

**Regd. Office & Works :**  
 Shirol, Dist. Kolhapur - 416 103.  
 Maharashtra (India)  
 Tel. : ~~00-01-2322-661500~~  
 Fax : ~~00-01-2322-661546~~  
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CIN - L29130MH1976PLC019147



**KPT's New Nos.:**

Tel. : +91 - 231 - 2689900  
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KPT/SECR/STEX/19-20

[www.listing.bseindia.com](http://www.listing.bseindia.com)

03<sup>rd</sup> September, 2019

**BSE Limited**

Corporate Relationship Department  
 2<sup>nd</sup> Floor, New Trading Ring,  
 P.J. Towers, Dalal Street.

**MUMBAI 400 001**

Dear Sir,

**Sub: - Submission of Annual Report pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting here with our 43<sup>rd</sup> Annual Report for the year ending as on 31.03.2019.

Kindly take the same on your record.

Thanking you,

Yours faithfully,  
 For Kulkarni Power Tools Ltd.,

  
 Aishwarya Toraskar  
**COMPLIANCE OFFICER**

Encl: - a/a.





**KULKARNI POWER TOOLS LTD.**

**43<sup>rd</sup> ANNUAL REPORT  
2018-19**



# KULKARNI POWER TOOLS LTD.

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

## BOARD OF DIRECTORS

<b>P.A. KULKARNI</b>	Executive Chairman
<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, 2nd Stage,  
Vasant Vihar Colony, Tilakwadi,  
Belagavi - 590 006.

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## BOARD'S REPORT

To,

**The Members,**

Your Directors have pleasure in presenting the 43<sup>rd</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2019.

### 1. FINANCIAL RESULTS:

	<b>31-03-2019</b>	₹ In Lakhs 31-03-2018
Turnover	<b>10465.76</b>	8749.05
Profit Before Interest, Depreciation, Tax & Exceptional Items	<b>1246.57</b>	1085.05
Less : Interest	<b>592.21</b>	553.15
Less : Depreciation	<b>303.92</b>	334.19
Profit Before Tax	<b>350.44</b>	197.70
Less : Provision for Taxation, including Deferred Tax	<b>(6.22)</b>	(44.61)
Profit After Tax	<b>356.66</b>	242.31
Less : Other Comprehensive Income	<b>(4.31)</b>	(5.46 )
Net Profit for the current year	<b>352.35</b>	247.77
Add : Amount brought forward from last year	<b>(266.71)</b>	(514.48)
Profit available for Appropriation	<b>85.64</b>	(266.71)
Transfer to General Reserve	-	-
Balance Carried Forward to Balance Sheet	<b>85.64</b>	( 266.67)
Proposed Dividend	<b>25.50</b>	-
Tax on Proposed Dividend	<b>5.24</b>	-

### 2. OPERATIONS AND FUTURE PROSPECTS:

Though the Indian economy has showed overall slowness, your Company continued to deliver good results.

The clouds of recession amidst the international slowdown, together with the flood fury in India, may have an impact on the performance of the Company. Company is taking commensurate steps to lower the impact of these factors, as much as possible.

### 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, Mr. Dilip B. Kulkarni, Chief Financial Officer and Ms. Aishwarya S. Toraskar, Company Secretary, are the Key Managerial Persons of the Company.

### **Declarations of Independence from 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**

Mr.Prakash. A. Kulkarni, Director (DIN :00052342), 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 forth coming Annual General Meeting. The Board recommends his appointment.

Dr.Ketan V.Pai, Director (DIN :06980628), 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 4 (Four) times on 25-05-2018, 13-08-2018, 12-11-2018 & 11-02-2019, 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 4 (Four) times on 25-05-2018, 13-08-2018, 12-11-2018 & 11-02-2019, in respect of which proper notices were given and the proceedings were properly recorded and signed.

The Nomination & Remuneration Committee of the Board of Directors met 1 (One) time on 11-02-2019 in respect of which proper notice was 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:

<b>Sl. No.</b>	<b>Dates of Meeting</b>	<b>Attended by</b>
<b>1.</b>	<b>25-05-2018</b>	Mr.P.A.Kulkarni, Mr.M.L.Apte, Mr.D.C.Shroff, Mrs.P.P.Kulkarni, & Mr.D.B.Kulkarni.
<b>2.</b>	<b>13-08-2018</b>	Mr.P.A.Kulkarni, Mr.D.C.Shroff, Mr.S.S.Shirgaokar, Mr.S.C.Kirloskar, Mrs.P.P.Kulkarni, Mr.D.B.Kulkarni & Dr.K.V.Pai.

3.	12-11-2018	Mr.P.A.Kulkarni, Mr.M.L.Apte, Mr.D.C.Shroff, Mrs.P.P.Kulkarni, Mr.D.B.Kulkarni & Dr.K.V.Pai.
4.	11-02-2019	Mr.P.A.Kulkarni, Mr.M.L.Apte, Mr.S.S.Shirgaokar, Mrs.P.P.Kulkarni, Mr.D.B.Kulkarni & Dr.K.V.Pai

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.	25-05-2018	Mr. M.L. Apte & Mr. D.B.Kulkarni
2.	13-08-2018	Mr. S.S.Shirgaokar & Mr.D.B.Kulkarni
3.	12-11-2018	Mr. M.L.Apte & Mr.D.B.Kulkarni
4.	11-02-2018	Mr. P.A.Kulkarni, Mr.M.L.Apte, S.S.Shirgaokar & Mr. D.B.Kulkarni

The details of the Nomination & Remuneration Committee and the Directors who attended the meetings are given below:

Sl. No.	Dates of Meeting	Attended by
1.	11-02-2019	Mr. S.S.Shirgaokar, Mr. M.L.Apte & Mrs. P.P.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.

**Salient features of the Nomination and Remuneration Policy are as follows:**

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required.
- b) Remuneration is linked to performance.
- c) Ensuring that remuneration to directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- d) The criteria for determining qualifications, positive attributes and independence of a Director.

The Nomination and Remuneration Policy of the Company is available on [www.kpt.co.in](http://www.kpt.co.in) pursuant to provisions of Section 178(4) of the Companies Act, 2013.

**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 5 (Five) Directors. Out of which 3 (Three) 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.



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**10. SECRETARIAL AUDIT REPORT:**

With respect to Secretarial Audit Report, attached herewith as **Annexure-I**, to this report, the Company has taken all the required steps to put in place the necessary procedural compliance.

**11. DIVIDEND:**

Your Directors are pleased to recommend a payment of dividend at the rate of 15% for the year ended on 31<sup>st</sup> March, 2019.

**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 deposits during the financial year.

**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 Section 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 sixteen 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 : ₹ 915.35 lacs

Outgo : a) Material ₹ 3,632.13 lacs

b) Others ₹ 12.45 lacs

**Total ₹ 3,644.58 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 2018-2019.

**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. INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. The scope of the Internal Audit is decided by the Audit Committee and the Board. To maintain its objectivity and independence, the Board has appointed an Auditor, which reports to the Audit Committee of the Board on a periodic basis.

The Internal Auditor monitors and evaluates the efficacy and adequacy of Internal control Systems in the Company, its compliance with operating systems, accounting procedures and policies for various functions of the Company. Based on the report of Internal Auditor, management undertakes corrective action wherever required and thereby strengthens the control further.

The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

**32. MAINTENANCE OF COST RECORDS:**

Maintenance of cost records is required by the Company under section 148(1) of the Companies Act, 2013 and accordingly such accounts and records are made and maintained.

**33. 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**

**Prakash Kulkarni**  
**Vice Chairman & Managing Director**  
DIN : 00052342

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

**Place : Mumbai**  
**Date : 10<sup>th</sup> August, 2019**

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## **Annexure I**

**Form No. MR-3**

### **SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019

*[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 Shirol  
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, 2019 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, 2019 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.

**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. There were no change in the composition of the Board of Directors.

*Following E-forms were filed with MCA after the closure of the financial year.*

*E-form MGT-14 and DIR-12 for appointment of KMP- CFO and Company Secretary w.e.f. 11.02.2019*

*E-form MGT-14 for Board Resolution dated 11.02.2019 for authorizing borrowings Company has not placed its NRC policy i.e. - Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013 on its website.*

*The Company is in the process of composing Stakeholders Grievances Committee. Although Company has Share Transfer Committee for dealing with the Securities of the Company.*

*During the financial year there was a revision in the credit rating obtained by the company. Disclosure of the same is reported to Stock Exchange after the end of Financial Year but before signing of this report.*

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: 31/07/2019**

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**'Annexure A'**

**To,**

The Members,  
**Kulkarni Power Tools Ltd**  
At & post Shirol,  
Dist Kolhapur Shirol  
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: 31/07/2019**

**Annexure II**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31.03.2019

[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:**

<b>i) CIN:-</b>	L29130MH1976PLC019147
<b>ii) Registration Date</b>	30 <sup>th</sup> July, 1976
<b>iii) Name of the Company</b>	Kulkarni Power Tools Ltd.,
<b>iv) Category/ Sub-Category of the Company</b>	Company Limited by Shares Indian Non- Government Company
<b>v) Address of the Registered office and contact details</b>	At & Post. Shirol, Dist.Kolhapur, 416103, Maharashtra, India. Tel.0231-2689900
<b>vi) Whether listed company Yes / No</b>	Yes
<b>vii) Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	M/s.LinkIntime 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	21.13%
2	Grinders & Sanders	84672900	16.51%
3	Root blowers	84145930	14.30%
4	Grinders, Sanders & Spares	85030090	7.54%

**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

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	%	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	259456	-	259456	7.63	259456	-	259456	7.63	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	778812	-	778812	22.91	778812	-	778812	22.91	-
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any other(Trust)	474209	-	474209	13.94	474209	-	474209	13.94	-
<b>SUB-TOTAL A(1)</b>	<b>1512477</b>	<b>-</b>	<b>1512477</b>	<b>44.49</b>	<b>1512477</b>	<b>-</b>	<b>1512477</b>	<b>44.48</b>	<b>-</b>
<b>(2) 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>	<b>127012</b>	<b>-</b>	<b>127012</b>	<b>3.74</b>	<b>127012</b>	<b>-</b>	<b>127012</b>	<b>3.74</b>	<b>-</b>
<b>TOTAL SHAREHOLDING OF PROMOTER (A)= (A) (1)+(2)</b>	<b>1639489</b>	<b>-</b>	<b>1639489</b>	<b>48.22</b>	<b>1639489</b>	<b>-</b>	<b>1639489</b>	<b>48.22</b>	<b>-</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>1. 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>	<b>100</b>	<b>100</b>	<b>200</b>	<b>0.01</b>	<b>100</b>	<b>100</b>	<b>200</b>	<b>0.01</b>	<b>0</b>

<b>2. Non-Institutions</b>										
<b>a) Bodies Corporate</b>										
i) Indian	181125	2000	183125	5.39	121978	2000	123978	3.65	1.74	
ii) Overseas	-	-	-	-	-	-	-	-	-	
<b>b) Individuals</b>										
i) Individual shareholders holding nominal share capital upto Rs. 2.lakh	1114441	269971	1384412	40.72	1151772	258508	1410280	41.48	0.76	
ii) Individual shareholders holding share capital in excess of Rs. 2 lakh	-	-	-	-	51727	-	51727	1.52	1.52	
<b>c) Others (Specify)</b>										
<b>HUF</b>	78301	-	78301	2.30	64287	-	64287	1.89	0.41	
<b>IEPF</b>	89025	-	89025	2.62	89025	-	89025	2.62	-	
Clearing Member	6373	-	6373	0.18	5166	-	5166	0.15	0.03	
NRI (REPAT)	16230	-	16230	0.48	14569	-	14569	0.43	0.05	
NRI (NON-REPAT)	2845	-	2845	0.08	1279	-	1279	0.03	0.05	
<b>SUB TOTAL (B) (2):</b>	<b>1488340</b>	<b>271971</b>	<b>1760311</b>	<b>51.77</b>	<b>1499803</b>	<b>260508</b>	<b>1760311</b>	<b>51.77</b>	<b>-</b>	
<b>TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2)</b>	<b>1488440</b>	<b>272071</b>	<b>1760511</b>	<b>51.78</b>	<b>1499903</b>	<b>260608</b>	<b>1760511</b>	<b>51.78</b>	<b>-</b>	
<b>C. SHARES held by custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	
<b>GRAND TOTAL (A+B+C)</b>	<b>3127929</b>	<b>272071</b>	<b>3400000</b>	<b>100</b>	<b>3139392</b>	<b>260608</b>	<b>3400000</b>	<b>100</b>	<b>-</b>	

**(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 share- holding during the year
1	Suvina Engineers Pvt.Ltd.,	778812	22.91	-	778812	22.91	-	-
2	KPT Employees Welfare Trust	324000	9.53	-	324000	9.53	-	-
3	Sunanda Ashok Kulkarni	162176	4.77	-	162176	4.77	-	-
4	Neema Dilip Kulkarni	127012	3.74	-	127012	3.74	-	-
5	Ashok Arvind Kulkarni	82304	2.42	-	82304	2.42	-	-
6	Ajit Arvind Kulkarni	14976	0.44	-	14976	0.44	-	-
7	Prabha Kulkarni Endowment Trust	76804	2.26	-	76804	2.26	-	-
8	Prakash Kulkarni Endowment Trust	73405	2.15	-	73405	2.15	-	-
	<b>TOTAL</b>	<b>1639489</b>	<b>48.22</b>	<b>-</b>	<b>1639489</b>	<b>48.22</b>	<b>-</b>	<b>-</b>

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

Sl. No.	Particulars	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	-	-	-	-
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):	-	-	-	-
3	At the End of the year	-	-	-	-

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

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.3.2019	
		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	26000 13.04.18 20.04.18 27.04.18 29.04.18	0.7647 Sale Sale Sale Sale	500 1250 250 750 23250	0.6838
2	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
3	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
4	AMIT LAXMICHAND PATEL IN30048413286776 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

5	Tanvi Jignesh Mehta - 1204200000178481				
	a) At the beginning of the year				
	b) Change during the year	Nil			
		16.11.18	Buy	41250	
		07.12.18	Buy	100	
		04.01.19	Buy	3585	
		15.02.19	Buy	5167	
	08.03.19	Buy	1065		
	15.03.19	Buy	560		
c) At the end of the year			51727	1.5213	
6	P Mukesh - IN30311610454955				
	a) At the beginning of the year				
	b) Change during the year	14007	0.4119		
		20.07.18	Buy	230	
		07.09.18	Buy	358	
		14.09.18	Buy	550	
		21.09.18	Buy	5803	
		05.10.18	Buy	161	
		12.10.18	Buy	3585	
		19.10.18	Buy	655	
		26.10.18	Buy	407	
		02.11.18	Buy	804	
		09.11.18	Buy	305	
		16.11.18	Buy	845	
		23.11.18	Buy	12	
		30.11.18	Buy	700	
		07.12.18	Buy	372	
		14.12.18	Buy	1363	
		04.01.19	Buy	50	
		11.01.19	Buy	41	
	18.01.19	Buy	1000		
	08.02.19	Buy	300		
	15.02.19	Buy	76		
c) At the end of the year			31624	0.9301	
7	Deepak A. Shinde - IN30018311286199				
	a) At the beginning of the year				
	b) Change during the year	24000	0.7058		
	c) At the end of the year		No Change	24000	0.7058
8	Abhimanyu J L - IN30048414149639				
	a) At the beginning of the year	Nil	Buy	400	
	b) Change during the year	17.08.18	Buy	1600	
		24.08.18	Buy	1450	
		31.08.18	Buy	4550	
		07.09.18	Buy	1000	
		16.11.18	Buy	1000	
		23.11.18	Buy	500	
		30.11.18	Buy	346	
		07.12.18	Buy	500	
		28.12.18	Buy	1300	
		04.01.19	Buy	600	
		15.02.19	Buy	954	
		15.03.19			
	c) At the end of the year			14200	0.4176

9	Kailash P Joshi 1201170000145811				
		a) At the beginning of the year	4000	0.1176	
		b) Change during the year	04.05.18	Buy	7549
			11.05.18	Buy	451
			05.10.18	Buy	600
	12.10.18	Buy	424		
c) At the end of the year			13024	0.3830	
10	Kamal Bimal Biswas IN30154918575046				
		a) At the beginning of the year	10280	0.3023	
		b) Change during the year	22.06.18	Buy	31
			30.06.18	Buy	1789
c) At the end of the year			12100	0.3558	

**(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	2400	0.0706	
		b) Change during the year		No Change	
	c) At the end of the year			2400	0.0706
2	PRAKASH ARVIND KULKARNI K00267				
		a) At the beginning of the year	2160	0.0635	
		b) Change during the year		No Change	
	c) At the end of the year			2160	0.0635
3	Ketan Vikas Pai 1301240002476689				
		a) At the beginning of the year	6200	0.1824	
		b) Change during the year		No Change	
	c) At the end of the year			6200	0.1824

**V. INDEBTEDNESS—Indebtedness of the Company including interest outstanding/accrued but not due for payment**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,006.76	382.32	Nil	4,389.08
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	5.77	Nil	Nil	5.77
<b>Total (i+ ii+iii)</b>	<b>4,012.53</b>	<b>382.32</b>	<b>Nil</b>	<b>4,394.85</b>

<b>Change in Indebtedness during the financial year</b>				
• Addition	298.25	22.50	Nil	523.25
• Reduction	571.98	294.96	Nil	866.94
<b>Net Change</b>	<b>(273.74)</b>	<b>(69.96)</b>	<b>Nil</b>	<b>(343.70)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3,731.50	312.35	Nil	4,043.85
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	7.30	Nil	Nil	7.30
<b>Total (i+ii+iii)</b>	<b>3,738.80</b>	<b>312.36</b>	<b>Nil</b>	<b>4,051.15</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	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25.92	15.00	40.92
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.94	0.22	1.15
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, PPF & Gratuity	2.75	2.22	4.97
	<b>Total (A)</b>	<b>29.60</b>	<b>17.44</b>	<b>47.04</b>
	Ceiling as per the Act	7%	3%	10%

**Remuneration to other directors: -**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		D.C.Shroff	M.L.Apte	S.S.Shirgaonkar	S.C.Kirloskar	
1	Independent Directors					
	• Fee for attending board / committee meetings	1.20	2.90	2.50	0.50	7.10
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (1)	1.20	2.90	2.50	0.50	7.10
2	Other Non-Executive Directors					
	• Fee for attending board / committee meetings	K.V.Pai 1.50	Mrs.P.P. Kulkarni 2.20	-	-	3.70
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	Total (2)	1.50	2.20	-	-	3.70
	Total (B)=(1+2)	2.70	5.10	2.50	0.50	10.80
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act					1%

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	0.58	-	0.58
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5	Others, PF	-	0.01	-	0.01
	Total	-	0.59	-	0.59

**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.**

Sr. 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**

Sr. 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	-	-	01.04.2018 to 31.03.2019
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	-	-	Total Amount of All Transactions upto Rs.344 lacs
(e)	Date(s) of approval by the Board, if any	-	-	12-02-2018
(f)	Amount paid as advances, if any	-	-	-

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

**Prakash Kulkarni**  
**Managing Director**  
Din : 00052342

**Dilip Kulkarni**  
**Executive Director**  
Din : 00184727

Place : Mumbai  
Date : 10<sup>th</sup> August, 2019



## 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 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 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 2017-18	% increase in Remuneration in the Financial Year 2018-19	Ratio of Remuneration of each Director to Median Remuneration of Employees
1	Prakash Arvind Kulkarni	26.64	0.74	8.63
2	Dilip Bindumadhav Kulkarni	15.22	-	4.89
3	Aishwarya Suresh Toraskar	-	-	-

1. The Median remuneration of employees of the Company during the financial year 2018-19 was Rs.3.11 lakhs.
2. In the financial year 2018-19, there was an increase of 7.61% in the median remuneration of the employees.
3. As on March 31, 2019, there were 270 permanent employees who were on the roll of the Company.
4. Average percentile increase made in the salaries of employees other than managerial personnel in the last financial year is 1.89% and percentile increase in the managerial remuneration is 0.50%.
5. The remuneration is as per the remuneration policy of the Company. The policy is in affirmation with the applicable provisions of the Companies Act, 2013.
6. Statement of Top 10 Employees covered as per Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014: **NIL**.
7. Disclosure pursuant to section 197(14) where, any managing or whole-time director of the Company who is in receipt of any commission from the Company, receiving any remuneration or commission from any holding company or subsidiary Company of such Company : **N.A.**

**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 Audit of the Standalone Indian Accounting Standards (Ind AS) Financial Statements**

**Opinion**

I have audited the standalone Ind AS financial statements of **Kulkarni Power Tools Limited**. (“the Company”), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Standalone Ind AS Financial Statements”).

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 standalone state of affairs of the Company as at 31<sup>st</sup> March 2019, and its standalone profit (including Other Comprehensive Income), and its standalone cash flows for the year ended on that date.

**Basis for Opinion**

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. My responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of my report. I’m independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to my audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013, and the Rules thereunder and have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the Standalone Ind AS financial statements of the current period. These matters were addressed in the context of my audit of the Standalone Ind AS financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined the matter described below to be the key audit matter to be communicated in my report

**IND AS 115 - Revenue from Contracts with Customers**

Effective 1 April 2018, the Company has adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch up transition method, applied to contracts that were not completed as of 1 April 2018. In accordance with the cumulative catch up transition method, the comparatives have not been retrospectively adjusted. There is no transition impact on the financials of the Company.

I have identified this as a key audit matter since this area involves significant management judgement and estimates including whether contracts contain multiple performance obligations which should be accounted for separately. This comprises allocation of the transaction price to each performance obligations. Further, assessing whether the identified performance obligations are satisfied at a point in time or satisfied over a period of time. In case of satisfied at a point in time, determining the point in time when the control is transferred to the customer.

### Audit Methodology

- I reviewed the implementation of IND AS 115, including the recognition of the effect on opening equity, if any.
- Analysed a sample of the major streams of revenue to assess whether the method of revenue recognition is consistent with IND AS 115 and has been applied consistently.
- Focused on contract classification, determination of the performance obligations and determine transaction price including variable consideration.
- Evaluated and challenged the significant judgements and estimates made by management in applying the accounting policy to a sample of specific contracts for allocation of transaction price and the timing of transfer of control.
- Based on the above, there are no significant impacting matters arising out of adoption of IND AS 115.

### Other Information

The Company's Board of Directors is responsible for the other information. My opinion on the Standalone Ind AS Financial Statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is no material misstatement of this other information; I'm required to report that fact. I have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the standalone financial position, Standalone financial performance, (standalone changes in equity) and standalone cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the 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.

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

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

### Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

My objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit

conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements.

As part of an audit in accordance with SAs, I exercise professional judgement and maintain professional scepticism throughout the audit.

I also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, I'm also responsible for expressing my opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I'm required to draw attention in my auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

From the matters communicated with those charged with governance, I have determined those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements of the current period and are therefore the key audit matters. I have described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I have determined that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

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

- 
2. As required by Section 143(3) of the Act, 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 purposes 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), and the Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2019, 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”.
  - 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:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 23 to the financial statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts as at year end;
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**Place : Mumbai**  
**Date : 28<sup>th</sup> May, 2019**

**Dharmendra R Prabhukhot**  
Chartered Accountant  
Membership Number – 219438

## 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 is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In my opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties, as disclosed in Note 1 on fixed assets to the financial statements are held in the name of the Company.
- ii. The physical verification of inventory [including stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or Security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3 (iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

I have broadly reviewed the same, and is of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. I have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- vii. (a) According to the information and explanations given to us and the records of the Company examined by me, in my opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, Goods and Service Tax, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to me and the records of the Company examined by me, the particulars of dues of income tax, sales tax, duty of customs and Goods and Service Tax, as at 31<sup>st</sup> March, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Maharashtra Value Added Tax Act, 2002 and Central Sales Tax Act, 1956	Sales Tax	30.49	2012-13	Jt. Commissioner of Sales Tax (Appeals) Kolhapur
Maharashtra Value Added Tax Act, 2002 and Central Sales Tax Act, 1956	Sales Tax	25.35	2013-14	Jt. Commissioner of Sales Tax (Appeals) Kolhapur

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Maharashtra Value Added Tax Act, 2002 and Central Sales Tax Act, 1956	Sales Tax	8.13	2014-15	Jt. Commissioner of Sales Tax (Appeals) Kolhapur
Maharashtra Value Added Tax Act, 2002 and Central Sales Tax Act, 1956	Sales Tax	14.84	2015-16	Jt. Commissioner of Sales Tax (Appeals) Kolhapur
Karnataka Value Added Tax Act, 2003	Karnataka Entry Tax	1.20	2011-12	Jt. Commissioner of Commercial Tax (Appeals) Bengaluru

- viii. According to the records of the Company examined by me and the information and explanation given to me, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of my examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to me, I have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.
- xi. 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 Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**Dharmendra R Prabhukhot**  
Chartered Accountant  
Membership Number – 219438

**Place: Mumbai**

**Date: 28<sup>th</sup> May, 2019**

## **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 2019 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.

#### **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 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 31<sup>st</sup> March, 2019, 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 Number – 219438

**Place: Mumbai**  
**Date: 28<sup>th</sup> May, 2019**

**STANDALONE BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2019 ( Contd....)**

		(Amount in ₹ Lakh)	
	Note No	31-03-2019	31-03-2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	1	2,191.04	2,455.94
Capital work-in-progress	1	9.75	2.66
Investment Property	2	139.62	139.94
Goodwill		-	-
Other Intangible assets	1	4.94	7.57
Intangible assets under development		-	-
Biological Asset other than bearer plants		-	-
Financial Assets			
Investments	3	37.95	32.95
Trade receivables	4	110.12	213.50
Loans		-	-
Others	4	574.85	495.03
Other non-current assets	6	7.88	14.43
<b>Total non-current assets</b>		<u>3,076.15</u>	<u>3,362.02</u>
<b>Current Assets</b>			
Inventories	7	2,497.94	2,642.06
Financial Assets			
Investments		-	-
Trade receivables	4	2,847.86	2,238.17
Cash and cash equivalents	8	175.62	180.08
Bank balance other than above	8	186.18	195.70
Loans		-	-
Others	4	7.12	7.88
Other current assets	6	397.62	349.48
<b>Total current assets</b>		<u>6,112.32</u>	<u>5,613.37</u>
<b>TOTAL ASSETS</b>		<u><u>9,188.48</u></u>	<u><u>8,975.39</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	9	170.00	170.00
Other equity	10	2,313.40	1,961.05
<b>Total equity</b>		<u>2,483.40</u>	<u>2,131.05</u>

## STANDALONE BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2019

		(Amount in ₹ Lakh)	
	Note No	31-03-2019	31-03-2018
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	11	1,476.52	1,509.86
Trade payables	12	-	-
Trade payables MSME	12	-	-
Other financial liabilities	12	58.04	50.23
Provisions	13	96.86	112.55
Deferred tax liabilities (Net)	5	166.29	237.28
Other non-current liabilities	14	33.22	56.02
<b>Total non-current liabilities</b>		<b>1,830.93</b>	<b>1,965.95</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	11	1,951.11	2,257.87
Trade payables other than MSME	12	1,307.87	1,308.42
Trade payables MSME	12	115.11	-
Other financial liabilities	12	749.44	748.89
Other current liabilities	14	546.94	431.79
Provisions	13	152.97	113.75
Current tax liabilities (Net)	5	50.71	17.67
<b>Total current liabilities</b>		<b>4,874.15</b>	<b>4,878.39</b>
<b>Total liabilities</b>		<b>6,705.08</b>	<b>6,844.34</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,188.48</b>	<b>8,975.39</b>

See accompanying notes forming 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

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

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

Place : **Mumbai**  
Date : **28<sup>th</sup> May, 2019**

**Ms.A.S.Toraskar**  
Company Secretary  
M.No.A54931

**STATEMENT OF STANDALONE PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019 (Contd...)**

(Amount in ₹ Lakh)

(except EPS)

	Note No.	31-03-2019	31-03-2018
Revenue from Operations	15	10,550.56	8,833.30
Other Income	16	96.21	78.27
<b>Total Income</b>		<b>10,646.77</b>	<b>8,911.57</b>
<b>Expenses</b>			
Cost of materials consumed	17	2,453.48	3,265.93
Purchases of Stock-in-Trade		3,863.85	1,853.75
Changes in inventories of finished goods, stock-in -trade and work-in-progress	17	152.45	(215.96)
Employee benefits expense	18	991.16	972.87
Finance costs	19	592.21	553.15
Depreciation and amortization expense	20	303.92	334.19
Other expenses	21	1,939.27	1,949.94
<b>Total expenses</b>		<b>10,296.33</b>	<b>8,713.87</b>
Profit/(loss)before exceptional items and tax		350.44	197.70
Exceptional items		-	-
<b>Profit / (loss) before tax</b>		<b>350.44</b>	<b>197.70</b>
<b>Tax expenses</b>			
Current tax	5	63.00	21.25
Deferred tax	5	(69.22)	(53.24)
Short/(Excess) Provision		-	(12.62)
<b>Profit/(loss) for the period</b>		<b>356.66</b>	<b>242.31</b>
<b>Other Comprehensive Income</b>			
Remeasurement gains and losses on post employments benefits - Gratuity		(6.08)	7.94
Tax on remeasurement gains and losses-Gratuity		1.77	2.48
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>352.35</b>	<b>247.77</b>

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**STATEMENT OF STANDALONE PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(Amount in ₹ Lakh)

(except EPS)

Note No. **31-03-2019** 31-03-2018

**Earnings Per Equity Share**

(1) Basic in ₹	<b>10.49</b>	7.13
(2) Diluted in ₹	<b>10.49</b>	7.13

Summary of significant accounting policies A1 &A2

See accompanying notes to financial statements 1-33

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

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As per my report of even date attached

For and On behalf of Board of Directors

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

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

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

Place : **Mumbai**  
Date : **28<sup>th</sup> May, 2019**

**Ms.A.S.Toraskar**  
**Company Secretary**  
M.No.A54931

## Statement of changes in Equity for the period ended 31<sup>st</sup> March, 2019

### A. Equity Share Capital (Amount in ₹ Lakh)

Equity Shares issued, subscribed and fully paid	No of Shares	Amount
As at 1 <sup>st</sup> April, 2017	3,400,000	170.00
Issued / Reduced if any during the year	-	-
As at 31 <sup>st</sup> March, 2018	3,400,000	170.00
Issued / Reduced if any during the year	-	-
As at 31 <sup>st</sup> March, 2019	3,400,000	170.00

### B. Other Equity

Particulars	Reserves and Surplus			Other Reserves	Total
	Securities Premium Reserve	Retained Earnings	General Reserve		
Balance as on 31 <sup>st</sup> March, 2018	310.93	(266.71)	1,916.68	0.15	1,961.05
Profit for the year	-	356.66	-	-	356.66
Other Comprehensive income for the year	-	(4.31)	-	-	(4.31)
Dividends	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
<b>Balance as on 31<sup>st</sup> March, 2019</b>	<b>310.93</b>	<b>85.64</b>	<b>1,916.68</b>	<b>0.15</b>	<b>2,313.40</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

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

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

Place : **Mumbai**  
Date : **28<sup>th</sup> May, 2019**

**Ms.A.S.Toraskar**  
Company Secretary  
M.No.A54931

## Cash flow statement for the year ended 31<sup>st</sup> March, 2019 (Contd...)

	(Amount in ₹ Lakh)	
	31-03-2019	31-03-2018
<b>A Cash flow from operating activities</b>		
Net profit before taxation	350.44	197.70
Adjustments for :		
Depreciation	303.92	334.19
(Profit)/Loss on sale of fixed assets	(0.76)	(0.03)
Unrealised foreign exchange loss/gain	0.00	5.05
Bad Debts Written off	104.49	3.00
Remeasurements (gains) or losses on post employments benefits	(6.08)	7.94
Interest income	(47.01)	(46.25)
Dividend income	(2.58)	(1.97)
Dimulation on Investment	0.00	1.40
Interest Income on receivables	(32.25)	0.00
Interest expenses	592.21	541.60
<b>Operating profits before working capital changes</b>	<b>1,262.39</b>	<b>1,042.62</b>
(Increase)/decrease in trade receivables	(539.12)	(296.71)
(Increase)/decrease in other current and non-current assets	42.28	(14.58)
(Increase)/decrease in inventories	144.12	(540.57)
Increase/(decrease) in trade payables	129.96	173.71
Increase/(decrease) in current and non-current liabilities	208.78	31.28
Increase/(decrease) in provisions	(42.10)	7.77
<b>Cash generated from operations</b>	<b>1,206.31</b>	<b>403.52</b>
Income tax paid	(68.38)	26.53
<b>Net cash from operating activities</b>	<b>1,137.93</b>	<b>430.05</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(45.88)	(130.05)
Proceeds from sale of fixed assets	3.48	0.05
Advance for Purchase of fixed assets	6.54	(6.03)
Contribution in Partnership Firm	(108.92)	(28.83)

## Cash flow statement for the year ended 31<sup>st</sup> March, 2019

<b>C</b> Sale/Purchase of investments	<b>(5.00)</b>	(20.65)
Interest received	<b>47.76</b>	47.43
Dividends received	<b>2.58</b>	1.97
Investment in bank deposits ( having original maturity of more than three months )	<b>(84.04)</b>	(3.04)
<b>Net cash from investing activities</b>	<b>(183.47)</b>	(139.15)
<b>Cash flow from financing activities</b>		
Proceed from issuance of share capital	-	-
Proceeds from long term borrowings	<b>650.00</b>	825.00
Repayment of long term borrowings	<b>(573.51)</b>	(509.34)
(Repayment)/proceed of/from other borrowings (net)	<b>(449.65)</b>	(74.93)
Interest paid	<b>(581.30)</b>	(540.84)
Dividends paid	<b>(4.46)</b>	(4.29)
Tax on dividend paid	-	-
<b>Net cash used in financing activities</b>	<b>(958.93)</b>	(304.41)
<b>Net increase in cash and cash equivalents</b>	<b>(4.47)</b>	(13.51)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>180.08</b>	193.60
<b>Cash and cash equivalents at the end of the year</b>	<b>175.62</b>	180.08

As per my report of even date attached

For and On behalf of Board of Directors

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

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

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

Place : **Mumbai**  
Date : **28<sup>th</sup> May, 2019**

**Ms.A.S.Toraskar**  
Company Secretary  
M.No.A54931



## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

### A1. 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.

### A2. 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 financial statements in accordance with Ind AS.

#### 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 in Lakhs, 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.

#### 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

## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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.

### 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.

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## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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

- **Disposal**

An item of property, plant and equipment is derecognized upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized 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.

## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

### 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.

### 2.10 Revenue recognition

Company recognises revenue when it transfers control over a good or service to a customer i.e. when it has fulfilled all 5 steps as given by Ind AS 115. Revenue is measured at transaction price i.e. Consideration to which Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and after considering effect of variable consideration, significant financing component. For contracts with multiple performance obligations, transaction price is allocated to different obligations based on their standalone selling price. In such case, revenue recognition criteria are applied for each separately to different performance obligations, in order to reflect the substance of the transaction and revenue is recognised separately for each obligation as and when the recognition criteria for the component is fulfilled.

## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Amounts included in revenue are net of returns, trade allowances, rebates, goods and service tax, value added taxes.

### 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.

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.

## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

### 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.

## 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.

## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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.

### 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.
- 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.

## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

### 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 leases 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.

### 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 to 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.



## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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.

##### 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 retains 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.

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## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

- 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.

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

## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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.

### 2.22 Standards issued but not effective

#### 1. Ind AS 116 - Leases

Ind AS 116 was notified by the Ministry of Corporate Affairs on March 30, 2019 and it is applicable for annual reporting periods beginning on or after April 1, 2019.

Ind AS 116 will affect primarily the accounting by leases and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use of the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

This amendment will not have any impact as the Company does not have any leases.

#### 2. Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, 'Income Taxes'

The appendix explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses :

- How to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- That the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;

## NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

- That the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- That the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The application of this guidance is not expected to have an impact on the separate financial statements.

### 3. **Prepayment Features with Negative Compensation – Amendments to Ind AS 109, ‘Financial Instruments’**

The narrow-scope amendments made to Ind AS 109 enable entities to measure certain prepayable financial assets with negative compensation at amortized cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortized cost measurement, the negative compensation must be ‘reasonable compensation for early termination of the contract’ and the asset must be held within a ‘held to collect’ business model.

These amendments are not expected to have any impact on the separate financial statements.

### 4. **Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, ‘Employee Benefits’**

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognized immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognized in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling; and
- Separately recognize any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments or settlements of the Company on or after April 1, 2019.

### 5. **Ind AS 12, ‘Income Taxes’**

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognized in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

These amendments are not expected to have any material impact on the separate financial statements.

### 6. **Ind AS 23, ‘Borrowing Costs’**

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

As the Company does not have any borrowings, there is no impact on account of this amendment.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1. PROPERTY, PLANT AND EQUIPMENT

Particulars	Tangible Assets										Intangible asset			(Amount in ₹ Lakh)	
	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>															
<b>For own use :</b>															
<b>As at 31<sup>st</sup> March, 2017</b>	371.67	15.94	698.02	4,234.45	817.38	182.95	170.03	6,490.44	92.28	134.29	226.57				
Additions	-	-	61.62	48.59	10.36	3.36	-	123.93	4.84	-	4.84				
Disposals/Written off	-	-	-	0.38	-	-	-	0.38	-	-	-				
Other adjustments	-	-	-	-	-	-	-	-	-	-	-				
Impairment of asset	-	-	-	-	-	-	-	-	-	-	-				
<b>As at 31<sup>st</sup> March, 2018</b>	249.14	15.94	759.64	4,282.65	827.74	186.31	170.03	6,491.45	97.12	134.29	231.41				
Additions	-	-	2.25	3.74	18.30	7.83	4.92	37.04	1.74	-	1.74				
Disposals/Written off	-	-	-	11.28	-	-	-	11.28	-	-	-				
Other adjustments	-	-	-	-	-	-	-	-	-	-	-				
Impairment of asset	-	-	-	-	-	-	-	-	-	-	-				
<b>As at 31<sup>st</sup> March, 2019</b>	249.14	15.94	761.89	4,275.11	846.03	194.14	174.95	6,517.21	98.87	134.29	233.16				
<b>Depreciation/ Amortization</b>															
<b>For own use :</b>															
<b>As at 31<sup>st</sup> March, 2017</b>	-	5.16	269.12	2,602.82	586.57	125.65	119.70	3,709.02	82.21	134.29	216.50				
Charge for the year	-	0.51	19.19	215.30	55.70	14.44	21.39	326.53	7.34	-	7.34				
Depreciation on disposal	-	-	-	0.36	-	-	-	0.36	-	-	-				
<b>As at 31<sup>st</sup> March, 2018</b>	-	5.87	288.44	2,817.75	642.27	140.09	141.09	4,035.51	89.55	134.29	223.84				
Charge for the year	-	0.51	21.24	204.71	48.20	11.68	12.89	299.23	4.38	-	4.38				
Depreciation on disposal	-	-	-	8.56	-	-	-	8.56	-	-	-				
<b>As at 31<sup>st</sup> March, 2019</b>	-	6.38	309.68	3,013.90	690.47	151.77	153.98	4,326.17	93.93	134.29	228.22				
<b>Net block :</b>															
<b>As at 31<sup>st</sup> March, 2019</b>	249.14	9.56	452.21	1,261.21	155.57	42.37	20.98	2,191.04	4.94	-	4.94				
<b>As at 31<sup>st</sup> March, 2018</b>	249.14	10.07	471.20	1,464.90	185.47	46.21	28.94	2,455.94	7.57	-	7.57				

**Notes:**

- 1) **Property, plant and equipment pledged as security :**  
Company has mortgaged/ hypothecated its property, Plant and Equipment against borrowings, refer Note No. 11 -1(a).
- 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 comprises of Dies and Moulds under development.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 2. INVESTMENT PROPERTY

(Amount in ₹ Lakh)

Particulars	Leasehold Land	Building	Freehold Land	Total
<b>As at 31<sup>st</sup> March, 2017</b>	13.61	10.00	122.53	146.15
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Gross Block As at 31<sup>st</sup> March, 2018</b>	13.61	10.00	122.53	146.15
Additions	-	-	-	-
Disposals	-	-	-	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>13.61</b>	<b>10.00</b>	<b>122.53</b>	<b>146.15</b>
<b>Depreciation and Impairment</b>				
<b>As at 31<sup>st</sup> March, 2017</b>	2.33	3.55	-	5.88
Charge for the year	0.19	0.13	-	0.32
Depreciation on disposals	-	-	-	-
<b>As at 31<sup>st</sup> March, 2018</b>	2.53	3.67	-	6.20
Charge for the year	0.19	0.13	-	0.32
Depreciation on disposals	-	-	-	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>2.72</b>	<b>3.80</b>	-	<b>6.52</b>
<b>Net block :</b>				
As at 31 <sup>st</sup> March, 2018	11.08	6.33	122.53	139.94
<b>As at 31<sup>st</sup> March, 2019</b>	<b>10.89</b>	<b>6.20</b>	<b>122.53</b>	<b>139.62</b>

#### Information regarding income and expenditure of investment property

Particulars	31-03-2019	31-03-2018
Rental Income derived from investment property	3.60	6.96
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>3.60</b>	<b>6.96</b>
Less - Depreciation	0.32	0.32
<b>Profit arising from investment properties after depreciation and indirect expenses</b>	<b>3.28</b>	<b>6.64</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:

(Amount in ₹)

Particulars	31-03-2019	31-03-2018
Investment Properties	6,134.52	6,053.40

#### 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.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)

**31-03-2019**                      31-03-2018

### 3. INVESTMENTS

#### Investment in Partnership Firm (Unquoted, at cost)

Investment in Capital Contribution of M/s.K P Developers	0.90	0.90
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#### Other Investments (Unquoted equity instruments)

##### At fair value through Other Comprehensive Income-

1,000 Shares of ₹ 10 each of Saraswat Co-Op. Bank Ltd.	0.10	0.10
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11,500 Shares of ₹ 50 each of Shree Mahalaxmi Co-Op.Bank Ltd.	5.75	5.75
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5,000 Shares of ₹100 each of Samarth Sahakari Bank Ltd.	5.00	5.00
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200 Shares of ₹ 25 each of Shamrao Vithal Co-Op. Bank Ltd.	0.05	0.05
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1,000 Shares of ₹ 50 each of Dombivli Nagari Sahakari Bank Ltd.	0.50	0.50
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51,300 Shares of ₹ 50 each of K.A.Ichalkaranji Sahakari Bank Ltd.	25.65	20.65
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	<b>37.95</b>	<b>32.95</b>
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1) Aggregate amount of unquoted investments	37.95	32.95
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2) Aggregate amount of impairment in value of investments	-	-
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### 4. FINANCIAL ASSET

#### 1) Trade receivables

##### Non-Current Trade Receivables

Unsecured, considered good:

From related parties	-	-
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From others	110.12	213.50
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Doubtful	-	-
----------	---	---

Less: Loss allowance	-	-
----------------------	---	---

	<b>110.12</b>	<b>213.50</b>
--	---------------	---------------

##### Current trade receivables

Unsecured, considered good:	-	-
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From related parties	-	-
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From others	2,879.09	2,238.17
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Doubtful	-	-
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Less: Loss allowance	(31.23)	-
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	<b>2,847.86</b>	<b>2,238.17</b>
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#### 2) Others

##### Non Current other financial assets

(i) Contribution in Partnership Firm	526.40	449.73
--------------------------------------	--------	--------

(M/s. K.P.Developers)	-	-
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(ii) Security Deposits	48.44	45.30
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	<b>574.85</b>	<b>495.03</b>
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##### Current financial assets

Interest accrued on bank deposits	7.12	7.88
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	<b>7.12</b>	<b>7.88</b>
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## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 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.
- 3 After discounting for 5 years, the fair value of contribution in M/s. K P Developers is ₹ 526.40 lacs and ₹ 449.73 lacs as on 31<sup>st</sup> March, 2019 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, 2019 (refer Note No. 16).

### 5. DEFERRED TAX

The major components of income tax expense for the year ended 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018 are:

Deferred tax relates to the following: DTL / (DTA)	(Amount in ₹ Lakh)			
	Balance Sheet as at		Statement of Profit and Loss / Other comprehensive income	
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
Property, plant and equipment (Depreciation)	231.61	314.10	(82.49)	(41.25)
Bonus	6.40	7.89	1.48	(0.59)
Leave encashment	12.78	13.50	0.72	0.39
Gratuity	50.54	55.17	4.62	(2.17)
Deferred tax on IND-AS entries	13.09	0.27	13.37	(9.63)
Provision for doubtful debts	8.69	-	(8.69)	-
<b>Deferred tax expense / (income)</b>	<b>78.41</b>	<b>76.55</b>	<b>11.50</b>	<b>(12.00)</b>
<b>Net deferred tax assets /(liabilities)</b>	<b>166.29</b>	<b>237.28</b>	<b>(70.99)</b>	<b>(53.24)</b>

**31-03-2019**      31-03-2018

#### Reflected in balance sheet as

##### 1) Deferred tax

Deferred tax asset	78.41	76.55
Deferred tax liability	244.70	313.83
<b>Net Deferred tax liability</b>	<b>166.29</b>	<b>237.28</b>

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

Current tax asset/(liability) -Net	(50.71)	(17.67)
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## NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)  
**31-03-2019**                      31-03-2018

### 6. OTHER ASSETS

#### Non-Current assets

##### 1 Capital advances

Unsecured, considered good	7.88	14.43
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#### Current assets

##### 2 Other loans and advances

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

Unsecured, considered good	396.67	348.53
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Doubtful	-	-
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Less: Loss allowance	-	-
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	396.67	348.53
--	--------	--------

(ii) Sundry Deposits	0.95	0.95
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	397.62	349.48
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### 7. INVENTORIES

(i) Raw Materials	906.34	897.04
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(ii) Work in progress	311.86	398.16
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(iii) Finished goods	246.39	542.96
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(iv) Stock in trade	987.10	756.68
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(v) Stores and spares	37.19	39.42
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(vi) Loose Tools	9.05	7.80
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	2,497.94	2,642.06
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Amount recognised in Profit & Loss A/c:

Inventory written down to net realisable value amounts to ₹ Nil (31<sup>st</sup> March 2018 ₹ Nil). These were recognised as expenses during the year and included in raw material consumption

### 8. CASH AND BANK BALANCE

#### a) Cash and cash Equivalents

1) Cash on hand	2.03	2.02
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2) Balances with bank - In current account	173.59	178.07
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<b>Total Cash and cash Equivalents</b>	<b>175.62</b>	<b>180.08</b>
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#### b) Other Bank balance

1) Earmarked balances with banks (Unpaid dividend accounts)	6.06	10.57
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##### 2) Margin Money deposits :

i) With banks	180.12	185.13
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ii) With Financial Institutions	-	-
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	186.18	195.70
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	<b>361.79</b>	<b>375.78</b>
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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, 2019 :

a) Cash on hand

b) Cheques on hand

c) Balances with Banks

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)  
**31-03-2019**                      31-03-2018

### 9. SHARE CAPITAL

#### Authorized

10,000,000 Equity Shares of ₹ 5/- each	500.00	500.00
(Previous year 10,000,000 Equity shares of ₹ 5/- each)		

#### Issued, Subscribed & Fully Paid-up

3,400,000 Equity Shares of ₹ 5/- each	170.00	170.00
(Previous year 3,400,000 Equity shares of ₹ 5/- each)		
	170.00	170.00

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

The Company has only one class of equity shares, having par value of ₹ 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

Particulars	31-03-2019		31-03-2018	
	Number	(₹)	Number	(₹)
Shares outstanding at the beginning of the year	3,400,000	170.00	3,400,000	170.00
Increase/(Decrease) during the year	-	-	-	-
Shares outstanding at the end of the year	3,400,000	170.00	3,400,000	170.00

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

Particulars	31-03-2019		31-03-2018	
	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	324,000	9.50	324,000	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.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)

**31-03-2019**                      31-03-2018

### 10. OTHER EQUITY :

1) <b>General reserves</b>	<b>1,916.68</b>	1,916.68
2) <b>Securities Premium Reserve</b>	<b>310.93</b>	310.93
3) <b>Retained Earnings</b>		
Opening balance	<b>(266.71)</b>	(514.48)
Add: Net Profit for the current year	<b>356.66</b>	242.31
Other Comprehensive Income	<b>(4.31)</b>	5.46
Balance available for appropriation	<b>85.64</b>	(266.71)
Less: Appropriations :	-	-
	<u><b>85.64</b></u>	<u>(266.71)</u>
4) <b>Other Reserves :</b>		
Capital Reserves	<b>0.15</b>	0.15
<b>Closing balance</b>	<u><b>2,313.40</b></u>	<u>1,961.05</u>

#### Notes :

- i) General reserve is created by setting aside amount from Retained Earnings of the Company for general purpose which is freely available for distribution
- ii) Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Act.
- iii) **Dividend distribution made and proposed**

#### **Dividend on Equity shares declared and paid :**

Dividend for the year ended 31 <sup>st</sup> March, 2018	-	-
Dividend distribution tax	-	-

#### **Proposed dividend on equity shares**

Dividend for the year ended 31 <sup>st</sup> March, 2019 @ 15% i.e. ₹ 0.75 per share	<b>25.50</b>	-
Dividend distribution tax	<b>5.24</b>	-
	<u><b>30.74</b></u>	<u>-</u>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 11. FINANCIAL LIABILITIES - BORROWINGS

(Amount in ₹ Lakh)

Particulars		EIR (P.A)	Maturity	Terms of repayment	31-03-2019	31-03-2018
1)	<b>Non- current borrowings</b>					
a)	<b>Term Loans</b>					
i)	From Banks (Secured)					
	Samarth Sahakari Bank Ltd (secured by mortgage of immovable property)	15.0%		Repayable in 84 monthly installments	388.42	497.92
	Shree Mahalaxmi Co-Op. Bank Ltd (secured by mortgage of immovable property)	12.5%		Repayable in 60 monthly installments	346.03	86.35
	Bank of Maharashtra Secured by hypothecation of stock & receivables and mortgage of immovable property.	12.45%		Repayable in 60 monthly installments	119.20	178.09
	Term loan from KAIJSBL, (secured by hypothecation of machineries and mortgage of immovable property.)	13.00%		Repayable in 20 quarterly installments	518.24	563.38
ii)	From Others (Secured)					
	Electronica Finance Limited (secured by hypothecation of machinery acquired out of the loan)	13.5%		Repayable in 36 monthly installments	-	6.77
	<b>Total Secured Term Loans</b>				<b>1,371.88</b>	<b>1,332.52</b>
	Loans guaranteed by Managing Director (Including Current Maturities)				1,870.39	1,793.28
b)	<b>Interest Free Sales Tax Deferred Payment Liability (Unsecured) *</b>				<b>104.64</b>	<b>177.35</b>
					<b>1,476.52</b>	<b>1,509.86</b>
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)	MCLR+320 bps	On Demand		1,804.96	1,685.11
(ii)	Other Loans Post Shipment Credits	MCLR+145 bps	On Demand		56.15	527.76
(b)	<b>Unsecured</b>					
(i)	Loan from Finance Companies		On Demand		90.00	45.00
					<b>1,951.11</b>	<b>2,257.87</b>

Out of the above Loans guaranteed by Managing Director

1,861.11 2,212.87

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Notes :

- 1) \* The Company received interest free loan aggregating to ₹ 531.60 lacs 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 the 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 ₹ 407.17 lacs the difference of ₹ 124.42 lacs is recognised as deferred revenue income (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 ₹ 22.80 lacs for FY 2017-18 and FY 2018-19) (Refer Note No. 16). Interest expense of ₹ 40.70 lacs and 22.97 lacs was recognised for the year ended 31<sup>st</sup> March, 2018 and 31<sup>st</sup> March, 2019 respectively (Refer Note No. 19).

### Terms of Repayment:

- Liability of ₹ 222.92 lacs 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 ₹ 29.40 lacs to be repaid in five yearly equal installments of ₹ 5.88 lacs from March 2018.
  - Liability of ₹ 343.75 lacs 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.

	<b>31-03-2019</b>	31-03-2018
<b>12. FINANCIAL LIABILITIES :</b>		
1) <b>Trade payable</b>		
<b>Trade payables MSME</b>		
To related parties	107.79	-
To others	7.32	-
<b>Total outstanding dues to MSME</b>	115.11	-
<b>Trade payables Other than MSME</b>	1,307.87	1,308.42
<b>Total Current Trade and Other Payables</b>	<u>1,422.98</u>	<u>1,308.42</u>
2) <b>Other financial liabilities</b>		
<b>Non Current financial liabilities</b>		
(i) Deposit with dealers	58.04	49.73
(ii) Security Deposit	-	0.50
	<u>58.04</u>	<u>50.23</u>
<b>Current financial liabilities</b>		
(i) Current Maturities of long term debt	588.29	570.46
(ii) Interest accrued but not due on borrowings	20.21	9.30
(iii) Payables on account of purchases of fixed assets	14.22	39.13
(iv) Creditors for expenses	120.92	119.75
(v) Unpaid dividend	5.79	10.26
	<u>749.44</u>	<u>748.89</u>

### Notes :

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

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	31-03-2019	31.03.2018
<b>13. PROVISIONS</b>		
<b>1) Provision for employee benefits</b>		
<b>Non-current provision for employee benefits</b>		
(i) Leave encashment	26.79	28.68
(ii) Gratuity	70.07	83.87
<b>Total non-current provision for employee benefits</b>	96.86	112.55
<b>2) Current provision for employee benefits</b>		
(i) Leave encashment	19.15	12.15
(ii) Gratuity	111.61	82.99
<b>Total non-current provision for employee benefits</b>	130.77	95.15
<b>3) Others (Refer Note 28)</b>		
<b>Other Current provisions</b>		
Provision for warranty	22.20	18.60
	22.20	18.60
<b>Non-current provision</b>	96.86	112.55
<b>Current provision</b>	152.97	113.75
<b>14. OTHER LIABILITIES</b>		
<b>Other Non-Current Liabilities</b>		
Deferred Revenue arising from Government grant *	33.22	56.02
	33.22	56.02
<b>Other Current Liabilities</b>		
1) Statutory dues	33.01	13.15
2) Advances from customer	49.02	15.99
3) Other payables	442.12	379.86
4) Current Maturities of Deferred Revenue arising from government grant	22.80	22.80
	546.94	431.79
* Refer Note No. 11.1		
<b>15. REVENUE FROM OPERATIONS</b>		
<b>Sale of product (Including Excise Duty)</b>	10,465.76	8,749.05
<b>Sale of services</b>	-	-
<b>Other operating revenue</b>		
Export Benefit	39.52	25.88
Sale of Scrap	37.68	36.47
Profit on Foreign Exchange Fluctuation	-	9.68
Others	7.60	12.22
	10,550.56	8,833.30

Sale of product includes excise duty collected from customers of ₹ Nil (Previous year ₹ 117.20 lacs).

Sale of product net of excise duty is ₹ 10,465.76 lacs (Previous year ₹ 8,631.85 lacs)

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)

31-03-2019 31.03.2018

### 16 OTHER INCOME :

<b>(a) Interest Income</b>		
From bank	14.76	17.42
<b>(b) Dividend income</b>	<u>2.58</u>	<u>1.97</u>
<b>(c) Other non-operating income</b>		
(i) Government Grant	22.80	22.80
(ii) Lease rent	3.60	6.96
(iii) Miscellaneous income	-	0.11
(iv) Subsidiary received	11.34	-
(v) Profit on sale of Fixed Asset	0.76	0.03
(vi) Insurance claim	8.13	0.15
(vii) Interest Income on receivables	32.25	28.83
	<u>78.87</u>	<u>58.88</u>
	<u>96.21</u>	<u>78.27</u>

### 17. COST OF MATERIAL CONSUMED :

Raw material consumed	2,453.48	3,265.93
<b>Total Cost of Raw materials Consumed</b>	<u>2,453.48</u>	<u>3,265.93</u>
<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>Opening Stock :</b>		
Finished goods	542.96	269.75
Work-in- progress	398.16	303.73
Stock in trade	756.68	935.53
	<u>1,697.80</u>	<u>1,509.01</u>
<b>Closing Stock :</b>		
Finished goods	246.39	542.96
Work-in- progress	311.86	398.16
Stock in trade	987.10	756.68
	<u>1,545.35</u>	<u>1,697.80</u>
Excise duty on stock differential	-	(27.17 )
<b>Changes in inventories of finished goods, Stock-in -Trade and Work-in-Progress</b>	<u>152.45</u>	<u>(215.96 )</u>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	31-03-2019	31-03-2018
<b>18. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	908.45	902.26
Contribution to provident fund and other fund	53.25	40.89
Gratuity	11.08	11.81
Welfare expenses	18.37	17.91
	<u>991.16</u>	<u>972.87</u>
<b>19. FINANCE COST</b>		
(a) Interest expense:		
Bank	495.62	447.95
(b) Interest on Interest free government loan	22.97	40.70
(c) Other borrowing cost	61.50	52.95
(d) Net Interest expense/ (income) on defined benefit obligation	12.12	11.55
	<u>592.21</u>	<u>553.15</u>
<b>20. DEPRECIATION AND AMORTISATION</b>		
Depreciation on tangible assets	299.23	326.53
Depreciation on intangible assets	4.38	7.34
Depreciation on investment property	0.32	0.32
	<u>303.92</u>	<u>334.19</u>
<b>21. OTHER EXPENSES</b>		
Stores, Spares consumed	113.46	165.97
Processing Charges	242.10	310.41
Power and Fuel consumed	107.01	118.10
Repairs to Plant and Machinery	67.00	66.67
Repairs to Factory Building	25.11	15.27
Services to Manufacturing	44.00	38.17
Rent	44.57	53.49
Insurance	17.63	17.58
Rates and Taxes (other than taxes on income)	10.19	1.55
Payment to Statutory Auditors :		
- as auditors	0.75	3.00
- for other services (Limited Review and Certification)	0.53	0.53
- reimbursement of expenses (out of pocket expenses)	1.33	0.95
Legal, Professional and Consultancy Charges	113.65	89.82
Advertisement, Publicity and Sales Promotion	100.62	72.46
Directors' Sitting Fees	10.30	7.00
Warranty Expense	40.13	30.87
Travelling & Conveyance	248.24	224.22
Printing & Stationery	14.04	22.45
Postage & Telephone	19.21	21.90
Product Distribution	290.12	239.55
Packing Material	132.38	155.78
Bad Debts Written Off	104.49	3.00
Provision for Doubtful Debts	31.23	-
Miscellaneous Balances written off	0.90	1.73



## NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	31-03-2019	31-03-2018
Diminution in Investment	-	1.40
Miscellaneous Expenses	63.19	70.50
Excise duty	-	117.20
Loss/ Profit on Foreign Exchange Fluctuation	10.42	-
Cash Discount	86.66	100.37
	<u>1,939.27</u>	<u>1,949.94</u>
<b>22 Income Tax</b>		
<b>Statement of Profit and loss</b>		
<b>Current income tax:</b>		
Current income tax charge	63.00	21.25
Adjustments in respect of current income tax of previous year	-	-
Short/(Excess) Provision	-	(12.62)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(69.22)	(53.24)
<b>Income tax expense reported in the statement of profit and loss</b>	<u>6.22</u>	<u>(44.61)</u>
<b>Other Comprehensive Income</b>		
Current tax related to items recognized in OCI during in the year:		
Net (loss)/gain on remeasurements	1.77	2.48
<b>Income tax charged to OCI</b>	<u>1.77</u>	<u>2.48</u>
Accounting profit before income tax expense	350.44	197.70
Tax @27.82% ( Previous year @ 33.06% )	97.49	65.36
Tax effect adjustments in calculating taxable income	-	-
Other Disallowances/ (allowances)	105.48	18.27
Net (loss)/gain on remeasurements	1.77	(2.48)
<b>Current Tax Expense</b>	<u>(6.22)</u>	<u>44.61</u>
<b>23 Contingent liabilities</b>		
<b>(A) Claims against the Company not acknowledged as debt.</b>		
i) Maharashtra Value Added Tax Act 2002 and Central Sales Tax Act 1956 for the year 2012-13	40.97	40.97
The Company has filed appeal with Jt. Commissioner of Sales Tax (Appeals) Kolhapur, an amount of ₹ 10.48 lacs (Previous Year ₹ 10.48 lacs) has been paid.		
ii) Maharashtra Value Added Tax Act 2002 and Central Sales Tax Act 1956 for the year 2013-14. The Company has filed appeal with Jt. Commissioner of Sales Tax (Appeals) Kolhapur, an amount of ₹ 8.19 lacs (Previous Year ₹ 8.19 lacs) has been paid.	33.54	33.54

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	31-03-2019	31-03-2018
iii) Maharashtra Value Added Tax Act 2002 and Central Sales Tax Act 1956 for the year 2014-15 The Company has filed appeal with Jt. Commissioner of Sales Tax (Appeals) Kolhapur , an amount of ₹ 5.46 lacs (Previous Year ₹ 5.46 lacs) has been paid	13.59	13.59
iv) Maharashtra Value Added Tax Act 2002 and Central Sales Tax Act 1956 for the year 2015-16 The Company has filed appeal with Jt. Commissioner of Sales Tax (Appeals) Kolhapur, an amount of ₹ 15.25 lacs (Previous Year Nil) has been paid.	30.09	-
v) Karnataka Value Added Tax Act 2003 for the year 2011-12 The Company has filed appeal with Jt. Commissioner of Commercial Tax(Appeals) Bengaluru, an amount of ₹ 3.44 lacs (Previous Year ₹ 2.32 lacs) has been paid.	4.64	4.64
vi) Telangana Value Added Tax Act 2005 and Central Sales Tax Act 1956 for the year 2011-12 The Company has filed appeal with Jt. Commissioner of Commercial Tax(Appeals) Secunderabad, an amount of ₹ 0.04 lacs (Previous Year Nil) has been paid.	0.04	-
vii) Maharashtra Value Added Tax Act 2002 and Central Sales Tax Act 1956 for the year 2011-12 The Company has filed appeal with Jt. Commissioner of Commercial Tax(Appeals) Kolhapur, an amount of ₹Nil (Previous Year ₹ 8.10 lacs) has been paid.	-	20.58
	<u>122.88</u>	<u>113.32</u>
<b>(B) Commitments</b>		
1 Estimated amount of contracts remaining to be executed on capital account and not provided for .	25.37	35.20
2 Others		
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 thesame are as mentioned below :		
Period :		
Not later than one year	20.63	38.13
Later than one year and not later than five years.	7.86	22.42
	<u>28.49</u>	<u>60.55</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	3.60	6.60
Later than one year and not later than five years.	3.60	2.25
	<u>7.20</u>	<u>8.85</u>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)

**31-03-2019**                      31-03-2018

### 24. PAYMENT TO AUDITORS

Statutory Auditors :

a) Audit Fees	0.75	3.00
b) Tax Audit Fees	-	-
c) Other services	0.53	0.53
d) Expenses reimbursed	1.33	0.95
	<u>2.60</u>	<u>4.48</u>

### 25. EARNING PER SHARE (BASIC AND DILUTED )

#### I Basic

a) Profit for the year before tax	350.44	197.70
Less : Attributable Tax thereto	<u>(6.22)</u>	<u>(44.61)</u>
Profit after Tax	356.66	242.31
b) Weighted average number of equity shares used as denominator	34.00	34.00
c) Basic earning per share	10.49	7.13

#### II Diluted

a) Profit for the year before tax	350.44	197.70
Less : Attributable Tax thereto	<u>(6.22)</u>	<u>(44.61)</u>
	356.66	242.31
b) Weighted average number of equity shares	34.00	34.00
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	34.00	34.00
e) Diluted earning per share	10.49	7.13

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 26. EMPLOYEE BENEFITS

#### i Defined Contribution Plans:

Amount of ₹ 53.25 lacs (Previous year ₹ 40.89 lacs) is recognized as an expense in 2018-19 and included in "Employees benefits expense" in the Statement of Profit and Loss. (Refer Note No.18).

#### ii Defined Benefit Plans:

	(Amount in ₹ Lakh)	
	31-03-2019 Gratuity Plan (Funded)	31-03-2018 Gratuity Plan (Funded)
<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	250.15	232.76
Less: Fair Value of Plan Assets	68.46	65.90
Amount to be recognized as liability or (asset)	181.68	166.87
<b>B. Amounts reflected in the Balance Sheet</b>		
Liabilities	181.68	166.87
Assets	-	-
Net Liability/(Assets)	181.68	166.87
<b>b) The amounts recognized in the Statement of Profit and Loss :</b>		
1 Current Service Cost	11.08	11.81
2 Acquisition (gain)/ loss	-	-
3 Past Service Cost	-	-
4 Net Interest (income)/expenses	12.12	11.55
5 Actuarial Losses/(Gains)	-	-
6 Curtailment (Gain)/ loss	-	-
7 Settlement (Gain)/loss	-	-
8 Expected return on Plan Assets	-	-
Net periodic benefit cost recognized in the statement of profit & loss- (Employee benefit expenses - Note No.18)	23.19	23.36
<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.	0.00	1.44
2 Remeasurements for the year - Obligation (Gain)/ loss.	13.80	(8.97)
3 Remeasurement for the year - Plan assets (Gain) / Loss.	0.22	(0.41)
4 Total Remeasurements Cost / (Credit ) for the year recognized in OCI.	14.01	(7.94)
5 Less: Accumulated balances transferred to retained earnings.	-	-
Closing balances (remeasurement (gain)/loss recognized OCI.	14.01	(7.94)

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## NOTES FORMING PART OF FINANCIAL STATEMENTS

	<b>31-03-2019</b>	31-03-2018
	<b>Gratuity Plan</b>	Gratuity Plan
	<b>(Funded)</b>	(Funded)
<b>d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>		
1 Balance of the present value of obligation as at beginning of the period	–	222.90
2 Acquisition adjustment	–	–
3 Transfer in/ (out)	–	–
4 Interest expenses	<b>17.19</b>	16.16
5 Past Service Cost	-	-
6 Current Service Cost	<b>11.08</b>	11.81
7 Curtailment Cost / (credit)	–	–
8 Settlement Cost/ (credit)	–	–
9 Benefits paid	<b>(24.68)</b>	(9.13)
10 Remeasurements on obligation - (Gain) / Loss	<b>13.80</b>	(8.97)
Present value of obligation as at the end of the period	<u><b>17.39</b></u>	<u>232.76</u>
<b>e) Net interest (Income) /expenses</b>		
1 Interest (Income) / Expense – Obligation	<b>17.19</b>	16.16
2 Interest (Income) / Expense – Plan assets	<b>(5.08)</b>	(4.60)
3 Net Interest (Income) / Expense for the year	<b>12.12</b>	11.55
<b>f) Principal actuarial assumptions :</b>		
1 Discount rate as at 31-03-2019 - 7.7%		
2 Salary growth rate : For Gratuity Scheme - 3%		
3 Attrition rate: For gratuity scheme the attrition rate is taken at 2%		
4 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.		
<b>g) The amounts pertaining to defined benefit plans are as follows:</b>		
Plan Assets	<b>68.46</b>	65.90
Present value of obligation	<b>250.15</b>	232.76
Surplus/(Deficit)	<b>(181.68)</b>	(166.87)
<b>h) General descriptions of defined plans:</b>		
<b>Gratuity Plan:</b>		
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) and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying (increasing/ decreasing) one parameter by 100 basis points (1%).

Change in assumption	(Amount in ₹ Lakh)	
	Effect on gratuity obligation	
	31-03-2019	31-03-2018
<b>1 Discount rate</b>		
Decrease from 6.8% to 6.7%	261.64	244.13
Decrease from 8.8% to 8.7%	239.89	222.58
<b>2 Salary increase rate</b>		
2%	240.75	223.53
4%	260.48	242.88
<b>3 Withdrawal rate</b>		
1%	246.57	229.27
3%	253.43	235.98

## 27. RELATED PARTY DISCLOSURES

### A Key Management Personnel :

Sl. No.	Name of the Related Party	Relationship
1	Mr. Prakash A.Kulkarni	Managing Director
2	Mr. Dilip B.Kulkarni	Executive Director

### B Subsidiary

1	K P Developers	Company is a Partner
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### C Relatives of Key Managerial Personnel

Sl. No.	Name of the Related Party	Relationship
1	Mr. Ajit A Kulkarni	Brother of M.D
2	Mr. Ashok A Kulkarni	Brother of M.D
3	Mrs.Prabha.P.Kulkarni	Wife of M.D

### D Enterprise over which above persons have significant influence

Trimurti Engineering Tools Pvt Ltd.	Wife of MD has significant influence
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## NOTES FORMING PART OF FINANCIAL STATEMENTS

### (E) Disclosure of related parties transactions

(Amount in ₹ Lakh)

Sl. No.	Nature of transaction/relationship/major parties	31-03-2019		31-03-2018	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
1	<b>Purchase of goods &amp; services</b>	<b>150.10</b>	–	207.64	–
	Trimurti Engineering Tools Pvt Ltd.	–	<b>150.10</b>	–	207.64
2	<b>Sale of goods/contract revenue &amp; services</b>	<b>21.64</b>	–	22.81	–
	Trimurti Engineering Tools Pvt Ltd.	–	<b>21.64</b>	–	22.81
3	<b>Rendering Services</b>	<b>4.25</b>	–	3.83	–
	Trimurti Engineering Tools Pvt Ltd. (Rent received)	–	<b>4.25</b>	–	3.83
4	<b>Remuneration Paid Key Management Personnel</b>	<b>47.04</b>	–	46.82	–
	Mr.Prakash A.Kulkarni	–	<b>29.60</b>	–	29.39
	Mr.Dilip B.Kulkarni	–	<b>17.44</b>	–	17.44
5	<b>Directors Sitting fees</b>	<b>2.20</b>	–	1.00	–
	Mrs.P. P. Kulkarni	–	<b>2.20</b>	–	1.00

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

Sl. No.	Nature of transaction/relationship/major parties	31-03-2019		31-03-2018	
		Amount	Amount for *Major parties	Amount	Amount for *Major parties
1	<b>Amount Due to :</b> KMP	<b>2.85</b>	–	2.69	–
2	Enterprise over which above persons have significant influence Trimurti Engineering Tools Pvt Ltd.	<b>107.79</b>	<b>107.79</b>	104.24	104.24
		<b>110.64</b>	<b>107.79</b>	106.93	104.24
	<b>Amount Due from :</b> KP Developers	<b>0.90</b>	–	0.90	–
		<b>0.90</b>	–	0.90	–

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

## NOTES FORMING PART OF FINANCIAL STATEMENTS

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

	(Amount in ₹ Lakh)
	<b>Product Warranty</b>
<b>Carrying amount as at 1<sup>st</sup> April 2018</b>	16.20
Add: Provision during the year 2017-18	34.17
Add: Unwinding of discounts	-
Less: Amount utilised during the year 2017-18	28.47
Less: Amount reversed during the year 2017-18	3.30
<b>Carrying amount as at 31<sup>st</sup> March, 2018</b>	<u>18.60</u>
Add: Provision during the year 2018-19	43.38
Add: Unwinding of discounts	-
Less: Amount utilised during the year 2018-19	36.53
Less: Amount reversed during the year 2018-19	3.25
<b>Carrying amount as at 31<sup>st</sup> March, 2019</b>	<u><u>22.20</u></u>

### 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	
		31-03-2019	31-03-2018	31-03-2019	31-03-2018
	<b>Financial Assets</b>				
a)	<b>Carried at amortised cost</b>				
	Trade receivable	2,989.21	2,451.67	-	-
	Other financial assets	581.96	547.07	-	-
	Cash and cash equivalent	175.62	180.08	-	-
	Bank balance other than above	186.18	151.53	-	-
		<u>3,932.97</u>	<u>3,330.36</u>	-	-
b)	<b>Financial Asset carried at FVOCI Investments ( Non current )</b>	<u>37.95</u>	32.95	-	-
		<u>37.95</u>	<u>32.95</u>	-	-
	<b>Financial Liabilities</b>				
a)	<b>Carried at amortised cost</b>				
	Non-current borrowings	1,476.52	1,509.86	-	-
	Current borrowings at fixed rate of interest	1,951.11	2,257.87	-	-
	Trade payable	1,422.98	1,308.42	-	-
	Other financial liabilities	799.19	799.12	-	-
		<u>5,649.80</u>	<u>5,875.27</u>	-	-

**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, 2019	-	2,563.71	60.85	364.65	2,989.21
31 <sup>st</sup> March, 2018	-	1,943.54	89.95	418.18	2,451.67

##### 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 it's 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 summarizes the maturity profile of Company's financial liabilities based on contractual undiscounted payments :

	31-03-2019					Total
	Carrying amount	On demand	Less than 180 days	181 to 365 days	above 366 days	
Interest bearing borrowings	3,821.50	1,804.96	393.16	251.50	1,371.88	3,821.50
Non-Interest bearing borrowings	222.36	-	89.79	-	132.57	222.36
Other liabilities	-	-	-	-	-	-
Trade and other payable	1,558.13	-	-	-	1,558.13	1,558.13

	31-03-2018					Total
	Carrying amount	On demand	Less than 180 days	181 to 365 days	above 366 days	
Interest bearing borrowings	4,051.76	2,257.87	234.54	226.84	1,332.52	4,051.76
Non-Interest bearing borrowings	337.32	-	109.08	-	228.24	337.32
Other liabilities	-	-	-	-	-	-
Trade and other payable	1,467.29	-	1,384.15	59.56	23.58	1,467.29

### 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 risks: 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.

#### 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 In AS 107.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 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:

Particulars	31-03-2019	31-03-2018
Loans and borrowings	3,428	3,768
Less: Cash and cash equivalents	176	180
Net debt	3,252	3,588
Equity	2,483	2,131
Gearing ratio	1.31	1.68

### 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.

	(Amount in ₹ Lakh)	
	31-03-2019	31-03-2018
<b>Segment Reporting</b>		
<b>I. Primary Segment Information (Business Segment)</b>		
<b>Revenue :</b>		
<b>Sales</b>		
Portable Power Tools	8,066.62	6,498.46
Blowers	2,018.74	1,695.37
Windmills	105.70	97.57
All other segments includes E-vehicle	274.70	340.45
	<u>10,465.76</u>	<u>8,631.85</u>
<b>Segment Results (Gross)</b>		
Portable Power Tools	999.46	568.99
Blowers	125.97	229.91
Windmills	29.29	20.77
All other segments includes E-vehicle	9.66	107.30
Total	<u>1,164.38</u>	<u>926.97</u>
Unallocated Corporate Expenses	317.94	251.04
<b>Operating Profit</b>	<b>846.43</b>	<b>675.94</b>
Interest Expense	592.21	553.15
Other Income	96.21	74.91
<b>Profit / (Loss ) before exceptional item</b>	<b>350.44</b>	<b>197.70</b>
<b>Exceptional Item:</b>		
<b>Profit Before Tax</b>	<b>350.44</b>	<b>197.70</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	31-03-2019	31-03-2018
<b>Segment Assets :</b>		
Portable Power Tools	5,097.65	5,004.27
Blowers	1,821.80	1,587.15
Windmills	445.96	449.36
All other segments includes E-vehicle	656.69	819.67
	<u>8,022.10</u>	<u>7,860.45</u>
Add: Unallocated Corporate Assets	1,128.43	1,082.00
	<u>9,150.53</u>	<u>8,942.45</u>
<b>Segment Liabilities :</b>		
Portable Power Tools	1,371.61	1,341.99
Blowers	747.83	540.83
Windmills	-	-
All other segments includes E-vehicle	16.69	49.04
	<u>2,136.14</u>	<u>1,931.86</u>
Add: Unallocated Corporate Liabilities	386.72	258.18
	<u>2,522.85</u>	<u>2,190.04</u>
<b>Capital Expenditure :</b>		
Portable Power Tools	24.57	15.56
Blowers	13.59	8.81
Windmills	-	-
All other segments includes E-vehicle	0.63	104.40
	<u>38.79</u>	<u>128.77</u>
<b>Depreciation :</b>		
Portable Power Tools	257.14	217.53
Blowers	41.74	47.79
Windmills	-	45.71
All other segments includes E-vehicle	5.05	-
	<u>303.92</u>	<u>311.02</u>
<b>Non-cash expenses other than depreciation :</b>		
Portable Power Tools	(8.12)	7.24
Blowers	0.86	-
Windmills	-	-
All other segments includes E-vehicle	-	-
	<u>(7.26)</u>	<u>7.24</u>
<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	9,550.41	8,215.93
Outside India	915.35	533.12
	<u>10,465.76</u>	<u>8,749.05</u>

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

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

**TO THE MEMBERS OF,**

**KULKARNI POWER TOOLS LIMITED**

**Report on the Audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements**

**Opinion**

I have audited the Consolidated Ind AS Financial Statements of **Kulkarni Power Tools Limited**. (“the Company”), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Consolidated Ind AS Financial Statements”).

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 state of affairs of the Company as at 31<sup>st</sup> March 2019, and its Consolidated profit (including Other Comprehensive Income), and its Consolidated cash flows for the year ended on that date.

**Basis for Opinion**

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. My responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of my report. I’m independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to my audit of the Consolidated Ind AS financial statements under the provisions of the Companies Act, 2013, and the Rules thereunder, and have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Consolidated Ind AS financial statements of the current period. These matters were addressed in the context of my audit of the Consolidated Ind AS financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined the matter described below to be the key audit matter to be communicated in my report

**IND AS 115 - Revenue from contracts with Customers**

Effective 1<sup>st</sup> April, 2018, the Company has adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch up transition method, applied to contracts that were not completed as of 1<sup>st</sup> April, 2018. In accordance with the cumulative catch up transition method, the comparatives have not been retrospectively adjusted. There is no transition impact on the financials of the Company.

I have identified this as a key audit matter since this area involves significant management judgement and estimates including whether contracts contain multiple performance obligations which should be accounted for separately. This comprises allocation of the transaction price to each performance obligations. Further, assessing whether the identified performance obligations are satisfied at a point in time or satisfied over a period of time. In case of satisfied at a point in time, determining the point in time when the control is transferred to the customer.

#### Audit Methodology :

- I reviewed the implementation of IND AS 115, including the recognition of the effect on opening equity, if any.
- Analysed a sample of the major streams of revenue to assess whether the method of revenue recognition is consistent with IND AS 115 and has been applied consistently
- Focused on contract classification, determination of the performance obligations and determine transaction price including variable consideration
- Evaluated and challenged the significant judgements and estimates made by management in applying the accounting policy to a sample of specific contracts for allocation of transaction price and the timing of transfer of control
- Based on the above, there are no significant impacting matters arising out of adoption of IND AS 115

#### Other Information

The Company's Board of Directors is responsible for the other information. My opinion on the Consolidated Ind AS financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is no material misstatement of this other information; I'm required to report that fact. I have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance, (Consolidated changes in equity) and Consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

My objectives are to obtain reasonable assurance about whether the Consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit

conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, I exercise professional judgement and maintain professional scepticism throughout the audit.

I also:

- Identify and assess the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, I'm also responsible for expressing my opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I'm required to draw attention in my auditor's report to the related disclosures in the Consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

From the matters communicated with those charged with governance, I have determined those matters that were of most significance in the audit of the Consolidated Ind AS financial statements of the current period and are therefore the key audit matters. I have described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I have determined that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

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

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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 purposes 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), and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d) In my opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 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”.
  - 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:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 23 to the financial statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts as at year end;
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**Place: Mumbai**  
**Date: 28<sup>th</sup> May, 2019**

**Dharmendra R Prabhukhot**  
Chartered Accountant  
Membership Number – 219438



## 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 is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In my opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties, as disclosed in Note 1 on fixed assets to the financial statements are held in the name of the Company.
- ii. The physical verification of inventory [including stocks with third parties] has been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or Security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3 (iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

I have broadly reviewed the same, and is of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. I have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- vii. (a) According to the information and explanations given to us and the records of the Company examined by me, in my opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees’ state insurance, income tax, Goods and Service Tax, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to me and the records of the Company examined by me, the particulars of dues of income tax, sales tax, duty of customs and Goods and Service Tax, as at 31<sup>st</sup> March, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Maharashtra Value Added Tax Act 2002 and Central Sales Tax Act, 1956	Sales Tax	30.49	2012-13	Jt. Commissioner of Sales Tax (Appeals) Kolhapur
Maharashtra Value Added Tax Act 2002 and Central Sales Tax Act, 1956	Sales Tax	25.35	2013-14	Jt. Commissioner of Sales Tax (Appeals) Kolhapur

Name of the statute	Nature of dues	Amount (Rs.in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Maharashtra Value Added Tax Act 2002 and Central Sales Tax Act, 1956	Sales Tax	8.13	2014-15	Jt. Commissioner of Sales Tax (Appeals) Kolhapur
Maharashtra Value Added Tax Act 2002 and Central Sales Tax Act, 1956	Sales Tax	14.84	2015-16	Jt. Commissioner of Sales Tax (Appeals) Kolhapur
Karnataka Value Added Tax Act, 2003	Karnataka Entry Tax	1.20	2011-12	Jt. Commissioner of Commercial Tax(Appeals) Bengaluru

- viii. According to the records of the Company examined by me and the information and explanation given to me, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of my examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to me, I have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have been informed of any such case by the Management.
- xi. 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 Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014, are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Place : Mumbai  
Date : 28<sup>th</sup> May, 2019

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## **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 2019, 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.

#### **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 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 31<sup>st</sup> March 2019, 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 : 28<sup>th</sup> May, 2019**

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2019 (Contd...)**

		(Amount in ₹ Lakh)	
	Note No	31-03-2019	31-03-2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	1	2,191.04	2,455.94
Capital work-in-progress	1	9.75	2.66
Investment Property	2	327.13	283.02
Goodwill		-	-
Other Intangible assets	1	4.94	7.57
Intangible assets under development		-	-
Biological Asset other than bearer plants		-	-
<b>Financial Assets</b>			
Investments	3	37.05	32.05
Trade receivables	4	110.12	213.50
Loans		-	-
Others	4	48.44	45.30
Other non-current assets	6	7.88	14.43
<b>Total non-current assets</b>		<u>2,736.35</u>	<u>3,054.46</u>
<b>Current Assets</b>			
Inventories	7	2,497.94	2,642.06
<b>Financial Assets</b>			
Investments		-	-
Trade receivables	4	2,847.86	2,238.17
Cash and cash equivalents	8	176.62	181.08
Bank balance other than above	8	186.18	195.70
Loans		-	-
Others	4	7.12	7.88
Other current assets	6	397.62	349.48
<b>Total current assets</b>		<u>6,113.32</u>	<u>5,614.37</u>
<b>TOTAL ASSETS</b>		<u><u>8,849.68</u></u>	<u><u>8,668.84</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	9	170.00	170.00
Other equity	10	1,974.50	1,654.40
Non Controlling Interest	11	0.10	0.10
<b>Total equity</b>		<u>2,144.60</u>	<u>1,824.50</u>

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2019

		(Amount in ₹ Lakh)	
	Note No	31-03-2019	31-03-2018
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	12	1,476.52	1,509.86
Trade payables	13	-	-
Other financial liabilities	13	58.04	50.23
Provisions	14	96.86	112.55
Deferred tax liabilities (Net)	5	166.29	237.28
Other non-current liabilities	15	33.22	56.02
<b>Total non-current liabilities</b>		<b>1,830.93</b>	<b>1,965.95</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	12	1,951.11	2,257.87
Trade payables others	13	1,307.87	1,308.42
Trade payables MSME	13	115.11	-
Other financial liabilities	13	749.44	748.89
Provisions	14	152.97	113.75
Other current liabilities	15	546.94	431.79
Current tax liabilities (Net)	5	50.71	17.67
<b>Total current liabilities</b>		<b>4,874.15</b>	<b>4,878.39</b>
<b>Total liabilities</b>		<b>6,705.08</b>	<b>6,844.34</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,849.68</b>	<b>8,668.84</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

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

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

Place : Mumbai  
Date : 28<sup>th</sup> May, 2019

**Ms.A.S.Toraskar**  
Company Secretary  
M.No.A54931

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019 (Contd...)**

(Amount in ₹ Lakh)

	Note No.	31-03-2019	31-03-2018
Revenue from Operations	16	10,550.56	8,833.30
Other Income	17	63.97	46.08
<b>Total Income</b>		<b>10,614.52</b>	<b>8,879.38</b>
<b>Expenses</b>			
Cost of materials consumed	18	2,453.48	3,265.93
Purchases of Stock-in-Trade		3,863.85	1,853.75
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	18	152.45	(215.96)
Employee benefits expense	19	991.16	972.87
Finance costs	20	592.21	553.15
Depreciation and amortization expense	21	303.92	334.19
Other expenses	22	1,939.27	1,946.58
<b>Total expenses</b>		<b>10,296.33</b>	<b>8,710.51</b>
Profit/(loss)before exceptional items and tax		318.19	168.87
Exceptional items		-	-
<b>Profit / (loss) before tax</b>		<b>318.19</b>	<b>168.87</b>
<b>Tax expenses</b>			
Current tax		63.00	21.25
Deferred tax		(69.22)	(53.24)
Short/(Excess) Provision		-	(12.62)
<b>Profit/(loss) for the period</b>		<b>324.41</b>	<b>213.48</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss	23	(6.08)	7.94
Income tax relating to items that will not be reclassified to profit or loss	23	1.77	(2.48)
Total Other Comprehensive Income		(4.31)	5.46
Total Comprehensive Income for the period (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		320.10	218.94
<b>Share of (Profit)/ Loss transferred (to)/ from Non Controlling Interest</b>		-	-

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

(Amount in ₹ Lakh)

	Note No.	<b>31-03-2019</b>	31-03-2018
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period) after adjustment for Non Controlling Interest		<b>320.10</b>	218.94
<b>Of the Total Comprehensive Income above, Profit for the year attributable to</b>			
<b>Owners of Parent</b>		<b>320.10</b>	218.94
<b>Non controlling Interest</b>		-	-
<b>Of the Total Comprehensive Income above, Other Comprehensive Income for the year attributable to</b>			
<b>Owners of Parent</b>		<b>(4.31)</b>	5.46
<b>Non controlling Interest</b>		<b>0.00</b>	0.00
<b>Earnings per equity share (for continuing operations)</b>			
<b>(1) Basic in ₹</b>		<b>9.54</b>	6.28
<b>(2) Diluted in ₹</b>		<b>9.54</b>	6.28

**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

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

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

**Place : Mumbai**  
**Date : 28<sup>th</sup> May, 2019**

**Ms.A.S.Toraskar**  
Company Secretary  
M.No.A54931



## Statement of changes in Equity for the period ended 31<sup>st</sup> March, 2019

(Amount in ₹ Lakh)

### A. Equity Share Capital

Equity Shares issued, subscribed and fully paid	No of Shares	Amount
As at 1 <sup>st</sup> April, 2017	3,400,000	170.00
Issued /Reduced if any during the year	-	-
As at 31 <sup>st</sup> March, 2018	3,400,000	170.00
Issued /Reduced if any during the year	-	-
As at 31 <sup>st</sup> March, 2019	3,400,000	170.00

### B. Other Equity

Particulars	Reserves and Surplus			Other Reserves	Total
	Securities Premium Reserve	Retained Earnings	General Reserve		
Balance as on 31 <sup>st</sup> March, 2018	310.93	(573.36)	1916.68	0.15	1654.40
Changes in accounting policy or prior period errors	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-
Total Comprehensive Income for the year	-	320 .10	-	-	320 .10
Dividends	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
Balance as on 31 <sup>st</sup> March, 2019	310.93	(253.26)	(1916.68)	0.15	1974.50

As per my report of even date attached

For and On behalf of Board of Directors

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

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

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

Place : Mumbai  
Date : 28<sup>th</sup> May, 2019

**Ms.A.S.Toraskar**  
Company Secretary  
M.No.A54931

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019 (Contd...)

	(Amount in ₹ Lakh)	
	31-03-2019	31-03-2018
<b>A Cash flow from operating activities</b>		
Net profit before taxation	318.19	168.86
Adjustments for	-	-
Depreciation	303.92	334.19
(Profit)/Loss on sale of fixed assets	(0.76)	(0.03)
Unrealised foreign exchange loss/gain	-	5.05
Bad Debts Written off	104.49	3.00
Remeasurements (gains) or losses on post employments benefits	(6.08)	7.94
Interest income	(47.01)	(17.42)
Dividend income	(2.58)	(1.97)
Dimulation on Investment	-	1.40
Interest Income on receivables	-	-
Interest expenses	592.21	541.60
<b>Operating profits before working capital changes</b>	<b>1,262.39</b>	<b>1,042.62</b>
(Increase)/decrease in trade receivables	(506.31)	(296.71)
<b>(Increase)/decrease in other current and non-current assets</b>	<b>34.63</b>	<b>(14.58)</b>
(Increase)/decrease in inventories	144.12	(540.57)
Increase/(decrease) in trade payables	129.96	173.71
Increase/(decrease) in current and non-current liabilities	208.78	31.28
Increase/(decrease) in provisions	(73.33)	7.77
<b>Cash generated from operations</b>	<b>1,200.25</b>	<b>403.52</b>
Income tax paid	(68.38)	26.53
<b>Net cash from operating activities</b>	<b>1,131.87</b>	<b>430.05</b>
<b>B Cash flow from investing activities</b>		
<b>Purchase of fixed assets</b>	<b>(45.88)</b>	<b>(130.05)</b>
Proceeds from sale of fixed assets	3.48	0.05
Advance for Purchase of fixed assets	6.54	(6.03)
Contribution in Partnership Firm	(108.92)	(28.83)
Sale/Purchase of investments	(5.00)	(20.65)
Interest received	47.76	47.43
Dividends received	2.58	1.97
Investment in bank deposits ( having original maturity of more than three months )	(77.98)	(3.04)
<b>Net cash from investing activities</b>	<b>(177.41)</b>	<b>(139.15)</b>

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## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(Amount in ₹ Lakh)

**31-03-2019**      31-03-2018

**C Cash flow from financing activities**

Proceed from issuance of share capital	-	-
Proceeds from long term borrowings	<b>650.00</b>	825.00
Repayment of long term borrowings	<b>(573.51)</b>	(509.34)
(Repayment)/proceed of/from other borrowings (net)	<b>(449.65)</b>	(74.93)
Interest paid	<b>(581.30)</b>	(540.84)
Dividends paid	<b>(4.46)</b>	(4.29)
Tax on dividend paid	-	-
<b>Net cash used in financing activities</b>	<b>(958.93)</b>	<b>(304.41)</b>
Net increase in cash and cash equivalents	<b>(4.47)</b>	(13.51)
Cash and cash equivalents at the beginning of the year	<b>181.08</b>	194.60
Cash and cash equivalents at the end of the year	<b>176.62</b>	181.08

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As per my report of even date attached

**For and On behalf of Board of Directors**

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

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

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

**Place : Mumbai**  
**Date : 28<sup>th</sup> May, 2019**

**Ms.A.S.Toraskar**  
Company Secretary  
M.No.A54931

## NOTES TO CONSOLIDATED ACCOUNTS

### NOTE A-1 : PRINCIPLES OF CONSOLIDATION

- (i) The Consolidated Financial Statements of **Kulkarni Power Tools Ltd.**, and its subsidiary (M/s. K.P.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 K.P.Developers was effective from 9/3/2017.

- (ii) The excess of cost to the Company of its investment in the subsidiary 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, country of incorporation, proportion of ownership interest and reporting dates considered in the Consolidated Financial Statements are as per the table mentioned below :

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	
		31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
M/s K.P. Developers	India	10%	10%	(0)	(0)	0	0

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.

(Amount in ₹ Lakh)

Particulars	31-03-2019	31-03-2018
Investment Property	630.63	586.20
Other Current Assets	1.00	1.00
Other Non-Current Liabilities	526.40	449.73
Equity attributable to the owners of the Company	105.23	137.47
Non-Controlling Interest	-	-

Particulars	31-03-2019	31-03-2018
Revenue	-	-
Expenses	32.25	28.83
Profit/(loss) for the year	(32.25)	(28.83)
Profit/(loss) attributable to the owners of the Company	(29.02)	(25.95)
Profit/(loss) attributable to the Non-Controlling Interest	(3.22)	(2.88)

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## NOTES TO CONSOLIDATED ACCOUNTS

### 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	(Amount in ₹)	
	31-03-2019	31-03-2018
Investment property	7,158	6,805

**Note:**

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

## NOTES TO CONSOLIDATED ACCOUNTS

### 1. PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹Lakh)

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	Total
<b>Gross Block</b>											
As at 31 <sup>st</sup> March, 2017	249.14	15.94	698.02	4,234.45	817.38	182.95	170.03	6,367.91	92.28	134.29	226.57
Additions	-	-	61.62	48.59	10.36	3.36	-	123.93	4.84	-	4.84
Disposals/Written off	-	-	-	0.38	-	-	-	0.38	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
Impairment of asset	-	-	-	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March, 2018	249.14	15.94	759.64	4,282.65	827.74	186.31	170.03	6,491.45	97.12	134.29	231.41
Additions	-	-	2.25	3.74	18.30	7.83	4.92	37.04	1.74	-	1.74
Disposals/Written off	-	-	-	11.28	-	-	-	11.28	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
Impairment of asset	-	-	-	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March, 2019	249.14	15.94	761.89	4,275.11	846.03	194.14	174.95	6,517.21	98.87	134.29	233.16
As at 31 <sup>st</sup> March, 2019	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	249.14	15.94	761.89	4,275.11	846.03	194.14	174.95	6,517.21	98.87	134.29	233.16
<b>Depreciation/ Amortization</b>											
<b>For own use</b>											
As at 31 <sup>st</sup> March, 2017	-	5.16	269.12	2,602.82	586.57	125.65	119.70	3,709.02	82.21	134.29	216.50
Charge for the year	-	0.51	19.19	215.30	55.70	14.44	21.39	326.53	7.34	-	7.34
Depreciation on disposal	-	-	-	0.36	-	-	-	0.36	-	-	-
As at 31 <sup>st</sup> March, 2018	-	5.87	288.44	2,817.75	642.27	140.09	141.09	4,035.51	89.55	134.29	223.84
Charge for the year	-	0.51	21.24	204.71	48.20	11.68	12.89	299.23	4.38	-	4.38
Depreciation on disposal	-	-	-	8.56	-	-	-	8.56	-	-	-
As at 31 <sup>st</sup> March, 2019	-	6.38	309.68	3,013.90	690.47	151.77	153.98	4,326.17	93.93	134.29	228.22
<b>Net block :</b>											
As at 31 <sup>st</sup> March, 2019	249.14	9.56	452.21	1,261.21	155.57	42.37	20.98	2,191.04	4.94	-	4.94
As at 31 <sup>st</sup> March, 2018	249.14	10.07	471.20	1,464.90	185.47	46.21	28.94	2,455.94	7.57	-	7.57

#### Notes:

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

Company has mortgaged/ hypothecated 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 comprises of Dies and Moulds under development

## NOTES TO CONSOLIDATED ACCOUNTS

### 2. INVESTMENT PROPERTY

(Amount in ₹ Lakh)

Particulars	Leasehold Land	Building	Freehold Land	Total
<b>Gross Block</b>				
<b>As at 31<sup>st</sup> March, 2017</b>	13.61	10.00	265.60	146.15
Additions	-	-	-	-
Disposals	-	-	-	-
<b>Gross Block As at 31<sup>st</sup> March, 2018</b>	13.61	10.00	265.60	146.15
Additions	-	-	44.43	-
Disposals	-	-	-	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>13.61</b>	<b>10.00</b>	<b>310.03</b>	<b>146.15</b>
<b>Depreciation and Impairment</b>				
<b>As at 31<sup>st</sup> March, 2017</b>	2.33	3.55	-	5.88
Charge for the year	0.19	0.13	-	0.32
Depreciation on disposals	-	-	-	-
<b>As at 31<sup>st</sup> March, 2018</b>	2.53	3.67	-	6.20
Charge for the year	0.19	0.13	-	0.32
Depreciation on disposals	-	-	-	-
<b>As at 31<sup>st</sup> March, 2019</b>	<b>2.72</b>	<b>3.80</b>	-	<b>6.52</b>
<b>Net block</b>				
31 <sup>st</sup> March, 2018	11.08	6.33	265.60	283.02
<b>31<sup>st</sup> March, 2019</b>	<b>10.89</b>	<b>6.20</b>	<b>310.03</b>	<b>327.13</b>

#### Information regarding income and expenditure of investment property

Particulars	31-03-2019	31-03-2018
Rental Income derived from investment property	3.60	6.96
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>3.60</b>	<b>6.96</b>
Less - Depreciation	0.32	0.32
<b>Profit arising from investment properties after depreciation and indirect expenses</b>	<b>3.28</b>	<b>6.64</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.

## NOTES TO CONSOLIDATED ACCOUNTS

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

(Amount in ₹ Lakh)

Particulars	31-03-2019	31-03-2018
Investment Properties	7,157.81	6,804.73

**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

	31-03-2019	31-03-2018
<b>Investment in Partnership Firm (Unquoted, at cost)</b>		
Investment in M/s.K P Developers	-	-
<b>Other Investments (Unquoted equity instruments)</b>		
<b>At fair value through Other Comprehensive Income-</b>		
1,000 Shares (Previous year 1,000 shares) of Rs. 10 each of Saraswat Co-Op. Bank Ltd.	0.10	0.10
11,500 Shares (Previous year 11,500 shares) of Rs. 50 each of Shree Mahalaxmi Co-Op.Bank Ltd.	5.75	5.75
5,000 Shares (Previous year 5,000 shares) of Rs.100 each of Samarth Sahakari Bank Ltd.	5.00	5.00
200 Shares (Previous year 200 shares) of Rs. 25 each of Shamrao Vithal Co-Op. Bank Ltd.	0.05	0.05
1,000 Shares (Previous year 1,000 shares) of Rs.50 each of Dombivali Nagari Sahakari Bank Ltd.	0.50	0.50
41,300 Shares of Rs. 50 each of K.A.Ichalkaranji Sahakari Bank Limited	25.65	20.65
	<b>37.05</b>	<b>32.05</b>
1) Aggregate amount of unquoted investments	-	-
2) Aggregate amount of impairment in value of investments	-	-

### 4. FINANCIAL ASSET

#### 1) Trade receivables

##### Non-Current Trade Receivables

Unsecured, considered good:

From related parties

-

From others

110.12

213.50

Doubtful

-

Less: Loss allowance

-

**110.12**

**213.50**

##### Current trade receivables

Unsecured, considered good:

From related parties

-

From others

2,879.09

2,238.17

Doubtful

-

Less: Loss allowance

(31.23)

**2,847.86**

**2,238.17**



## NOTES TO CONSOLIDATED ACCOUNTS

		(Amount in ₹ Lakh)	
		31-03-2019	31-03-2018
<b>2) Others</b>			
	<b>Non Current other financial assets</b>		
	Security Deposits	48.44	45.30
		48.44	45.30
	<b>Current financial assets</b>		
	Interest accrued on bank deposits	7.12	7.88
		7.12	7.88

**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.
- 3 After discounting for 5 years, the fair value of contribution in M/s. K P Developers is ₹ 526.40 lacs and ₹449.73 lacs as on 31<sup>st</sup> March, 2019 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, 2019 ( refer Note No.16 ).

### 5. DEFERRED TAX

The major components of income tax expense for the year ended 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018 are:

Deferred tax		(Amount in ₹ Lakh)			
Deferred tax relates to the following: DTL / (DTA)	Balance Sheet as at		Statement of Profit and Loss / Other comprehensive income		
	31-03-2019	31-03-2018	31-03-2019	31-03-2018	
Property, plant and equipment (Depreciation)	231.61	314.10	(82.49)	(41.25)	
Bonus	6.40	7.89	1.48	(0.59)	
Leave encashment	12.78	13.50	0.72	0.39	
Gratuity	50.54	55.17	4.62	(2.17)	
Deferred tax on IND-AS entries	13.09	0.27	13.37	(9.63)	
Provision for doubtful debts	8.69	-	(8.69)	-	
<b>Deferred tax expense / (income)</b>	<b>78.41</b>	76.55	<b>11.50</b>	(12.00)	
<b>Net deferred tax assets /(liabilities)</b>	<b>166.29</b>	237.28	<b>(70.99)</b>	(53.24)	

## NOTES TO CONSOLIDATED ACCOUNTS

Reflected in balance sheet as

1) **Deferred Tax**

(Amount in ₹ Lakh)

Particulars	31-03-2019	31-03-2018
Deferred tax asset	78.41	76.55
Deferred tax liability	244.70	313.83
<b>Net Deferred Tax Liability</b>	<b>166.29</b>	<b>237.28</b>

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

Particulars	31-03-2019	31-03-2018
Current tax asset/(liability) -Net	(50.71)	(17.67)

6. **OTHER ASSETS**

**Non-Current Assets**

1 **Capital Advances**

Unsecured, considered good	7.88	14.43
----------------------------	------	-------

**Current Assets**

2 **Other Loans and Advances**

(i) Advances to supplier and others

Unsecured, considered good	396.67	348.53
----------------------------	--------	--------

Doubtful	-	-
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<b>Less: Provision for doubtful advance</b>	-	-
---	---	---

	<b>396.67</b>	<b>348.53</b>
--	---------------	---------------

(ii) Sundry Deposits	0.95	0.95
----------------------	------	------

	<b>397.62</b>	<b>349.48</b>
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7. **INVENTORIES**

(i) Raw Materials	906.34	897.04
(ii) Work in progress	311.86	398.16
(iii) Finished goods	246.39	542.96
(iv) Stock in trade	987.10	756.68
(v) Stores and spares	37.19	39.42
(vi) Loose Tools	9.05	7.80
	<b>2,497.94</b>	<b>2,642.06</b>

Amount recognised in Profit & Loss A/c:

Inventory written down to net realisable value amounts to ₹ Nil (31<sup>st</sup> March, 2019 ₹ Nil, 31<sup>st</sup> March, 2018 ₹ Nil). These were recognised as expenses during the year and included in raw material consumption.

## NOTES TO CONSOLIDATED ACCOUNTS

(Amount in ₹ Lakh)  
**31-03-2019**                      31-03-2018

### 8. CASH AND BANK BALANCE

#### a) Cash and cash Equivalents

1) Cash on hand	2.03	2.02
2) Balances with bank - In current account	174.59	179.07
<b>Total Cash and cash Equivalents</b>	<b>176.62</b>	<b>181.08</b>

#### b) Other Bank balance

1) Earmarked balances with banks : (Unpaid dividend accounts)	6.06	10.57
2) Margin Money deposits :		
i) With banks	180.12	185.13
ii) With Financial Institutions	-	-
	<b>186.18</b>	<b>195.70</b>
	<b>362.79</b>	<b>376.18</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.

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

### 9. SHARE CAPITAL

#### Authorized

10,000,000 Equity Shares of ₹5/- each	500.00	500 .00
(Previous year 10,000,000 Equity shares of ₹ 5/- each)		

#### Issued, Subscribed & Fully Paid-up

3,400,000 Equity Shares of ₹ 5/- each	170 .00	170 .00
(Previous year 3,400,000 Equity shares of ₹ 5/- each)		
	<b>170 .00</b>	<b>170 .00</b>
	<b>170 .00</b>	<b>170 .00</b>

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

The Company has only one class of equity shares, having par value of ₹ 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 TO CONSOLIDATED ACCOUNTS

### b) Reconciliation of share capital

(Amount in ₹ Lakh)

Particulars	31-03-2019		31-03-2018	
	Number	(₹)	Number	(₹)
Shares outstanding at the beginning of the year	34,00,000	170.00	34,00,000	170.00
Increase/(Decrease) during the year	-	-	-	-
Shares outstanding at the end of the year	34,00,000	170.00	34,00,000	170.00

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

Particulars	31-03-2019		31-03-2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
1. Suvina Engineers Pvt.Ltd	7,78,812	22.91	7,78,812	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 shares are issued for consideration other than cash. Further the Company has not bought back any shares in last five years.

## 10. OTHER EQUITY

(Amount in ₹ Lakh)

	31-03-2019	31-03-2018
<b>1) General reserves</b>		
Opening balance	1,916.68	1,916.68
<b>2) Securities Premium Reserve</b>	310.93	310.93
<b>3) Retained Earnings</b>		
Opening balance	(573.36)	(792.30)
Add: Net Profit for the current year	320.10	218.94
Balance available for appropriation	(253.26)	(573.36)
Less: Appropriations :	-	-
Sub total	<u>(253.26)</u>	<u>(573.36)</u>
<b>4) Other Reserves</b>		
Capital Reserves	0.15	0.15
<b>Closing balance</b>	<u>1,974.50</u>	<u>1,654.40</u>

## NOTES TO CONSOLIDATED ACCOUNTS

### Notes :

- i) General reserve is created by setting aside amount from Retained Earnings of the Company for general purpose which is freely available for distribution
- ii) Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Act.
- iii) **Dividend distribution made and proposed**

	2018-19	2017-18
<b>Dividend on Equity shares declared and paid :</b>		
Dividend for the year ended 31 <sup>st</sup> March, 2018	-	-
Dividend distribution tax	-	-
<b>Proposed dividend on equity shares</b>		
Dividend for the year ended 31 <sup>st</sup> March, 2019 @ 15% i.e. ₹ 0.75 per share	25.50	-
Dividend distribution tax	5.24	-
	<b>30.74</b>	-

## 11. NON-CONTROLLING INTERESTS

(Amount in ₹ Lakh)

Particulars	31-03-2019	31-03-2018
Non-controlling interest on consolidation	0.10	0.10
Share of Profit/ (Loss) during the year	-	-
Total	0.10	0.10

## NOTES TO CONSOLIDATED ACCOUNTS

### 12. FINANCIAL LIABILITIES - BORROWINGS

(Amount in ₹ Lakh)

Particulars		EIR (P.A)	Maturity	Terms of repayment	31-03-2019	31-03-2018
<b>1)</b>	<b>Non- current borrowings</b>					
<b>a)</b>	<b>Term Loans</b>					
<b>i)</b>	From Banks (Secured)					
	Samarth Sahakari Bank Ltd (secured by mortgage of immovable property)	15.0%		Repayable in 84 monthly installments	<b>388.42</b>	497.92
	Shree Mahalaxmi Co-Op. Bank Ltd (secured by mortgage of immovable property)	12.5%		Repayable in 60 monthly installments	<b>346.03</b>	86.35
	Bank of Maharashtra (secured by hypothecation of stock and receivables and mortgage of immovable properties )	12.45%		Repayable in 60 monthly installments	<b>119.20</b>	178.09
	Term loan from KAIJSBL, (secured by hypothecation of machineries and mortgage of immovable property.)	13.00%		Repayable in 20 quarterly instalments	<b>518.24</b>	563.38
<b>ii)</b>	From Others (Secured)					
	Electronica Finance Limited (secured by hypothecation of machinery acquired out of the loan)	13.5%		Repayable in 36 monthly installments	-	6.77
	<b>Total Secured Term Loans</b>				<b>1,371.88</b>	1,332.52
	Loans guaranteed by Managing Director (Including Current Maturities)				<b>1,870.39</b>	1,793.28
<b>b)</b>	<b>Interest Free Sales Tax Deferred Payment Liability (Unsecured)</b>				<b>104.64</b>	177.35
					<b>1,476.52</b>	1,509.86
<b>2)</b>	<b>Current borrowings</b>					
<b>(a)</b>	<b>Secured</b>					
<b>(i)</b>	Loans repayable on demand from bank Working Capital loan repayable on demand (secured against hypothecation of stock & book debts and mortgage of immovable property)	MCLR+320 bps	On Demand		<b>1,804.96</b>	1,685.11
<b>(ii)</b>	Other Loans Post Shipment Credits	MCLR+145 bps	On Demand		<b>56.15</b>	527.76
<b>(b)</b>	<b>Unsecured</b>					
<b>(i)</b>	Loan from Finance Companies		On Demand		<b>90.00</b>	45.00
					<b>1,951.11</b>	2,257.87

Out of the above Loans guaranteed by Managing Director

**1,861.11** 2,212.87

**Note :**

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

## NOTES TO CONSOLIDATED ACCOUNTS

### 13. FINANCIAL LIABILITIES - OTHERS

	(Amount in ₹ Lakh)	
	31-03-2019	31-03-2018
<b>1) Trade payable</b>		
<b>Trade payables MSME</b>		
To related parties	107.79	-
To others	7.32	-
<b>Total outstanding dues to MSME</b>	<u>115.11</u>	-
<b>Trade payables Other than MSME</b>	<u>1,307.87</u>	1,308.42
<b>Total Current Trade and Other Payables</b>	<u><u>1,422.98</u></u>	<u><u>1,308.42</u></u>
<b>2) Other financial liabilities</b>		
<b>Non Current financial liabilities</b>		
(i) Deposit with dealers	58.04	49.73
(ii) Security Deposit	-	0.50
	<u>58.04</u>	<u>50.23</u>
<b>Current financial liabilities</b>		
(i) Current Maturities of long term debt	588.29	570.46
(ii) Interest accrued but not due on borrowings	20.21	9.30
(iii) Payables on account of purchases of fixed assets	14.22	39.13
(iv) Creditors for expenses	120.92	119.75
(v) Unpaid dividend	5.79	10.26
	<u>749.44</u>	<u>748.89</u>

**Notes :**

- 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 No. 30)

### 14. PROVISIONS

<b>1) Provision for employee benefits</b>		
<b>Non-current provision for employee benefits</b>		
(i) Leave encashment	26.79	28.68
(ii) Gratuity	70.07	83.87
	<u>96.86</u>	<u>112.55</u>
<b>2) Current provision for employee benefits</b>		
(i) Leave encashment	19.15	12.15
(ii) Gratuity	111.61	82.99
	<u>130.77</u>	<u>95.15</u>
<b>3) Others</b>		
(i) Provision for warranty	22.20	18.60
	<u>22.20</u>	<u>18.60</u>
<b>Non-current provision</b>	<u>96.86</u>	<u>112.55</u>
<b>Current provision</b>	<u>152.97</u>	<u>113.75</u>

## NOTES TO CONSOLIDATED ACCOUNTS

(Amount in ₹ Lakh)

**31-03-2019**                      31-03-2018

### 15. OTHER LIABILITIES

#### Other Non-Current Liabilities

1) Deferred Revenue arising from Government grant	33.22	56.02
	<u>33.22</u>	<u>56.02</u>

#### Other Current Liabilities

1) Statutory dues	33.01	13.15
2) Advances from customer	49.02	15.99
3) Other payables	442.12	379.86
4) Current Maturities of Deferred Revenue arising from government grant	22.80	22.80
	<u>546.94</u>	<u>431.79</u>

### 16. REVENUE FROM OPERATIONS

Sale of product (Including Excise Duty)	10,465.76	8,749.05
Sale of services	-	-
Other operating revenue :		
Export Benefit	39.52	25.88
Sale of Scrap	37.68	36.47
Profit on Foreign Exchange Fluctuation	-	9.68
Others	7.60	12.22
	<u>10,550.56</u>	<u>8,833.30</u>

Sale of product includes excise duty collected from customers of ₹ Nil ( Previous year ₹ 117.20 lacs ).

Sale of product net of excise duty is ₹ 10,465.76 lacs ( Previous year ₹ 8,631.85 lacs )

### 17 OTHER INCOME

#### (a) Interest Income

From bank	14.76	17.42
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#### (b) Dividend income

2.58	1.97
------	------

#### (c) Other non-operating income

(i) Government Grant	22.80	22.80
(ii) Lease rent	3.60	3.60
(iii) Miscellaneous income	-	0.11
(iv) Subsidy Received	11.34	-
(v) Profit on sale of Fixed asset	0.76	0.03
(vi) Insurance claim	8.13	0.15
	<u>46.63</u>	<u>26.69</u>
	<u>63.97</u>	<u>46.08</u>



## NOTES TO CONSOLIDATED ACCOUNTS

	(Amount in ₹ Lakh)	
	31-03-2019	31-03-2018
<b>18. COST OF MATERIAL CONSUMED</b>		
Raw material consumed	2,453.48	3,265.93
<b>Total Cost of Raw materials Consumed</b>	<u>2,453.48</u>	<u>3,265.93</u>
<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>Opening Stock</b>		
Finished goods	542.96	269.75
Work-in- progress	398.16	303.73
Stock in trade	756.68	935.53
	<u>1,697.80</u>	<u>1,509.01</u>
<b>Closing Stock</b>		
Finished goods	246.39	542.96
Work-in- progress	311.86	398.16
Stock in trade	987.10	756.68
	<u>1,545.35</u>	<u>1,697.80</u>
Excise duty on stock differential	-	(27.17)
<b>Changes in inventories of Finished goods, Stock-in -Trade and Work-in-Progress</b>	<u>152.45</u>	<u>(215.96)</u>
<b>19. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	908.45	902.26
Contribution to provident fund and other fund	53.25	40.89
Gratuity	11.08	11.81
Welfare expenses	18.37	17.91
	<u>991.16</u>	<u>972.87</u>
<b>20. FINANCE COST</b>		
(a) Interest expense:		
Bank	495.62	447.95
(b) Interest on Interest free government loan	22.97	40.70
(c) Other borrowing cost	61.50	52.95
(d) Net Interest expense/ (income) on defined benefit obligation	12.12	11.55
	<u>592.21</u>	<u>553.15</u>
<b>21. DEPRECIATION AND AMORTISATION</b>		
Depreciation on tangible assets	299.23	326.53
Depreciation on intangible assets	4.38	7.34
Depreciation on investment property	0.32	0.32
	<u>303.92</u>	<u>334.19</u>

## NOTES TO CONSOLIDATED ACCOUNTS

	(Amount in ₹ Lakh)	
	31-03-2019	31-03-2018
<b>22. OTHER EXPENSES</b>		
Stores, Spares consumed	113.46	165.97
Processing Charges	242.10	307.05
Power and Fuel consumed	107.01	118.10
Repairs to Plant and Machinery	67.00	66.67
Repairs to Factory Building	25.11	15.27
Services to Manufacturing	44.00	38.17
Rent	44.57	53.49
Insurance	17.63	17.58
Rates and Taxes (other than taxes on income)	10.19	1.55
Payment to Statutory Auditors:		
- as auditors	0.75	3.00
- for other services (Limited Review and Certification)	0.45	0.45
- reimbursement of expenses (out of pocket expenses)	1.33	0.95
Legal, Professional and Consultancy Charges	113.73	89.90
Advertisement, Publicity and Sales Promotion	100.62	72.46
Directors' Sitting Fees	10.30	7.00
Warranty Expense	40.13	30.87
Travelling & Conveyance	248.24	224.22
Printing & Stationery	14.04	22.45
Postage & Telephone	19.21	21.90
Product Distribution	290.12	239.55
Packing Material	132.38	155.78
Bad Debts Written Off	104.49	3.00
Provision for Doubtful Debts	31.23	-
Miscellaneous Balances written off	0.90	1.73
Diminution in Investment	-	1.40
Miscellaneous Expenses	63.19	70.50
Excise duty	-	117.20
Loss/ Profit on Foreign Exchange Fluctuation	10.42	-
Cash Discount	86.66	100.37
	<b>1,939.27</b>	<b>1,946.58</b>

## NOTES TO CONSOLIDATED ACCOUNTS

	(Amount in ₹ Lakh)	
	31-03-2019	31-03-2018
<b>23 Income Tax</b>		
<b>Statement of Profit and Loss</b>		
<b>Current income tax:</b>		
Current income tax charge	63.00	21.25
Adjustments in respect of current income tax of previous year	-	-
Short/(Excess) Provision	-	(12.62)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(69.22)	(53.24)
<b>Income tax expense reported in the statement of profit and loss</b>	<u>6.22</u>	<u>(44.61)</u>
<b>Other Comprehensive Income</b>		
Current tax related to items recognized in OCI during in the year:		
Net (loss)/gain on remeasurements	1.77	2.48
<b>Income tax charged to OCI</b>	<u>1.77</u>	<u>2.48</u>
<b>Accounting profit before income tax expense</b>	<b>350.44</b>	197.70
Tax @27.82% ( Previous year @ 33.06% )	<b>97.49</b>	65.36
Tax effect adjustments in calculating taxable income	-	-
Other Disallowances/ (allowances)	<b>105.48</b>	18.27
Net (loss)/gain on remeasurements	<b>1.77</b>	(2.48)
<b>Current Tax Expense</b>	<u><b>(6.22)</b></u>	<u>44.61</u>





**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, 2019 and the Board's & Auditor's Reports, thereon.			
2.	To declare dividend for the financial year ended 31 <sup>st</sup> March, 2019.			
3.	To appoint a Director in place of Mr. Prakash A. Kulkarni, Director (DIN : 00052342), who retires by rotation and, being eligible, seeks re-appointment.			
4.	To appoint a Director in place of Dr.Ketan V Pai, Director (DIN : 06980628), who retires by rotation and, being eligible, seeks re-appointment.			
5.	To revise the remuneration to be paid to Mr. Prakash Kulkarni (DIN No.00052342), Executive Chairman, from 1st April, 2019 to 31st March, 2021, as per Section 197 read with Section II of Part II of Schedule V of the Companies Act, 2013.			
6.	To revise the remuneration to be paid to Mr. Dilip Kulkarni, (DIN No.00184727), Executive Director, from 1st April, 2019 to 31st March, 2022, as per Section 197 read with Section II of Part II of Schedule V of the Companies Act, 2013 and also change in his designation.			
7.	To re-appoint Mr.D.C.Shroff as an Independent Director and in this regard, pass the following resolution as a Special Resolution.			
8.	To re-appoint Mr.S.S.Shirgaokar, as an Independent Director and in this regard, pass the following resolution as a Special Resolution.			
9.	To re-appoint Mr.S.C.Kirloskar as an Independent Director and in this regard, pass the following resolution as a Special Resolution.			

Place :

Date :

**(Signature of Shareholder)**

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