



**KULKARNI POWER TOOLS LTD.**

**42<sup>nd</sup> ANNUAL REPORT  
2017-18**



## **KULKARNI POWER TOOLS LTD.**

Regd. Office : Shirol - 416 103, Dist. Kolhapur

### **BOARD OF DIRECTORS**

<b>P.A. KULKARNI</b>	Vice Chairman & Managing Director
<b>M.L. APTE</b>	Independent Director
<b>D.C. SHROFF</b>	Independent Director
<b>S.S. SHIRGAOKAR</b>	Independent Director
<b>S.C. KIRLOSKAR</b>	Independent Director
<b>P.P. KULKARNI</b>	Woman Director
<b>D.B. KULKARNI</b>	Executive Director
<b>K.V. PAI</b>	Director

### **BANKERS**

**Bank of Maharashtra, Sangli**

**IDBI Bank Ltd., Kolhapur**

### **AUDITORS**

**Mr. Dharmendra R. Prabhukhot**

Chartered Accountant

Plot No. 821 "Guruprasad",

R.C. Nagar, 2<sup>nd</sup> Stage,

Vasant Vihar Colony, Tilakwadi,

Belagavi 590006

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## BOARD'S REPORT

To,

**The Members,**

Your Directors have pleasure in presenting the 42<sup>nd</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2018.

### 1. FINANCIAL RESULTS :

		In ₹
	<b>31-03-2018</b>	31-03-2017
Turnover	<b>864,867,481</b>	732,260,133
Profit Before Interest, Depreciation, Tax & Exceptional Items	<b>107,348,874</b>	24,420,119
Add : Exceptional Items :		
Subsidy Received	—	2,382,000
Profit on Sale / Transfer of immoveable property	—	41,106,836
Less : Interest	<b>54,159,801</b>	50,729,649
Less : Depreciation	<b>33,419,163</b>	36,642,154
Profit Before Tax	<b>19,769,910</b>	(19,462,848)
Less : Provision for Taxation, including Deferred Tax	<b>(4,461,161)</b>	(6,213,790)
Profit After Tax	<b>24,231,071</b>	(13,249,058)
Less : Other Comprehensive Income	<b>545,990</b>	(96,472)
Net Profit for the current year	<b>24,777,061</b>	(13,345,530)
Add : Amount brought forward from last year	<b>(51,447,818)</b>	(38,102,288)
Profit available for Appropriation	<b>(26,670,757)</b>	(51,447,818)
Proposed Dividend	—	—
Tax on Proposed Dividend	—	—
Transfer to General Reserve	—	—
Balance Carried Forward to Balance Sheet	<b>(26,670,757)</b>	(51,447,818)

### 2. OPERATIONS AND FUTURE PROSPECTS :

In the last year's Board's Report, your Company welcomed the GST regime introduced w.e.f. 1<sup>st</sup> July, 2017, and it was stated that this move would improve the economy.

We do believe that this is happening and the Indian economy is showing good turn around. Your Company, too, has shown a good turn around, during the year, as evident from the above figures. We are determined to continue the good work, in the current year.

### 3. DIRECTORS & KEY MANAGERIAL PERSONNEL :

The Board comprises of 8 Directors out of which four are Independent Directors, two Executive Directors, one Non-Independent Director and one Woman Director.

Pursuant to provisions of Section 203 of the Companies Act, 2013, Mr. Prakash Kulkarni, Vice Chairman & Managing Director is the Key Managerial Person of the Company.

### **Independent Directors**

Company has received necessary declaration from, each independent director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

### **Directors Retiring by Rotation**

Mrs. Prabha Kulkarni, Director (DIN : 0053598), retires by rotation as per the provisions of Companies Act, 2013, and is eligible to be reappointed as a Director of the Company in the forthcoming Annual General Meeting. The Board recommends her appointment.

Mr.Dilip Kulkarni, Director (DIN : 00184727), retires by rotation as per the provisions of Companies Act, 2013, and is eligible to be reappointed as a Director of the Company in the forthcoming Annual General Meeting. The Board recommends his appointment.

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

To the best of their knowledge and belief and according to the information and explanation provided to them, your Directors, pursuant to Section 134(5) of the Companies Act, 2013, state that -

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements 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 were devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively;
- f) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.

#### **5. NUMBER OF MEETINGS OF THE BOARD :**

The Board of Directors duly met 5 ( Five ) times on 27-05-2017, 28-07-2017, 13-09-2017, 13-12-2017 & 12-02-2018, in respect of which proper notices were given and the proceedings were properly recorded and signed.

The Audit Committee of the Board of Directors also met 5 (Five) times on 27-05-2017, 28-07-2017, 13-09-2017, 13-12-2017 & 12-02-2018, in respect of which proper notices were given and the proceedings were properly recorded and signed.

The details of the Board Meetings and the Directors who attended the meetings are given below :

Sl. No.	Dates of Meeting	Attended by
1.	27-05-2017	Mr.P.A.Kulkarni, Mr.M.L.Apte, Mr.D.C.Shroff, Mr.S.S.Shirgaokar, Mrs.P.P.Kulkarni, Mr.D.B.Kulkarni.
2.	28-07-2017	Mr.P.A.Kulkarni, Mr.M.L.Apte, Mr.D.C.Shroff, Mr.S.S.Shirgaokar, Mr.S.C.Kirloskar, Mrs.P.P.Kulkarni, Mr.D.B.Kulkarni

Sl. No.	Dates of Meeting	Attended by
3.	13-09-2017	Mr.P.A.Kulkarni, Mr.M.L.Apte, Mr.D.C.Shroff, Mr.S.C.Kirloskar, Mr.S.S.Shirgaokar, Mrs.P.P.Kulkarni, Mr.D.B.Kulkarni,
4	13-12-2017	Mr.P.A.Kulkarni, Mr.M.L.Apte, Mr.D.C.Shroff, Mr.S.S.Shirgaokar, Mrs.P.P.Kulkarni, Mr.D.B.Kulkarni, Dr.K.V.Pai,
5	12-02-2018	Mr.P.A.Kulkarni, Mr.M.L.Apte, Mr.D.C.Shroff, Mrs.P.P.Kulkarni, Dr.K.V.Pai, Mr.S.C.Kirloskar, Mr.S.S.Shirgaokar, Mr.D.B.Kulkarni

The details of the Audit Committee Meetings and the Directors who attended the meetings are given below:

Sl. No.	Dates of Meeting	Attended by
1.	27-05-2017	Mr.S.S.Shirgaokar, Mr.M.L.Apte, Mr.D.B.Kulkarni
2.	28-07-2017	Mr.S.S.Shirgaokar, Mr.M.L.Apte, Mr.D.B.Kulkarni
3.	13-09-2017	Mr.S.S.Shirgaokar, Mr.M.L.Apte, Mr.D.B.Kulkarni
4.	13-12-2017	Mr.S.S.Shirgaokar, Mr.M.L.Apte, Mr.D.B.Kulkarni
5.	12-02-2018	Mr.S.S.Shirgaokar, Mr.M.L.Apte, Mr.D.B.Kulkarni

#### 6. ANNUAL EVALUATION OF PERFORMANCE OF BOARD AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS :

During the year under review, the Board has initiated formal evaluation process for its own performance and of its own committees and individual directors, pursuant to Section 134 (3) (p) of the Companies Act, 2013 and Rule 8 (4) of the Companies (Accounts) Rules, 2014.

#### 7. NOMINATION AND REMUNERATION COMMITTEE :

The Company has framed Nomination and Remuneration Committee to decide appointment and remuneration of Directors, Independent Directors and Key Management Personnel.

#### 8. AUDIT COMMITTEE :

The Audit Committee of the Board, pursuant to Section 177(2) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, consists of 3 (Three) Directors. Out of which 2 (Two) Directors are Independent Directors and constitutes majority.

#### 9. STATUTORY AUDIT REPORT :

With respect to Statutory Auditors' observations regarding Internal Financial Controls, please note that the Company has robust internal control system in place. As per new requirement, the Company has already started preparation and compilation of data in the required format in this respect.

#### 10. SECRETARIAL AUDIT REPORT :

With respect to Secretarial Auditor's Report, attached as **ANNEXURE-I**, to this Report, the Company has been advised by a Senior Legal Counsel that KPT does not require to have a separate CFO & CS as Key Managerial Personnel [KMP]. KPT has on its records the opinion to this effect. Other comments of Secretarial auditor are self-explanatory.

#### 11. DIVIDEND :

Despite the better results, the Board has decided, as a prudent policy, to conserve financial resources. Therefore, the Directors do not recommend any dividend for the Financial Year 2017-18.

**12. CHANGE IN NATURE OF BUSINESS :**

During the year under review, there were no changes in nature of business of the Company.

**13. TRANSFER TO RESERVES :**

During the year under review, the Company has not transferred any amount to its reserves.

**14. CHANGES IN CAPITAL OF THE COMPANY :**

There are no changes in the capital of the Company.

**15. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

Not Applicable.

**16. DEPOSITS:**

The Company has not accepted / renewed any deposits.

**17. EXTRACT OF ANNUAL RETURN:**

The Extract of Annual Return in Form MGT-9 pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, is attached as **ANNEXURE-II** to this Report. The Annual Return of the Company is available on [www.kpt.co.in](http://www.kpt.co.in) pursuant to Provisions of Sec. 92(3) of the Companies Act, 2013.

**18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

During the year under review, the Company has not advanced any loans/ given guarantees / provided securities or made any investments.

**19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

Related party transactions that were entered during the financial year, were on an arm's length basis and were in ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its omnibus approval and the particulars of contracts entered during the year as per Form AOC-2 is enclosed as **ANNEXURE-III** to this Report.

**20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :****A) CONSERVATION OF ENERGY**

This industry does not fall under Schedule prescribed under Rule(2). Efforts are made to keep the consumption of Power and Fuel to a minimum level. Kulkarni Power Tools Ltd., also generates clean power by use of wind power.

**B) TECHNOLOGY ABSORPTION****I) Specific areas in which R&D carried out :**

- Enhancing life of electric motors,
- Reducing maintenance cost of products,



- Development of new products / designs / procedures / methods / materials / machines / tools in existing products / processes in related manufacturing areas,
- Improving the electrical characteristics of the motors.

**II) Benefits derived as a result of above R&D :**

- Improved performance/longer service life of product,
- Complete safety,
- Cost reduction,
- Enhancement of quality and service to the customers.

**III) Future plan of action :**

Company plans to continue development activities on the above lines,

**IV) Expenditure on R&D :**

Expenditure of revenue nature incurred on R&D is charged under the respective heads, Capital expenditure on acquisition of assets for R&D, if any, is depreciated as Plant & Machinery.

**TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION**

The Company has not imported any technology during the last fifteen years. There is a continuous flow of information between the Company and the key suppliers from abroad. The Company's key managers also visit various markets and are exposed to latest products and technologies. Interaction with Suppliers of key components, on a regular basis, keeps the Company abreast with the latest development in product technology, manufacturing process and methods, quality assurance, marketing and management systems. We have, over the years, built requisite infrastructure and technically competent manpower to translate and adopt the latest technical know-how into improved products for our customers.

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

Earnings : ₹ 533.12 lacs

Outgo : a) Material ₹ 1995.32 lacs

b) Others ₹ 10.23 lacs

**Total ₹ 2005.55 lacs**

**21. THREATS & CONCERNS :**

The leading brands always come up with new products. We keep on studying this and suitable actions are taken.

**22. SAFETY, HEALTH & ENVIRONMENT :**

Our Company continues to pursue its environmental friendly approach towards Industrial growth. Constant improvements are being made in the process.

**23. TECHNICAL INNOVATION :**

No significant products development, other than improving old ones, was made during the year.

**24. CORPORATE GOVERNANCE CERTIFICATE :**

Since the Paid-up Capital of the Company does not exceed rupees ten crores and the net worth does not exceed rupees twenty five crores, under the provision of Regulation 15 (2) (a) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, this certification requirement is not applicable.

**25. VIGIL MECHANISM :**

The Company has established a Vigil Mechanism for Directors and employees to report their genuine concerns and to provide adequate safeguards against victimisation of persons who use such mechanism.

**26. RISK MANAGEMENT POLICY :**

The Board of Directors of Company is continuously monitoring various risk attached to business. On regular basis, Board and senior managers identify the risk elements. Board and senior managers, on the basis of past experience, ensure management of risk and take necessary steps to mitigate the risks.

In the opinion of the Board there are no risk elements which may threaten the existence of the Company, except general market risks, risk due to effect of changes in government policies, competition risks and risk due to natural calamities.

**27. SUBSIDIARY COMPANIES, JOINT VENTURE OR ASSOCIATE COMPANIES :**

Company does not have any Subsidiary or Associate Companies.

**28. IMPACT OF ANY REGULATION OR COURT ORDERS :**

There are no material orders passed by the Regulation or Courts impacting on the Company's business.

**29. STATEMENT OF COMPLIANCE OF PROVISIONS OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 :**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No such cases were reported during the Financial Year 2017-2018.

**30. EMPLOYEES' REMUNERATION :**

Details of the remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **ANNEXURE - IV** to this Report.

**31. ACKNOWLEDGEMENT :**

The Board of Directors would like to thank their customers, vendors, dealers and business associates for their continued support during the year.

The Board of Directors sincerely appreciates and thanks its esteemed Shareholders for their continued support and confidence reposed in the Company.

Your Directors also wish to place on record their appreciation of the contribution made by employees at all levels, during the year.

**For & On behalf of the Board of Directors**

**Place : Mumbai**  
**Date : 13<sup>th</sup> August, 2018**

**Prakash Kulkarni**  
**Managing Director**  
**DIN : 00052342**

**Dilip Kulkarni**  
**Executive Director**  
**DIN: 00184727**

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## **ANNEXURE - I**

### **Form No. MR-3**

#### **SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018

*[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,  
**Kulkarni Power Tools Ltd**  
At & Post : Shirol,  
Dist. Kolhapur  
Maharashtra- 416103.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KULKARNI POWER TOOLS LTD** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the **KULKARNI POWER TOOLS LTD**, 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, its agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the **KULKARNI POWER TOOLS LTD** for the financial year ended on 31<sup>st</sup> March, 2018 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;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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;
- 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;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. ~~The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;~~

- d. ~~The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;~~
  - e. ~~The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;~~
  - 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;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h. ~~The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;~~
- vi. The Company meticulously follows the provisions of other applicable laws pertaining to the industry to which the company relates and has devised requisite systems for their desired compliance

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

- i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above *except that the Company has not appointed a Company Secretary & a Chief Financial Officer as a KMP pursuant to provisions of Sec. 203 of the Companies Act, 2013, till the end of the financial year.*

**We further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except that, *the e-form MGT-14 for appointment of Secretarial Auditor for F.Y 2017-18, and e-forms DIR-12 & MR-1 for appointment of Whole Time Director, were filed after the closure of the financial year.*

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.

Majority decision is carried through and recorded as part of the minutes.

**We 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.

**We further report that** during the audit period the Company has not taken any actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**For MRM ASSOCIATES  
COMPANY SECRETARIES**

**CS M. B. KASODEKAR  
PARTNER**

**Membership No. F 2756  
C. P. No: 1681**

**Unique Code of Partnership Firm: P2001MH006700**

**Place : Pune**

**Date : 1<sup>st</sup> August, 2018**

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**‘Annexure A’**

**To,**  
The Members,  
**Kulkarni Power Tools Ltd**  
At & Post : Shirol,  
Dist. Kolhapur  
Maharashtra- 416103.

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 processes 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 processes 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. 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 procedures 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.

**For MRM ASSOCIATES  
COMPANY SECRETARIES**

**CS M B KASODEKAR  
PARTNER**

**Membership No. F 2756**

**C. P. No: 1681**

**Unique Code of Partnership Firm: P2001MH006700**

**Place : Pune**

**Date : 1<sup>st</sup> August, 2018**

## ANNEXURE II

### Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018

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

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	L29130MH1976PLC019147
ii)	Registration Date	30 <sup>th</sup> July, 1976
iii)	Name of the Company	Kulkarni Power Tools Ltd.,
iv)	Category/ Sub-Category of the Company	Company Limited by Shares Indian Non- Government Company
v)	Address of the Registered office and contact details	At & Post : Shirol, Dist.Kolhapur, 416103, Maharashtra, India. Tel. 0231-2689900
vi)	Whether listed company Yes / No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s.Link Intime India Private Limited Block No.2, Akshay Complex, Nr.Ganesh Temple, Off. Dhole-Patil Road, Pune 411001 Tel. 020-26160084

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY – Manufacture, Sale & Service of Portable Electric Power Tools & Root Blowers

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Drills	84672100	17 %
2	Grinders & Sanders	84672900	24 %
3	Root blowers	84145930	15 %
4	Grinders, Sanders & Spares	85030090	10%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES – Not Applicable.

Sl. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	CIN/GLN	% of Shares held	Applicable Section
-	-	-	-	-	-

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

##### i) Category-wise Share Holding

Sl. No.	Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
			Demat	Physical	Total	%	Demat	Physical	Total	%	
A.	Promoters										
1		Indian	-	-	-	-	-	-	-	-	-
	a)	Individual/HUF	259456	0	259456	7.63	259456	0	259456	7.63	0
	b)	Central Govt	-	-	-	-	-	-	-	-	-
	c)	State Govt(s)	-	-	-	-	-	-	-	-	-

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	d) Bodies Corp.	778812	-	778812	22.91	778812	-	778812	22.91	-
	e) Banks/ FI	-	-	-	-	-	-	-	-	-
	f) Any other(Trust)	150209	324000	474209	13.94	474209	-	474209	13.94	-
	<b>SUB-TOTAL A(1)</b>	1188477	324000	1512477	44.49	1512477	-	1512477	44.48	-
<b>2</b>	<b>Foreign</b>									
	a) NRIs- Individuals	127012	-	127012	3.74	127012	-	127012	3.74	-
	b) Other -Individuals	-	-	-	-	-	-	-	-	-
	c) Bodies Corp.	-	-	-	-	-	-	-	-	-
	d) Banks/FI	-	-	-	-	-	-	-	-	-
	e) Any other	-	-	-	-	-	-	-	-	-
	<b>SUB-TOTAL (A) (2)</b>	127012	-	127012	3.74	127012	-	127012	3.74	-
	<b>TOTAL SHAREHOLDING OF PROMOTER (A)= (A) (1)+(2)</b>	1315489	324000	1639489	48.22	1639489	-	1639489	48.22	-
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>									
<b>1.</b>	<b>Institutions</b>									
	a) Mutual funds	-	-	-	-	-	-	-	-	-
	b) Banks/ FI	100	100	200	0.01	100	100	200	0.01	-
	c) Central Govt	-	-	-	-	-	-	-	-	-
	d) State Govt(s)	-	-	-	-	-	-	-	-	-
	e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
	f) Insurance Companies	-	-	-	-	-	-	-	-	-
	g) FIIS	-	-	-	-	-	-	-	-	-
	h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
	i) Fund Others (specify)	-	-	-	-	-	-	-	-	-
	<b>SUB TOTAL (B) (1)</b>	100	100	200	0.01	100	100	200	0.01	-
<b>2.</b>	<b>Non-Institutions</b>									
	a) <b>Bodies Corporate</b>	-	-	-	-	-	-	-	-	-
	i) Indian	216670	4000	220670	6.49	181125	2000	183125	5.38	1.10
	ii) Overseas	-	-	-	-	-	-	-	-	-
	b) <b>Individuals</b>	-	-	-	-	-	-	-	-	-
	i) Individual shareholders holding nominal share capital upto ₹ 2.lakh	1109516	359961	1469477	43.22	1114441	269971	1384412	40.72	2.50
	ii) Individual shareholders holding share capital in excess of ₹ 2 lakh	43201	-	43201	1.27	-	-	-	-	1.27
	c) <b>Others(Specify)</b>	-	-	-	-	-	-	-	-	-
	HUF	-	-	-	-	78301	-	78301	2.30	2.30
	IEPF	-	-	-	-	89025	-	89025	2.61	2.61
	Clearing Member	6875	-	6875	0.20	6373	-	6373	0.18	0.02
	NRI (REPAT)	15149	1500	16649	0.49	16230	-	16230	0.48	0.01
	NRI (NON-REPAT)	3439	-	3439	0.10	2845	-	2845	0.08	0.02
	<b>SUB TOTAL (B) (2):</b>	1394850	365461	1760311	51.77	1488340	271971	1760311	51.77	-
	<b>TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)</b>	1394950	365561	1760511	51.78	1488440	272071	1760511	51.78	-
<b>C.</b>	<b>SHARES held by custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A+B+C)</b>	2710439	689561	3400000	100	3127929	272071	3400000	100	-

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share-holding at the end of the year			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	% change in shareholding during the year
1	Suvina Engineers Pvt. Ltd.,	778812	22.91	0	778812	22.91	0	0
2	KPT Employees Welfare Trust	324000	9.53	0	324000	9.53	0	0
3	Sunanda Ashok Kulkarni	162176	4.77	0	162176	4.77	0	0
4	Neema Dilip Kulkarni	127012	3.74	0	127012	3.74	0	0
5	Ashok Arvind Kulkarni	82304	2.42	0	82304	2.42	0	0
6	Ajit Arvind Kulkarni	14976	0.44	0	14976	0.44	0	0
7	Prabha Kulkarni Endowment Trust	76804	2.26	0	76804	2.26	0	0
8	Prakash Kulkarni Endowment Trust	73405	2.15	0	73405	2.15	0	0
	<b>TOTAL</b>	1639489	48.22	0	1639489	48.22	0	0

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	At the beginning of the year	0	0	0	0
2	Date wise Increase / Decrease in Promoters Share -holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	0	0	0	0

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.3.2018	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	MANOJ J BAGADIA IN30133020658029 a) At the beginning of the year b) Change during the year  c) At the end of the year	43201 07.04.17 11.01.18 19.01.18 16.02.18 02.03.18 09.03.18	1.2706 Buy Sale Sale Sale Sale Sale	434 8635 621 3179 3005 2195 26000	      0.7647



Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01.04.2017		Cumulative Shareholding during the year 31.3.2018	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
2	SAIFUDDIN FAKHRUDDIN MIYAJIWALA IN30127630218829 a) At the beginning of the year b) Change during the year  c) At the end of the year	20000 26.01.18 02.02.18 16.02.18	0.5882 Sale Sale Sale	4014 250 5736 10000	0.2941
3	BACHH RAJ NAHAR 1206540000000139 a) At the beginning of the year b) Change during the year c) At the end of the year	15203	0.4471 No Change	15203	0.4471
4	GAYATHRI M IN30214810192594 a) At the beginning of the year b) Change during the year  c) At the end of the year	16210 15.12.17 22.12.17 23.03.18	0.4768 Sale Sale Sale	1526 100 800 13784	0.4054
5	B.R.NAHAR & SONS HUF 1206540000000105 a) At the beginning of the year b) Change during the year c) At the end of the year	12693	0.3733 No Change	12693	0.3733
6	SHIVRAJ SINHJI S01140 a) At the beginning of the year b) Change during the year c) At the end of the year	12000	0.3529 No Change	12000	0.3529
7	BHARTIBEN KISHORE GHIYA 1301990000377008 a) At the beginning of the year b) Change during the year c) At the end of the year	9571	0.2815 No Change	9571	0.2815
8	RAMESH SHANTILAL TOLAT 1202900000042860 a) At the beginning of the year b) Change during the year c) At the end of the year	9400	0.2765 No Change	9400	0.2765
9	DHARMESH LAXMINANDAN SHAH IN30047640019582 a) At the beginning of the year b) Change during the year c) At the end of the year	8733	0.2569 No Change	8733	0.2569
10	AMIT LAXMICHAND PATEL IN30048413286776 a) At the beginning of the year b) Change during the year c) At the end of the year	13826 09.02.18	0.4066 Sale	1826 12000	0.3529

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

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	MADHAV LAXMAN APTE IN30115112475737 a) At the beginning of the year b) Change during the year c) At the end of the year	2400	0.0706 No Change	2400	0.0706
2	PRAKASH ARVIND KULKARNI K00267 a) At the beginning of the year b) Change during the year c) At the end of the year	2160	0.0635 No Change	2160	0.0635
3	Ketan Vikas Pai 1301240002476689 a) At the beginning of the year b) Change during the year c) At the end of the year	6200	0.1824 No Change	6200	0.1824

**V. INDEBTEDNESS–**

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

Particular	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	366,335,022	48,869,797	Nil	415,204,819
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	854,234	Nil	Nil	854,234
<b>Total (i+ ii+iii)</b>	<b>367,189,256</b>	<b>48,869,797</b>	<b>Nil</b>	<b>416,059,053</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	85,275,278	13,000,000	Nil	98,275,278
• Reduction	51,211,380	23,638,033	Nil	74,849,413
<b>Net Change</b>	<b>34,063,898</b>	<b>(10,638,033)</b>	<b>Nil</b>	<b>23,425,865</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	400,675,961	38,231,764	Nil	438,907,725
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	577,191	Nil	Nil	577,191
<b>Total (i+ii+iii)</b>	<b>401,253,152</b>	<b>38,231,764</b>	<b>Nil</b>	<b>439,484,916</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

Sl. No.	Particulars of Remuneration	Name of Director		Total Amount
		Prakash Kulkarni Vice Chairman & Managing Director	Dilip Kulkarni Executive Director	
<b>1</b>	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25,92,000	1,500,000	4,092,000
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	72,046	21,600	93,646
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
<b>2.</b>	Stock Option	-	-	-
<b>3</b>	Sweat Equity	-	-	-
<b>4</b>	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
<b>5</b>	Others, PPF & Gratuity	2,74,615	2,22,115	4,96,730
	<b>Total (A)</b>	2,938,661	17,43,715	46,82,376
	Ceiling as per the Act	5%	3%	8%

### Remuneration to other directors: -

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		D.C.Shroff	M.L.Apte	S.S.Shirgaokar	S.C.Kirloskar	
<b>1</b>	Independent Directors					
	• Fee for attending Board / Committee Meetings	100,000	200,000	200,000	60,000	560,000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	100,000	200,000	200,000	60,000	560,000
<b>2</b>	Other Non-Executive Directors	K.V.Pai	Mrs.P.P. Kulkarni			
	• Fee for attending Board / Committee Meetings	40,000	100,000	-	-	140,000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	40,000	100,000	-	-	140,000
	<b>Total (B)=(1+2)</b>	140,000	300,000	200,000	60,000	700,000
	<b>Total Managerial Remuneration</b>	-	-	-	-	-
	<b>Overall Ceiling as per the Act</b>					1%

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD- Not Applicable**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
<b>1</b>	Gross salary a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 b) Value of perquisites u/s 17(2) Income-tax Act, 1961 c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
<b>2</b>	Stock Option	-	-	-	-
<b>3</b>	Sweat Equity	-	-	-	-
<b>4</b>	Commission - as % of profit - others, specify...	-	-	-	-
<b>5</b>	Others, please specify	-	-	-	-
	Total	-	-	-	-

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: - NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

### ANNEXURE-III

#### Particulars of Contracts or Arrangements with Related Parties

#### Form No. AOC-2

(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

#### 1. Details of contracts or arrangements or transactions not at arm's length basis- N.A.

Sl. No.	Particulars	Remarks
(a)	Name(s) of the related party and nature of relationship	NIL
(b)	Nature of contracts/arrangements/transactions	NIL
(c)	Duration of the contracts / arrangements/transactions	NIL
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
(e)	Justification for entering into such contracts or arrangements or transactions	NIL
(f)	Date(s) of approval by the Board	NIL
(g)	Amount paid as advances, if any	NIL
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	NIL

#### 2. Details of material contracts or arrangement or transactions at arm's length basis

Sl. No.	Particulars	KMP	Relative of KMP	Related Party
(a)	Name(s) of the related party and nature of relationship	Mr.Prakash Kulkarni Mr.Dilip Kulkarni	Smt.Malati Kulkarni Mr.Ajit Kulkarni Mr.Ashok Kulkarni Mrs.Prabha Kulkarni	Trimurti Engineering Tools Pvt.Ltd.
(b)	Nature of contracts/arrangements/ transactions	Remuneration	Dividend / Sitting Fees	Purchase / Sale of Goods
(c)	Duration of the contracts / arrangements/transactions	-	-	01.04.2017 to 31.03.2018
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	-	-	Total Amount of All Transactions upto ₹ 344 lacs
(e)	Date(s) of approval by the Board, if any	-	-	11.02.2017
(f)	Amount paid as advances, if any	-	-	-

For & On behalf of the Board of Directors

Place : Mumbai  
Date : 13<sup>th</sup> August, 2018

Prakash Kulkarni  
Managing Director  
DIN : 00052342

Dilip Kulkarni  
Executive Director  
DIN: 00184727

## **ANNEXURE-IV**

**Details of the Remuneration as required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 :**

The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Manager and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as follows :

(Rs.in Lakhs)

Sl. No.	Name of Director/KMP & Designation	Remuneration of Director / KMP for Financial Year 2016-17	% Increase in Remuneration in the Financial Year	Ratio of Remuneration of each Director to Median Remuneration of Employees	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Prakash Arvind Kulkarni	29.71	-1.10%	10.70	Increased in the profit of the Company from loss of Rs.133.45 lakhs to profit of Rs.247.77 lakhs.
2.	Dilip Bindumadhav Kulkarni	17.29	0.87%	6.22	

- The Median remuneration of employees of the Company during the financial year 2017-18 was Rs.2.89 lakhs.
- In the financial year 2017-18, there was an increase of 2.07% in the median remuneration of the employees.
- As on March 31, 2018, there were 295 permanent employees who were on the roll of the Company.
- Relationship between average increase in remuneration and Company performance :  
The Profit After Tax for the financial year ended on 31<sup>st</sup> March, 2018, increased by 285.66% , whereas the median remuneration increased by 2.07% which was in line with the Company performance.
- Comparison of remuneration of the Key Managerial Personnel(s) against the performance of the Company :  
The total remuneration of the Key Managerial Personnel(s) decreased by 0.38% from Rs.47.00 lakhs in 2016-17 to Rs.46.82 lakhs in 2017-18, whereas Profit After Tax increased by 285.66% from loss of Rs.133.45 lakhs in 2016-17 to the profit of Rs.247.77 lakhs in 2017-18.
- Statement of Top 10 Employees covered as per Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 : **NIL**

**INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE  
INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS**

**TO THE MEMBERS OF  
KULKARNI POWER TOOLS LIMITED**

**Report on the Financial Statements**

I have audited the accompanying standalone financial statements of **Kulkarni Power Tools Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income), cash flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in Companies (Indian Accounting Standards) Rules, 2015 as amended under section 133 of the Act. 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 judgements 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these standalone Ind AS financial statements based on my audit. I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

I have conducted the audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I should comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the standalone Ind AS financial statements.

**Opinion**

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the statement of affairs of the Company as at 31<sup>st</sup> March, 2018, its profit (including Other Comprehensive Income) its cash flow and changes in Equity for the year ended on that date.

## Other Matter

The financial information of the company for the year ended 31<sup>st</sup> March, 2017 and the transition date opening Balance sheet as at 1<sup>st</sup> April, 2016 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements for the year ended 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by previous auditors, on which they have expressed an unmodified opinion dated 27<sup>th</sup> May, 2017 and 28<sup>th</sup> May, 2016, respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the company on transition to the Ind AS have been audited by me, on which I have expressed an unmodified opinion vide my report dated 25<sup>th</sup> May, 2018.

My opinion is not qualified in this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order 2016, issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, I have given in the Annexure A, a statement on the matters specified in paragraph 3 of the Order.
2. As required by Section 143(3) of the Act, I report that:
  - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit.
  - b) In my opinion, proper books of account as required by law have been kept by the Company, so far as it appears from my examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In my opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2018 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 my separate report in "Annexure B"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
    - 1) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements
    - 2) The Company did not have any long-term contracts including derivative contracts for which provision is required under the applicable law or Indian Accounting Standards, for material foreseeable losses.
    - 3) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**Dharmendra R Prabhukhot**  
Chartered Accountant  
Membership No.219438

**Place : Mumbai**  
**Date : 25<sup>th</sup> May, 2018**



## Annexure - A to the Auditor's Report

(Referred to in paragraph 1 of my 'Report on Other Legal & Regulatory Requirement' of even date)

- i. a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b. The fixed assets were physically verified during the year by the management at reasonable intervals. According to information and explanations given to me, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to me and on the basis of my examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory was physically verified during the year by the management. In my opinion, the frequency of verification is reasonable. Discrepancies between the physical stock and the book records noticed on verification were properly dealt with in the books of accounts.
- iii. According to information and explanations given to me, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

Accordingly, the reporting under paragraph 3 (iii) (a), (b) and (c) of the Companies (Auditor's report) Order, 2016, is not applicable to the Company.

- iv. According to the information and explanation given to me, the Company has not given any loans, guarantee, security and it has not made any investments under section 185 and 186 of the Companies Act, 2013, accordingly the reporting under paragraph 3 (iv) of the Companies (Auditor's report) Order, 2016, is not applicable to the Company
- v. According to information and explanation given to me, the Company has not accepted any deposits from public. Accordingly the reporting under paragraph 3 (v) of the Companies (Auditor's report) Order, 2016, is not applicable to the Company
- vi. I have broadly reviewed the books of accounts and records maintained by the Company pursuant to the rules made by Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. I have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- vii. According to information and explanation given to me, there are no dues of Income tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute other than those mentioned below:

Nature of Dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax	1,248,039	2011-12	Jt. Commissioner (Appeal) Kolhapur
Sales Tax	3,049,464	2012-13	Jt. Commissioner (Appeal) Kolhapur
Karnataka Entry Tax	232,096	2011-12	Jt. Commissioner of Commercial Taxes (Appeals), Bengaluru
Sales Tax	2,534,529	2013-14	Jt. Commissioner (Appeal) Kolhapur
Sales Tax	813,389	2014-15	Jt. Commissioner (Appeal) Kolhapur

- viii. The Company has not defaulted in repayment of dues to any Financial Institution or Bank.
- ix. In my opinion, the term loans have been applied for the purpose for which they were raised.

- 
- x. According to information and explanation given to me, no fraud on or by the Company has been noticed or reported during the year.
- xi. According to the information and explanations given to me and based on my examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In my opinion and according to the information and explanations given to me, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
- xiii. According to the information and explanation given to me and based on my examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanation given to me and based on my examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanation given to me and based on my examination of the records of the Company, the Company has not entered in to non-cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**Dharmendra R Prabhukhot**  
Chartered Accountant  
Membership No.219438

**Place : Mumbai**  
**Date : 25<sup>th</sup> May, 2018**

## **Annexure - B to the Auditor's Report**

(Referred to in paragraph 2(f) of my 'Report on Other Legal & Regulatory Requirement' of 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")**

I have audited the Internal Financial Controls over financial reporting of Kulkarni Power Tools Limited ("the Company") as of 31<sup>st</sup> March, 2018, in conjunction with my audit of the standalone Ind AS 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I have conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's Internal Financial Control system over financial reporting.

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

A company's Internal Financial Control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of

unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In my opinion, the Company has, in all material respects, an adequate Internal Financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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.

**Dharmendra R Prabhukhot**  
Chartered Accountant  
Membership No.219438

**Place : Mumbai**  
**Date : 25<sup>th</sup> May, 2018**

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2018 ( Contd....)

			In ₹	
	Note No	31-03-2018	31-03-2017	01-04-2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	1	245,680,148	265,942,442	290,666,934
Capital work-in-progress	1	265,814	137,320	5,263,216
Investment Property	2	13,908,363	13,940,342	28,279,463
Goodwill		—	—	—
Other Intangible assets	1	757,038	1,006,849	1,657,661
Intangible assets under development		—	—	—
Biological Asset other than bearer plants		—	—	—
<b>Financial Assets</b>				
<b>Investments</b>	3	3,295,000	1,370,000	1,280,000
Trade receivables	4	41,818,427	46,418,206	65,700,650
Loans		—	—	—
Others	4	53,919,404	48,934,905	9,909,234
Other non-current assets	6	1,442,699	839,899	963,499
<b>Total non-current assets</b>		<b>361,086,893</b>	<b>378,589,963</b>	<b>403,720,657</b>
<b>Current assets</b>				
Inventories	7	264,206,308	210,149,655	203,630,041
<b>Financial Assets</b>				
Investments		—	—	—
Trade receivables	4	203,348,718	168,964,705	166,836,313
Cash and cash equivalents	8	18,008,450	19,359,871	11,917,761
Bank balance other than above	8	15,153,460	14,849,711	9,917,305
Loans		—	—	—
Others	4	787,699	905,033	829,612
Current Tax Assets(Net)	5	—	1,748,845	587,260
Other current assets	6	34,947,686	35,890,972	36,830,202
<b>Total current assets</b>		<b>536,452,321</b>	<b>451,868,792</b>	<b>430,548,494</b>
<b>TOTAL ASSETS</b>		<b>897,539,214</b>	<b>830,458,755</b>	<b>834,269,151</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	9	17,000,000	17,000,000	17,000,000
Other equity	10	196,105,426	171,328,365	184,673,895
<b>Total equity</b>		<b>213,105,426</b>	<b>188,328,365</b>	<b>201,673,895</b>

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2018

In ₹

	Note No	31-03-2018	31-03-2017	01-04-2016
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
Borrowings	11	150,986,166	131,779,790	141,584,473
Trade payables	12	2,357,668	1,285,431	1,663,599
Trade payables MSME		—	—	—
Other financial liabilities	12	5,023,000	3,378,000	3,003,000
Provisions	13	11,255,406	17,934,786	13,428,817
Deferred tax liabilities (Net)	5	23,728,067	28,804,547	34,748,008
Other non-current liabilities	14	5,602,329	7,882,453	12,442,701
<b>Total non-current liabilities</b>		<b>198,952,636</b>	<b>191,065,007</b>	<b>206,870,598</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	11	225,786,570	223,511,292	210,911,893
Trade payables Others	12	128,484,126	114,293,238	98,711,512
Trade payables MSME		—	—	—
Other financial liabilities	12	74,889,416	64,163,940	58,164,081
Other current liabilities	14	43,179,455	45,178,735	50,864,483
Provisions	13	11,374,626	3,918,178	7,072,689
Current tax liabilities (Net)	5	1,766,959	—	—
<b>Total current liabilities</b>		<b>485,481,152</b>	<b>451,065,383</b>	<b>425,724,658</b>
<b>Total liabilities</b>		<b>684,433,788</b>	<b>642,130,390</b>	<b>632,595,256</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>897,539,214</b>	<b>830,458,755</b>	<b>834,269,151</b>

As per my report of even date attached

For and on behalf of Board of Directors

**Dharmendra R Prabhukhot**  
Chartered Accountant  
M.No: 219438

**P.A.Kulkarni**  
Vice Chairman & Managing Director  
DIN:00052342

**D.B.Kulkarni**  
Executive Director  
DIN:00184727

Place : Mumbai  
Date : 25<sup>th</sup> May, 2018

**Statement of profit and loss and other comprehensive income for the year ended 31<sup>st</sup> March, 2018 (Contd...)**

In ₹

	Note No.	31-03-2018	31-03-2017
Revenue from Operations	15	873,292,758	742,123,256
Other Income	16	7,491,311	6,047,129
<b>Total Income</b>		<b>880,784,069</b>	<b>748,170,385</b>
<b>Expenses</b>			
Cost of materials consumed	17	326,593,099	261,583,453
Purchases of Stock-in-Trade		185,375,295	132,471,511
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	17	(21,596,015)	(16,029,124)
Employee benefits expense	18	98,442,063	99,939,295
Finance costs	19	54,159,801	50,729,649
Depreciation and amortization expense	20	33,419,163	36,642,154
Other expenses	21	184,620,753	245,785,131
<b>Total expenses</b>		<b>861,014,159</b>	<b>811,122,069</b>
Profit/(loss)before exceptional items and tax		19,769,910	(62,951,684)
<b>Exceptional items</b>			
Subsidy received		—	2,382,000
Profit on sale /surplus over carrying amount on transfer of immovable property		—	41,106,836
<b>Profit / (loss) before tax</b>		<b>19,769,910</b>	<b>(19,462,848)</b>
<b>Tax expenses</b>			
Current tax		2,125,000	—
Deferred tax		(5,324,081)	(5,895,813)
Short/(Excess) Provision		(1,262,080)	(317,977)
<b>Profit (Loss) for the period from continuing operations</b>		<b>24,231,071</b>	<b>(13,249,058)</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>24,231,071</b>	<b>(13,249,058)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss	22	793,590	(144,120)
Income tax relating to items that will not be reclassified to profit or loss	22	(247,600)	47,648
Items that will be reclassified to profit or loss		—	—
Income tax relating to items that will be reclassified to profit or loss		—	—
<b>Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>24,777,061</b>	<b>(13,345,530)</b>

**Statement of profit and loss and other comprehensive income for the year ended 31<sup>st</sup> March, 2018**

In ₹

	Note No.	31-03-2018	31-03-2017
<b>Earnings per equity share (for continuing operations)</b>			
(1) Basic in ₹		7.13	(3.90)
(2) Diluted in ₹		7.13	(3.90)
<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 in ₹		7.13	(3.93)
(2) Diluted in ₹		7.13	(3.93)

Summary of significant accounting policies A

See accompanying notes to financial statements 1-34

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

As per my report of even date attached

For and on behalf of Board of Directors

**Dharmendra R Prabhukhot**  
Chartered Accountant  
M.No: 219438

**P.A.Kulkarni**  
Vice Chairman & Managing Director  
DIN:00052342

**D.B.Kulkarni**  
Executive Director  
DIN:00184727

Place : Mumbai

Date : 25<sup>th</sup> May, 2018



## Statement of changes in Equity for the period ended 31<sup>st</sup> March, 2018

### A. Equity Share Capital

Balance as on 1 <sup>st</sup> April, 2016	Changes in equity share capital during the year	Balance as on 31 <sup>st</sup> March, 2017
17,000,000	—	17,000,000
Balance as on 1 <sup>st</sup> April, 2017	Changes in equity share capital during the year	Balance as on 31 <sup>st</sup> March, 2018
17,000,000	—	17,000,000

### B. Other Equity

Particulars	Reserves and Surplus			Other Reserves	Total
	Securities Premium Reserve	Retained Earnings	General Reserve		
Balance as on 1 <sup>st</sup> April, 2016	31,092,928	(38,102,288)	191,668,329	14,926	184,673,895
Changes in accounting policy or prior period errors	—	—	—	—	—
Restated balance at the beginning of the reporting period	31,092,928	(38,102,288)	191,668,329	14,926	184,673,895
Total Comprehensive Income for the year	—	(13,345,530)	—	—	(13,345,530)
Dividends	—	—	—	—	—
Transfer from retained earnings	—	—	—	—	—
Any other change	—	—	—	—	—
Balance as on 31 <sup>st</sup> March, 2017	31,092,928	(51,447,818)	191,668,329	14,926	171,328,365
Changes in accounting policy or prior period errors	—	—	—	—	—
Restated balance at the beginning of the reporting period	—	—	—	—	—
Total Comprehensive Income for the year	—	24,777,061	—	—	24,777,061
Dividends	—	—	—	—	—
Transfer from retained earnings	—	—	—	—	—
Any other change	—	—	—	—	—
Balance as on 31 <sup>st</sup> March, 2018	31,092,928	(26,670,757)	191,668,329	14,926	196,105,426

## Cash flow statement for the year ended 31<sup>st</sup> March, 2018 (Contd..)

	In ₹	
	31-03-2018	31-03-2017
<b>A Cash flows from operating activities</b>		
Net profit before taxes and extraordinary items	19,769,910	(19,462,848)
Adjustments for :-		
Depreciation	33,419,163	36,642,154
Debit balances written off	—	—
Discount allowed	—	—
Dividend Income	(196,988)	(31,762)
Foreign Exchange (Gain)/Loss	504,542	(1,666,050)
(Profit)/Loss on sale of fixed assets	(3,168)	45,646
Fair value measurement of immovable property	—	16,530,557
Bad debts written off	300,000	27,771,402
Diminution in Investment	140,000	—
Remeasurements (gains)/losses on post employments benefits	793,590	(144,120)
Interest income	(4,625,330)	(1,456,132)
Interest expenses	54,159,801	50,729,649
<b>Operating profits before working capital changes</b>	<b>104,261,520</b>	<b>108,958,496</b>
Adjustments for :-		
(Increase)/decrease in trade receivable	(29,671,232)	(10,777,851)
(Increase)/decrease in other financial assets	(1,458,081)	4,003,003
(Increase)/decrease in inventories	(54,056,653)	(6,519,614)
Increase/(decrease) in trade payables	17,370,898	14,626,181
Increase/(decrease) in other financial liabilities	—	—
Increase/(decrease) in other non-financial liabilities	3,128,316	(7,765,630)
Increase/(decrease) in Provisions	777,068	1,351,458
<b>Cash generated from operations</b>	<b>40,351,836</b>	<b>103,876,043</b>
Income tax paid	2,652,884	(843,608)
<b>Net cash from operating activities</b>	<b>43,004,720</b>	<b>103,032,435</b>

## Cash flow statement for the year ended 31<sup>st</sup> March, 2018

	In ₹	
	31-03-2018	31-03-2017
<b>B Cash flows from investing activities</b>		
Purchase of fixed assets	(13,005,495)	(8,659,530)
Advance for purchase of fixed assets	(602,800)	123,600
Consideration in partnership firm	(2,883,128)	(58,620,000)
Proceeds from sale of other fixed assets	5,085	16,812,051
Purchase of Investments	(2,065,000)	(90,000)
Interest received	4,742,664	1,380,711
Dividend Received	196,988	31,762
Investments in bank deposits (Having original maturity of more than three months)	(303,749)	(4,932,406)
<b>Net cash from investing activities</b>	<b>(13,915,435)</b>	<b>(53,953,812)</b>
<b>C Cash flows from financing activities</b>		
Proceeds from issuance of share capital	—	—
Proceeds from issuance/ (Redemption) of preference shares	—	—
Proceeds from long term borrowings	82,500,000	52,840,063
Repayment of long term borrowings	(50,934,337)	(51,201,570)
(Repayment)/proceed of/from other borrowings (net)	(7,493,487)	6,888,791
Interest paid	(54,084,044)	(49,938,844)
Dividend and Dividend distribution tax	(428,838)	(224,953)
<b>Net cash used in financing activities</b>	<b>(30,440,706)</b>	<b>(41,636,513)</b>
Net increase in cash and cash equivalents	(1,351,421)	7,442,110
Cash and cash equivalents at beginning of period (refer note -8)	19,359,871	11,917,761
Cash and cash equivalents at the end of period (refer note - 8)	18,008,450	19,359,871

As per my report of even date attached

For and on behalf of Board of Directors

**Dharmendra R Prabhukhot**  
Chartered Accountant  
M.No: 219438

**P.A.Kulkarni**  
Vice Chairman & Managing Director  
DIN:00052342

**D.B.Kulkarni**  
Executive Director  
DIN:00184727

Place : **Mumbai**  
Date : **25<sup>th</sup> May, 2018**

## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

### 1. Corporate information

Kulkarni Power Tools Limited., (KPT), is a Public Limited Company incorporated on 30<sup>th</sup> July, 1976, under the provisions of Companies Act, 1956. Its shares are listed at Bombay Stock Exchange. The Company is mainly engaged in the business of Electrical Power Tools and Roots (Positive Displacement) Blowers/Exhausters for a wide variety of application.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

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

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

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

The financial statements were authorized for issue by the Board of Directors on 25<sup>th</sup> May 2018.

#### 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
Defined benefit Obligation	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 Rupee except share and per share data, 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 judgements, 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.

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## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

### Critical estimates and judgements

The areas involving critical estimates or judgements are:

#### 1. Estimation of defined benefit obligation – Refer note 26

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the market yields on government securities 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.

Further details about gratuity obligations are given in Note 26.

#### 2. Estimation of provision for warranty claims – Refer note 2.15 Provisions

#### 3. Estimated useful life of intangible assets - Refer note 2.9 Intangible asset and amortization

### 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 be 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.

## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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

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

### 2.6 Cash and short-term deposits

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

### 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.

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 equipments are recognized in the statement of profit and loss as incurred.

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## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

- **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 net within other income/expenses in the statement of profit and loss.

- **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. 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, as assessed by the Management of the Company based on technical evaluation.

### 2.8 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using straight-line method over their estimated useful lives.

### 2.9 Intangible assets and amortization

- **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 that are acquired separately are carried at cost less accumulated impairment losses.

- **Subsequent measurement**

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

- **Amortization**

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. 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.

- **De-recognition of Intangible assets**

An Intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in statement of profit and loss when the asset is derecognized.

## **NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES**

### **2.10 Revenue recognition**

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

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

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

#### **Sale of goods and rendering of services**

Revenue from the sale of goods and services is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatches of the goods and when services are rendered in case of domestic sales and on basis of Bill of lading in case of export sale. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Company provides normal warranty provisions for general repairs depending on the contract on all its products sold, in line with the industry practice. A liability is recognized at the time the product is sold. Company does not provide any extended warranties or maintenance contracts to its customers.

#### **Other income**

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

Recognition of revenue from operating lease is described in Note No. 2.16 below. 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 directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets substantially ready for their intended use or sale.

Interest expense on borrowings, and foreign currency loss on financial assets and liabilities is recognized as it accrues in the statement of profit and loss, using the effective interest method.

### **2.12 Foreign currency transactions**

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

#### **Transactions and balances**

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

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



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## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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 Plan

The Company's state governed provident fund scheme related 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 Plan

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

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

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

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 straight-line basis over the average period until the benefits become vested. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

##### Long Term Employee Benefit

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

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

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## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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

#### Deferred tax

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

Deferred tax liabilities are 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.

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

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 : SIGNIFICANT ACCOUNTING POLICIES**

### **2.15 Provisions**

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

Contingent liability is disclosed in case of

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

Contingent assets are neither recognized, nor disclosed.

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

#### **Warranty provisions**

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

### **2.16 Leases**

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

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

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

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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

Rental income from operating lease is generally recognized on straight line basis over the term of relevant 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.

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## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

### 2.18 Fair value measurement

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

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

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

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

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

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

### 2.19 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.

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## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

### Subsequent measurement

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

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- 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:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

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

- Trade receivables or contract revenue receivables; and
- 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.

### 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 the trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument.

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## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

A financial asset or financial liability is measured initially at fair value, 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.

### **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 as reduced by number of shares bought back, if any. 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.

### **2.21 Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in profit or loss as finance costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/ (losses).

Borrowings are classified as current liabilities unless they have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## NOTES FORMING PART OF FINANCIAL STATEMENTS ( Contd....)

### 1. PROPERTY, PLANT AND EQUIPMENT

Particulars	Tangible Assets							Intangible asset			In ₹
	Free hold Land	Lease hold Land	Building	Plant & Equipment	Dies, moulds & Patterns	Furniture & Fixtures	Vehicles	Total	Computer Software	Technical Know-how	Total
<b>Gross Block</b>											
(i) For own use :											
<b>As at April 2016</b>	24,979,192	1,594,055	72,084,727	421,194,616	89,676,796	19,276,143	18,675,633	647,481,163	8,816,101	13,429,182	22,245,283
Additions	-	-	-	9,672,461	3,090,152	557,589	-	13,320,202	411,800	-	411,800
Disposals/Written off	-	-	2,282,566	7,421,965	11,029,433	1,538,929	1,672,612	23,945,505	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
Impairment of asset	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March, 2017</b>	24,979,192	1,594,055	69,802,161	423,445,113	81,737,517	18,294,803	17,003,021	636,855,860	9,227,901	13,429,182	22,657,083
Additions	-	-	6,161,665	4,858,694	1,036,257	336,035	-	12,392,651	484,350	-	484,350
Disposals/Written off	-	-	-	38,340	-	-	-	38,340	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
Impairment of asset	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March, 2018(A)</b>	24,979,192	1,594,055	75,963,826	428,265,467	82,773,774	18,630,837	17,003,021	649,248,511	9,712,252	13,429,182	23,141,433
(ii) Given on lease :											
<b>As at 1<sup>st</sup> April, 2016</b>	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals/Written off	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March, 2017</b>	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals/Written off	-	-	-	-	-	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March, 2018(B)</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Total(A+B)</b>	24,979,192	1,594,055	75,963,826	428,265,467	82,773,774	18,630,837	17,003,021	649,248,511	9,712,252	13,429,182	23,141,433
<b>Depreciation/ Amortization</b>											
<b>As at 1<sup>st</sup> April, 2016</b>	-	484,855	24,793,121	245,507,877	63,074,937	12,536,839	10,416,600	356,814,229	7,158,440	13,429,182	20,587,622
Charge for the year	-	50,950	2,717,974	22,195,736	6,611,477	1,567,046	2,404,381	35,547,564	1,062,612	-	1,062,612
Depreciation on disposal	-	-	607,102	7,421,965	11,029,429	1,538,929	850,950	21,448,375	-	-	-

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd...)

Particulars	Tangible Assets							Intangible asset			In ₹
	Free hold Land	Lease hold Land	Building	Plant & Equipment	Dies, moulds & Patterns	Furniture & Fixtures	Vehicles	Total	Computer Software	Technical Know-how	Total
As at 31 <sup>st</sup> March, 2017	-	535,805	26,903,993	260,281,652	58,656,985	12,564,956	11,970,031	370,913,418	8,221,052	13,429,182	21,650,234
Charge for the year	-	50,950	1,918,722	21,530,021	5,570,050	1,444,409	2,138,872	32,653,024	734,161	-	734,161
Depreciation on disposal	-	-	-	36,423	-	-	-	36,423	-	-	-
As at 31 <sup>st</sup> March, 2018(A)		586,755	28,822,715	281,775,250	64,227,035	14,009,365	14,108,903	403,530,019	8,955,213	13,429,182	22,384,395
(ii) Given on lease											
As at 1 <sup>st</sup> April, 2016	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-	-	-
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March, 2017(B)	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-	-	-
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March, 2018(B)	-	-	-	-	-	-	-	-	-	-	-
Total(A+B)	-	586,755	28,822,715	281,775,250	64,227,035	14,009,365	14,108,903	403,530,023	8,955,213	13,429,182	22,384,395
Net block	24,979,192	1,007,300	47,141,111	146,490,217	18,546,738	4,621,472	2,894,118	245,680,148	757,039	-	757,039
At 31 <sup>st</sup> March, 2018	24,979,192	1,007,300	47,141,111	146,490,217	18,546,738	4,621,472	2,894,118	245,680,148	757,039	-	757,039
At 31 <sup>st</sup> March, 2017	24,979,192	1,058,250	42,898,168	163,163,461	23,080,532	5,729,847	5,032,990	265,942,442	1,006,849	-	1,006,849
At 1 <sup>st</sup> April, 2016	24,979,192	1,109,200	47,291,606	175,686,739	26,601,859	6,739,304	8,259,033	290,666,934	1,657,661	-	1,657,661

### Notes:

- Property, plant and equipment pledged as security**  
Company has mortgaged its property, Plant and Equipment against borrowings refer Note No 11 -1(a).
- Contractual obligations**  
Refer Note No 23(B) for estimated amount of contract remaining to be executed on capital account.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

### 3) Capital work-in-progress

Capital work-in-progress mainly comprises of Tooling Development.

Capital work in progress movement	Total
Balance as at 1 <sup>st</sup> April, 2016	5,263,216
Additions during the year	3,659,228
Capitalised during the year	8,785,124
Balance as at 31 <sup>st</sup> March, 2017	137,320
Additions during the year	128,494
Capitalised during the year	-
Balance as at 31 <sup>st</sup> March, 2018	265,814

## 2. INVESTMENT PROPERTY

	Leasehold Land	Building	Freehold Land	Total
<b>Gross Block</b>				
As at 1 <sup>st</sup> April, 2016	1,361,315	1,000,000	26,495,296	28,856,611
Additions	-	-	-	-
Disposals	-	-	14,307,143	14,307,143
Transferred from PPE	-	-	-	-
Other Transfers	-	-	-	-
As at 31 <sup>st</sup> March, 2017	1,361,315	1,000,000	12,188,153	14,549,468
Additions	-	-	-	-
Disposals	-	-	-	-
Transferred from PPE	-	-	-	-
Other Transfers	-	-	-	-
As at 31 <sup>st</sup> March, 2018	1,361,315	1,000,000	12,188,153	14,549,468
<b>Depreciation and Impairment</b>				
As at 1 <sup>st</sup> April, 2016	213,929	363,219	-	577,148
Charge for the year	19,447	12,531	-	31,978
Depreciation on disposals	-	-	-	-
Transferred from PPE	-	-	-	-
Other Transfers	-	-	-	-
As at 31 <sup>st</sup> March, 2017	233,376	375,750	-	609,126
Charge for the year	19,447	12,531	-	31,978
Depreciation on disposals	-	-	-	-
Transferred from PPE	-	-	-	-
Other Transfers	-	-	-	-
As at 31 <sup>st</sup> March, 2018	252,823	388,281	-	641,104
<b>Net Block</b>				
31 <sup>st</sup> March, 2018	1,108,491	611,719	12,188,153	13,908,363
31 <sup>st</sup> March, 2017	1,127,939	624,250	12,188,153	13,940,342
1 <sup>st</sup> April, 2016	1,147,386	636,781	26,495,296	28,279,463

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Information regarding income and expenditure of investment property

Particulars	31-03-2018	31-03-2017
Rental Income derived from investment property	696,000	444,000
Direct operating expenses (including repairs and maintenance) generating rental income	—	—
Direct operating expenses (including repairs and maintenance) that did not generate rental income	—	—
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>696,000</b>	<b>444,000</b>
Less - Depreciation	31,978	31,978
<b>Profit arising from investment properties after depreciation and indirect expenses</b>	<b>664,022</b>	<b>412,022</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 considers 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. Capitalized income projections based upon a property's estimated net market income and capitalization 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.

Details of Company's Investment Properties and information about the fair value hierarchy:

In ₹

	31-03-2018	31-03-2017	1 <sup>st</sup> April, 2016
Investment Properties	605,340,300	605,340,300	618,028,000

#### Note :

Fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer & consequently classified as a Level 2 valuation.

### 3. INVESTMENTS

In ₹

	31-03-2018	31-03-2017	1 <sup>st</sup> April, 2016
<b>Non-Trade, Unquoted Investments, At Cost, Fully Paid</b>			
<b>Investment in Limited Liability Partnership Firm</b>			
Investment in Capital Contribution of Pranit Nitten Developers LLP	—	140,000	140,000
<b>Investment in Partnership Firm</b>			
Investment in Capital Contribution of KP Developers	90,000	90,000	—

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>31-03-2018</b>	31-03-2017	In ₹ 1 <sup>st</sup> April, 2016
<b>Other Investments (Investment in Co-Operative Shares)</b>			
1,000 Shares of Rs. 10 each of Saraswat Co-Op. Bank Ltd.	<b>10,000</b>	10,000	10,000
11,500 Shares of Rs. 50 each of Shree Mahalaxmi Co-Op. Bank Ltd.	<b>575,000</b>	575,000	575,000
5,000 Shares of Rs. 100 each of Samarth Sahakari Bank Ltd.	<b>500,000</b>	500,000	500,000
200 Shares of Rs. 25 each of Shamrao Vithal Co-Op. Bank Ltd.	<b>5,000</b>	5,000	5,000
1,000 Shares of Rs. 50 each of Dombivali Nagari Sahakari Bank Ltd.	<b>50,000</b>	50,000	50,000
41,300 Shares of Rs. 50 each of K.A. Ichalkaranji Sahakari Bank Ltd	<b>2,065,000</b>	-	-
<b>Total</b>	<b>3,295,000</b>	1,370,000	1,280,000
<b>Non Current Investments</b>	<b>3,295,000</b>	1,370,000	1,280,000
<b>Current Investments</b>	-	-	-
<b>4. FINANCIAL ASSET</b>			
<b>1) Trade receivables</b>			
Unsecured, considered good :			
From related parties	-	-	-
From others	<b>245,167,145</b>	215,382,911	232,536,963
Doubtful	-	-	-
<b>Less: Provision for doubtful receivables</b>	-	-	-
	<b>245,167,145</b>	<b>215,382,911</b>	<b>232,536,963</b>
<b>Non Current trade receivables</b>	<b>41,818,427</b>	46,418,206	65,700,650
<b>Current trade receivables</b>	<b>203,348,718</b>	168,964,705	166,836,313
<b>2) Others</b>			
(i) Margin Money Deposits with Banks	<b>4,416,473</b>	2,095,902	5,509,684
(ii) Interest accrued on bank deposits	<b>787,699</b>	905,033	829,612
(iii) Contribution in Partnership Firm (M/s. KP Developers) *	<b>44,972,571</b>	42,089,443	-
(iv) Security Deposits	<b>4,530,360</b>	4,749,560	4,399,550
	<b>5,204,172</b>	3,000,935	6,339,296
<b>Non Current other financial assets</b>	<b>53,919,404</b>	48,934,905	9,909,234
<b>Current financial assets</b>	<b>787,699</b>	905,033	829,612

**Note:**

- 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.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

- 2 Trade receivables including Related Parties are non-interest bearing and are generally on terms of 30 to 180 days
- 3 \* After discounting for 5 years, the fair value of contribution in M/s. K P Developers is Rs. 420,89,443 and Rs. 449,72,571 as on 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March, 2018 respectively. Accordingly, the difference is recognised as interest income in the statement of profit and loss for the period ended 31<sup>st</sup> March, 2018 (refer Note No.16).

### 5. DEFERRED TAX

The major components of income tax expense for the year ended 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2017 are:

Statement of Profit and loss :

	In ₹	
	31-03-2018	31-03-2017
<b>Current income tax:</b>		
Current income tax charge	—	—
Adjustments in respect of current income tax of previous year	—	—
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(3,987,580)	(5,895,813)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(3,987,580)</b>	<b>(5,895,813)</b>
<b>Other Comprehensive Income</b>		
Current tax related to items recognized in OCI during the year:		
Net (loss)/gain on remeasurements	(247,600)	(96,472)
<b>Income tax charged to OCI</b>	<b>(247,600)</b>	<b>(96,472)</b>

#### Deferred tax

In ₹

Deferred tax relates to the following: DTL / (DTA)	Balance Sheet as at			Statement of Profit and Loss / Other comprehensive income	
	31-03-2018	31-03-2017	01-04-2016	31-03-2018	31-03-2017
Property, plant and equipment (Depreciation)	31,410,433	35,534,950	35,365,437	(4,124,517)	169,513
Bonus	788,628	729,433	1,229,018	(59,195)	499,585
Leave encashment	1,349,964	1,389,101	1,388,342	39,137	(759)
Gratuity	5,516,609	5,299,916	4,744,786	(216,693)	(555,130)
Ind AS Impact	27,165	6,88,047	6,744,717	373,688	(6,009,022)
Provision for doubtful debts	—	—	—	—	—
<b>Deferred tax expense / (income)</b>	<b>7,655,201</b>	<b>7,418,450</b>	<b>7,362,146</b>	<b>136,937</b>	<b>(6,065,326)</b>
<b>Net deferred tax assets / (liabilities)</b>	<b>23,728,067</b>	<b>28,804,547</b>	<b>34,748,008</b>	<b>(3,987,580)</b>	<b>(5,895,813)</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Reflected in balance sheet as

### 1) Deferred tax

	<b>31-03-2018</b>	31-03-2017	In ₹ 1 <sup>st</sup> April, 2016
Deferred tax asset	7,655,201	12,129,644	7,362,146
Deferred tax liability	31,383,268	40,934,191	42,110,154
<b>Net Deferred tax liability</b>	<b>23,728,067</b>	<b>28,804,547</b>	<b>34,748,008</b>

### 2) Current tax Asset/(Liability)- Net

Current tax asset/(liability) -Net	(1,766,959)	1,748,845	587,260
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## 6. OTHER ASSETS

### 1 Capital advances

Unsecured, considered good	1,442,699	839,899	963,499
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### 2 Other loans and advances

#### (i) Advances to supplier and others

Unsecured, considered good	34,852,686	35,785,972	35,810,202
Doubtful	—	—	—
<b>Less: Provision for doubtful advances</b>	<b>—</b>	<b>—</b>	<b>—</b>

	<b>34,852,686</b>	<b>35,785,972</b>	<b>35,810,202</b>
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(ii) Sundry Deposits	95,000	105,000	1,020,000
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	<b>34,947,686</b>	<b>35,890,972</b>	<b>36,830,202</b>
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<b>Total non current assets</b>	<b>1,442,699</b>	<b>839,899</b>	<b>963,499</b>
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<b>Total current assets</b>	<b>34,947,686</b>	<b>35,890,972</b>	<b>36,830,202</b>
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## 7. INVENTORIES

(i) Raw Materials	89,703,542	53,863,544	63,184,208
(ii) Work in progress	39,816,245	30,373,328	39,370,501
(iii) Finished goods	54,295,601	26,975,401	30,442,814
(iv) Stock in trade	75,668,227	93,552,673	65,281,664
(v) Stores and spares	3,942,375	4,148,818	4,306,797
(vi) Loose Tools	780,318	1,235,891	1,044,057
	<b>264,206,308</b>	<b>210,149,655</b>	<b>203,630,041</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	31-03-2018	31-03-2017	1 <sup>st</sup> April, 2016
<b>8. CASH AND BANK BALANCE</b>			
<b>a) Cash and cash Equivalents</b>			
1) Cash on hand	201,559	138,204	163,688
2) Balances with bank - In current account	17,806,891	19,221,667	11,754,073
<b>Total Cash and cash Equivalents</b>	<b>18,008,450</b>	<b>19,359,871</b>	<b>11,917,761</b>
<b>b) Other Bank balance</b>			
1) Earmarked balances with banks (Unpaid dividend accounts)	1,057,236	1,486,074	1,711,027
2) Margin Money deposits			
i) With banks	14,096,224	12,454,817	8,206,278
ii) With Financial Institutions	—	908,820	—
	<b>15,153,460</b>	<b>14,849,711</b>	<b>9,917,305</b>
	<b>33,161,910</b>	<b>34,209,582</b>	<b>21,835,066</b>

Margin Money deposits at banks earns interest at floating rates based on yearly bank deposit rates. For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at 31<sup>st</sup> March, 2018:

- a) Cash on hand
- b) Cheques on hand
- c) Balances with Banks

## 9. SHARE CAPITAL

### Authorized

10,000,000 Equity Shares of Rs.5 /- each	50,000,000	50,000,000	50,000,000
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### Issued, Subscribed & Fully Paid-up

3,400,000 Equity Shares of Rs. 5/- each	17,000,000	17,000,000	17,000,000
	<b>17,000,000</b>	<b>17,000,000</b>	<b>17,000,000</b>

### a) Terms/rights attached to Equity Shares

The Company has only one class of equity shares, having par value of Rs. 5/- 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 distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### b) Reconciliation of share capital

In ₹

Particulars	31-03-2018		31-03-2017		1 <sup>st</sup> April, 2016	
	Number	(₹)	Number	(₹)	Number	(₹)
Shares outstanding at the beginning of the year	3,400,000	17,000,000	3,400,000	17,000,000	3,400,000	17,000,000
Add: Issued during the year	—	—	—	—	—	—
Shares outstanding at the end of the year	3,400,000	17,000,000	3,400,000	17,000,000	3,400,000	17,000,000

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

Particulars	31-03-2018		31-03-2017		1 <sup>st</sup> April, 2016	
	Number	(₹)	Number	(₹)	Number	(₹)
1. Suvina Engineers Pvt.Ltd	778,812	22.91	778,812	22.91	778,812	22.91
2. Kulkarni Power Tools Employees Welfare Trust	3,24,000	9.50	3,24,000	9.50	3,24,000	9.50

In last five years the Company has neither issued any bonus shares nor shares are issued for consideration other than cash. Further the Company has not bought back any shares in last five years.

## 10. OTHER EQUITY

In ₹

	31-03-2018	31-03-2017	1 <sup>st</sup> April, 2016
1) <b>General reserves</b>	<b>191,668,329</b>	191,668,329	191,668,329
2) <b>Securities Premium Reserve</b>	<b>31,092,928</b>	31,092,928	31,092,928
3) <b>Retained Earnings</b>			
Opening balance	(51,447,818)	(38,102,288)	33,468,580
Add: Net Profit for the current year	24,777,061	(13,345,530)	(71,570,868)
Ind AS adjustments other than dividend	—	—	—
Balance available for appropriation	(26,670,757)	(51,447,818)	(38,102,288)
Less: Appropriations :	—	—	—
Sub total	(26,670,757)	(51,447,818)	(38,102,288)
4) <b>Other Reserves</b>			
Capital Reserves	14,926	14,926	14,926
<b>Closing balance</b>	<b>196,105,426</b>	<b>171,328,365</b>	<b>184,673,895</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 11. FINANCIAL LIABILITIES - BORROWINGS

In ₹

Particulars		EIR (P.A)	Maturity	Terms of repayment	31-03-2018	31-03-2017	01-04-2016
1)	<b>Non- current borrowings</b>						
a)	<b>Term Loans</b>						
i)	<b>From Banks (Secured)</b>						
	Samarth Sahakari Bank Ltd (secured by mortgage of immovable property)	15.0%		Repayable in 84 monthly installments	49,792,205	41,826,634	48,041,769
	Shree Mahalaxmi Co-Op. Bank Ltd (secured by mortgage of immovable property)	12.5%		Repayable in 60 monthly installments	8,635,218	1,891,091	8,090,793
	Shree Mahalaxmi Co-Op. Bank Ltd., (secured by mortgage of immovable property)	14.5%		Repayable in 60 monthly installments	-	4,413,532	7,769,894
	Dombivali Nagari Sahakari Bank Limited (secured by mortgage of immovable property)	13.0%		Repayable in 48 monthly installments	-	864,287	25,757,499
	Shree Mahalaxmi Co-Op. Bank Ltd (secured by mortgage of immovable property)	13.5%		Repayable in 48 monthly installments	-	6,165,086	9,474,385
	Shree Mahalaxmi Co-Op. Bank Ltd (secured by mortgage of immovable property)	13.5%		Repayable in 60 monthly installments	-	8,293,935	10,705,221
	State Bank of India (secured by hypothecation of vehicle acquired out of the loan)	9.9%		Repayable in 36 monthly installments	-	60,847	317,816
	Samarth Sahakari Bank Ltd (secured by mortgage of immovable property)	15.0%		Repayable in 84 monthly installments	-	17,368,032	-
	Bank of Maharashtra (secured by hypothecation of stock and receivables and mortgage of immovable properties)	12.45%		Repayable in 60 monthly installments	17,808,903	23,873,030	-
	Term loan from KAIJSBL, (secured by hypothecation of machineries and mortgage of immovable property.)	13.00%		Repayable in 20 quarterly instalments	56,338,449	-	-
ii)	<b>From Others (Secured)</b>						
	Electronica Finance Limited (secured by hypothecation of machinery acquired out of the loan)	13.5%		Repayable in 36 monthly installments	676,812	1,664,445	-
	<b>Total Secured Term Loans</b>				<b>133,251,587</b>	<b>106,420,919</b>	<b>110,157,377</b>
	Loans guaranteed by Managing Director (Including Current Maturities)				<b>179,328,422</b>	<b>147,510,918</b>	<b>145,639,669</b>
b)	<b>Interest Free Sales Tax Deferred Payment Liability (Unsecured) *</b>				<b>17,734,579</b>	<b>25,358,871</b>	<b>31,427,096</b>
					<b>150,986,166</b>	<b>131,779,790</b>	<b>141,584,473</b>



## NOTES FORMING PART OF FINANCIAL STATEMENTS

		In ₹					
	Particulars	EIR (P.A)	Maturity	Terms of repayment	31-03-2018	31-03-2017	01-04-2016
2)	<b>Current borrowings</b>						
(a)	<b>Secured</b>						
(i)	Loans repayable on demand from bank Working Capital loan repayable on demand (secured against hypothecation of stock & book debts and mortgage of immovable property)		On Demand		168,511,025	167,496,041	180,977,335
(ii)	Other Loans Buyers Credit and Post Shipment Credits		On Demand		52,775,545	51,015,251	22,734,558
(b)	<b>Unsecured</b>						
(i)	Loan from Finance Companies		On Demand		4,500,000	5,000,000	7,200,000
					<b>225,786,570</b>	<b>223,511,292</b>	<b>210,911,893</b>
	Out of the above Loans guaranteed by Managing Director				<b>221,286,570</b>	<b>218,511,292</b>	<b>203,711,893</b>

- 1) \* The Company received an interest free loan of ₹ 53,159,846 from government of Maharashtra for expansion of business, investment in specific asset and employment generation as per the terms of scheme. The loan is repayable in full at the end of that period as per the terms of the scheme. Using prevailing market interest rates for an equivalent loan of 12.95%, the fair value of loan at initial recognition is estimated at ₹ 40,717,145 the difference of ₹ 12,442,701 is recognised as deferred revenue (Refer Note: 14) which is recognised in statement of profit and loss on straight line basis over the period of sales tax deferral loan i.e. (₹ 2,280,124 for FY 2016-17 and FY 2017-18) (Refer note 16). Interest expense of ₹ 4,069,808 was recognised for the year ended 31<sup>st</sup> March, 2017 and 31<sup>st</sup> March, 2018 (Refer Note 19).

### Terms of Repayment:

- Liability of ₹ 22,291,656 to be repaid after 10 years from the year in which the Sales Tax is collected. The repayment has started from March, 2012 through March, 2022.
  - Liability of ₹ 2,940,000 to be repaid in five yearly equal installments of ₹ 588,000 from March, 2018.
  - Liability of ₹ 34,375,000 to be repaid after 10 years from the year in which Sales Tax is collected. The repayment has started from March, 2014 through March 2023.
- 2) There is no continuing default as at the balance sheet date, in repayment of any of the above loans and interest thereon.

## 12. FINANCIAL LIABILITIES

	In ₹		
	31-03-2018	31-03-2017	1 <sup>st</sup> April, 2016
1) <b>Trade payable</b>			
<b>To related parties</b>	<b>10,423,883</b>	14,921,251	1,876,559
<b>To others</b>	<b>120,417,911</b>	100,657,418	98,498,552
Total outstanding dues of creditors other than MSME	<b>130,841,794</b>	115,578,669	100,375,111
Micro, small and medium enterprises dues	—	—	—

## NOTES FORMING PART OF FINANCIAL STATEMENTS

			In ₹
	31-03-2018	31-03-2017	1 <sup>st</sup> April, 2016
<b>Non Current trade Payables</b>	<b>2,357,668</b>	1,285,431	1,663,599
<b>Current trade Payables</b>	<b>128,484,126</b>	114,293,238	98,711,512
<b>2) Other financial liabilities</b>			
(i) Current Maturities of long term debt	57,046,067	51,540,843	45,317,908
(ii) Interest accrued but not due on borrowings	929,991	854,234	63,429
(iii) Payables on account of purchases of fixed assets	3,912,806	430,210	604,968
(iv) Creditors for expenses	11,974,678	9,883,941	10,498,111
(v) Unpaid dividend	1,025,874	1,454,712	1,679,665
(vi) Security Deposit	50,000	—	—
(vii) Deposit with dealers	4,973,000	3,378,000	3,003,000
<b>Total other financial liabilities</b>	<b>79,912,416</b>	<b>67,541,940</b>	<b>61,167,081</b>
<b>Non-current financial liabilities</b>	<b>5,023,000</b>	3,378,000	3,003,000
<b>Current financial liabilities</b>	<b>74,889,416</b>	<b>64,163,940</b>	<b>58,164,081</b>

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

- 1) Trade payables are non-interest bearing and are normally settled on 30 to 120 days terms
- 2) For explanations to the Company's credit risk management processes (refer to Note 30)

## 13. PROVISIONS

			In ₹
	31.03.2018	31.03.2017	01.04.2016
<b>1) Provision for employee benefits</b>			
(i) Leave encashment	4,083,375	4,201,758	4,199,460
(ii) Gratuity	16,686,657	16,031,206	14,352,046
<b>Total provision for employee benefits</b>	<b>20,770,032</b>	<b>20,232,964</b>	<b>18,551,506</b>
<b>Non-current provision for employee benefits</b>	<b>11,255,406</b>	17,934,786	13,428,817
<b>Current provision for employee benefits</b>	<b>9,514,626</b>	2,298,178	5,122,689
<b>2) Others (Refer Note 28)</b>			
(i) Provision for warranty	1,860,000	1,620,000	1,950,000
	<b>1,860,000</b>	<b>1,620,000</b>	<b>1,950,000</b>
<b>Non current other provision</b>	<b>—</b>	—	—
<b>Current other provision</b>	<b>1,860,000</b>	1,620,000	1,950,000
	<b>22,630,032</b>	<b>21,852,964</b>	<b>20,501,506</b>
<b>Non-current provision</b>	<b>11,255,406</b>	17,934,786	13,428,817
<b>Current provision</b>	<b>11,374,626</b>	3,918,178	7,072,689

## NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

	31-03-2018	31-03-2017	1 <sup>st</sup> April, 2016
<b>14. OTHER LIABILITIES</b>			
1) Statutory dues	555,691	7,257,209	7,281,777
2) Advances from customer	1,598,711	1,944,189	3,904,462
3) Other payables	38,744,929	33,697,213	39,678,244
4) Deferred Revenue arising from government grant *	5,602,329	7,882,453	12,442,701
5) Current Maturities of Deferred Revenue arising from government grant	2,280,124	2,280,124	—
	<u>48,781,784</u>	<u>53,061,188</u>	<u>63,307,184</u>
<b>Total Non-current Liabilities</b>	<b>5,602,329</b>	<b>7,882,453</b>	<b>12,442,701</b>
<b>Total current Liabilities</b>	<b>43,179,455</b>	<b>45,178,735</b>	<b>50,864,483</b>
	<u><b>48,781,784</b></u>	<u><b>53,061,188</b></u>	<u><b>63,307,184</b></u>

\* Refer Note 11.1

	31-03-2018	31-03-2017
<b>15. REVENUE FROM OPERATIONS *</b>		
Sale of product	864,867,481	732,260,133
Sale of services	—	—
Other operating revenue	8,425,277	9,863,123
	<u><b>873,292,758</b></u>	<u><b>742,123,256</b></u>

## 16 OTHER INCOME

<b>(a) Interest Income</b>		
(i) From bank	1,742,202	1,456,132
	<u>1,742,202</u>	<u>1,456,132</u>
<b>(b) Dividend income</b>	196,988	31,762
<b>(c) Other non-operating income</b>		
(i) Government Grant	2,280,124	2,280,124
(ii) Lease rent	360,000	360,000
(iii) Miscellaneous income	11,168	42,079
(iv) Credit balances written back	—	271,402
(v) Profit on sale of Fixed asset	3,168	—
(vi) Insurance claim	14,533	1,605,630
(vii) Interest Income on receivables	2,883,128	—
	<u>5,552,121</u>	<u>4,559,235</u>
	<u><b>7,491,311</b></u>	<u><b>6,047,129</b></u>

\* Total income from operations, includes excise duty recovered. Hence figures of total income from operations are not comparable.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

	31-03-2018	31-03-2017
<b>17. COST OF MATERIAL CONSUMED</b>		
Raw material consumed	326,593,099	261,583,453
<b>Total Cost of Raw materials Consumed</b>	<b>326,593,099</b>	<b>261,583,453</b>
<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>Opening Stock</b>		
Finished goods	26,975,401	30,442,814
Work-in- progress	30,373,328	39,370,501
Stock in trade	93,552,673	65,281,664
	<b>150,901,402</b>	<b>135,094,979</b>
<b>Closing Stock</b>		
Finished goods	54,295,601	26,975,401
Work-in- progress	39,816,245	30,373,328
Stock in trade	75,668,227	93,552,673
	<b>169,780,073</b>	<b>150,901,402</b>
Excise duty on stock differential	(2,717,344)	(222,701)
<b>Changes in inventories of finished goods, Stock-in -Trade and Work-in-Progress</b>	<b>(21,596,015)</b>	<b>(16,029,124)</b>
<b>18. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	90,225,551	91,417,131
Contribution to provident fund and other fund	4,089,263	4,538,882
Gratuity	2,335,929	2,182,050
Welfare expenses	1,791,320	1,801,232
	<b>98,442,063</b>	<b>99,939,295</b>
<b>19. FINANCE COST</b>		
(a) Interest expense:		
Bank	44,794,590	42,726,130
(b) Interest on Interest free government loan	4,069,808	4,069,808
(c) Other borrowing cost	5,295,403	3,933,711
	<b>54,159,801</b>	<b>50,729,649</b>
<b>20. DEPRECIATION AND AMORTISATION</b>		
Depreciation on tangible assets	32,653,024	35,547,564
Depreciation on intangible assets	734,161	1,062,612
Depreciation on investment property	31,978	31,978
	<b>33,419,163</b>	<b>36,642,154</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

		In ₹
	31-03-2018	31-03-2017
<b>21. OTHER EXPENSES</b>		
Stores, Spares consumed	16,596,981	14,944,546
Processing Charges	30,704,964	25,209,917
Power and Fuel consumed	11,809,860	11,105,839
Repairs to Plant and Machinery	6,667,134	6,053,531
Repairs to Factory Building	1,526,975	1,440,848
Services to Manufacturing	3,817,343	3,715,359
Rent	5,349,025	6,251,622
Insurance	1,758,133	2,264,295
Rates and Taxes (other than taxes on income)	154,745	2,797,703
Payment to Statutory Auditors:		
- as auditors	300,000	225,000
- for other services (Limited Review and Certification)	45,000	45,000
- reimbursement of expenses (out of pocket expenses)	95,179	55,493
Legal, Professional and Consultancy Charges	8,989,505	8,495,829
Advertisement, Publicity and Sales Promotion	7,246,171	4,390,008
Directors' Sitting Fees	700,000	600,000
Warranty Expense	3,087,149	2,646,379
Travelling & Conveyance	22,421,524	20,045,279
Printing & Stationery	2,245,399	2,168,895
Postage & Telephone	2,190,074	2,159,866
Product Distribution	23,954,753	22,261,990
Packing Material	15,578,384	13,305,036
Bad Debts Written Off	300,000	27,771,402
Loss on Sale of Fixed Assets	—	45,646
Miscellaneous Balances written off	173,067	—
Diminution in Investment	140,000	—
Miscellaneous Expenses	7,049,597	8,231,664
Excise duty	11,719,791	59,553,984
	<b>184,620,753</b>	<b>245,785,131</b>

## 22. OTHER COMPREHENSIVE INCOME

Remeasurements gains and losses on post employments benefits	793,590	(144,120)
Tax on remeasurements gains and losses	247,600	47,648
	<b>545,990</b>	<b>(96,472)</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

			In ₹
	31-03-2018	31-03-2017	31-03-2016
<b>23. CONTINGENT LIABILITIES</b>			
<b>(A) Claims against the company not acknowledged as debt</b>			
i) Sales Tax	7,645,421	6,155,095	1,511,431
ii) Central Excise	—	—	79,514
iii) Karnataka Entry Tax	232,096	464,296	464,296
iv) Income Tax	—	—	3,384,126
	<u>7,877,517</u>	<u>6,619,391</u>	<u>5,439,367</u>
<b>(B) Commitments</b>			
1 Estimated amount of contracts remaining to be executed on capital account and not provided for .	3,520,278	3,235,876	2,709,822
2 Others			
a) For lease commitments			
i) The Company has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation clause. Particulars of future minimum lease payments in respect of the same are as mentioned below :			
Period Not later than one year	3,812,656	4,886,033	4,860,096
Later than one year and not later than five years .	2,241,996	6,477,399	5,334,963
	<u>6,054,652</u>	<u>11,363,432</u>	<u>10,195,059</u>
ii) The Company has given land and building under operating lease Particulars of future minimum lease payments in respect of the same are as mentioned below :			
Period not later than one year	660,000	660,000	360,000
Later than one year and not later than five years.	225,000	525,000	360,000
	<u>885,000</u>	<u>1,185,000</u>	<u>720,000</u>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	In ₹	
	31-03-2018	31-03-2017
<b>24. PAYMENT TO AUDITORS</b>		
Statutory Auditors :		
a) Audit Fees	300,000	225,000
b) Tax Audit Fees	—	—
c) Other services	45,000	45,000
d) Expenses reimbursed	95,179	55,493
	<u>440,179</u>	<u>325,493</u>
<b>25. EARNING PER SHARE (BASIC AND DILUTED )</b>		
<b>I Basic</b>		
a) Profit for the year before tax	19,769,910	(19,462,848)
Less : Attributable Tax thereto	<u>(4,461,161)</u>	<u>(6,213,790)</u>
Profit after Tax	24,231,071	(13,249,058)
b) Weighted average number of equity shares used as denominator	3,400,000	3,400,000
c) Basic earning per share	7.13	(3.90)
<b>II Diluted</b>		
a) Profit for the year before tax	19,769,910	(19,462,848)
Less : Attributable Tax thereto	<u>(4,461,161)</u>	<u>(6,213,790)</u>
	24,231,071	(13,249,058)
b) Weighted average number of equity shares	3,400,000	3,400,000
c) Add : Weighted average number of potential equity shares on account of employee stock options	—	—
d) Weighted average number of shares outstanding used as denominator	3,400,000	3,400,000
e) Diluted earning per share	7.13	(3.90)
<b>26. EMPLOYEE BENEFITS</b>		
<b>i) Defined Contribution Plans:</b>		
Amount of Rs. 2,335,929 is recognized as an expense in 2017-18 and included in "Employees benefits expense" in the Statement of Profit and Loss .(Refer Note-18)		

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	In ₹	
	31-03-2018 Gratuity Plan (Funded)	31-03-2017 Gratuity Plan (Funded)
<b>ii Defined Benefit Plans:</b>		
<b>a) The amounts recognized in Balance Sheet are as follows:</b>		
<b>A. Amount to be recognized in Balance Sheet</b>		
Present Value of Defined Benefit Obligation	23,276,346	22,290,464
Less: Fair Value of Plan Assets	6,589,689	6,259,258
Amount to be recognized as liability or (asset)	16,686,657	16,031,206
<b>B. Amounts reflected in the Balance Sheet</b>		
Liabilities	16,686,657	16,031,206
Assets	—	—
Net Liability/(Assets)	16,686,657	16,031,206
<b>b) The amounts recognized in the Statement of Profit and Loss :</b>		
1 Current Service Cost	1,180,595	906,671
2 Acquisition (gain)/ loss	—	—
3 Past Service Cost	—	—
4 Net Interest (income)/expenses	1,155,334	1,608,712
5 Actuarial Losses/(Gains)	—	156,591
6 Curtailment (Gain)/ loss	—	—
7 Settlement (Gain)/loss	—	—
8 Expected return on Plan Assets	—	(489,924)
Net periodic benefit cost recognized in the statement of profit & loss- (Employee benefit expenses - Note -18)	2,335,929	2,182,050
<b>c) The amounts recognized in the statement of other comprehensive income (OCI)</b>		
1 Opening amount recognized in OCI outside profit and loss account	144,120	—
2 Remeasurements for the year - Obligation (Gain)/ loss	(897,144)	144,120
3 Remeasurement for the year - Plan assets (Gain) / Loss	(40,566)	—
4 Total Remeasurements Cost / (Credit ) for the year recognized in OCI	(793,590)	144,120
5 Less: Accumulated balances transferred to retained earnings	—	—
Closing balances (remeasurement (gain)/loss recognized OCI	(793,590)	144,120



## NOTES FORMING PART OF FINANCIAL STATEMENTS

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

	<b>31-03-2018</b>	<b>In ₹</b>
	<b>Gratuity Plan</b>	<b>31-03-2017</b>
	<b>(Funded)</b>	<b>Gratuity Plan</b>
		<b>(Funded)</b>
1 Balance of the present value of obligation as at beginning of the period	<b>22,290,464</b>	20,367,477
2 Acquisition adjustment	—	—
3 Transfer in/ (out)	—	—
4 Interest expenses	<b>1,615,703</b>	1,608,712
5 Past Service Cost	—	—
6 Current Service Cost	<b>1,180,595</b>	906,671
7 Curtailment Cost / (credit)	—	—
8 Settlement Cost/ (credit)	—	—
9 Benefits paid	<b>(913,272)</b>	(717,238)
10 Remeasurements on obligation - (Gain) / Loss	<b>(897,144)</b>	124,842
Present value of obligation as at the end of the period	<b>23,276,346</b>	22,290,464

- e) Net interest (Income) /expenses

1 Interest (Income) / Expense – Obligation	<b>1,615,703</b>	1,608,712
2 Interest (Income) / Expense – Plan assets	<b>(460,369)</b>	(477,453)
3 Net Interest (Income) / Expense for the year	<b>1,155,334</b>	1,131,259

- f) Principal actuarial assumptions :

- Discount rate as at 31-03-2018- 7.8%
- Salary growth rate : For Gratuity Scheme - 3%
- Attrition rate: For gratuity scheme the attrition rate is taken at 2%
- The estimates of future salary increase considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

- g) The amounts pertaining to defined benefit plans are as follows:

Plan Assets	<b>6,589,689</b>	6,259,258
Present value of obligation	<b>23,276,346</b>	22,290,464
Surplus/(Deficit)	<b>(16,686,657)</b>	(16,031,206)

- h) General descriptions of defined plans:

### 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.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### i) Sensitivity analysis

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

Change in assumption	In ₹	
	Effect on gratuity obligation 31-03-2018	31-03-2017
<b>1 Discount rate</b>		
Increase from 6.4% to 6.8%	24,412,852	23,502,455
Increase from 8.4% to 8.8%	22,258,313	21,209,328
<b>2 Salary increase rate</b>		
2%	22,353,422	21,310,610
4%	24,288,301	23,369,293
<b>3 Withdrawal rate</b>		
1%	22,926,768	21,940,249
3%	23,598,047	22,611,725

## 27. RELATED PARTY DISCLOSURES

### (A) Names of the related party and nature of relationship where control (including common control) exists and transactions entered into:

Sl. No.	Name of the Related Party	Relationship
1	KP Developers	Company is Partner
2	Mr.Prakash A.Kulkarni	Managing Director
3	Mr.Dilip B. Kulkarni	Executive Director
4	Mr.Ajit A. Kulkarni	Brother of M.D.
5	Mr.Ashok A. Kulkarni	Brother of M.D.
6	Mrs.Prabha P. Kulkarni	Wife of M.D.

### (B) Enterprise over which above persons have significant influence

1. Trimurti Engineering Tools Pvt Ltd.

### (C) Disclosure of related parties transactions

Sl. No.	Nature of transaction/ relationship/major parties	31-03-2018		31-03-2017	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
1	<b>Purchase of goods &amp; services</b>	20,763,868	–	15,340,100	–
	Trimurti Engineering Tools Pvt Ltd.	–	20,763,868	–	15,340,100
2	<b>Sale of goods/contract revenue &amp; services</b>	2,281,106	–	1,808,625	–
	Trimurti Engineering Tools Pvt Ltd.	–	2,281,106	–	1,808,625

## NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

Sl. No.	Nature of transaction/ relationship/major parties	31-03-2018		31-03-2017	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
3	<b>Rendering Services</b>	383,400	–	360,000	–
	Trimurti Engineering Tools Pvt Ltd. (Rent received)	–	383,400	–	360,000
4	<b>Remuneration Paid</b>	4,682,376	–	4,700,210	–
	<b>Key Management Personnel</b>				
	Mr.Prakash A.Kulkarni	–	2,938,661	–	2,971,495
	Mr.Dilip B.Kulkarni	–	1,743,715	–	1,728,715
5	<b>Directors Sitting fees</b>				
	Mrs.Prabha P. Kulkarni	–	100,000	–	80,000

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

### (D) Amount due to/from related parties

Sl. No.	Nature of transaction/ relationship/major parties	31-03-2018		31-03-2017		01-04-2016	
		Amount	Amount for *Major parties	Amount	Amount for *Major parties	Amount	Amount for *Major parties
1	<b>Amount Due to :</b>						
	KMP	269,000	–	267,750	–	228,080	–
2	Enterprise over which above persons have significant influence Trimurti Engineering Tools Pvt Ltd.	10,423,883	10,423,883	14,921,251	14,921,251	1,876,559	1,876,559
		10,692,883	10,423,883	15,189,001	14,921,251	2,104,639	1,876,559
1	<b>Amount Due from :</b>						
	Pranit Nitten Developers LLP	–	–	440,000	440,000	390,000	390,000
	KP Developers	90,000	–	90,000	–	–	–
		90,000	–	530,000	440,000	390,000	390,000

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 28. DETAILS OF PROVISIONS AND MOVEMENTS IN EACH CLASS OF PROVISIONS.

In ₹

	Product Warranty
<b>Carrying amount as at 1<sup>st</sup> April, 2016</b>	1,950,000
Add: Provision during the year 2016-17	3,436,379
Add: Unwinding of discounts	-
Less: Amount utilised during the year 2016-17	2,976,379
Less: Amount reversed during the year 2016-17	790,000
<b>Carrying amount as at 31<sup>st</sup> March, 2017</b>	<b>1,620,000</b>
Add: Provision during the year 2017-18	3,417,149
Add: Unwinding of discounts	-
Less: Amount utilised during the year 2017-18	2,847,149
Less: Amount reversed during the year 2017-18	330,000
<b>Carrying amount as at 31<sup>st</sup> March, 2018</b>	<b>1,860,000</b>

### 29. 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

Sl. No.		Carrying value			Fair Value		
		31-03-2018	31-03-2017	01-04-2016	31-03-2018	31-03-2017	01-04-2016
	<b>Financial Assets</b>						
a)	<b>Carried at amortised cost</b>						
	Investments	3,295,000	1,370,000	1,280,000	-	-	-
	Trade receivable	245,167,145	215,382,911	232,536,963	-	-	-
	Other financial assets	54,707,103	49,839,938	10,738,846	-	-	-
	Cash and cash equivalent	18,008,450	19,359,871	11,917,761	-	-	-
	Bank balance other than above	15,153,460	14,849,711	9,917,305	-	-	-
		<b>336,331,158</b>	<b>300,802,431</b>	<b>266,390,875</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Financial Liabilities</b>						
a)	<b>Carried at amortised cost</b>						
	Non-current borrowings	150,986,166	131,779,790	141,584,473	-	-	-
	Current borrowings at fixed rate of interest	225,786,570	223,511,292	210,911,893	-	-	-
	Trade payable	130,841,794	115,578,669	100,375,111	-	-	-
	Other financial liabilities	12,511,416	67,541,940	58,164,081	-	-	-
		<b>520,125,946</b>	<b>538,411,691</b>	<b>511,035,558</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note:**

The company has not disclosed the fair values of the financial assets and liabilities because their carrying amounts are reasonable approximation of fair value

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 30. FINANCIAL RISK MANAGEMENT POLICY AND OBJECTIVES

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. 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 investments, trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

Company is exposed to certain risks which includes market risk, credit risk and liquidity risk.

Company's senior management takes care of Company's financial risk activities through appropriate policies and procedures.

The policies for managing these risks are summarised below.

#### 1) Credit Risk

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

##### a) Trade Receivable

Customer credit risk is managed by the company under the guidance of the credit policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on financial position, past performance, business/economic conditions, market reputation, expected business etc. Based on this evaluation, credit limit and credit terms are decided. Exposure on customer receivables are regularly monitored and managed through credit lock and release. For Export customers, credit insurance is generally taken. An impairment analysis is performed at each reporting date on an individual basis for all the customers. The impairment is based on expected credit model considering the historical data and financial position of individual customer at each reporting period. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Trade receivables are non-interest bearing and are generally on, 30 days to 120 days credit term. The company has low concentration of risk as customer base is widely distributed both economically and geographically. The ageing analysis of trade receivable as on reporting date is as follows

Particulars	Neither past due nor impaired	Past due but not impaired			Total
		Less than 180 days	181 to 365 days	above 366 days	
31 <sup>st</sup> March, 2018	-	194,353,903	8,994,815	41,818,427	245,167,145
31 <sup>st</sup> March, 2017	-	154,142,838	14,821,867	46,418,206	215,382,911
1 <sup>st</sup> April, 2016	-	154,823,595	12,012,718	65,700,650	232,536,963

##### b) Financial instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Company monitors rating, credit spreads and financial strength of its counter parties. Company monitors ratings, credit spread and financial strength of its counter parties. Based on ongoing assessment company adjust its exposure to various counterparties. Company's maximum exposure to credit risk for the components of statement of financial position is the carrying amount as disclosed in Note 8.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 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. It maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimized cost.

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

	31-03-2018					
	Carrying amount	On demand	Less than 180 days	181 to 365 days	above 366 days	Total
Interest bearing borrowings	405,175,960	225,786,570	23,453,610	22,684,194	133,251,586	405,175,960
Non-Interest bearing borrowings	33,731,764	–	10,908,264	–	22,823,500	33,731,764
Other liabilities	–	–	–	–	–	–
Trade and other payable	146,729,278	–	138,415,158	5,956,453	2,357,667	146,729,278

	31-03-2017					
	Carrying amount	On demand	Less than 180 days	181 to 365 days	above 366 days	Total
Interest bearing borrowings	371,335,020	223,511,292	20,147,824	21,254,986	106,420,918	371,335,020
Non-Interest bearing borrowings	43,869,797	–	10,138,033	10,908,264	22,823,500	43,869,797
Other liabilities	–	–	–	–	–	–
Trade and other payable	125,892,820	–	117,357,074	7,250,315	1,285,431	125,892,820

	31-03-2016					
	Carrying amount	On demand	Less than 180 days	181 to 365 days	above 366 days	Total
Interest bearing borrowings	357,097,128	210,911,893	18,611,682	17,416,176	110,157,377	357,097,128
Non-Interest bearing borrowings	53,159,846	–	9,290,049	10,138,033	33,731,764	53,159,846
Other liabilities	–	–	–	–	–	–
Trade and other payable	111,478,190	–	107,412,976	2,401,616	1,663,598	111,478,190

### 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, investments.

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

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 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.

Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The company has been availing the borrowings on variable rate of interest. The borrowings on a variable rate of interest are subject to interest rate risk as defined in Ind AS 107.

### 31. 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.

Company monitors capital using a gearing ratio, which is net debt divided by total capital. The gearing ratio at the end of the year was as follows:

	<b>31-03-2018</b>	31-03-2017	01-04-2016
Loans and borrowings	<b>376,772,736</b>	355,291,082	352,496,366
Less: Cash and cash equivalents	<b>18,008,450</b>	19,359,871	11,917,761
Net debt	<b>358,764,286</b>	335,931,211	340,578,605
Equity	<b>213,105,426</b>	188,328,365	201,673,895
Gearing ratio	<b>1.68</b>	1.78	1.69

### 32. SEGMENT REPORTING

Company operates in three segments such as Portable Power Tools, Blowers and Windmills. The Management monitors the operating results of entire company as whole for the purpose of making decisions about resource allocation and performance assessment.

	<b>31-03-2018</b>	In ₹ 31-03-2017
<b>Segment Reporting</b>		
<b>I. Primary Segment Information (Business Segment)</b>		
<b>Revenue :</b>		
<b>Sales</b>		
Portable Power Tools	<b>673,853,994</b>	505,652,181
Blowers	<b>169,537,001</b>	156,122,047
Windmills	<b>9,756,695</b>	10,931,921
	<b>853,147,690</b>	<b>672,706,149</b>
<b>Segment Results (Gross)</b>		
Portable Power Tools	<b>67,628,852</b>	(9,423,357)
Blowers	<b>22,991,412</b>	17,346,067
Windmills	<b>2,077,223</b>	3,570,372
Total	<b>92,697,487</b>	<b>11,493,082</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

		In ₹	
	<b>31-03-2018</b>	31-03-2017	
Unallocated Corporate Expenses	<b>26,259,087</b>	46,376,803	
<b>Operating Profit</b>	<b>66,438,400</b>	(34,883,721)	
Interest Expense	<b>54,159,801</b>	50,729,649	
Other Income	<b>7,491,311</b>	6,131,129	
<b>Profit / (Loss ) before exceptional item</b>	<b>19,769,910</b>	(79,482,241)	
<b>Exceptional Item:</b>			
Subsidy Received	—	2,382,000	
Profit on sale/Surplus over carrying amount on transfer of immovable property	—	57,637,393	
<b>Profit before exceptional item</b>	<b>19,769,910</b>	(19,462,848)	
<b>Extraordinary Item</b>	—	—	
<b>Profit Before Tax</b>	<b>19,769,910</b>	(19,462,848)	
			In ₹
	<b>31-03-2018</b>	31-03-2017	01-04-2016
<b>Segment Assets</b>			
Portable Power Tools	<b>582,393,770</b>	523,691,642	567,259,134
Blowers	<b>158,714,705</b>	151,356,359	131,785,200
Windmills	<b>44,935,688</b>	52,673,035	58,657,362
	<b>786,044,163</b>	727,721,036	757,701,696
Add: Unallocated Corporate Assets	<b>108,200,051</b>	101,367,719	75,287,455
	<b>894,244,214</b>	829,088,755	832,989,151
<b>Segment Liabilities</b>			
Portable Power Tools	<b>139,103,052</b>	112,162,450	126,806,874
Blowers	<b>54,082,931</b>	56,662,027	36,215,936
Windmills	—	—	—
	<b>193,185,983</b>	168,824,477	163,022,810
Add: Unallocated Corporate Liabilities	<b>25,818,482</b>	27,506,864	24,567,463
	<b>219,004,465</b>	196,331,341	187,590,273
<b>Capital Expenditure</b>			
Portable Power Tools	<b>11,995,514</b>	2,796,299	7,012,038
Blowers	<b>881,487</b>	10,935,703	1,783,389
Windmills	—	—	6,574,703
	<b>12,877,001</b>	13,732,002	15,370,130
<b>Depreciation</b>			
Portable Power Tools	<b>21,752,665</b>	25,151,645	25,658,996
Blowers	<b>4,778,649</b>	4,347,956	4,455,126
Windmills	<b>4,570,734</b>	4,620,734	4,815,275
	<b>31,102,048</b>	34,120,335	34,929,397



## NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>31-03-2018</b>	31-03-2017	In ₹ 01-04-2016
<b>Non-cash expenses other than depreciation</b>			
Portable Power Tools	<b>723,578</b>	292,000	177,800
Blowers		-	-
Windmills		-	-
	<b>723,578</b>	<b>292,000</b>	<b>177,800</b>
<b>II. Secondary Segment Information (Geographical Segment )</b>			
The distribution of the Company's sales by geographical market is as under:			
<b>Net Sales</b>			
India	<b>811,555,614</b>	652,937,848	548,471,930
Outside India	<b>53,311,867</b>	79,322,285	102,016,177
	<b>864,867,481</b>	<b>732,260,133</b>	<b>650,488,107</b>

**33. PREVIOUS YEARS FIGURES ARE REARRANGED AND REGROUPED WHEREVER NECESSARY.**

### **34. FIRST TIME ADOPTION OF IND AS**

#### **Explanation of transition to Ind AS**

These are Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS) as notified under Companies' (Indian Accounting Standards) Rules, 2015. In preparing the financial statements for the year ended 31<sup>st</sup> March, 2017 and balance sheet as at 1<sup>st</sup> April, 2016 (Date of transition), the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP). This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1<sup>st</sup> April, 2016 and the financial statements for the year ended 31<sup>st</sup> March, 2017.

#### **Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional and mandatory exceptions applied in the transition from Indian GAAP to Ind AS

#### **Ind AS optional exemptions**

##### **1. Property, plant and equipment, intangible assets and investment properties**

Ind AS 101 permits a first-time adopter to elect to continue with carrying value for all its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as the deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 and Investment Property covered by Ind AS 40.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their Indian GAAP carrying value.

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## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 2. Arrangement containing lease

Appendix C to Ind-AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind-AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts / arrangements.

### Ind AS mandatory exceptions

#### 1. Estimates

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

Ind AS estimates as at 1<sup>st</sup> April, 2016 are consistent with estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required by Indian GAAP:

- Impairment of financial assets based on expected credit loss model
- Investment in equity instruments carried at FVTPL

#### 2. Derecognition of financial assets and liabilities

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

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

#### 3. Classification and measurement of financial asset

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

#### Explanation of transition to Ind AS

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

- equity reconciliation as at 1<sup>st</sup> April, 2016;
- equity reconciliation as at 31<sup>st</sup> March, 2017;
- profit reconciliation for the year ended 31<sup>st</sup> March, 2017; and

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

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Reconciliations between Indian GAAP and Ind AS

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

(Amount in Indian rupees )

### Reconciliation of Equity

Particulars	Note No	As at 1 <sup>st</sup> April, 2016			As at 31 <sup>st</sup> March, 2017		
		Indian GAAP	Ind AS Adjustments	Ind AS	Indian GAAP	Ind AS Adjustments	Ind AS
<b>ASSETS</b>							
<b>Non-current assets</b>							
(a) Property, Plant and Equipment	b	318,946,397	(28,279,463)	290,666,934	279,882,784	(13,940,342)	265,942,442
(b) Capital work-in-progress		5,263,216	–	5,263,216	137,320	–	137,320
(c) Investment Property	b	–	28,279,463	28,279,463	–	13,940,342	13,940,342
(d) Goodwill		–	–	–	–	–	–
(e) Other Intangible assets		1,657,661	–	1,657,661	1,006,849	–	1,006,849
(f) Intangible assets under development		–	–	–	–	–	–
(g) Biological Asset other than bearer plants		–	–	–	–	–	–
(h) Financial Assets							
(i) Investments		1,280,000	–	1,280,000	1,370,000	–	1,370,000
(ii) Trade receivables		–	65,700,650	65,700,650	–	46,418,206	46,418,206
(iii) Loans		5,363,049	(5,363,049)	–	5,589,459	(5,589,459)	–
(iv) Others - claims receivable	c	–	9,909,234	9,909,234	–	48,934,905	48,934,905
(i) Other non-current assets		5,509,684	(4,546,185)	963,499	60,715,902	(59,876,003)	839,899
<b>Total non-current assets</b>		<b>338,020,007</b>	<b>(65,700,650)</b>	<b>403,720,657</b>	<b>348,702,314</b>	<b>29,887,649</b>	<b>378,589,963</b>
<b>Current assets</b>							
(a) Inventories		203,630,041	–	203,630,041	210,149,655	–	210,149,655
(b) Financial Assets							
(i) Investments		–	–	–	–	–	–
(ii) Trade receivables		232,536,963	(65,700,650)	166,836,313	215,382,911	(46,418,206)	168,964,705
(iii) Cash and cash equivalents		21,835,066	(9,917,305)	11,917,761	34,209,582	(14,849,711)	19,359,871
(iv) Bank balance other than (iii) above		–	9,917,305	9,917,305	–	14,849,711	14,849,711
(v) Loans		35,810,202	(35,810,202)	–	35,785,972	(35,785,972)	–
(vi) Others		–	829,612	829,612	–	905,033	905,033
(c) Current Tax Assets (net)		–	587,260	587,260	–	1,748,845	1,748,845
(d) Other current assets		2,436,872	34,393,330	36,830,202	2,758,878	33,132,094	35,890,972
<b>Total current assets</b>		<b>496,249,144</b>	<b>(65,700,650)</b>	<b>430,548,494</b>	<b>498,286,998</b>	<b>(46,418,206)</b>	<b>451,868,792</b>
<b>TOTAL ASSETS</b>		<b>834,269,151</b>	<b>–</b>	<b>834,269,151</b>	<b>846,989,312</b>	<b>(16,530,557)</b>	<b>830,458,755</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
(a) Equity share capital	a	17,000,000	–	17,000,000	17,000,000	–	17,000,000
(b) Other equity	d	191,418,612	(6,744,717)	184,673,895	190,336,653	(19,008,288)	171,328,365
<b>Total equity</b>		<b>208,418,612</b>	<b>(6,744,717)</b>	<b>201,673,895</b>	<b>207,336,653</b>	<b>(19,008,288)</b>	<b>188,328,365</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	Note No	As at 1 <sup>st</sup> April, 2016			As at 31 <sup>st</sup> March, 2017		
		Indian GAAP	Ind AS Adjustments	Ind AS	Indian GAAP	Ind AS Adjustments	Ind AS
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
(a) Financial Liabilities							
(i) Borrowings	e	143,889,141	(2,304,668)	141,584,473	129,244,419	2,535,371	131,779,790
(ii) Trade payables		-	1,663,599	1,663,599	-	1,285,431	1,285,431
(iii) Other financial liabilities		3,003,000	-	3,003,000	3,378,000	-	3,378,000
(b) Provisions		13,428,817	-	13,428,817	17,934,786	-	17,934,786
(c) Deferred tax liabilities (net)	f	28,003,291	6,744,717	34,748,008	28,116,500	688,047	28,804,547
(d) Other non-current liabilities	e	-	12,442,701	12,442,701	-	7,882,453	7,882,453
<b>Total non-current liabilities</b>		<b>188,324,249</b>	<b>18,546,349</b>	<b>206,870,598</b>	<b>178,673,705</b>	<b>12,391,302</b>	<b>191,065,007</b>
<b>Current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings		210,911,893	-	210,911,893	223,511,292	-	223,511,292
(ii) Trade payables		111,478,190	(12,766,678)	98,711,512	125,892,820	(11,599,582)	114,293,238
(iii) Other financial liabilities		-	58,164,081	58,164,081	-	64,163,940	64,163,940
(b) Other current liabilities		108,063,518	(57,199,035)	50,864,483	107,656,664	(62,477,929)	45,178,735
(c) Provisions		7,072,689	-	7,072,689	3,918,178	-	3,918,178
(d) Current tax liabilities (net)		-	-	-	-	-	-
<b>Total current liabilities</b>		<b>437,526,290</b>	<b>(11,801,632)</b>	<b>425,724,658</b>	<b>460,978,954</b>	<b>(9,913,571)</b>	<b>451,065,383</b>
<b>Total liabilities</b>		<b>625,850,539</b>	<b>6,744,717</b>	<b>632,595,256</b>	<b>639,652,659</b>	<b>2,477,731</b>	<b>642,130,390</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>834,269,151</b>	<b>-</b>	<b>834,269,151</b>	<b>846,989,312</b>	<b>(16,530,557)</b>	<b>830,458,755</b>

### Reconciliations between Indian GAAP to Ind AS.

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cashflow for prior periods. The following reconciliation from Indian GAAP to Ind AS.

### Reconciliation of Statement of Profit and Loss and Other Comprehensive Income

Particulars	Notes	Year ended 31 <sup>st</sup> March, 2017		
		Indian GAAP	Adjustments	IND AS
Revenue from Operations	g	692,195,802	49,927,454	742,123,256
Other Income	i	3,851,005	2,196,124	6,047,129
Total Income		696,046,807	52,123,578	748,170,385
Expenses				
Cost of materials consumed		261,583,453	-	261,583,453
Purchases of Stock-in-Trade		132,471,511	-	132,471,511
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress		(16,029,124)	-	(16,029,124)
Employee benefits expense	h	100,083,415	(144,120)	99,939,295
Finance Costs	j	46,659,841	4,069,808	50,729,649
Depreciation and amortization expense		36,642,154	-	36,642,154

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	Notes	Year ended		
		31 <sup>st</sup> March, 2017		
		Indian GAAP	Adjustments	IND AS
Other expenses	g	195,941,677	49,843,454	245,785,131
Total expenses		757,352,927	53,769,142	811,122,069
Profit/(loss) before exceptional items and tax	–	(61,306,120)	(1,645,564)	(62,951,684)
Exceptional Items				
Subsidy received		2,382,000	–	2,382,000
Profit on sale /surplus over carrying amount on transfer of immovable property		57,637,393	(16,530,557)	41,106,836
Profit / (loss) before tax		(1,286,727)	(18,176,121)	(19,462,848)
(1) Current tax			–	–
(2) Deferred tax	h, k	113,209	(6,009,022)	(5,895,813)
(3) Short/(Excess) Provision		(317,977)	–	(317,977)
Profit (Loss) for the period from continuing operations		(1,081,959)	(12,167,099)	(13,249,058)
Profit/(loss) from discontinued operations		–	–	–
Tax expenses of discontinued operations		–	–	–
Profit/(loss) from discontinued operations (after tax)		–	–	–
Profit/(loss) for the period		(1,081,959)	(12,167,099)	(13,249,058)
Other Comprehensive Income		–	–	–
Items that will not be reclassified to profit or loss	h	–	(144,120)	(144,120)
Income tax relating to items that will not be reclassified to profit or loss	h	–	47,648	47,648
Total Comprehensive income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]		(1,081,959)	(12,263,571)	(13,345,530)
(ii) Earnings Per Share (after extraordinary items)				
(a) Basic In ₹		(0.32)	(3.58)	(3.90)
(b) Diluted In ₹		(0.32)	(3.58)	(3.90)

### Reconciliation of Cashflow :

There are no material adjustments of transition to the statement of cash flows to conform to Ind As presentation for the year ended 31/3/2017.

### Reconciliation of Other Equity

Particulars	Notes	As at 1 April 2016	As at 31 March 2017
Other Equity as per Indian GAAP		191,418,612	190,336,653
Ind As adjustments increasing /(decreasing)			
Impact on Net Profit/(loss) during the year		–	(12,263,571)
Transferred from Retained earnings	d	(6,744,717)	(6,744,717)
Total adjustments		(6,744,717)	(19,008,288)
Other Equity as per Ind As		184,673,895	171,328,365

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Reconciliations between Indian GAAP and Ind AS- Other Equity

In ₹

Particulars	Notes	As at 1 <sup>st</sup> April, 2016	As at 31 <sup>st</sup> March, 2017
Other Equity as per Indian GAAP		191,418,612	190,336,653
Ind As adjustments increasing /(decreasing)			
Impact on Net Profit/(loss) during the year		–	(12,263,571)
Transferred from Retained earnings	d	(6,744,717)	(6,744,717)
Total adjustments		(6,744,717)	(19,008,288)
Other Equity as per Ind As		184,673,895	171,328,365

#### Notes to Reconciliation

#### a) Reclassification of Preference Share from Share Capital to Non-current borrowings

Under Indian GAAP preference shares issued are considered as part of equity

Under Ind AS preference shares are to be recognised as per the guidance under Ind AS 109. Accordingly, preference shares issued should be classified as 'Financial liability' as there is obligation to pay cash. At initial recognition, preference shares are valued at fair value and subsequently recognition will be at amortised cost.

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

Balance sheet	1 <sup>st</sup> April, 2016	31 <sup>st</sup> March, 2017
Equity	–	–
Financial liabilities		
Borrowings	–	–

#### b) Investment property

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

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

The impact arising from this change is summarised as follows:

Balance Sheet	1 <sup>st</sup> April, 2016	31 <sup>st</sup> March, 2017
Property, plant and equipment	28,856,611	14,549,468
Accumulated depreciation	577,148	609,126
Investment property	28,856,611	14,549,468
Accumulated depreciation	577,148	609,126

#### c) Other Financial Assets

Under Indian GAAP, receivables were not discounted to fair value over the period of receivables.

Under Ind AS, receivables are discounted their fair value.

The impact arising from this change is summarised as follows:

Balance sheet	1 <sup>st</sup> April, 2016	31 <sup>st</sup> March, 2017
Other Assets		
Contribution in Partnership Firm ( M/s. KP Developers)	–	58,620,000
Exceptional items		
Add / (Less):Fair Value measurement of immovable property	–	–

## NOTES FORMING PART OF FINANCIAL STATEMENTS

In ₹

<b>Other Financial Assets</b>		
Contribution in Partnership Firm (M/s.K.P.Developers)	–	42,089,443
<b>Exceptional items</b>		
Add / (Less): Fair Value measurement of immovable property	–	(16,530,557)

### d) Other Equity

Under Indian GAAP, Deferred tax Liability was not recognised on revaluation of Freehold land.

Under Ind As, Deferred tax Liability is recognised on revaluation of Freehold land whose impact is been given in retained earnings.

<b>Balance sheet</b>	<b>1<sup>st</sup> April, 2016</b>	<b>31<sup>st</sup> March, 2017</b>
<b>Reserves and Surplus</b>		
Retained Earnings	–	–
<b>Deferred Tax Liability</b>	–	–
<b>Other Equity</b>		
Retained Earnings	(6,744,717)	–
<b>Deferred Tax Liability</b>	6,744,717	–

### e) Borrowings-Unsecured Loan

Under Indian GAAP, Interest free sales tax deferred loan was recognised under borrowings.

Under Ind AS, the loan is measured at fair value on the transition date and the difference between fair value and transaction value is treated as deferred government grant which is transferred to income on fulfillment of obligation under the scheme. Subsequently the deferral loan is measured at amortised cost.

**The impact arising from this change is summarised as follows:**

<b>Particulars</b>	<b>1<sup>st</sup> April, 2016</b>	<b>31<sup>st</sup> March, 2017</b>
<b>Borrowings-Unsecured Loan</b>		
Add / (Less): Interest free sales tax deferred loan	12,442,701	–
<b>Other Liability</b>		
Add / (Less): Deferred Revenue arising from government grant	12,442,701	–

### f) Deferred Tax

Under Indian GAAP, Deferred Tax was not recognised on Interest free sales tax loan and Deferred Revenue arising from government grant.

Under Ind As, Deferred Tax is recognised on discounting of Interest free sales tax loan and Deferred Revenue arising from government grant.

<b>Particulars</b>	<b>1<sup>st</sup> April, 2016</b>	<b>31<sup>st</sup> March, 2017</b>
<b>Deferred Tax (Liability) /Asset</b>	–	–
<b>Deferred Tax (Liability) /Asset</b>	–	(688,047)

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED  
INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS**

**TO THE MEMBERS OF  
KULKARNI POWER TOOLS LIMITED**

**Report on the Financial Statements**

I have audited the accompanying consolidated financial statements of **Kulkarni Power Tools Limited** ('hereinafter referred to as the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise of the consolidated Balance Sheet as at 31<sup>st</sup> March, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.(hereinafter referred to as 'the Consolidated Ind AS Financial Statements').

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and Changes in Equity of the group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in Companies (Indian Accounting Standards ) Rules, 2015 as amended under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

My responsibility is to express an opinion on these consolidated Ind AS financial statements based on my audit. I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

I have conducted the audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I should comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the consolidated Ind AS financial statements.



## Opinion

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated statement of affairs of the group as at 31<sup>st</sup> March, 2018, their consolidated profit (including Other Comprehensive Income) their consolidated cash flow and consolidated Changes in Equity for the year ended on that date.

## Other Matter

I have not audited the financial statements of subsidiary, for the year ended 31<sup>st</sup> March, 2018, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to me by the Management, and my opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiary and my report in terms of sub-section (3) of section 143 of the Act insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

My opinion on the consolidated Ind AS financial statements and my report on other legal and regulatory requirements below, is not modified in respect of the above matter with respect to my reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, I report that:
  - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit of the aforesaid consolidated Ind AS financial statements.
  - b) In my opinion, proper books of account as required by law have been kept so far as it appears from my examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Changes in Equity dealt with this Report are in agreement with the books of account.
  - d) In my opinion, the afore said consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors of the Holding Company, none of the directors are disqualified as on 31<sup>st</sup> March, 2018 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 Holding Company and the operating effectiveness of such controls, refer to my separate report in "Annexure "; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
    - 1) The group has disclosed the impact of pending litigations as at 31<sup>st</sup> March 2018 on their financial position in their consolidated Ind AS financial statements.
    - 2) The group did not have any long-term contracts including derivative contracts as at 31<sup>st</sup> March 2018 for which provision is required under the applicable law or Indian Accounting Standards, for material foreseeable losses.
    - 3) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31<sup>st</sup> March 2018.

**Dharmendra R Prabhukhot**  
Chartered Accountant  
Membership No.219438

**Place : Mumbai**  
**Date : 25<sup>th</sup> May, 2018**

## **Annexure - to the Independent Auditor's Report**

(Referred to in paragraph 2(f) of my 'Report on Other Legal & Regulatory Requirement' of 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")**

I have audited the Internal Financial Controls over financial reporting of Kulkarni Power Tools Limited ("Holding Company") as of 31st March 2018 in conjunction with my audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

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

The Holding 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I have conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion on the Company's Internal Financial Control system over financial reporting.

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

A company's Internal Financial Control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS 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 consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.

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

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

#### **Opinion**

In my opinion, the Holding Company has, in all material respects, an adequate Internal Financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31<sup>st</sup> 2018, 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.

**Dharmendra R Prabhukhot**  
Chartered Accountant  
Membership No.219438

**Place : Mumbai**  
**Date : 25<sup>th</sup> May, 2018**

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2018 (Contd....)

			In ₹
	Note No	31-03-2018	31-03-2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	1	245,680,148	265,942,442
Capital work-in-progress	1	265,814	137,320
Investment Property	2	28,215,506	28,247,485
Goodwill		—	—
Other Intangible assets	1	757,038	1,006,849
Intangible assets under development		—	—
Biological Asset other than bearer plants		—	—
Financial Assets		—	—
Investments	3	3,205,000	1,280,000
Trade receivables	4	41,818,427	46,418,206
Loans		—	—
Others	4	8,946,833	6,845,462
Other non-current assets	6	1,442,699	839,899
<b>Total non-current assets</b>		<b>330,331,465</b>	<b>350,717,663</b>
<b>Current assets</b>			
Inventories	7	264,206,308	210,149,655
Financial Assets			
Investments		—	—
Trade receivables	4	203,348,718	168,964,705
Cash and cash equivalents	8	18,108,396	19,459,871
Bank balance other than above	8	15,153,460	14,849,711
Loans		—	—
Others	4	787,699	905,033
Current Tax Assets (Net)	5	—	1,748,845
Other current assets	6	34,947,686	35,890,972
<b>Total current assets</b>		<b>536,552,267</b>	<b>451,968,792</b>
<b>TOTAL ASSETS</b>		<b>866,883,732</b>	<b>802,686,455</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	9	17,000,000	17,000,000
Other equity	10	165,439,949	143,546,065
Non Controlling Interest	11	9,995	10,000
<b>Total equity</b>		<b>182,449,944</b>	<b>160,556,065</b>

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2018

			In ₹
	Note No	31-03-2018	31-03-2017
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	12	150,986,166	131,779,790
Trade payables	13	2,357,668	1,285,431
Other financial liabilities	13	5,023,000	3,378,000
Provisions	14	11,255,406	17,934,786
Deferred tax liabilities (Net)	5	23,728,067	28,804,547
Other non-current liabilities	15	5,602,329	7,882,453
<b>Total non-current liabilities</b>		<b>198,952,636</b>	<b>191,065,007</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	12	225,786,570	223,511,292
Trade payables Others	13	128,484,126	114,293,238
Trade payables MSME	13	—	—
Other financial liabilities	13	74,889,416	64,163,940
Provisions	14	11,374,626	3,918,178
Other current liabilities	15	43,179,455	45,178,735
Current tax liabilities (Net)	5	1,766,959	—
<b>Total current liabilities</b>		<b>485,481,152</b>	<b>451,065,383</b>
<b>Total liabilities</b>		<b>684,433,788</b>	<b>642,130,390</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>866,883,732</b>	<b>802,686,455</b>

See accompanying notes forming part of the consolidated financial statements

As per my report of even date attached

For and on behalf of Board of Directors

**Dharmendra R Prabhukhot**  
Chartered Accountant  
M.No:219438

**P.A.Kulkarni**  
Vice Chairman & Managing Director  
DIN:00052342

**D.B.Kulkarni**  
Executive Director  
DIN:00184727

Place : Mumbai

Date : 25<sup>th</sup> May, 2018

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018 (Contd....)

			In ₹
	Note No.	31-03-2018	31-03-2017
Revenue from Operations	16	873,292,758	742,123,256
Other Income	17	4,608,183	6,047,129
<b>Total Income</b>		<b>877,900,941</b>	<b>748,170,385</b>
<b>Expenses</b>			
Cost of materials consumed	18	326,593,099	261,583,453
Purchases of Stock-in-Trade		185,375,295	132,471,511
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	18	(21,596,015)	(16,029,124)
Employee benefits expense	19	98,442,063	99,939,295
Finance costs	20	54,159,855	50,729,649
Depreciation and amortization expense	21	33,419,163	36,642,154
Other expenses	22	184,620,753	245,785,131
<b>Total expenses</b>		<b>861,014,213</b>	<b>811,122,069</b>
Profit/(loss)before exceptional items and tax		16,886,728	(62,951,684)
<b>Exceptional items</b>			
Subsidy received		—	2,382,000
Profit on sale /surplus over carrying amount on transfer of immovable property		—	13,324,536
<b>Profit / (loss) before tax</b>		<b>16,886,728</b>	<b>(47,245,148)</b>
<b>Tax expenses</b>			
Current tax		2,125,000	—
Deferred tax		(5,324,081)	(5,895,813)
Short/(Excess) Provision		(1,262,080)	(317,977)
<b>Profit (Loss) for the period from continuing operations</b>		<b>21,347,889</b>	<b>(41,031,358)</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>21,347,889</b>	<b>(41,031,358)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss	23	793,590	(144,120)
Income tax relating to items that will not be reclassified to profit or loss	23	(247,600)	47,648
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>545,990</b>	<b>(96,472)</b>

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

In ₹

	Note No.	31-03-2018	31-03-2017
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)		<u>21,893,879</u>	<u>(41,127,830)</u>
Share of (Profit)/ Loss transferred (to)/ from Non-Controlling Interest		5	—
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period) after adjustment for Non Controlling Interest .		<u>21,893,884</u>	<u>(41,127,830)</u>
Of the Total Comprehensive Income above, Profit for the year attributable to			
Owners of Parent		<u>19,213,100</u>	<u>(36,928,222)</u>
Non controlling Interest		<u>2,134,789</u>	<u>(4,103,136)</u>
Of the Total Comprehensive Income above, Other Comprehensive Income for the year attributable to			
Owners of Parent		<u>491,391</u>	<u>(86,825)</u>
Non controlling Interest		<u>54,599</u>	<u>(9,647)</u>
Earnings per equity share (for continuing operations)			
(1) Basic in ₹		6.28	(12.07)
(2) Diluted in ₹		6.28	(12.07)
Earnings per equity share (for discontinued operations)			
(1) Basic		—	—
(2) Diluted		—	—
Earnings per equity share (for discontinued and continuing operations)			
(1) Basic in ₹		6.28	(12.07)
(2) Diluted in ₹		6.28	(12.07)
See accompanying notes forming part of the consolidated financial statements			

As per my report of even date attached

For and on behalf of Board of Directors

**Dharmendra R Prabhukhot**  
Chartered Accountant  
M.No:219438

**P.A.Kulkarni**  
Vice Chairman & Managing Director  
DIN:00052342

**D.B.Kulkarni**  
Executive Director  
DIN:00184727

Place : Mumbai  
Date : 25<sup>th</sup> May, 2018

## Statement of Changes in Equity for the period ended 31<sup>st</sup> March 2018

### A. Equity Share Capital

In ₹

Balance as on 1 <sup>st</sup> April, 2016	Changes in equity share capital during the year	Balance as on 31 <sup>st</sup> March, 2017
17,000,000	—	17,000,000
Balance as on 1 <sup>st</sup> April, 2017	Changes in equity share capital during the year	Balance as on 31 <sup>st</sup> March, 2018
17,000,000	—	17,000,000

### B. Other Equity

Particulars	Reserves and Surplus			Other Reserves	Total
	Securities Premium Reserve	Retained Earnings	General Reserve		
<b>Balance as on 31<sup>st</sup> March, 2017</b>	31,092,928	(79,230,118)	191,668,329	14,926	143,546,065
Changes in accounting policy or prior period errors	—	—	—	—	—
Restated balance at the beginning of the reporting period	—	—	—	—	—
Total Comprehensive Income for the year	—	21,893,884	—	—	21,893,884
Dividends	—	—	—	—	—
Transfer from retained earnings	—	—	—	—	—
Any other change	—	—	—	—	—
<b>Balance as on 31<sup>st</sup> March, 2018</b>	<b>31,092,928</b>	<b>(57,336,234)</b>	<b>191,668,329</b>	<b>14,926</b>	<b>165,439,949</b>



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018 (Contd....)

	In ₹	
	31-03-2018	31-03-2017
<b>A Cash flows from operating activities</b>		
Net profit before taxes and extraordinary items	16,886,728	(47,245,148)
Adjustments for :-		
Depreciation	33,419,163	36,642,154
Dividend Income	(196,988)	(31,762)
Foreign Exchange (Gain)/Loss	504,542	(1,666,050)
(Profit)/Loss on sale of fixed assets	(3,168)	45,646
Fair value measurement of immovable property	—	44,312,857
Remeasurements (gains )/losses on post employments benefits	793,590	(144,120)
Bad debts written off	300,000	27,771,402
Diminution in Investment	140,000	—
Interest income	(1,742,202)	(1,456,132)
Interest expenses	54,159,855	50,729,649
<b>Operating profits before working capital changes</b>	<b>104,261,520</b>	<b>108,958,496</b>
Adjustments for :-		
(Increase)/decrease in trade receivable	(29,671,232)	(10,777,851)
(Increase)/decrease in other financial assets	(1,458,081)	4,003,003
(Increase)/decrease in inventories	(54,056,653)	(6,519,614)
Increase/(decrease) in trade payables	17,370,898	14,451,423
Increase/(decrease) in other financial liabilities	—	—
Increase/(decrease) in other non-financial liabilities	3,128,316	(7,590,872)
Increase/(decrease) in Provisions	777,068	1,351,458
<b>Cash generated from operations</b>	<b>40,351,836</b>	<b>103,876,043</b>
Income tax paid	2,652,884	(843,608)
<b>Net cash from operating activities</b>	<b>43,004,720</b>	<b>103,032,435</b>
<b>B Cash flows from investing activities</b>		
<b>Purchase of fixed assets</b>	<b>(13,005,495)</b>	<b>(8,659,530)</b>
Advance for purchase of fixed assets	(602,800)	123,600
Consideration in partnership firm	(2,883,128)	(58,620,000)
Proceeds from sale of other fixed assets	5,085	16,812,051
Purchase of Investments	(2,065,000)	(90,000)
Interest received	4,742,664	1,380,711
Dividend Received	196,988	31,762
Investments in bank Deposits (Having original maturity of more than three months )	(303,749)	(4,932,406)
<b>Net cash from investing activities</b>	<b>(13,915,435)</b>	<b>(53,953,812)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

		In ₹
	31-03-2018	31-03-2017
<b>C Cash flows from financing activities</b>		
Proceed from issuance of share capital	—	100,000
Proceeds from issuance/ (Redemption) of preference shares	—	—
Proceeds from Long Term Borrowings	82,500,000	52,840,063
Repayment of long term borrowings	(50,934,337)	(51,201,570)
(Repayment)/proceed of/from other borrowings (net)	(7,493,487)	6,888,791
Interest paid	(54,084,098)	(49,938,844)
Dividend and Dividend distribution tax	(428,838)	(224,953)
<b>Net cash used in financing activities</b>	<b>(30,440,760)</b>	<b>(41,536,513)</b>
Net increase in cash and cash equivalents	(1,351,475)	7,542,110
Cash and cash equivalents at beginning of period (refer note -8)	19,459,871	11,917,761
Cash and cash equivalents at the end of period (refer note - 8 )	18,108,396	19,459,871

As per my report of even date attached

For and on behalf of Board of Directors

**Dharmendra R Prabhukhot**  
Chartered Accountant  
M.No:219438

**P.A.Kulkarni**  
Vice Chairman & Managing Director  
DIN:00052342

**D.B.Kulkarni**  
Executive Director  
DIN:00184727

**Place : Mumbai**

**Date : 25<sup>th</sup> May, 2018**

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### NOTE A-1 : PRINCIPLES OF CONSOLIDATION

- (i) The Consolidated Financial Statements of Kulkarni Power Tools Ltd. and its subsidiary company (M/s. KP Developers), have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra-group transactions and the unrealized profit/losses on intra-group transactions and are presented to the extent possible in the manner as the Company's independent Financial Statements.

The holding and subsidiary relationship between Kulkarni Power Tools Ltd. and M/s. KP Developers was effective from 9/3/2017. However the disclosure of financials as on the date of transition is 1/4/2016, as mandated by Ind AS 101(First-time Adoption of Indian Accounting Standards) is not felt necessary as such relationship did not exist as on that date.

- (ii) The excess of cost to the Company of its investment in the subsidiary company over the parent's portion of the equity is recognized in the Consolidated Financial Statements as goodwill. The excess of Company's share of equity of the subsidiary company over the cost of acquisition is treated as capital reserve.
- (iii) The Consolidated Financial Statements have been prepared substantially in the same format adopted by the parent to the extent possible, as required by the Indian Accounting Standard notified under Companies Rules, 2015.
- (iv) The name of the subsidiary company, country of incorporation, proportion of ownership interest and reporting dates considered in the Consolidated Financial Statements are as per the table mentioned below:

In ₹

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non controlling interests		Profit(Loss) allocated to Non Controlling Interests		Accumulated Non Controlling Interest	
		31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
M/s. KP Developers	India	10%	10%	(5)	–	9,995	10,000

Summarised financial information in respect of subsidiary that has material non controlling interest is set out below. The summarised financial information below represents amounts before intra group elimination.

Particulars	31-03-2018	31-03-2017
Investment Property	58,620,000	58,620,000
Other Current Assets	99,946	100,000
Other Non Current Liabilities	44,972,571	42,089,443
Equity attributable to the owners of the company	13,737,380	16,620,557
Non Controlling Interest	9,995	10,000
Revenue	–	16,530,557
Expenses	2,883,182	–
Profit/(loss) for the year	(2,883,182)	16,530,557
Profit/(loss) attributable to the owners of the company	(2,594,864)	14,877,501
Profit/(loss) attributable to the Non Controlling Interest	(288,318)	1,653,056
Other Comprehensive Income for the year attributable to owners of the company	–	–
Other Comprehensive Income for the year attributable to Non controlling Interest	–	–
Other Comprehensive Income for the year	–	–
Total Comprehensive Income for the year attributable to owners of the company	–	–
Total Comprehensive Income for the year attributable to Non controlling Interest	–	–

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## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### NOTE A-2: OTHER ACCOUNTING POLICIES

They are set out in Part A: Significant Accounting Policies of the Parent Company - Kulkarni Power Tools Ltd.

### NOTE A-3: ACCOUNTING POLICIES OTHER THAN THOSE ADOPTED BY THE PARENT COMPANY FOR THE CONSOLIDATION OF FINANCIAL STATEMENTS

#### Investment Property

Details of Company's Investment Properties and information about the fair value hierarchy

Particulars	31-03-2018	31-03-2017
Investment property	680,472,800	676,716,300

#### Note

Fair value is ascertained on the basis of market rates prevailing for similar properties in those locations determined by an independent registered valuer and consequently classified as a level 2 valuation.

## NOTES TO CONSOLIDATED ACCOUNTS

### 1. PROPERTY, PLANT AND EQUIPMENT

Particulars	Tangible Assets							Intangible asset		
	Free hold Land	Leasehold Land	Building	Plant & Equipment	Dies, moulds & Patterns	Furniture & Fixtures	Vehicles	Total	Computer Software	Technical Know-how
<b>Gross Block</b>										
(i) For own use										
As at 1 <sup>st</sup> April 2016	24,979,192	1,594,055	72,084,727	421,194,616	89,676,796	19,276,143	18,675,633	647,481,163	8,816,101	13,429,182
Additions	-	-	-	9,672,461	3,090,152	557,589	-	13,320,202	411,800	-
Disposals/Written off	-	-	2,282,566	7,421,965	11,029,433	1,538,929	1,672,612	23,945,505	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-
Impairment of asset	-	-	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March 2017	24,979,192	1,594,055	69,802,161	423,445,113	81,737,517	18,294,803	17,003,021	636,855,860	9,227,901	13,429,182
Additions	-	-	6,161,665	4,858,694	1,036,257	336,035	-	12,392,651	484,350	-
Disposals/Written off	-	-	-	38,340	-	-	-	38,340	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-
Impairment of asset	-	-	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March 2018(A)	24,979,192	1,594,055	75,963,826	428,265,467	82,773,774	18,630,837	17,003,021	649,248,511	9,712,252	13,429,182
(ii) Given on lease										
As at 1 <sup>st</sup> April 2016	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Disposals/Written off	-	-	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March 2017	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Disposals/Written off	-	-	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March 2018(B)	-	-	-	-	-	-	-	-	-	-
<b>Total (A+B)</b>	24,979,192	1,594,055	75,963,826	428,265,467	82,773,774	18,630,837	17,003,021	649,248,511	9,712,252	13,429,182
<b>Depreciation/ Amortization</b>										
(i) For own use										
As at 1 <sup>st</sup> April 2016	-	484,855	24,793,121	245,507,877	63,074,937	12,536,839	10,416,600	356,814,229	7,158,440	13,429,182
Charge for the year	-	50,950	2,717,974	22,195,736	6,611,477	1,567,046	2,404,381	35,547,564	1,062,612	-
Depreciation on disposal	-	-	607,102	7,421,965	11,029,429	1,538,929	850,950	21,448,375	-	-
As at 31 <sup>st</sup> March 2017	-	535,805	26,903,993	260,281,652	58,656,985	12,564,956	11,970,031	370,913,418	8,221,052	13,429,182
Charge for the year	-	50,950	1,918,722	21,530,021	5,570,050	1,444,409	2,138,872	32,653,024	734,161	-
Depreciation on disposal	-	-	-	36,423	-	-	-	36,423	-	-
As at 31 <sup>st</sup> March 2018(A)	-	586,755	28,822,715	281,775,250	64,227,035	14,009,365	14,108,903	403,530,019	8,955,213	13,429,182
(ii) Given on lease										
As at 1 <sup>st</sup> April 2016	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-	-
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March 2017(B)	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-	-
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March 2018(B)	-	-	-	-	-	-	-	-	-	-
<b>Total (A+B)</b>	-	586,755	28,822,715	281,775,250	64,227,035	14,009,365	14,108,903	403,530,023	8,955,213	13,429,182
Net block	24,979,192	1,007,300	47,141,111	146,490,217	18,546,798	4,621,472	2,894,118	245,680,148	757,038	-
As at 31 <sup>st</sup> March 2018	24,979,192	1,007,300	47,141,111	146,490,217	18,546,798	4,621,472	2,894,118	245,680,148	757,038	-
At 31 <sup>st</sup> March 2017	24,979,192	1,058,250	42,898,168	163,163,461	23,080,532	5,729,847	5,032,990	265,942,442	1,006,849	-
At 1 <sup>st</sup> April 2016	24,979,192	1,109,200	47,291,606	175,686,739	26,601,859	6,739,304	8,259,033	290,666,934	1,657,661	-

## NOTES TO CONSOLIDATED ACCOUNTS

### Notes:

#### 1) Property, plant and equipment pledged as security

Company has mortgaged its property, Plant and Equipment against borrowings refer Note No. 12

#### 2) Contractual obligations

Refer note no 23(B) for estimated amount of contract remaining to be executed on capital account

#### 3) Capital work-in-progress

Capital work-in-progress mainly comprises of Tooling Development.

In ₹

Capital work-in-progress movement	Total
<b>Balance at 1<sup>st</sup> April, 2016</b>	5,263,216
Additions during the year	3,659,228
Capitalised during the year	8,785,124
<b>Balance at 31<sup>st</sup> March, 2017</b>	137,320
Additions during the year	128,494
Capitalised during the year	—
<b>Balance at 31<sup>st</sup> March, 2018</b>	<b>265,814</b>

## 2. INVESTMENT PROPERTY

Particulars	Leasehold Land	Building	Freehold Land	Total
<b>Gross Block</b>				
<b>As at 1<sup>st</sup> April, 2016</b>	1,361,315	1,000,000	26,495,296	28,856,611
Additions	—	—	—	—
Disposals	—	—	—	—
Transferred from PPE	—	—	—	—
Other Transfers	—	—	—	—
<b>As at 31<sup>st</sup> March, 2017</b>	1,361,315	1,000,000	26,495,296	28,856,611
Additions	—	—	—	—
Disposals	—	—	—	—
Transferred from PPE	—	—	—	—
Other Transfers	—	—	—	—
<b>As at 31 March, 2018</b>	<b>1,361,315</b>	<b>1,000,000</b>	<b>26,495,296</b>	<b>28,856,611</b>
<b>Depreciation and Impairment</b>				
<b>As at 1<sup>st</sup> April, 2016</b>	213,929	363,219	—	577,148
Charge for the year	19,447	12,531	—	31,978
Depreciation on disposals	—	—	—	—
Transferred from PPE	—	—	—	—
Other Transfers	—	—	—	—
<b>As at 31<sup>st</sup> March, 2017</b>	233,376	375,750	—	609,126
Charge for the year	19,447	12,531	—	31,978
Depreciation on disposals	—	—	—	—
Transferred from PPE	—	—	—	—
Other Transfers	—	—	—	—
<b>As at 31<sup>st</sup> March, 2018</b>	<b>252,823</b>	<b>388,281</b>	<b>—</b>	<b>641,104</b>
<b>Net Block</b>				
<b>31<sup>st</sup> March, 2018</b>	<b>1,108,491</b>	<b>611,719</b>	<b>26,495,296</b>	<b>28,215,506</b>
<b>31<sup>st</sup> March, 2017</b>	<b>1,127,939</b>	<b>624,250</b>	<b>26,495,296</b>	<b>28,247,485</b>
<b>1<sup>st</sup> April, 2016</b>	<b>1,147,386</b>	<b>636,781</b>	<b>26,495,296</b>	<b>28,279,463</b>

## NOTES TO CONSOLIDATED ACCOUNTS

In ₹

Information regarding income and expenditure of investment property		
Particulars	31-03-2018	31-03-2017
Rental Income derived from investment property	696,000	444,000
Direct operating expenses (including repairs and maintenance) generating rental income		
Direct operating expenses (including repairs and maintenance) that did not generate rental income		
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>696,000</b>	<b>444,000</b>
Less - Depreciation	31,978	31,978
<b>Profit arising from investment properties After depreciation and indirect expenses</b>	<b>664,022</b>	<b>412,022</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. Capitalized income projections based upon a property's estimated net market income and capitalization 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.

Details of Company's Investment Properties and information about the fair value hierarchy

	31-03-2018	31-03-2017	01-04-2016
Investment Properties	680,472,800	676,716,300	618,028,000

### Note :

Fair value is ascertained on the basis of market rates prevailing for similar properties in those locations determined by an independent registered valuer & consequently classified as a Level 2 valuation.

### 3. INVESTMENTS

	31-03-2018	31-03-2017
<b>Non-Trade, Unquoted Investments, At Cost, Fully Paid</b>		
<b>Investment in Limited Liability Partnership Firm</b>		
Investment in Capital Contribution of Pranit Nitten Developers LLP	—	140,000
<b>Investment in Partnership Firm</b>		
Investment in M/s. KP Developers	—	—
<b>Other Investments (Investment in Co-Operative Shares)</b>		
1,000 Shares (Previous year 1,000 shares ) of ₹ 10 each of Saraswat Co-Op. Bank Ltd.	10,000	10,000
11,500 Shares ( Previous year 11,500 shares ) of ₹ 50 each of Shree Mahalaxmi Co-Op.Bank Ltd.	575,000	575,000

## NOTES TO CONSOLIDATED ACCOUNTS

		In ₹
	31-03-2018	31-03-2017
5,000 Shares ( Previous year 5,000 shares ) of ₹ 100 each of Samarth Sahakari Bank Ltd.	500,000	500,000
200 Shares (Previous year 200 shares ) of ₹ 25 each of Shamrao Vithal Co-Op. Bank Ltd.	5,000	5,000
1,000 Shares (Previous year 1,000 shares) of ₹ 50 each of Dombivali Nagari Sahakari Bank Ltd.	50,000	50,000
41,300 Shares of ₹ 50 each of K.A. Ichalkaranji Sahakari Bank Limited	2,065,000	—
	<b>3,205,000</b>	<b>1,280,000</b>
<b>Non Current Investments</b>	<b>3,205,000</b>	<b>1,280,000</b>
<b>Current Investments</b>	<b>—</b>	<b>—</b>
<b>4. FINANCIAL ASSET</b>		
<b>1) Trade receivables</b>		
Unsecured, considered good		
<b>From related parties</b>	—	—
<b>From others</b>	245,167,145	215,382,911
Doubtful		
Less: Provision for doubtful receivables	—	—
	<b>245,167,145</b>	<b>215,382,911</b>
<b>Non Current trade receivables</b>	<b>41,818,427</b>	<b>46,418,206</b>
<b>Current trade receivables</b>	<b>203,348,718</b>	<b>168,964,705</b>
<b>2) Others</b>		
(I) Margin Money Deposits with Banks	4,416,473	2,095,902
(ii) Interest accrued on bank deposits	787,699	905,033
(iii) Security Deposits	4,530,360	4,749,560
	<b>9,734,532</b>	<b>7,750,495</b>
<b>Non Current other financial assets</b>	<b>8,946,833</b>	<b>6,845,462</b>
<b>Current financial assets</b>	<b>787,699</b>	<b>905,033</b>

### Note:

1. 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.
2. Trade receivables including Related Parties are non-interest bearing and are generally on terms of 30 to 180 days.



## NOTES TO CONSOLIDATED ACCOUNTS

### 5. DEFERRED TAX

In ₹

The major components of income tax expense for the years ended 31<sup>st</sup> March 2018 and 31<sup>st</sup> March 2017 are:

**31-03-2018**      31-03-2017

#### Statement of Profit and Loss

##### Current income tax:

Current income tax charge

— —

Adjustments in respect of current income tax of previous year

##### Deferred tax:

Relating to origination and reversal of temporary differences

**(3,987,580)**      (5,895,813)

**Income tax expense reported in the statement of profit or loss**

**(3,987,580)**      (5,895,813)

#### Other Comprehensive Income

Current tax related to items recognized in OCI during in the year:

Net (loss)/gain on remeasurements

**(247,600)**      (96,472)

**Income tax charged to OCI**

**(247,600)**      (96,472)

Deferred tax				
Deferred tax relates to the following: DTL/ (DTA)	Balance Sheet as at		Statement of profit and loss / Other comprehensive income	
	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Property, plant and equipment (Depreciation)	31,410,433	35,534,950	(4,124,517)	169,513
Bonus	788,628	729,433	(59,195)	499,585
Leave encashment	1,349,964	1,389,101	39,137	(759)
Gratuity	5,516,609	5,299,916	(216,693)	(555,130)
IND AS Impact	27,165	688,047	373,688	(6,009,022)
Provision for doubtful debts	—	—	—	—
<b>Deferred tax expense/ (income)</b>	<b>7,655,201</b>	<b>7,418,450</b>	<b>136,937</b>	<b>(6,065,326)</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>23,728,067</b>	<b>28,804,547</b>	<b>(3,987,580)</b>	<b>(5,895,813)</b>

#### Reflected in balance sheet as

##### 1) Deferred tax

Particulars	31-03-2018	31-03-2017
Deferred tax asset	7,655,201	12,129,644
Deferred tax liability	31,383,268	40,934,191
<b>Net Deferred tax liability</b>	<b>23,728,067</b>	<b>28,804,547</b>

##### 2) Current tax Asset/(Liability)- Net

Particulars	31-03-2018	31-03-2017
Current tax asset/(liability)- Net	(1,766,959)	1,748,845

## NOTES TO CONSOLIDATED ACCOUNTS

	31-03-2018	In ₹ 31-03-2017
<b>6. OTHER ASSETS</b>		
<b>1 Capital advances</b>		
Unsecured, considered good	1,442,699	839,899
<b>2 Other loans and advances</b>	—	—
<b>(i) Advances to supplier and others</b>	—	—
Unsecured, considered good	34,852,686	35,785,972
Doubtful	—	—
Less: Provision for doubtful advances	—	—
	<u>34,852,686</u>	<u>35,785,972</u>
<b>ii) Sundry Deposits</b>	95,000	105,000
	<u>34,947,686</u>	<u>35,890,972</u>
<b>Total non current assets</b>	1,442,699	839,899
<b>Total current assets</b>	34,947,686	35,890,972
<b>7 INVENTORIES</b>		
<b>(i) Raw Materials</b>	89,703,542	53,863,544
<b>(ii) Work in progress</b>	39,816,245	30,373,328
<b>iii) Finished goods</b>	54,295,601	26,975,401
<b>iv) Stock in trade</b>	75,668,227	93,552,673
<b>v) Stores and spares</b>	3,942,375	4,148,818
<b>vi) Loose Tools</b>	780,318	1,235,891
	<u>264,206,308</u>	<u>210,149,655</u>
<b>8 CASH AND BANK BALANCE</b>		
<b>a) Cash and cash Equivalents</b>		
1) Cash on hand	201,559	138,204
2) Balances with bank - In current account	17,906,837	19,321,667
<b>Total Cash and cash Equivalents</b>	<u>18,108,396</u>	<u>19,459,871</u>
<b>b) Other Bank balance</b>		
1) Earmarked balances with banks: Unpaid dividend account	1,057,236	1,486,074
2) Margin Money deposits		
i) With banks	14,096,224	12,454,817
ii) With Financial Institutions	—	908,820
	<u>15,153,460</u>	<u>14,849,711</u>
	<u>33,261,856</u>	<u>34,309,582</u>
Margin Money deposits at banks earns interest at floating rates based on yearly bank deposit rates. For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:		
<b>a) Cash on hand</b>		
<b>b) Cheques on hand</b>		
<b>c) Balances with Banks</b>		
<b>9. SHARE CAPITAL</b>		
<b>Authorized</b>		
10,000,000 Equity Shares of Rs.5 /- each	50,000,000	50,000,000
<b>Issued, Subscribed &amp; Fully Paid-up</b>		
3,400,000 Equity Shares of Rs. 5/- each	17,000,000	17,000,000
	<u>17,000,000</u>	<u>17,000,000</u>

## NOTES TO CONSOLIDATED ACCOUNTS

### a) Terms/rights attached to Equity Shares

The Company has only one class of equity shares, having par value of Rs. 5/- 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 distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders.

### b) Reconciliation of share capital

	31-03-2018		31-03-2017	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	3,400,000	17,000,000	3,400,000	17,000,000
Add: Issued during the year	—	—	—	—
Shares outstanding at the end of the year	3,400,000	17,000,000	3,400,000	17,000,000

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

	31-03-2018		31-03-2017	
	No. of Shares	% of Holding	No. of Shares	% of Holding
1. Suvina Engineers Pvt.Ltd	778,812	22.91	778,812	22.91
2. Kulkarni Power Tools Employees Welfare Trust	3,24,000	9.50	3,24,000	9.50

In last five years the Company has neither issued any bonus shares nor share issued for consideration other than cash. Further the Company has not bought back any shares in last five years.

## 10. OTHER EQUITY

	31-03-2018	In ₹ 31-03-2017
1) General reserves		
Opening balance	191,668,329	191,668,329
2) Securities premium	31,092,928	31,092,928
3) Retained Earnings		
Opening balance	(79,230,118)	(38,102,288)
Add: Net Profit for the current year	21,893,884	(41,127,830)
Balance available for appropriation	(57,336,234)	(79,230,118)
Less: Appropriations :	—	—
Sub total	(57,336,234)	(79,230,118)
4) Other Reserves		
Capital Reserves	14,926	14,926
Closing balance	165,439,949	143,546,065

## 11. NON CONTROLLING INTERESTS

Non controlling interest on consolidation	10,000	10,000
Share of Profit/ (Loss) during the year	(5)	—
	9,995	10,000

## NOTES TO CONSOLIDATED ACCOUNTS

### 12. FINANCIAL LIABILITIES - BORROWINGS

	EIR (P.A)	Maturity	Terms of repayment	31-03-2018	In ₹ 31-03-2017
<b>1) Non- current borrowings</b>					
<b>a) Term Loans</b>					
<b>i) From Banks (Secured)</b>					
Samarth Sahakari Bank Ltd (secured by mortgage of immovable property)	15.0%		Repayable in 84 monthly installments	<b>49,792,205</b>	41,826,634
Shree Mahalaxmi Co-Op. Bank Ltd (secured by mortgage of immovable property)	12.5%		Repayable in 60 monthly installments	<b>8,635,218</b>	1,891,091
Shree Mahalaxmi Co-Op. Bank Ltd., (secured by mortgage of immovable property)	14.5%		Repayable in 60 monthly installments	—	4,413,532
Dombivali Nagari Sahakari Bank Limited (secured by mortgage of immovable property)	13.0%		Repayable in 48 monthly installments	—	864,287
Shree Mahalaxmi Co-Op. Bank Ltd (secured by mortgage of immovable property)	13.5%		Repayable in 48 monthly installments	—	6,165,086
Shree Mahalaxmi Co-Op. Bank Ltd (secured by mortgage of immovable property)	13.5%		Repayable in 60 monthly installments	—	8,293,935
State Bank of India (secured by hypothecation of vehicle acquired out of the loan)	9.9%		Repayable in 36 monthly installments	—	60,847
Samarth Sahakari Bank Ltd (secured by mortgage of immovable property)	15.0%		Repayable in 84 monthly installments	—	17,368,032
Bank of Maharashtra (secured by hypothecation of stock and receivables and mortgage of immovable properties )	12.45%		Repayable in 60 monthly installments	<b>17,808,903</b>	23,873,030
Term loan from KAIJSBL, (secured by hypothecation of machineries and mortgage of immovable property.)	13.00%		Repayable in 20 quarterly instalments	<b>56,338,449</b>	—
<b>ii) From Others (Secured)</b>					
Electronica Finance Limited (secured by hypothecation of machinery acquired out of the loan)	13.5%		Repayable in 36 monthly installments	<b>676,812</b>	1,664,445
<b>Total Secured Term Loans</b>				<b>133,251,587</b>	106,420,919

## NOTES TO CONSOLIDATED ACCOUNTS

	EIR (P.A)	Maturity	Terms of repayment	31-03-2018	In ₹ 31-03-2017
<b>b) Interest Free Sales Tax Deferred Payment Liability (Unsecured)</b>				<b>17,734,579</b>	25,358,871
				<b>150,986,166</b>	<b>131,779,790</b>
Loans guaranteed by Managing Director (Including Current Maturities)				<b>179,328,422</b>	147,510,918
<b>2) Current borrowings</b>					
<b>(a) Secured</b>					
(i) Loans repayable on demand from bank:					
Working Capital loan repayable on demand		On Demand		<b>168,511,025</b>	167,496,041
(secured against hypothecation of stock & book debts and mortgage of immovable property )					
(ii) Other Loans					
Buyers Credit and Post Shipment Credits		On Demand		<b>52,775,545</b>	51,015,251
<b>(b) Unsecured</b>					
(i) Loan from Finance Companies		On Demand		<b>4,500,000</b>	5,000,000
				<b>225,786,570</b>	<b>223,511,292</b>
Out of the above, Loans guaranteed by Managing Director				<b>221,286,570</b>	<b>218,511,292</b>

Note:

There is no continuing default as at the balance sheet date, in repayment of any of the above loans and interest thereon.

### 13. FINANCIAL LIABILITIES

<b>1) Trade payable</b>		
<b>To related parties</b>	<b>10,423,883</b>	14,921,251
<b>To others</b>	<b>120,417,911</b>	100,657,418
Total outstanding dues of creditors other than MSME Micro, small and medium enterprises	<b>130,841,794</b>	115,578,669
<b>Non Current trade Payables</b>	<b>2,357,668</b>	1,285,431
<b>Current trade Payables</b>	<b>128,484,126</b>	114,293,238

## NOTES TO CONSOLIDATED ACCOUNTS

In ₹

	31-03-2018	31-03-2017
<b>2) Other financial liabilities</b>		
(i) Current Maturities of long term debt	57,046,067	51,540,843
(ii) Interest accrued but not due on borrowings	929,991	854,234
(iii) Payables on account of purchases of fixed assets	3,912,806	430,210
(iv) Creditors for expenses	11,974,678	9,883,941
(v) Unpaid dividend	1,025,874	1,454,712
(vi) Deposit with dealers	4,973,000	3,378,000
(vii) Security Deposit	50,000	—
<b>Total other financial liabilities</b>	<b>79,912,416</b>	<b>67,541,940</b>
Non current financial liabilities	5,023,000	3,378,000
Current financial liabilities	74,889,416	64,163,940

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

- 1) Trade payables are non-interest bearing and are normally settled on 30 to 120 day terms
- 2) For explanations on the Company's credit risk management processes, refer to Note 30

## 14. PROVISIONS

<b>1) Provision for employee benefits</b>		
(i) Leave encashment	4,083,375	4,201,758
(ii) Gratuity	16,686,657	16,031,206
<b>Total provision for employee benefits</b>	<b>20,770,032</b>	<b>20,232,964</b>
<b>Non-current provision for employee benefits</b>	<b>11,255,406</b>	<b>17,934,786</b>
<b>Current provision for employee benefits</b>	<b>9,514,626</b>	<b>2,298,178</b>
<b>2) Others</b>		
(i) Provision for warranty (Refer Note 28)	1,860,000	1,620,000
	1,860,000	1,620,000
<b>Non current other provision</b>	<b>—</b>	<b>—</b>
<b>Current other provision</b>	<b>1,860,000</b>	<b>1,620,000</b>
	<b>22,630,032</b>	<b>21,852,964</b>
<b>Non-current provision</b>	<b>11,255,406</b>	<b>17,934,786</b>
<b>Current provision</b>	<b>11,374,626</b>	<b>3,918,178</b>

## 15. OTHER LIABILITIES

1) Statutory dues	555,691	7,257,209
2) Advances from customer	1,598,711	1,944,189
3) Other payables	38,744,929	33,697,213
4) Deferred Revenue arising from government grant	5,602,329	7,882,453
5) Current Maturities of Deferred Revenue arising from government grant	2,280,124	2,280,124
	48,781,784	53,061,188
<b>Total Non-current Liabilities</b>	<b>5,602,329</b>	<b>7,882,453</b>
<b>Total Current Liabilities</b>	<b>43,179,455</b>	<b>45,178,735</b>
	<b>48,781,784</b>	<b>53,061,188</b>

## NOTES TO CONSOLIDATED ACCOUNTS

In ₹

**31-03-2018**      31-03-2017

### 16. REVENUE FROM OPERATIONS

Sale of product	864,867,481	732,260,133
Sale of services	—	—
Other operating revenue	8,425,277	9,863,123
	<u>873,292,758</u>	<u>742,123,256</u>

### 17. OTHER INCOME

#### (a) Interest Income

(i) From bank	1,742,202	1,456,132
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#### (b) Dividend income

	196,988	31,762
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#### (c) Other non-operating income

(i) Government Grant	2,280,124	2,280,124
(ii) Lease rent	360,000	360,000
(iii) Miscellaneous income	11,168	42,079
iv) Credit balances written back	—	271,402
v) Profit on sale of Fixed Asset	3,168	
vi) Insurance claim	14,533	1,605,630

2,668,993      4,559,235

4,608,183      6,047,129

\* Total income from operations, includes excise duty recovered.  
Hence figures of total income from operations are not comparable.

### 18. COST OF MATERIAL CONSUMED

Raw material consumed	326,593,099	261,583,453
<b>Total Cost of Raw materials Consumed</b>	<u>326,593,099</u>	<u>261,583,453</u>

**Changes in inventories of finished goods, work-in-progress and stock-in-trade**

#### Opening Stock

Finished goods	26,975,401	30,442,814
Work-in- progress	30,373,328	39,370,501
Stock in trade	93,552,673	65,281,664
	<u>150,901,402</u>	<u>135,094,979</u>

## NOTES TO CONSOLIDATED ACCOUNTS

In ₹

	31-03-2018	31-03-2017
<b>Closing Stock</b>		
Finished goods	54,295,601	26,975,401
Work-in- progress	39,816,245	30,373,328
Stock in trade	75,668,227	93,552,673
	<u>169,780,073</u>	<u>150,901,402</u>
Excise duty on stock differential	(2,717,344)	(222,701)
<b>Changes in inventories of finished goods, Stock-in -Trade and work-in-progress</b>	<u>(21,596,015)</u>	<u>(16,029,124)</u>
 <b>19. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	90,225,551	91,417,131
Contribution to provident fund and other fund	4,089,263	4,538,882
Gratuity	2,335,929	2,182,050
Welfare expenses	1,791,320	1,801,232
	<u>98,442,063</u>	<u>99,939,295</u>
 <b>20. FINANCE COST</b>		
(a) Interest expense		
Bank	44,794,590	42,726,130
(b) Interest on Interest free government loan	4,069,808	4,069,808
(c) Other borrowing cost	5,295,457	3,933,711
(d) Interest expense on payables	-	-
	<u>54,159,855</u>	<u>50,729,649</u>
 <b>21. DEPRECIATION AND AMORTISATION</b>		
Depreciation on tangible assets	32,653,024	35,547,564
Depreciation on intangible assets	734,161	1,062,612
Depreciation on investment property	31,978	31,978
	<u>33,419,163</u>	<u>36,642,154</u>



## NOTES TO CONSOLIDATED ACCOUNTS FINANCIAL STATEMENTS

In ₹

31-03-2018

31-03-2017

### 22. OTHER EXPENSES

Stores, Spares consumed	16,596,981	14,944,546
Processing Charges	30,704,964	25,209,917
Power and Fuel consumed	11,809,860	11,105,839
Repairs to Plant and Machinery	6,667,134	6,053,531
Repairs to Factory Building	1,526,975	1,440,848
Services to Manufacturing	3,817,343	3,715,359
Rent	5,349,025	6,251,622
Insurance	1,758,133	2,264,295
Rates and Taxes (other than taxes on income)	154,745	2,797,703
Payment to Statutory Auditors:		
- as auditors	300,000	225,000
- for other services ( Limited Review and Certification )	45,000	45,000
- reimbursement of expenses ( out of pocket expenses )	95,179	55,493
Legal, Professional and Consultancy Charges	8,989,505	8,495,829
Advertisement, Publicity and Sales Promotion	7,246,171	4,390,008
Directors' Sitting Fees	700,000	600,000
Warranty Expense	3,087,149	2,646,379
Travelling & Conveyance	22,421,524	20,045,279
Printing & Stationery	2,245,399	2,168,895
Postage & Telephone	2,190,074	2,159,866
Product Distribution	23,954,753	22,261,990
Packing Material	15,578,384	13,305,036
Bad Debts Written Off	300,000	27,771,402
Loss on Sale of Fixed Assets	—	45,646
Miscellaneous Balances written off	173,067	—
Diminution in Investment	140,000	—
Miscellaneous Expenses	7,049,597	8,231,664
Excise duty	11,719,791	59,553,984
	<b>184,620,753</b>	<b>245,785,131</b>

### 23. OTHER COMPREHENSIVE INCOME

Remeasurements gains and losses on post employments benefits	793,590	(144,120)
Tax on remeasurements gains and losses	247,600	47,648
	<b>545,990</b>	<b>(96,472)</b>

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**Form No.MGT - 12****Polling Paper**

[Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : **KULKARNI POWER TOOLS LIMITED**

Registered Office : **At Post – Shirol, Dist.Kolhapur 416103, Maharashtra, India.**

**BALLOT PAPER**

Sl. No.	Particulars	Details
1.	Name of the first named Shareholder	
2.	Postal Address	
3.	Registered Folio No./ *Client ID No.	
4.	Class of Share	EQUITY

\*Applicable to investors holding shares in dematerialized forms

I hereby exercise my vote in respect of Ordinary/Special Resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

Sl. No.	Item No.	No. of Shares held by me	I assent to the resolution	I dissent from the resolution
1.	To receive, consider and adopt the Financial Statements for the year ended on 31 <sup>st</sup> March, 2018 and the Board's & Auditor's Reports, thereon.			
2.	To appoint a Director in place of Mrs.Prabha Kulkarni, Director (DIN : 0053598), who retires by rotation and, being eligible, seeks re-appointment.			
3.	To appoint a Director in place of Mr. Dilip Kulkarni, Director (DIN : 00184727), who retires by rotation and, being eligible, seeks re-appointment.			
4.	Change in the name of the Company from <b>KULKARNI POWER TOOLS LTD.</b> , to <b>KPT Ltd.</b>			

Place :

Date :

(Signature of Shareholder)

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Vikhroli (West), Mumbai 400 083

Tel : 022-49186300