-	7,616.702	-	-	7,616.702

31 March 2021						
	Carrying amount	On demand	Less than 180 days	181 to 365 days	above 366 days	Total
Interest bearing borrowings	-	-	-	-	-	-
Other liabilities	1,228.682	-	1,228.682	-	-	1,228.682
Trade and other payable	7,909.697	-	7,909.697	-	-	7,909.697

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

	31 March 2022	31 March 2021
<b>Floating rate</b>	<b>8.85%</b>	10.05%
Expiring within one year	3,500.000	3,500.000
Expiring beyond one year	-	-

### 3) Market Risk

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

The sensitivity analysis in the following sections relate to the position as at 31 March 2022 and 31 March 2021. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt, proportion of financial instruments in foreign currencies are all constant at 31 March 2022.

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

#### a) Interest rate risk

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

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



## Notes to Accounts

### b) Foreign currency risk

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

(INR in Lakhs)

Particulars	Currency	Amount in Foreign Currency		Amount in INR	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Financial Assets</b>					
Trade Receivables	USD	1.554	1.330	117.789	97.524
	GBP	0.124	-	12.316	-
	EUR	0.691	0.399	58.135	35.345
<b>Financial liabilities</b>					
Trade Payables	USD	0.017	0.016	1.263	1.196
	GBP	-	-	-	-
	EUR	0.086	0.085	7.274	7.524

### Currency wise net exposure ( Assets-Liabilities)

(INR in Lakhs)

Particulars	Amount in Foreign Currency		Amount in INR	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
USD	1.537	1.313	116.525	96.328
GBP	0.124	-	12.316	-
EUR	0.605	0.314	50.860	27.821

### Sensitivity Analysis

Currency	Amount in INR		Sensitivity %		Impact on profit (strengthen)		Impact on profit (weakening)	
	2022	2021	2022	2021	2022	2021	2022	2021
USD	116.525	96.328	3.26%	1.89%	3.799	1.821	(3.799)	(1.821)
GBP	12.316	-	4.36%	0.00%	0.537	-	(0.537)	-
EUR	50.860	27.821	4.26%	2.91%	2.167	0.810	(2.167)	(0.810)
Total	179.701	124.149			6.502	2.630	(6.502)	(2.630)

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

## Notes to Accounts

### Note 37: Capital management

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

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Company's policy is to keep the gearing ratio between 20% and 30%. The company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

#### A: Gearing ratio

Particulars	31 March 2022	31 March 2021
Loans and borrowings	-	-
Less: Cash and Bank balances	6,013.662	5,870.190
<b>Net debt</b>	-	-
<b>Equity</b>	<b>16,659.850</b>	15,582.351
<b>Capital and net debt</b>	<b>16,659.850</b>	15,582.351
Gearing ratio (not applicable since no net debt)	0.00%	0.00%

#### B: Dividend

	31 March 2022	31 March 2021
(i) Equity Shares		
Final dividend for the year ended 31 March 2021 is INR 8.50 (31 March 2020- 3.50) per fully paid share, paid during the year	1185.958	488.336
Interim dividend for the year ended 31 March 2022 of INR 8.5 per fully paid share (31 March 2021- Nil) per fully paid share	1185.958	Nil
(ii) Proposed Dividends not recognised at the end of the reporting period	0.000	1185.958

Since year end the directors have recommended the payment of a final dividend of INR Rs. NIL per fully paid equity share (31 March 2021 - INR 8.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

## Notes to Accounts

## Note 38 : Ratios

	Ratios	For the year 2021-22				For the year 2020-21			
		Numerator	Denominator		Days	Numerator	Denominator	Days	Variance (%)
1	<b>Current Ratio</b> [ Current assets / current Liability ]	21,698	10,929	1.99		20,807	10,920	1.91	4.19
2	<b>Debt-Equity Ratio</b> [Debt/Equity]	-	16,660	0.00		-	15,582	0.00	0.00
3	<b>Debt Service Coverage Ratio</b> [PBIDT/Interest+Interest Due ] Debt service ratio has increased as the company has very less interest cost and no principal repayment of debts	5,509	6	871.0		3,318	14	233.3	273.40
4	<b>Return on Equity Ratio</b> [(PAT)/(Total op. Equity + Total cl. Equity)/2]	3,467	16,121	21.5%		3,756	13,943	26.9%	-20.16
5	<b>Inventory Turnover</b> [Consumption / (op. Inventory + cl. Inventory)/2] Inventory turnover ratio improved due to higher turnover and consumption for the year with no proportionate increase in inventory level	38,310	3,866	9.91	37	24,396	3,244	7.52	31.78
6	<b>Trade Receivables Turnover</b> [Sales / (op. receivable + cl. Receivables)/2] Trade receivables Turnover ratio improved due to better collection from debtors	47,748	10,426	4.58	80	30,843	10,780	2.86	60.07
7	<b>Trade Payable Turnover</b> [Consumption/(op.payables+cl. Payables)] Trade Payable Turnover ratio improved due to improved payments position to creditors	38,310	7,763	4.93	74	24,396	7,877	3.10	59.34
8	<b>Net Capital Turnover ratio</b> [Sales/Working Capital] Net capital ratio improved due to higher turnover achieved during current year	47,748	10,769	4.43		30,843	9,887	3.12	42.14
9	<b>Net profit Ratio</b> [PAT/Sales] Net profit Ratio decreased due to recognition of MAT credit entitlement of Rs. 1742.45 lakhs in F. Y. 2020-21	3,467	47,748	7.3%		3,756	30,843	12.2%	-40.37
10	<b>Return on Capital Employed</b> [PBIT/TCE=(NW-DTA + debt+ DTL)] Return on Capital Employed improved due to higher turnover resulting in higher profits in the current year	4,950	15,529	32%		2,735	13,846	20%	61.36
11	<b>Return on Investment</b> [ROI=Interest received / Average Fix deposits]	243	6,117	3.97%		172	4,980	3.46%	14.71

## Notes to Accounts

### Note 39: Corporate social responsibility expenditures

(a) Amount required to be spent by the Company during the current year is Rs. 47.72 Lakhs

(b) Amount spent by the Company during the current year is Rs. 47.72 Lakhs

The company as per its policy on Corporate Social Responsibility(CSR) and recommendation and approval of the CSR committee has spent / contributed Rs. 24.91 Lakhs towards Education, Health through its implementing agency Vikas Charitable Trust and balance amount of Rs. 22.81 Lakhs on Health including for COVID 19 & Educational aid in local area in the current financial year.

There is no shortfall in the amount required to be spent on CSR as at end of the current year as well as previous year

### Note 40

During the year, Suppliers/Service providers covered under Micro, Small, Medium Enterprises Development Act, 2006 have furnished the information regarding filing of necessary memorandum with the appropriate authority. In view of this, information required has been disclosed.

	Particulars	FY 2021-22
(a)	Principal amount remaining unpaid to any supplier as at the end of accounting year	98.707
(b)	Amount of interest paid by the buyer under MSMED along with payments made to supplier beyond appointed day during the accounting year	0.40
(c)	Interest due and payable for the period (where the principal has been paid but interest under MSMED not paid)	0.771
(d)	Interest accrued and remaining unpaid at the end of accounting year	1.281
(e)	Amount of further interest due and payable even in succeeding year, until when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure u/s 23 of MSMED 2006.	-

### Note 41

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.

### Note 42

During the year the Company has not entered any transaction with struck off Companies as defined under Sec.248 of the Companies Act 2013 & there is no any outstanding balance with such companies as of 31st March 2022.

### Note 43

The Company is not declared as wilful defaulter by any bank or financial institution.

### Note 44

- (a) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) No funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

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Awards KPML Won 1<sup>st</sup> Prize in CII National Best Kaizen for Energy & Utilities Management



KPML Won Jointly First Prize In LAKAKI Business Excellence, For Assessment Year 2020-21



# KPML



Enriching Lives

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