NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

A1. Corporate information

Kulkarni Power Tools Limited (KPT), is a Public Limited Company incorporated on 30th 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 31st 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.

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.

- 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 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

(Amount in ₹ Lakh)

Particulars	Tangible Assets								Intangible asset		
	Free hold Land	Lease hold Land	Building	Plant & Equipment	Dies, moulds & Patterns	Furniture & Fixtures	Vehicles	Total	Computer Software	Technical Know-how	Total
Gross Block											
For own use :											
As at 31st March, 2017	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	-	-	-	-	-	-	-	-	-	-	-
As at 31st 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 31st 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**
Depreciation/ Amortization											
For own use :											
As at 31st 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 31st 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 31st March, 2019	-	**6.38**	**309.68**	**3,013.90**	**690.47**	**151.77**	**153.98**	**4,326.17**	**93.93**	**134.29**	**228.22**
Net block :											
As at 31st 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 31st 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 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
As at 31st March, 2017	13.61	10.00	122.53	146.15
Additions	-	-	-	-
Disposals	-	-	-	-
Gross Block As at 31st March, 2018	13.61	10.00	122.53	146.15
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31st March, 2019	**13.61**	**10.00**	**122.53**	**146.15**
Depreciation and Impairment				
As at 31st March, 2017	2.33	3.55	-	5.88
Charge for the year	0.19	0.13		0.32
Depreciation on disposals	-	-	-	-
As at 31st March, 2018	2.53	3.67	-	6.20
Charge for the year	0.19	0.13	-	0.32
Depreciation on disposals	-	-	-	-
As at 31st March, 2019	2.72	3.80	-	6.52
Net block :				
As at 31st March, 2018	11.08	6.33	122.53	139.94
As at 31st March, 2019	**10.89**	**6.20**	**122.53**	**139.62**

Information regarding income and expenditure of investment property

Particualrs	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	–	–
Profit arising from investment properties before depreciation and indirect expenses	**3.60**	6.96
Less - Depreciation	**0.32**	0.32
Profit arising from investment properties after depreciation and indirect expenses	**3.28**	6.64

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
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
11,500 Shares of ₹ 50 each of Shree Mahalaxmi Co-Op.Bank Ltd.	**5.75**	5.75
5,000 Shares of ₹100 each of Samarth Sahakari Bank Ltd.	**5.00**	5.00
200 Shares of ₹ 25 each of Shamrao Vithal Co-Op. Bank Ltd.	**0.05**	0.05
1,000 Shares of ₹ 50 each of Dombivli Nagari Sahakari Bank Ltd.	**0.50**	0.50
51,300 Shares of ₹ 50 each of K.A.Ichalkaranji Sahakari Bank Ltd.	**25.65**	20.65
	37.95	32.95
1) Aggregate amount of unquoted investments	**37.95**	32.95
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
2) Others		
Non Current other financial assets		
(i) Contribution in Partnership Firm	**526.40**	449.73
(M/s. K.P.Developers)	**-**	-
(ii) Security Deposits	**48.44**	45.30
	574.85	495.03
Current financial assets		
Interest accrued on bank deposits	**7.12**	7.88
	7.12	7.88

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 31st March, 2019 and 31st March, 2018, respectively. Accordingly, the difference is recognised as interest income in the statement of profit and loss for the period ended 31st March, 2019 (refer Note No. 16).

5. DEFERRED TAX

The major components of income tax expense for the year ended 31st March, 2019 and 31st 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)**	-
Deferred tax expense / (income)	**78.41**	76.55	**11.50**	(12.00)
Net deferred tax assets /(liabilities)	**166.29**	237.28	**(70.99)**	(53.24)

	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
Net Deferred tax liability	**166.29**	237.28
2) Current tax Asset/(Liability)- Net		
Current tax asset/(liability) -Net	**(50.71)**	(17.67)

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
	Current assets		
	2 Other loans and advances		
	(i) Advances to supplier and others		
	Unsecured, considered good	**396.67**	348.53
	Doubtful	**-**	-
	Less: Loss allowance	**-**	-
		396.67	348.53
	(ii) Sundry Deposits	**0.95**	0.95
		397.62	349.48
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
		2,497.94	2,642.06

Amount recognised in Profit & Loss A/c:
Inventory written down to net realisable value amounts to ₹ Nil (31st 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
	2) Balances with bank - In current account	**173.59**	178.07
	Total Cash and cash Equivalents	**175.62**	180.08
	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	**-**	-
		186.18	195.70
		361.79	375.78

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 31st 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)	**General reserves**	**1,916.68**	1,916.68
2)	**Securities Premium Reserve**	**310.93**	310.93
3)	**Retained Earnings**		
	Opening balance	**(266.71)**	(514.48)
	Add: Net Profit for the current year	**356.66**	242.31
	Other Comprehensive Income	**(4.31)**	5.46
	Balance available for appropriation	**85.64**	(266.71)
	Less: Appropriations :	**-**	-
		85.64	(266.71)
4)	**Other Reserves :**		
	Capital Reserves	**0.15**	0.15
	Closing balance	**2,313.40**	1,961.05

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

	31-03-2019	31-03-2018
Dividend on Equity shares declared and paid :		
Dividend for the year ended 31st March, 2018	-	-
Dividend distribution tax	-	-
Proposed dividend on equity shares		
Dividend for the year ended 31st March, 2019 @ 15% i.e. ₹ 0.75 per share	**25.50**	-
Dividend distribution tax	**5.24**	-
	30.74	**-**

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)	**Non- current borrowings**					
a)	**Term Loans**					
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
	Total Secured Term Loans				**1,371.88**	1,332.52
	Loans guaranteed by Managing Director (Including Current Maturities)				**1,870.39**	1,793.28
b)	**Interest Free Sales Tax Deferred Payment Liability (Unsecured) ***				**104.64**	177.35
					1,476.52	1,509.86
2)	**Current borrowings**					
(a)	**Secured**					
(i)	Loans repayable on demand from bank :					
	Working Capital loan repayable on demand	MCLR+320 bps	On Demand		**1,804.96**	1,685.11
	(secured against hypothecation of stock & book debts and mortgage of immovable property)					
(ii)	Other Loans					
	Post Shipment Credits	MCLR+145 bps	On Demand		**56.15**	527.76
(b)	**Unsecured**					
(i)	Loan from Finance Companies		On Demand		**90.00**	45.00
					1,951.11	2,257.87

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 31st March, 2018 and 31st March, 2019 respectively (Refer Note No. 19).

Terms of Repayment:

i) 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.

ii) Liability of ₹ 29.40 lacs to be repaid in five yearly equal installments of ₹ 5.88 lacs from March 2018.

iii) 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.

	31-03-2019	31-03-2018
12. FINANCIAL LIABILITIES :		
1) Trade payable		
Trade payables MSME		
To related parties	**107.79**	-
To others	**7.32**	-
Total outstanding dues to MSME	**115.11**	-
Trade payables Other than MSME	**1,307.87**	1,308.42
Total Current Trade and Other Payables	**1,422.98**	1,308.42
2) Other financial liabilities		
Non Current financial liabilities		
(i) Deposit with dealers	**58.04**	49.73
(ii) Security Deposit	**-**	0.50
	58.04	50.23
Current financial liabilities		
(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
	749.44	748.89

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 30)

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)

	31-03-2019	31.03.2018
13. PROVISIONS		
1) Provision for employee benefits		
Non-current provision for employee benefits		
(i) Leave encashment	**26.79**	28.68
(ii) Gratuity	**70.07**	83.87
Total non-current provision for employee benefits	**96.86**	112.55
2) Current provision for employee benefits		
(i) Leave encashment	**19.15**	12.15
(ii) Gratuity	**111.61**	82.99
Total non-current provision for employee benefits	**130.77**	95.15
3) Others (Refer Note 28)		
Other Current provisions		
Provision for warranty	**22.20**	18.60
	22.20	18.60
Non-current provision	**96.86**	112.55
Current provision	**152.97**	113.75
14. OTHER LIABILITIES		
Other Non-Current Liabilities		
Deferred Revenue arising from Government grant *	**33.22**	56.02
	33.22	56.02
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
	546.94	431.79

* Refer Note No. 11.1

	31-03-2019	31.03.2018
15. 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
	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

	31-03-2019	31.03.2018
		(Amount in ₹ Lakh)
16 OTHER INCOME :		
(a) Interest Income		
From bank	**14.76**	17.42
(b) Dividend income	**2.58**	1.97
(c) Other non-operating income		
(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
	78.87	58.88
	96.21	78.27

17. COST OF MATERIAL CONSUMED :

	31-03-2019	31.03.2018
Raw material consumed	**2,453.48**	3,265.93
Total Cost of Raw materials Consumed	**2,453.48**	3,265.93
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock :		
Finished goods	**542.96**	269.75
Work-in- progress	**398.16**	303.73
Stock in trade	**756.68**	935.53
	1,697.80	1,509.01
Closing Stock :		
Finished goods	**246.39**	542.96
Work-in- progress	**311.86**	398.16
Stock in trade	**987.10**	756.68
	1,545.35	1,697.80
Excise duty on stock differential	**-**	(27.17)
Changes in inventories of finished goods, Stock-in -Trade and Work-in-Progress	**152.45**	(215.96)

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)

		31-03-2019	31-03-2018
18.	**EMPLOYEE BENEFITS EXPENSE**		
	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
		991.16	972.87
19.	**FINANCE COST**		
	(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
		592.21	553.15
20.	**DEPRECIATION AND AMORTISATION**		
	Depreciation on tangible assets	**299.23**	326.53
	Depreciation on intangible assets	**4.38**	7.34
	Depreciation on investment property	**0.32**	0.32
		303.92	334.19
21.	**OTHER EXPENSES**		
	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
		1,939.27	1,949.94
22	**Income Tax**		
	Statement of Profit and loss		
	Current income tax:		
	Current income tax charge	**63.00**	21.25
	Adjustments in respect of current income tax of previous year	-	-
	Short/(Excess) Provision	-	(12.62)
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**(69.22)**	(53.24)
	Income tax expense reported in the statement of profit and loss	**6.22**	(44.61)
	Other Comprehensive Income		
	Current tax related to items recognized in OCI during in the year:		
	Net (loss)/gain on remeasurements	**1.77**	2.48
	Income tax charged to OCI	**1.77**	2.48
	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)
	Current Tax Expense	**(6.22)**	44.61
23	**Contingent liabilities**		
	(A) Claims against the Company not acknowledged as debt.		
	i) Maharashtra Value Added Tax Act 2002 and Central Sales Tax Act 1956 for the year 2012-13 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.	**40.97**	40.97
	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
		122.88	113.32
(B)	**Commitments**		
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
		28.49	60.55
	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
		7.20	8.85

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
	2.60	4.48

	31-03-2019	31-03-2018
25. EARNING PER SHARE (BASIC AND DILUTED)		
I Basic		
a) Profit for the year before tax	**350.44**	197.70
Less : Attributable Tax thereto	**(6.22)**	(44.61)
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	**(6.22)**	(44.61)
	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)
a) The amounts recognized in Balance Sheet are as follows:		
A. Amount to be recognized in Balance Sheet		
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. Amounts reflected in the Balance Sheet		
Liabilities	**181.68**	166.87
Assets	**–**	–
Net Liability/(Assets)	**181.68**	166.87
b) The amounts recognized in the Statement of Profit and Loss :		
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
c) The amounts recognized in the statement of other comprehensive income (OCI)		
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)

NOTES FORMING PART OF FINANCIAL STATEMENTS

		31-03-2019 Gratuity Plan (Funded)	31-03-2018 Gratuity Plan (Funded)
d)	**The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:**		
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	**17.19**	16.16
5	Past Service Cost	**-**	-
6	Current Service Cost	**11.08**	11.81
7	Curtailment Cost / (credit)	**–**	–
8	Settlement Cost/ (credit)	**–**	–
9	Benefits paid	**(24.68)**	(9.13)
10	Remeasurements on obligation - (Gain) / Loss	**13.80**	(8.97)
	Present value of obligation as at the end of the period	**17.39**	232.76
e)	**Net interest (Income) /expenses**		
1	Interest (Income) / Expense – Obligation	**17.19**	16.16
2	Interest (Income) / Expense – Plan assets	**(5.08)**	(4.60)
3	Net Interest (Income) / Expense for the year	**12.12**	11.55

f) **Principal actuarial assumptions :**

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.

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

	31-03-2019	31-03-2018
Plan Assets	**68.46**	65.90
Present value of obligation	**250.15**	232.76
Surplus/(Deficit)	**(181.68)**	(166.87)

h) **General descriptions of defined plans:**

Gratuity Plan:

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

i) Sensitivity analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation(PVO) 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
1 Discount rate		
Decrease from 6.8% to 6.7%	**261.64**	244.13
Decrease from 8.8% to 8.7%	**239.89**	222.58
2 Salary increase rate		
2%	**240.75**	223.53
4%	**260.48**	242.88
3 Withdrawal rate		
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

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

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	**Purchase of goods & services**	**150.10**	–	207.64	–
	Trimurti Engineering Tools Pvt Ltd.	–	**150.10**	–	207.64
2	**Sale of goods/contract revenue & services**	**21.64**	–	22.81	–
	Trimurti Engineering Tools Pvt Ltd.	–	**21.64**	–	22.81
3	**Rendering Services**	**4.25**	–	3.83	–
	Trimurti Engineering Tools Pvt Ltd. (Rent received)	–	**4.25**	–	3.83
4	**Remuneration Paid**	**47.04**	–	46.82	–
	Key Management Personnel				
	Mr.Prakash A.Kulkarni	–	**29.60**	–	29.39
	Mr.Dilip B.Kulkarni	–	**17.44**	–	17.44
5	**Directors Sitting fees**	**2.20**		1.00	
	Mrs.P. P. Kulkarni	–	**2.20**	–	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
	Amount Due to :				
1	KMP	**2.85**	–	2.69	–
2	Enterprise over which above persons have significant influence Trimurti Engineering Tools Pvt Ltd.	**107.79**	**107.79**	104.24	104.24
		110.64	**107.79**	106.93	104.24
	Amount Due from :				
	KP Developers	**0.90**	–	0.90	–
		0.90	–	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)
	Product Warranty
Carrying amount as at 1st April 2018	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
Carrying amount as at 31st March, 2018	18.60
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
Carrying amount as at 31st March, 2019	**22.20**

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
	Financial Assets				
a)	**Carried at amortised cost**				
	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	-	-
		3,932.97	3,330.36	-	-
b)	**Financial Asset carried at FVOCI**				
	Investments (Non current)	**37.95**	32.95	-	-
		37.95	32.95	-	-
	Financial Liabilities				
a)	**Carried at amortised cost**				
	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	-	-
		5,649.80	5,875.27	-	-

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 in 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	
31st March, 2019	**-**	**2,563.71**	**60.85**	**364.65**	**2,989.21**
31st 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 it's 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					
	Carrying amount	**On demand**	**Less than 180 days**	**181 to 365 days**	**above 366 days**	**Total**
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					
	Carrying amount	**On demand**	**Less than 180 days**	**181 to 365 days**	**above 366 days**	**Total**
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
Segment Reporting		
I. Primary Segment Information (Business Segment)		
Revenue :		
Sales		
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
	10,465.76	8,631.85
Segment Results (Gross)		
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	**1,164.38**	926.97
Unallocated Corporate Expenses	**317.94**	251.04
Operating Profit	**846.43**	675.94
Interest Expense	**592.21**	553.15
Other Income	**96.21**	74.91
Profit / (Loss) before exceptional item	**350.44**	197.70
Exceptional Item:		
Profit Before Tax	**350.44**	197.70

NOTES FORMING PART OF FINANCIAL STATEMENTS

		(Amount in ₹ Lakh)
	31-03-2019	31-03-2018
Segment Assets :		
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
	8,022.10	7,860.45
Add: Unallocated Corporate Assets	**1,128.43**	1,082.00
	9,150.53	8,942.45
Segment Liabilities :		
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
	2,136.14	1,931.86
Add: Unallocated Corporate Liabilities	**386.72**	258.18
	2,522.85	2,190.04
Capital Expenditure :		
Portable Power Tools	**24.57**	15.56
Blowers	**13.59**	8.81
Windmills	**–**	–
All other segments includes E-vehicle	**0.63**	104.40
	38.79	128.77
Depreciation :		
Portable Power Tools	**257.14**	217.53
Blowers	**41.74**	47.79
Windmills	**–**	45.71
All other segments includes E-vehicle	**5.05**	–
	303.92	311.02
Non-cash expenses other than depreciation :		
Portable Power Tools	**(8.12)**	7.24
Blowers	**0.86**	–
Windmills	**–**	–
All other segments includes E-vehicle	**–**	–
	(7.26)	7.24

II. Secondary Segment Information (Geographical Segment)

The distribution of the Company's sales by geographical market is as under:

Net Sales :		
India	**9,550.41**	8,215.93
Outside India	**915.35**	533.12
	10,465.76	8,749.05

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