



KPT INDUSTRIES LTD.

(Formerly known as Kulkarni Power Tools Limited)

**44th ANNUAL REPORT
2019-20**

KPT INDUSTRIES LTD.

(Formerly known as Kulkarni Power Tools Limited)

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

BOARD OF DIRECTORS

P.A. KULKARNI	Executive Chairman
D.C. SHROFF	Independent Director
S.S. SHIRGAOKAR	Independent Director
S.C. KIRLOSKAR	Independent Director
P.P. KULKARNI	Woman Director
D.B. KULKARNI	Managing Director
K.V. PAI	Director

BANKERS

NKGSB Co-Op.Bank Ltd., Kolhapur

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

BOARD'S REPORT

To,

The Members,

Your Directors have pleasure in presenting the 44th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2020.

1. FINANCIAL RESULTS :

Rs.In Lakhs

	2020	2019
Turnover	10525.62	10465.76
Profit Before Interest, Depreciation, Tax & Exceptional Items	1353.36	1246.57
Less : Interest	571.80	592.21
Less : Depreciation	298.36	303.92
Profit Before Tax	483.20	350.44
Less : Provision for Taxation, including Deferred Tax	(14.46)	(6.22)
Profit After Tax	497.66	356.66
Less : Other Comprehensive Income	(10.77)	(4.31)
Net Profit for the current year	486.89	352.35
Add : Amount brought forward from last year	85.64	(266.71)
Profit available for Appropriation	572.53	85.64
Transfer to General Reserve	---	---
Balance Carried Forward to Balance Sheet	572.53	85.64
Interim Dividend for year 2020 / Dividend for year 2019	25.50	25.50
Tax on Interim Dividend for year 2020 / Tax on Dividend for year 2019	5.24	5.24

2. OPERATIONS AND FUTURE PROSPECTS:

Stakeholders will find the financials presented above are satisfying given the facts mentioned in the last year report. We did talk about international slow down, flood fury, clouds of recession. Everyone was wondering how 2019-20 working would affect with all these hurdles.

No one dreamed of the impending catastrophe of the Coronavirus pandemic unleashed globally. Due to the lockdowns imposed, the operations of every company were disrupted since the last ten days of FY 2019-20 until May 2020, by which the sales and production were partly resumed. Thereafter, by a series of regional lockdowns which were stop and go in the nature, are big hurdle in going to normalcy.

The World Bank has forecasted in August, 2020, fall in India's GDP by 3.2% for financial year 2020-21. It is estimated the GDP contracted by 23.9% in the first quarter of Financial Year 2020-21, as per estimate provided by Union Ministry of Statistics and Programme Implementation. Consumer confidence has slipped and job losses increased in August, 2020. The supply chain position is very much affected causing all sorts of issues. It is very difficult to predict what would be the end result for the new FY 2020-21.

Management believes that the Covid-19 effect will not have significant impact on the Company and its going concern in the long run. In order to mitigate the risk, Company is focusing on controlling and reducing costs, pushing new products and re-aligning its product portfolio to suit the market. Company is closely

monitoring Covid-19 related developments, its operations, liquidity and capital resources to mitigate the overall impact of this unprecedented situation. Management assures it is ready to do their best as demand constraints give away.

During the year, Company has changed its name from “Kulkarni Power Tools Ltd.”, to “**KPT Industries Ltd.**”, w.e.f. 18th September, 2019, in order to reflect different segments.

3. DIRECTORS & KEY MANAGERIAL PERSONNEL :

The Board comprises of 7 Directors out of which three 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, Executive Chairman, Mr.Dilip B. Kulkarni, Managing Director and Ms.Aishwarya S.Toraskar, are the Key Managerial Persons of the Company.

Mr. Prakash Kulkarni was appointed as an Executive Chairman and Mr.Dilip Kulkarni was appointed as Managing Director of the Company during the year under review.

The Directors deeply regret to report that Mr.M.L.Apte, the founder-Director of the Company, expired on 23-09-2019 in Mumbai. Mr.Apte’s knowledge of business expertise was of great help to **KPT**, since its formation.

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

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

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

4. DIRECTORS’ RESPONSIBILITY STATEMENT:

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

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors were devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively;

- f) The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.

5. NUMBER OF MEETINGS OF THE BOARD :

The Board of Directors duly met 5(five) times on 28-05-2019, 10-08-2019, 14-11-2019, 12-02-2020 & 06-03-2020 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 28-05-2019, 10-08-2019, 14-11-2019 & 12-02-2020, 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 10-08-2019 in respect of which proper notice was given and the proceedings were properly recorded and signed.

The CSR Committee of the Board of Directors met 1(one) time on 10-08-2019 in respect of which proper notice was given and the proceedings were properly recorded and signed. This is voluntary committee formed by the Company. Provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company.

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

Sl. No.	Date of Meetings	Attended by
1	28-05-2019	Mr.P.A.Kulkarni, Mr.S.S.Shirgaokar, Mr.D.C.Shroff, Mr.S.C.Kirloskar, Mrs.P.P.Kulkarni, Dr.K.V.Pai & Mr.D.B.Kulkarni
2	10-08-2019	Mr.P.A.Kulkarni, Mr.S.S.Shirgaokar, Mr.S.C.Kirloskar, Mrs.P.P.Kulkarni, Dr.K.V.Pai & Mr.D.B.Kulkarni
3	14-11-2019	Mr.P.A.Kulkarni, Mr.S.S.Shirgaokar, Mr.D.C.Shroff, Mr.S.C.Kirloskar, Mrs.P.P.Kulkarni, & Mr.D.B.Kulkarni
4	12-02-2020	Mr.P.A.Kulkarni, Mr.S.S.Shirgaokar, Mr.D.C.Shroff, Mr.S.C.Kirloskar, Mrs.P.P.Kulkarni, Dr.K.V.Pai & Mr.D.B.Kulkarni
5	06-03-2020	Mr.P.A.Kulkarni, Mr.S.S.Shirgaokar, Mrs.P.P.Kulkarni & Mr.D.B.Kulkarni

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

Sl. No.	Date of Meetings	Attended by
1	28-05-2019	Mr.S.S.Shirgaokar, Mr.S.C.Kirloskar & Mr.D.B.Kulkarni
2	10-08-2019	Mr.S.S.Shirgaokar, Mr.S.C.Kirloskar & Mr.D.B.Kulkarni
3	14-11-2019	Mr.S.S.Shirgaokar, Mr.S.C.Kirloskar & Mr.D.B.Kulkarni
4	12-02-2020	Mr.S.S.Shirgaokar, Mr.S.C.Kirloskar & Mr.D.B.Kulkarni

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

Sl. No.	Date of Meetings	Attended by
1	10-08-2019	Mr.S.S.Shirgaokar, Mrs.P.P.Kulkarni & Mr.D.B.Kulkarni

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

Sl. No.	Date of Meetings	Attended by
1	10-08-2019	Mr.S.S.Shirgaokar, Mr.P.A.Kulkarni & Mr.D.B.Kulkarni

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

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

7. NOMINATION AND REMUNERATION COMMITTEE :

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

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 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 3 (Three) Directors. Out of which 2 (Two) Directors are Independent Directors and constitutes majority.

9. STATUTORY AUDIT REPORT :

With respect to Statutory Auditors' observations regarding Internal Financial Controls, please note that the Company has robust internal control system in place.

10. SECRETARIAL AUDIT REPORT :

With respect to Secretarial Audit Report, attached herewith as **ANNEXURE-I**, to this report.

Secretarial Auditor's Qualification :

Secretarial Auditor observed that trading window was not closed as per the Listing Obligations and Disclosure Regulations for the three quarters.

Management Reply :

Trading window closure notice was delayed by few days. The Company intimates the same to the Stock exchange also. Key managerial persons and associates to whom the said notice was required to be issued do not normally trade in securities of the Company.

11. DIVIDEND:

An interim dividend of 15% i.e. @ Rs.0.75 per Equity of Rs.5/-each, has been paid to Shareholders on 6th March, 2020, in respect of the year 2019-20.

In view of the unprecedented situation created by Corona pandemic, the Directors recommended that the interim dividend paid by the Company in March, 2020, should be treated as final dividend for the year 2019-20.

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 Annual Return of the Company is available on www.kpt.co.in pursuant to provisions of Sections 92(3) and 134(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-II** 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 thirteen 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 : ₹ 746.06 Lacs

Outgo : a) Material ₹ 3777.64 lacs

b) Others ₹ 06.92 lacs

Total ₹ 3784.56 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 :

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

Your company has taken all precautions post the opening of the Factory after the lockdown was partially relaxed from May 2020. The measures mandated by the Central Government like periodic sanitisation of all places at factory, screening of employees at the time of entering premises, social distancing while seating etc., are also taken up while reopening of the Factory in May 2020.

If an employee is suspected of any symptoms, he is asked to visit the company doctor and only after due confirmation he is readmitted. KPT is helping all to get possible medical assistance.

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. However, Company had a Joint Venture with M/s.KP Developers till December, 2019.

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 2019-2020.

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-III** 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

Place : Shirol
Date : 14th September, 2020

Prakash Kulkarni
Executive Chairman
DIN : 00052342

Dilip Kulkarni
Managing Director
DIN: 00184727

ANNEXURE-I

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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,

KPT INDUSTRIES LIMITED

(Formally known as Kulkarni Power Tools Limited)

At & Post Shirol-416103

Dist. Kolhapur

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KPT INDUSTRIES LIMITED** (hereinafter called "the Company") (**Formally known as Kulkarni Power Tools Limited**). 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 **KPT INDUSTRIES LIMITED (Formally known as Kulkarni Power Tools Limited)**, 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 31st March, 2020 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 **KPT INDUSTRIES LIMITED (Formally known as Kulkarni Power Tools Limited)** for the financial year ended on 31st March, 2020 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;
- vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are **NOT APPLICABLE** to the Company:-
 - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- d. 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;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vii. 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 (Depositories And Participants) Regulations, 2018
- iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

Pursuant to regulation 9(1) read with Schedule B of SEBI (Prohibition of Insider Trading) Regulations, 1992, the 'trading restriction period' is made applicable from the end of every quarter. There was a delay in making the same applicable for the quarters ending on 30th June 2019, 31st December 2019 and 31st March 2020.

We further report that

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

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.

Disclaimer: Physical verification of documents could not be conducted due to Covid-19 pandemic. This certificate is issued on the basis of information provided by the company and audit meetings conducted through video conferencing mode.

**For KMDS & ASSOCIATES
COMPANY SECRETARIES**

**CS M. B. KASODEKAR
PARTNER**

Membership No. F 2756

C. P. No: 1681

Unique Code of Partnership Firm: P2020MH080600

Place : Pune
Date : 17/08/2020
UDIN : F002756B000585217

‘Annexure A’

To,

The Members,

KPT INDUSTRIES LIMITED

(Formally known as Kulkarni Power Tools Limited)

At & Post Shirol-416103

Dist. Kolhapur

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.

Disclaimer: Physical verification of documents could not be conducted due to Covid-19 pandemic. This certificate is issued on the basis of information provided by the company and audit meetings conducted through video conferencing mode.

**For KMDS & ASSOCIATES
COMPANY SECRETARIES**

**CS M. B. KASODEKAR
PARTNER**

Membership No. F 2756

C. P. No: 1681

Unique Code of Partnership Firm: P2020MH080600

Place : Pune

Date : 17/08/2020

UDIN : F002756B000585217

ANNEXURE-II

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. 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	-	-	01.04.2019 to 31.03.2020
(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	-	-	11-02-2019
(f)	Amount paid as advances, if any	-	-	-

For & on behalf of the Board of Directors

Prakash Kulkarni
Executive Chairman
Din : 00052342

Dilip Kulkarni
Managing Director
Din : 00184727

Place : Shirol
Date : 14-09-2020

ANNEXURE-III

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 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 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 2018-19	% increase in Remuneration in the Financial Year 2019-20	Ratio of Remuneration of each Director to Median Remuneration of Employees
1	Prakash Arvind Kulkarni	26.86	217.7250	26.2337
2	Dilip Bindumadhav Kulkarni	15.22	78.8643	8.3668
3	Aishwarya Suresh Toraskar	0.58	-	-

1. The Median remuneration of employees of the Company during the financial year 2019-20 was Rs. 3.25 lakhs.
2. In the financial year 2019-20, there was an increase of 4.4948% in the median remuneration of the employees.
3. As on March 31, 2020, there were 267 permanent employees who were on the roll of the Company.
4. Average percentile increase made in the salaries of the employees other than managerial personnel in the last financial year is 8.0665% and percentile increase in the managerial remuneration is 167.53%.
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 : **NA**.

INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE

TO THE MEMBERS OF,

KPT INDUSTRIES LIMITED

(Formerly known as 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 **KPT Industries Limited (Formerly known as Kulkarni Power Tools Limited)** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Standalone 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 Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the standalone statement of affairs of the Company as at 31st March 2020, and its standalone profit (including Other Comprehensive Income), standalone changes in equity and its standalone cash flows for the year ended on that date.

Basis for Opinion

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 am 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 Act and the Rules there under, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

I believe that the audit evidence I have 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 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. Following is the Key Audit Matter identified which is of most significance:

- **Adoption of Ind AS 116 Leases:**

As described in Note 2.17 to the standalone financial statements, the Company has adopted Ind AS 116 Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in my audit.

Ind AS 116 introduces a new lease accounting model, wherein lessees' are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term.

Additionally, the standard mandates detailed disclosures in respect of transition.

Refer Note 2.17 and Note 36 to the standalone financial statements.

Audit procedures performed:

My audit procedures on adoption of Ind AS 116 include:

- Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116);
- Assessed the Company's evaluation on the identification of leases based on the contractual agreements and my knowledge of the business;
- Upon transition as at 1st April, 2019:
 - ♦ Evaluated the method of transition and related adjustments;
 - ♦ Tested completeness of the lease data by reconciling the Company's operating lease commitments to data used in computing ROU asset and the lease liabilities.
- On a statistical sample, I performed the following procedures:
 - ♦ Assessed the key terms and conditions of each lease with the underlying lease contracts; and
 - ♦ Evaluated computation of lease liabilities and challenged the key estimates such as, discount rates and the lease term.
- Assessed and tested the presentation and disclosures relating to Ind AS 116 including, disclosures relating to transition.
- Based on the audit procedures performed, I conclude that Ind AS 116 is satisfactorily adopted.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS Financial Statements, Secretarial Report and my auditor's report thereon, which is expected to be made available to me after the date of this Auditor's Report.

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, later when the other information is made available to me, I find any misstatement, I shall be required to report that fact.

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 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 (including other comprehensive income), standalone changes in equity and standalone cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records,

relevant to the preparation and presentation of the standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

My objective is to obtain reasonable assurance about whether the standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 Financial Statements.

As part of an audit in accordance with SAs, I exercise professional judgment and maintain professional skepticism 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 Act, I am 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 am required to draw attention in my auditor's report to the related disclosures in the standalone 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 Financial Statements, including the disclosures, and whether the standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide 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 determine 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 describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine 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 Act, I gave 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), the Statement of Changes in Equity and the Cash Flows Statement dealt with by this Report are in agreement with the books of account.
 - d) In my opinion, the aforesaid standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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) As required by section 197 (16) of the Act; in my opinion and according to information and explanation provided to me, the remuneration paid by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to its directors is not in excess of the limit laid down under this section.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in 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 no. 27 to the financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2020.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Dharmendra R Prabhukhot

Chartered Accountant

Membership No: 219438

UDIN: 20219438AAAAAF7967

Place : Belagavi

Date : 30th June, 2020

Annexure - A to the Auditor's Report

Referred to in paragraph 1 of my report on Other Legal and Regulatory Requirements of even date to the Members of KPT Industries Limited (Formerly known as Kulkarni Power Tools Limited)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company are physically verified by the Management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts. Also, company has policy of verifying one block of asset every year. In my opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties as disclosed in Note 1 on Property, Plant & Equipment 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 and properly dealt with in books of accounts.
- (iii) According to information and explanations given to me, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clause 3 (iii) of the Companies (Auditor's report) Order, 2016, is not applicable to the Company.
- (iv) According to information & explanations given to me, in my opinion in respect of loan, investment, guarantees and security, provision of Sections 185 and 186 of the Companies Act, 2013 has been complied with.
- (v) According to information and explanation given to me, the Company has not accepted any deposits from public, accordingly the reporting under Clause 3 (v) of the Companies (Auditor's report) Order, 2016, is not applicable to the Company.
- (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 information and explanation given to me, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Employees State Insurance, Income Tax, Duty of Customs, Goods and Service Tax, Cess and any other statutory dues applicable to it.
- (b) According to information and explanations provided to me, no disputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to information and explanations given to me, there are no dues of Income tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Goods and Service Tax and Cess which have not been deposited on account of any dispute other than those mentioned below:

(Rs. in Lakhs)

Name of the statute	Nature of dues	Amount	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.

- (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. Also, according to information and explanation given to me, in my opinion, the Company neither has any loans or borrowings from Government, nor issued any debentures.
- (ix) According to the information and explanation given to me, in my opinion the Company has not raised money by way of initial public offer. However, during the year Company borrows term loan from bank. In my opinion they were utilised for the purpose for which they raised the funds.
- (x) According to information and explanation given to me, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to information & explanation given to me and based on my examination of the records of the Company, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company, accordingly the reporting under Clause 3 (xii) of the Companies (Auditor's report) Order, 2016, is not applicable to the Company.
- (xiii) According to information & explanation given to me, in my opinion all transactions with related parties are in compliance with sections 177 & 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in notes to accounts of Financial Statements as per Indian Accounting Standard 24 - Related Party Disclosures. (Refer Note no. 32)
- (xiv) According to Information & Explanation given to me, the Company has not issued shares by way of preferential allotment/private placement of shares or fully or partly convertible debentures during the year under review, accordingly provisions of section 42 of the Companies Act, 2013 are not applicable to the Company.
- (xv) According to information & explanation given to me, the Company has not entered into non-cash transactions with directors or persons connected with him; accordingly, provisions of section 192 are not applicable to the Company.
- (xvi) According to information & explanation given to me, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Dharmendra R Prabhukhot

Chartered Accountant

Membership No: 219438

UDIN: 20219438AAAAAF7967

Place : Belagavi

Date : 30th June, 2020

Annexure - B to the Auditor's Report

Referred to in paragraph 2(f) of my Report on Other Legal and Regulatory Requirements of even date to the Members of KPT Industries Limited (Formerly known as Kulkarni Power Tools Limited)

Report on the Internal Financial Controls with reference to Standalone Ind AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls with reference to Standalone Ind AS Financial Statements of **KPT Industries Limited (Formerly known as Kulkarni Power Tools Limited)** ("the Company") as of 31st March, 2020 in conjunction with my audit of the 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 with reference to financial statements based on my audit. I 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 internal financial controls with reference to Financial Statements were established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the existence of the internal financial controls with reference to financial statements and their operating effectiveness. My audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference to Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 controls with reference to financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

expenditures of the Company are being made only in accordance with 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 with reference to Standalone Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to Standalone Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to Standalone Ind AS Financial Statements 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 controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March 2020, 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.

Place : Belagavi
Date : 30th June, 2020

Dharmendra R Prabhukhot
Chartered Accountant
Membership No: 219438
UDIN: 20219438AAAAAF7967

STANDALONE BALANCE SHEET AS AT 31st MARCH, 2020 (Contd....)

		(Amount in ₹ Lakh)	
	Note No	31-03-2020	31-03-2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	1	2,179.31	2,181.47
Right of Use Asset	1	89.34	9.56
Capital work-in-progress	1	4.82	9.75
Investment property	2	139.30	139.62
Other intangible asset	1	1.76	4.94
Intangible assets under development		-	-
Financial Assets			
Investments	3	42.05	37.95
Trade receivables	4	-	110.12
Loans	5	49.84	48.44
Others	6	-	526.40
Other non-current assets	7	2.73	7.90
Total non-current assets		2,509.15	3,076.15
Current Assets			
Inventories	8	2,944.51	2,497.94
Financial Assets			
Investments	3	-	-
Trade receivables	4	2,657.71	2,847.86
Cash and cash equivalents	9 (a)	117.30	175.62
Bank balance other than above	9 (b)	179.32	186.18
Loans	5	-	-
Others	6	5.37	7.12
Other current assets	7	462.82	397.61
Total current assets		6,367.03	6,112.33
TOTAL ASSETS		8,876.18	9,188.48
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	10	170.00	170.00
Other equity	11	2,725.52	2,313.40
Total equity		2,895.52	2,483.40

STANDALONE BALANCE SHEET AS AT 31st MARCH, 2020

(Amount in ₹ Lakh)

	Note No	31-03-2020	31-03-2019
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	12	1,047.38	1,476.52
Trade payables			
- Dues to Micro & Small Enterprises	13	-	-
- Dues to other than Micro & Small Enterprises	13	-	-
Other financial liabilities	14	142.26	58.04
Provisions	15	114.44	96.86
Deferred tax liabilities (Net)	16	92.52	166.29
Other non-current liabilities	17	27.09	33.22
Total non-current liabilities		1,423.69	1,830.93
Current liabilities			
Financial liabilities			
Borrowings	12	2,423.31	1,951.11
Trade payables			
- Dues to Micro & Small Enterprises	13	90.16	115.11
- Dues to other than Micro & Small Enterprises	13	798.41	1,307.87
Other financial liabilities	14	560.77	832.91
Other current liabilities	17	515.46	463.47
Provisions	15	118.47	152.97
Current tax liabilities (Net)	16	50.39	50.71
Total current liabilities		4,556.97	4,874.15
Total liabilities		5,980.66	6,705.08
TOTAL EQUITY AND LIABILITIES		8,876.18	9,188.48
Corporate Information	A1		
Significant accounting policies	A2		
See accompanying notes to financial statements	1 - 40		

As per my report of even date attached

For and On behalf of Board of Directors

Dharmendra R Prabhukhot
Chartered Accountant
M.No: 219438
UDIN : 20219438AAAAAF7967

D.B.Kulkarni
Managing Director
DIN:00184727

P.A.Kulkarni
Executive Chairman
DIN:00052342

Place : **Belagavi**
Date : **30th June, 2020**

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

Place : **Shirol**
Date : **30th June, 2020**

STATEMENT OF STANDALONE PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd...)

		(Amount in ₹ Lakh) (except EPS)	
	Note No.	31-03-2020	31-03-2019
Revenue from Operations	18	10,596.61	10,540.14
Other Income	19	129.89	96.21
Total Income		10,726.50	10,636.35
Expenses			
Cost of materials consumed	20	2,977.67	2,453.48
Purchases of Stock-in-Trade	20	4,058.82	3,863.85
Changes in inventories of finished goods, stock-in -trade and work-in-progress	21	(741.26)	152.45
Employee benefits expense	22	1,134.86	991.16
Finance costs	23	571.80	592.21
Depreciation and amortization expense	24	298.36	303.92
Other expenses	25	1,943.05	1,928.84
Total expenses		10,243.30	10,285.91
Profit/(loss) before exceptional items and tax		483.20	350.44
Exceptional items		-	-
Profit/(loss) before tax		483.20	350.44
Tax expenses	26		
Current tax		78.20	63.00
Deferred tax			
- MAT Credit Entitlement		(29.10)	-
- Others		(35.41)	(69.22)
Short/(Excess) Provision of earlier years		(28.15)	-
Total tax expense		(14.46)	(6.22)
Profit/(loss) for the period		497.66	356.66

STATEMENT OF STANDALONE PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in ₹ Lakh) (except EPS)

Note No. **31-03-2020** 31-03-2019

Other Comprehensive Income

Items not to be reclassified to profit or loss

- Remeasurement gains and losses on post employments benefits	(14.92)	(6.08)
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Income Tax relating to items that will not be reclassified to profit or loss

- Tax on re-measurement gains and losses	4.15	1.77
--	------	------

Items that will be reclassified to profit or loss

- -

Income tax relating to items that will be reclassified to profit or loss

- -

Other Comprehensive Income net of tax

(10.77) (4.31)

Total Comprehensive Income for the period (Comprising Profit /(Loss) and Other Comprehensive Income for the period)

486.89 352.35

Earnings Per Equity Share

(1) Basic in ₹	14.64	10.49
(2) Diluted in ₹	14.64	10.49

Corporate Information A1

Significant accounting policies A2

See accompanying notes to financial statements 1 - 40

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

As per my report of even date attached

For and On behalf of Board of Directors

Dharmendra R Prabhukhot

Chartered Accountant

M.No: 219438

UDIN : 20219438AAAAAF7967

D.B.Kulkarni
Managing Director

DIN:00184727

P.A.Kulkarni
Executive Chairman

DIN:00052342

Ms.A.S.Toraskar
Company Secretary

M.No.A54931

Place : **Shirol**
Date : **30th June, 2020**

Place : **Belagavi**
Date : **30th June, 2020**

Cash flow statement for the year ended 31st March, 2020 (Contd...)

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
A Cash flow from operating activities		
Net profit before taxes and extraordinary items -	483.20	350.44
Adjustments for:		
Depreciation - Other than ROU	271.84	303.41
Depreciation - On ROU	26.51	0.51
Dividend Income	(3.06)	(2.58)
(Profit)/Loss on sale of fixed assets	(7.58)	(0.76)
Bad debts written off	173.80	104.49
Provision for Doubtful Debts	0.72	-
Government Grant	(14.47)	-
Income on de-recognition of financial assets	(60.46)	-
Interest income	(40.73)	(47.01)
Interest expenses	571.81	592.21
Operating profits before working capital changes	1,401.59	1,300.72
Adjustments for:		
(Increase)/decrease in trade receivable	125.76	(571.36)
(Increase)/decrease in other financial assets	1.96	42.28
(Increase)/decrease in other non-financial assets	(65.21)	-
(Increase)/decrease in inventories	(446.57)	144.12
Increase/(decrease) in trade payables	(534.41)	129.96
Increase/(decrease) in other financial liabilities	496.22	(240.87)
Increase/(decrease) in other non-financial liabilities	60.33	-
Increase/(decrease) in Provisions	(31.83)	(48.18)
Cash generated from operations	1,007.85	756.67
Income tax paid	(50.37)	(68.38)
Net cash from operating activities	957.48	688.29

Cash flow statement for the year ended 31st March, 2020

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
B Cash flow from investing activities		
Purchase of fixed assets	(267.31)	(39.34)
Proceeds from sale of other fixed assets	12.08	3.48
Purchase of Investments	(5.00)	(5.00)
Proceeds from Partnership Firm	606.96	(108.92)
Interest received	22.37	47.76
Dividend Received	3.06	2.58
Sale of Investment	0.90	(84.04)
Net cash from investing activities	373.07	(183.48)
C Cash flow from financing activities		
Proceeds from Long Term Borrowings	158.68	650.00
Repayment of Long Term Borrowings	(912.06)	(573.51)
Interest paid	(549.11)	(581.30)
Purchase of ROU assets	(33.69)	-
Dividend and Dividend distribution tax	(52.69)	(4.46)
Net cash used in financing activities	(1,388.87)	(509.27)
Net increase in cash and cash equivalents	(58.32)	(4.46)
Cash and cash equivalents at beginning of period (refer note -8)	175.62	180.08
Cash and cash equivalents at the end of period (refer note - 8)	117.30	175.62

Notes:

Cash Flow statement has been prepared under indirect method as set out in Ind AS 7 Statement of Cash Flow.

For Net debt Reconciliation Statement, refer note no. 12.

For Company's policies on Cash & Cash equivalent refer note 2.6 of Significant Accounting Policies.

As per my report of even date attached

For and On behalf of Board of Directors

Dharmendra R Prabhukhot
Chartered Accountant
M.No: 219438
UDIN : 20219438AAAAAF7967

D.B.Kulkarni
Managing Director
DIN:00184727

P.A.Kulkarni
Executive Chairman
DIN:00052342

Place : **Belagavi**
Date : **30th June, 2020**

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

Place : **Shirol**
Date : **30th June, 2020**

Statement of changes in Equity for the period ended 31st March, 2020

A. Equity Share Capital (Refer Note 10)

(Amount in ₹ Lakh)

Equity Shares issued, subscribed and fully paid	No. of Shares	Amount
As at 1 st April, 2018	3,400,000	170.00
Issued /Reduced if any during the year	-	-
As at 31 st March, 2019	3,400,000	170.00
Issued /Reduced if any during the year	-	-
As at 31 st March, 2020	3,400,000	170.00

B. Other Equity (Refer Note 11)

Particulars	Reserves and Surplus				Total
	General Reserve	Securities Premium Reserve	Capital Reserve	Retained Earnings	
Balance as on 1 st April, 2018	1,916.68	310.93	0.15	(266.71)	1,961.05
Profit for the year 2018-19	-	-	-	356.66	356.66
Other Comprehensive income for the year	-	-	-	(4.31)	(4.31)
Total Comprehensive Income for the year	1,916.68	310.93	0.15	85.64	2,313.40
Dividends	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
Balance as on 31st March, 2019	1,916.68	310.93	0.15	85.64	2,313.40
Profit for the year 2019-20	-	-	-	497.66	497.66
Other Comprehensive income for the year	-	-	-	(10.77)	(10.77)
Total Comprehensive Income for the year	1,916.68	310.93	0.15	572.53	2,800.29
Final Dividend on for the year ended 31 st March, 2019	-	-	-	(25.50)	(25.50)
Tax on final dividend for year ended 31 st March, 2019	-	-	-	(5.24)	(5.24)
Interim Dividend on for the year ended 31 st March, 2020	-	-	-	(25.50)	(25.50)
Tax on interim dividend for year ended 31 st March, 2020	-	-	-	(5.24)	(5.24)
Net impact on account of adoption of Ind AS 116 (Net of Tax)	-	-	-	(13.29)	(13.29)
Transfer from retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
Balance as on 31st March, 2020	1,916.68	310.93	0.15	497.76	2,725.52

As per my report of even date attached

For and On behalf of Board of Directors

Dharmendra R Prabhukhot
Chartered Accountant
M.No: 219438
UDIN : 20219438AAAAAF7967

D.B.Kulkarni
Managing Director
DIN:00184727

P.A.Kulkarni
Executive Chairman
DIN:00052342

Place : **Belagavi**
Date : **30th June, 2020**

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

Place : **Shirol**
Date : **30th June, 2020**

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

A1. Corporate information

KPT Industries Limited (Formerly known as "Kulkarni Power Tools Limited") ("the Company"), is a Public Limited Company incorporated on 30th July, 1976, under the provisions of Companies Act, 1956, having its registered office at & post Shirol, District Kolhapur, 416103. Its shares are listed at Bombay Stock Exchange.

The Company is mainly engaged in the business of manufacturing of Electrical Power Tools and Roots (Positive Displacement) Blowers/Exhausters for a wide variety of applications, Electric Commercial Vehicles and power generation through windmills.

A2. Significant accounting policies

2.1 Basis of preparation

The Standalone 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 (as amended till date).

The financial statements were authorized for issue by the Board of Directors on 30th June 2020.

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
Certain financial instruments	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.

Exchange differences are recognized in the Statement of Profit and Loss except to the extent, exchange differences which are regarded as an adjustment to interest cost on foreign currency borrowing, are capitalized as part of Borrowing Cost.

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 disclosures 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:

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

1. Estimation of defined benefit obligation –

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

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

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

Further details about gratuity obligations are given in Note 31.

2. Estimation of provision for warranty claims – Refer note 2.16 Provisions
3. Estimated useful life of intangible assets - Refer note 2.9 Intangible asset and amortization.
4. Deferred tax assets are recognized for all deductible temporary differences including 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.
5. Lease term - The company has applied provisions of Ind AS 116 effective 01st April, 2019. The said standard provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgment.
6. Revenue Recognition - The company recognises revenue for each performance obligation either at a point in time or over a time. In case performance obligation is satisfied over a time, the output method is used to determine the revenue since it is faithfully depicting the company's performance towards complete satisfaction of performance obligation. Practical expedient of "right to consideration" is also considered while recognizing revenue in the amount to which the entity has right to invoice. In case performance obligation is satisfied at a point in time, the company generally recognises revenue when the control is transferred i.e. in case of goods either on shipment or upon delivery in domestic & on date of shipping in case of export. In case of services, the revenue is recognized based on completion of distinct performance obligation. Refer significant accounting policy note 2.10 on revenue recognition for information about methods, input and assumptions w.r.t transaction price & variable consideration.

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

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

- 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/liabilities are classified as non-current assets/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 and Stores Spares: 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 includes cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Unserviceable, damaged and obsolete inventory is valued at cost or net realizable value whichever is lower.

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 cash equivalents

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.

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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, except for following category of fixed assets, as assessed by the Management of the Company based on technical evaluation –

Particulars	Life in years
Building:	
- Building at new assembly shop cabin	10
- Building near Store	10

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, it 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.

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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.

- **Derecognition 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 derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and they are recognized in statement of profit and loss when the asset is derecognized.

2.10 Revenue recognition

Sale of goods

Company recognizes 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 performance obligation separately, in order to reflect the substance of the transaction and revenue is recognized separately for each obligation as and when the recognition criteria for the component is fulfilled.

For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Amounts included in revenue are net of returns, trade allowances, rebates, goods and service tax, value added taxes.

Other income

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

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

2.11 Finance costs

Finance costs comprises of interest expense on borrowings, and foreign currency loss (to the extent those are regarded as an adjustment to the finance costs) on financial assets and liabilities. Interest expenditure is recognized as it accrues in the statement of profit and loss, using the effective interest method.

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are the assets that necessarily take a substantial period of time to get ready for their intended use or sale.

2.13 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).

2.14 Employee Benefits

Short Term Employee Benefits

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

Post-Employment Benefits

Defined Contribution Plan

The Company's state governed provident fund scheme 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

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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.

2.15 Income Taxes

Current income tax

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

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

Deferred tax

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

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

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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.

2.16 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, and
- Possible obligation arising from past events where the probability of outflow of resources is 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 to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.17 Leases

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.

As a Lessee

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

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Company considers that lease to be no longer enforceable. Also, according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

Right-of-use assets:

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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

Lease Liability:

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

As a lessor

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning from 1st April, 2019 and applied the standard to all lease contracts existing on 1st April, 2019 using the modified retrospective method and has taken the cumulative adjustments to retained earnings on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31st March, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for the year ended 31st March, 2019.

2.18 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.

2.19 Fair value measurement

The Company measures certain financial instruments such as Investments at fair value at each balance sheet date. 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

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

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.

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.

2.20 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)

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

Derecognition

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

Impairment of financial asset

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

- Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance.
- Financial assets that are debt instruments and are measured as at FVTOCI.
- Lease receivables.
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.
- 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 116

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, other 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.

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

2.21 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.

2.22 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.

2.23 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

2.24 Standards issued but not effective

The amendments are proposed to be effective for annual reporting periods beginning on or after 1 April 2020.

The Company is in the process of evaluating the impact of these amendment on financial statements.

A. Issue of Ind AS 117 – Insurance Contracts

The exposure draft of Ind AS 117 was issued by the Institute of Chartered Accountants of India as

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

replacement for Ind AS 104 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognized as revenue over the coverage period.

The standard allows a choice between recognizing changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under Ind AS 109.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

B. Amendments to existing Standards

The Company is in the process of evaluating the impact of these amendment on financial statements.

1. Ind AS 40 – Investment Property

The exposure draft on amendments to Ind AS 40 issued by the Institute of Chartered Accountants of India proposes to reinstate the fair value option thereby providing the entities an accounting policy choice to subsequently measure investment properties using either the cost model or the fair value model.

2. Ind AS 1 – Presentation of Financial Statements and Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The exposure draft on amendments to Ind AS 1 and Ind AS 8 issued by the Institute of Chartered Accountants of India proposes to amended the definition of the term "Material" and to use a consistent definition of materiality throughout Indian Accounting Standards and the Conceptual Framework for Financial Reporting. The amendment clarifies when information is material. In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

NOTES TO ACCOUNTS : SIGNIFICANT ACCOUNTING POLICIES

3. Ind AS 103, Business Combinations

The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes to amend the definition of “Business”. Proposed guidance provides that an acquisition should include an input and a substantive process that together significantly contribute to the ability to create outputs.

The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organized workforce.

It is no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets and base the assessments on what has been acquired in its 'current state and condition'. The amendment also provides for an 'optional test', where substantially all of the fair value of gross assets is concentrated in a single asset (or group of similar assets), the assets acquired would not represent a business.

4. Ind AS 109, Financial Instruments and Ind AS 107 Financial Instruments: Disclosures - Interest Rate Benchmark Reform

The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Inter Bank Offer Rate (IBOR) reforms. Additionally, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

However, such exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2020 as at the date of approval of these financial statements.

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 1: PROPERTY, PLANT AND EQUIPMENT, RIGHT OF USE ASSET AND INTANGIBLE ASSET

Particulars	Tangible Assets						Right of Use Asset			Intangible asset		
	Free hold Land	Building	Plant & Equipment	Dies, moulds & Patterns	Furniture & Fixtures	Vehicles	Total	Building	Lease hold Land	Total	Software	Technical Know-how
Gross Block												
As at 1 st April 2018	249.14	759.64	4,282.65	827.74	186.31	170.03	6,475.51	-	15.94	15.94	97.12	134.29
Additions	-	2.25	3.74	18.30	7.83	4.92	37.04	-	-	-	1.74	-
Disposals/Written off	-	-	11.28	-	-	-	11.28	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 st March 2019	249.14	761.89	4,275.11	846.03	194.14	174.95	6,501.27	-	15.94	15.94	98.87	134.29
Additions	-	-	59.20	70.61	3.32	137.56	270.69	106.29	-	106.29	-	-
Disposals/Written off	-	-	1.88	-	0.24	85.73	87.85	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 st March 2020	249.14	761.89	4,332.44	916.64	197.22	226.78	6,684.11	106.29	15.94	122.24	98.87	134.29
Depreciation/ Amortization												
As at 1 st April 2018	-	288.44	2,817.75	642.27	140.09	141.09	4,029.64	-	5.87	5.87	89.55	134.29
Charge for the year	-	21.24	204.71	48.20	11.68	12.89	298.72	-	0.51	0.51	4.38	-
Depreciation on disposals	-	-	8.56	-	-	-	8.56	-	-	-	-	-
As at 31 st March 2019	-	309.68	3,013.90	690.47	151.77	153.98	4,319.80	-	6.38	6.38	93.93	134.29
Charge for the year	-	21.32	195.14	34.83	9.26	7.78	268.35	26.01	0.51	26.51	3.18	-
Depreciation on disposals	-	-	1.67	-	0.23	81.44	83.35	-	-	-	-	-
As at 31 st March 2020	-	331.00	3,207.38	725.30	160.80	80.32	4,504.80	26.01	6.89	32.89	97.11	134.29
Net Block												
At 31 st March 2020	249.14	430.89	1,125.06	191.34	36.42	146.46	2,179.31	80.29	9.05	89.34	1.76	-
At 31 st March 2019	249.14	452.21	1,261.21	155.57	42.37	20.98	2,181.47	-	9.56	9.56	4.94	-

Notes:

1) Property, plant and equipment pledged as security

Company has mortgaged/ hypothecated its property, plant and equipment against borrowings. (Refer note no 12)

2) Contractual obligations

Refer Note No 28 for estimated amount of contract remaining to be executed on capital account .

3) Capital Work in Progress comprises of Dies and Moulds under development Rs. 4.82 Lakhs. (Previous year Rs. 9.75 Lakhs)

4) Impairment loss - No Provision for Impairment loss is made during the year.

5) For depreciation and amortisation, refer accounting policy 2.7 and for disclosure refer Note No. 24.

NOTES FORMING PART OF FINANCIAL STATEMENTS

2. INVESTMENT PROPERTY

(Amount in ₹ Lakh)

Particulars	Leasehold Land	Building	Freehold Land	Total
Gross Block				
As at 1st April 2018	13.61	10.00	122.53	146.15
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31st March 2019	13.61	10.00	122.53	146.15
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31st March 2020	13.61	10.00	122.53	146.15
Depreciation and Impairment				
As at 1st April 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
Charge for the year	0.19	0.13	-	0.32
Depreciation on disposals	-	-	-	-
As at 31st March 2020	2.92	3.93	-	6.84
Net block				
31 st March 2020	10.70	6.07	122.53	139.30
31 st March 2019	10.89	6.20	122.53	139.62

- 1) Gross block is at cost except leasehold land and building which is net of depreciation.
- 2) For depreciation and amortisation refer accounting policy 2.8 and for disclosure refer note no. 24.

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

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.

Fair value table -

(Amount in ₹ Lakh)

Particulars	Amount
Opening balance as at 01st April 2018	6,053.40
Fair value difference	81.12
Purchases	-
Closing balance as at 31st March 2019	6,134.52
Fair value difference	(109.12)
Purchases/transfer from PPE	-
Closing balance as at 31st March 2020	6,025.40

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

Information regarding income and expenditure of investment property

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
Rental Income derived from investment property	3.60	3.60
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	3.60
Less - Depreciation	(0.32)	(0.32)
Profit arising from investment properties after depreciation and indirect expenses	3.28	3.28

3. FINANCIAL ASSETS - INVESTMENTS

Non-Current Investments

(a) Investment in Subsidiary (In Partnership Firm - Unquoted, at cost)

Investment as Capital Contribution of M/s. KP Developers	-	0.90
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(b) Other Investments (Unquoted equity instruments)

At fair value through Other Comprehensive Income-

(i) Saraswat Co-Op. Bank Ltd : 1,000 Shares of Rs. 10/- each. (31 March 2019 : 1,000 shares of Rs. 10/- each)	0.10	0.10
(ii) Shree Mahalaxmi Co-Op. Bank Ltd. : 11,500 Shares of Rs. 50/-each. (31 March 2019: 11,500 shares of Rs. 50/- each)	5.75	5.75
(iii) Samarth Sahakari Bank Ltd : 5,000 Shares of Rs.100/- each. (31 March 2019: 5,000 shares of Rs. 100/- each)	5.00	5.00
(iv) Shamrao Vithal Co-Op. Bank Ltd : 200 Shares of Rs. 25/- each. (31 March 2019: 200 shares of Rs. 25/- each)	0.05	0.05
(v) Dombivali Nagari Sah. Bank Ltd. : 1,000 Shares of Rs.50/- each. (31 March 2019: 1,000 shares of Rs. 50/- each)	0.50	0.50
(vi) K. A. Ichalkaranji Janata Sah. Bank Ltd : 51,300 Shares of Rs. 50/- each (31 March 2019: 51,300 shares of Rs. 50/- each)	25.65	25.65
(vii) NKGSB Co-Op. Bank Ltd : 50,000 Shares of Rs. 10/- each. (31 March 2019: Nil)	5.00	-
	42.05	37.95

1) Aggregate amount of quoted investments	-	-
2) Aggregate amount of unquoted investments	42.05	37.95
3) Aggregate amount of impairment in value of investments	-	-

Refer Note - 34, for Financial assets at fair value through other comprehensive income- unquoted equity instruments.

Refer Note - 34A, on risk management objectives and policies for financial instruments.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

4. FINANCIAL ASSET - TRADE RECEIVABLE

(a) Non-Current Trade Receivables

Unsecured, considered good:	-	-
From related parties	-	-
From others	-	110.12
Doubtful	-	-
Less: Loss allowance	-	-
	<u>-</u>	<u>110.12</u>

Break-up for security details :

Secured, Considered good	-	-
Unsecured, Considered good	-	-
Significant Increase in credit risk	-	110.12
Credit Impaired	-	-
Less : Loss Allowance (Allowance for bad and doubtful debts)	-	-

(b) Current trade receivables

Unsecured, considered good:	-	-
From related parties	-	-
From others	2,689.66	2,879.09
Doubtful	-	-
Less: Loss allowance	(31.95)	(31.23)
	<u>2,657.71</u>	<u>2,847.86</u>

Break-up for security details :

Secured, Considered good	-	-
Unsecured, Considered good	2,661.39	2,844.96
Significant Increase in credit risk	28.27	34.13
Credit Impaired	-	-
Less : Loss Allowance (Allowance for bad and doubtful debts)	(31.95)	(31.23)

- Trade receivables are measured at amortised cost.
- No Trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.
- Refer Note 34A & 34B, on credit risk of trade receivable, which explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

5. FINANCIAL ASSET - LOANS

(a) Non Current financial assets - Loans

Security Deposits 49.84 48.44

Break-up for security details :

Secured, Considered good	-	-
Unsecured, Considered good	49.84	48.44
Significant Increase in credit risk	-	-
Credit Impaired	-	-
Less : Loss Allowance	-	-
	<u>49.84</u>	<u>48.44</u>

- Loans are measured at amortised cost.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

6. FINANCIAL ASSET - OTHERS

(a) Other Non-Current Financial Assets

Contribution in Partnership Firm (M/s. KP Developers) *	-	526.40
	-	526.40

(b) Other Current Financial Assets

Interest accrued on bank deposit	5.37	7.12
	5.37	7.12

- Other financial assets are measured at amortised cost.
- Refer Note 34A on risk management objectives and policies for financial instruments.
- *After discounting for 5 years, the fair value of contribution in M/s. KP Developers is Rs. 526.40 Lakhs and Rs. 449.73 Lakhs as on 31st March, 2020 and 31st March, 2019 respectively. Accordingly, the difference is recognised as interest income in the statement of profit and loss for the period ended 31st March, 2020 (Refer Note No 19).

7. OTHER ASSETS

(a) Other Non-current Assets

Capital advances

Unsecured, considered good

(i) To Related Parties

(ii) To Others

	-	-
	2.73	7.90
	2.73	7.90

(b) Other Current Assets

Advances to suppliers

Unsecured, considered good

(i) To Related Parties

(ii) To Others

	143.13	86.67
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Claims Receivable

(i) Paid under protest

(ii) VAT/ Excise/ GST Receivable

Earnest money deposit

Prepaid Expenses

Staff Advance

Sundry Deposits

Others

	20.75	42.86
	64.75	63.90
	45.91	50.96
	61.79	28.95
	48.56	10.37
	0.95	0.95
	76.98	112.96

	462.82	397.61
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Advance to Directors or to firm/Private Company where Director is interested.

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NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

8. INVENTORIES

(a) Raw materials	606.58	906.34
(b) Work in progress	397.12	311.86
(c) Finished goods	702.74	246.39
(d) Stock in trade	1,186.76	987.10
(e) Stores and spares	39.80	37.19
(f) Loose Tools	11.50	9.05
	<u>2,944.51</u>	<u>2,497.94</u>

9. CASH AND BANK BALANCE

(a) Cash and cash Equivalents

1) Cash on hand	0.30	2.03
2) Balances with bank - In current account	116.99	173.59
Cash and cash Equivalents	<u>117.30</u>	<u>175.62</u>

(b) Other Bank balance

1) Earmarked balances with banks (Unpaid dividend accounts)	14.68	6.06
2) Margin Money deposits :		
i) With banks	164.63	180.12
ii) With Financial Institutions	-	-
	<u>179.32</u>	<u>186.18</u>

Refer Note 34A on risk management objectives and policies for financial instruments.

10. SHARE CAPITAL

Authorized

10,000,000 Equity Shares of ₹ 5/- each (Previous year 10,000,000 Equity Shares of ₹ 5/- each)	500.00	500.00
30,00,000 Preference Shares of ₹ 10/- each (Previous year 30,000,000 Preference Shares of ₹ 10/- each)	300.00	300.00
	<u>800.00</u>	<u>800.00</u>

Issued, Subscribed & Fully Paid-up

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

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 FORMING PART OF FINANCIAL STATEMENTS

b) Reconciliation of Share Capital

Particulars	31-03-2020		31-03-2019	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
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	31-03-2020		31-03-2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
1. Suvina Engineers Pvt.Ltd	778,812	22.91	778,812	22.91
2. KPT Industries Employees Welfare Trust	324,000	9.53	324,000	9.53

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.

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
11. OTHER EQUITY :		
(a) General reserves	1,916.68	1,916.68
(b) Securities Premium Reserve	310.93	310.93
(c) Capital Reserves	0.15	0.15
(d) Retained Earnings		
Opening balance	85.64	(266.71)
Add: Net Profit for the current year	497.66	356.66
Other Comprehensive Income	(10.77)	(4.31)
Balance available for appropriation	572.53	85.64
Less: Appropriations :		
Dividend on equity	51.00	-
Tax on dividend	10.48	-
Transition impact of Ind AS 116 (Net of tax)	13.29	-
	497.76	85.64
	2,725.52	2,313.40

Notes :

- General reserve is created by setting aside amount from Retained Earnings of the Company for general purpose which is freely available for distribution
- Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Act.
- Capital Reserve is created by forfeiture of shares from unpaid shareholders by company.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)

31-03-2020 31-03-2019

iv) Dividend distribution made and proposed

Cash Dividend on Equity shares declared and paid :

Final Dividend for the year ended 31st March, 2019

Rs. 0.75 per share (31 st March, 2018 : Rs. NIL)	25.50	-
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Dividend distribution tax on final dividend	5.24	-
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Interim dividend for the year 31st March, 2020

Rs. 0.75 per share (31 st March, 2019 : Rs. NIL)	25.50	-
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Dividend distribution tax on interim dividend	5.24	-
---	-------------	---

61.48	-
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Proposed dividend on equity shares

Final Cash dividend for the year ended 31st March, 2020

Rs. NIL per share (31 st March, 2019 : Rs. 0.75 per share)	-	25.50
---	---	-------

Dividend distribution tax on proposed final dividend	-	5.24
--	---	------

-	30.74
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Proposed dividend on equity on shares are subject to approval of share holders of the Company at annual general meeting and are not recognised as a liability (including tax thereon) as at 31st March, 2020 and 31st March, 2019.

12. FINANCIAL LIABILITIES - BORROWINGS

(Amount in ₹ Lakh)

31-03-2020 31-03-2019

	Interest Rate (p.a.)	Terms of Repayment		
(a) Non- current borrowings				
(i) Term Loans				
- From Banks (Secured)				
1 Samarth Sahakari Bank Ltd.	14.00%	Repayable in 84 monthly installments	316.03	388.42
(secured by mortgage of immovable property)				
2 Shree Mahalaxmi Co-Op. Bank Ltd.	12.50%	Repayable in 60 monthly installments	-	346.03
(secured by mortgage of immovable property)				
3 Bank of Maharashtra	12.45%	Repayable in 60 monthly installments	-	119.20
(secured by hypothecation of stock and receivables and mortgage of immovable properties)				
4 K.A. Ichalkaranji Janata S.B.Ltd.	13.00%	Repayable in 20 quarterly instalments	454.22	518.24
(secured by hypothecation of machineries and mortgage of immovable property.)				

NOTES FORMING PART OF FINANCIAL STATEMENTS

			(Amount in ₹ Lakh)	
			31-03-2020	31-03-2019
	Interest Rate (p.a.)	Terms of Repayment		
5 NKGSB Co-op Bank Ltd. (secured by hypothecation of stock and receivables and mortgage of immovable properties)	11.75%	Repayable in 35 monthly instalments	94.19	-
6 Bank of Baroda (Secured by vehicles purchased out of the loan)	8.60%	Repayable in 36 monthly instalments	78.97	-
- From Others (Secured)				
7 Electronica Finance Limited (secured by hypothecation of machinery acquired out of the loan)	12.99%	Repayable in 36 monthly installments	37.91	-
Total Secured Term Loans from banks			981.32	1,371.88
(ii) Interest Free Sales Tax Deferred Payment Liability (Unsecured)**			66.06	104.64
			1,047.38	1,476.52
(b) Current borrowings				
Secured				
- Loans repayable on demand from bank				
(i) Working Capital loan repayable on demand				
- IDBI Bank Ltd.*	11.95%	On Demand	685.66	706.01
- NKGSB Co-op Bank Ltd.*	11.75%	On Demand	1,254.08	-
- Bank of Maharashtra*	12.40%	On Demand	-	1098.94
*(secured against hypothecation of stock & book debts and mortgage of immovable property)				
(ii) Post Shipment Facility				
- IDBI Bank Ltd.	MCLR +145 bps	60 - 90 days	-	56.15
(secured against hypothecation of stock & book debts and mortgage of immovable property)				
(iii) Buyers Credit Facility				
- NKGSB Co-op Bank Ltd.				
(secured against hypothecation of stock & book debts and mortgage of immovable property)	6m Libor + 1.4bps	Based on operating cycle	308.57	-
Unsecured				
- Loan from Finance Companies				
- Concord Marketing and Financers Private Limited		On Demand	175.00	90.00
			2,423.31	1,951.11
Out of the above Current Borrowings, guaranteed by Executive Chairman (Including Current Maturities of long term debts as on 31 st March, 2020 of Rs. 277.60 Lakhs and as on 31 st March, 2019 of Rs. 588.29 Lakhs).			2,248.31	1,861.11

NOTES FORMING PART OF FINANCIAL STATEMENTS

Notes:

- 1) **The Company received interest free loan aggregating to Rs.531.60 Lakhs 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 Rs.407.17 Lakhs, the difference of Rs.124.42 Lakhs is recognised as deferred revenue income (Refer Note: 17), which is recognised in statement of profit and loss on straight line basis over the period of sales tax deferral loan i.e. Rs.14.47 Lakhs for F.Y. 2019-20 and of Rs.22.80 Lakhs for F.Y. 2018-19 (Refer Note No. 19). Interest expense of Rs.13.55 Lakhs for F.Y. 2019-20 and Rs.22.97 Lakhs for F.Y. 2018-19 was recognised. (Refer Note 23)

Terms of Repayment:

- (i) Liability of Rs. 222.92 Lakhs to be repaid after 10 years from the year in which the Sales Tax is collected. The repayment has started from March, 2012 to March, 2022.
 - (ii) Liability of Rs. 29.40 Lakhs to be repaid in five yearly equal installments of Rs. 5.88 Lakhs from March, 2018 to March, 2022.
 - (iii) Liability of Rs. 343.75 Lakhs to be repaid after 10 years from the year in which Sales Tax is collected. The repayment has started from March, 2014 to 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.

(Amount in ₹ Lakh)

31-03-2020 31-03-2019

3) Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended 31st March, 2020.

Cash and Cash Equivalents	117.30	175.62
Non-Current Borrowings	1,047.38	1,476.52
Current Borrowings	2,700.92	1,951.11
	3,865.60	3,603.25

	Cash & Cash Equivalents	Borrowings	Total
Net Debt As on April 1, 2018	180.08	4,338.19	4,518.27
Cash Flows	(4.46)	(333.17)	(337.63)
Foreign Exchange Adjustment	-	-	-
Interest paid	-	(581.30)	(581.30)
Interest expense	-	592.21	592.21
Net Debt As on March 31, 2019	175.62	4,015.93	4,191.55
Cash Flows	(58.32)	(290.34)	(348.66)
Foreign Exchange Adjustment	-	-	-
Interest paid	-	(549.11)	(549.11)
Interest expense	-	571.81	571.81
Net Debt As on March 31, 2020	117.30	3,748.30	3,865.60

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

13. FINANCIAL LIABILITIES - TRADE PAYABLES

(a) Current Liability

Dues to Micro and Small Enterprises

(i) To Related Parties	82.20	107.79
(ii) To Others	7.96	7.32
	<u>90.16</u>	<u>115.11</u>

Dues to other than Micro and Small Enterprises

(i) To Related Parties	-	-
(ii) To Others	798.41	1,307.87
	<u>798.41</u>	<u>1,307.87</u>

Notes:

- 1 Trade and other payables are measured at amortised cost.
- 2 Trade payables are non-interest bearing and are normally settled on 30 to 120 days terms.
- 3 For explanations on the Company's Foreign currency risk and liquidity risk management processes, refer to Note 34A.

14. FINANCIAL LIABILITIES - OTHER

(a) Non Current financial liabilities

(i) Deposit from dealers	72.79	58.04
(ii) Security Deposit	-	-
(iii) Lease Liability	69.47	-
	<u>142.26</u>	<u>58.04</u>

(b) Current financial liabilities

(i) Current Maturities of long term debt	277.60	588.29
(ii) Interest accrued but not due on borrowings	18.18	20.21
(iii) Payables for capital purchases	7.52	14.22
(iv) Creditors for expenses	102.58	120.92
(v) Unpaid dividend	14.58	5.79
(vi) Lease Liability	29.22	-
(vii) Employee Benefits payables	111.09	83.48
	<u>560.77</u>	<u>832.91</u>

1. Other financial liabilities are measured at amortised cost.
2. For explanations on the Company's interest risk, Foreign currency risk and liquidity risk management processes (Refer note no. 34A)
3. In the wake of the disruption on account of COVID-19 pandemic, RBI has issued Circular DOR.No. BP.BC.47/21.04.048/2019-20 dated 27th March, 2020 and Circular DOR.No.BP. BC.63/21.04.048/2019-20 dated 17th April, 2020, wherein certain cash flow benefit have been given to the industry. We have taken due cognizance of these circulars while calculating amount of accrued interest (Refer Note No. 14) and "Current Maturities" (Refer Note No. 12)

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

15. PROVISIONS

(a) Non-current provision

Provision for employee benefits

- (i) Leave encashment
- (ii) Gratuity

31.00	26.79
83.44	70.07
114.44	96.86

(b) Current provision

Provision for employee benefits

- (i) Leave encashment
- (ii) Gratuity
- (iii) Super Annuation

31.04	19.15
66.60	111.61
1.27	-

Other provision (Refer Note 33)

Provision for product warranty

19.56	22.20
118.47	152.97

16. DEFERRED TAX LIABILITY (NET)

The major components of income tax expense for the year ended 31st March, 2020 and 31st March, 2019 are:

Deferred tax

- (a) Property Plant & Equipment, Right of Use, Intangible Assets

235.97	231.61
235.97	231.61

Deferred tax Liability

- (a) Disallowances u/s 43B of Income Tax Act
- (b) Leases - Ind AS 116
- (c) Provision for Expected Credit Loss
- (d) Government Grant - Ind AS 20
- (e) MAT Credit Entitlement

65.33	69.73
32.58	-
8.89	8.69
7.56	(13.09)
29.10	-

Deferred tax Asset

143.46	65.32
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Net Deferred Tax Assets/Liabilities

92.52	166.29
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1) Reconciliation of deferred tax (assets)/liabilities, net

Opening balance as of 1st April

166.29	237.28
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- (a) Tax (income)/expense during the year recognised in Profit or loss
- (b) Tax (income)/expense during the year recognised in OCI
- (c) Tax (income)/expense during the year recognised in Reserves

(64.51)	(69.22)
(4.15)	(1.77)
(5.12)	-

Closing Balance as at 31st March, 2020

92.52	166.29
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- 2) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

- 3) Applicable tax rate for current year is 27.82% (previous year 31st March, 2019 : 27.82%)

4) Current tax Asset/(Liability)- Net

Current tax asset/(liability) -Net

50.39	50.71
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NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

17. OTHER LIABILITIES

(a) Other Non-Current Liabilities

Deferred Revenue arising from Government grant*	27.09	33.22
	<u>27.09</u>	<u>33.22</u>

(b) Other Current Liabilities

1) Statutory dues	28.85	33.01
2) Advances from customer	55.09	49.02
3) Current Maturities of Deferred Revenue arising from government grant	14.47	22.80
4) Other payables	417.06	358.64
	<u>515.46</u>	<u>463.47</u>

* Ind AS 20 - Government Grant - Refer Note No. 12.a

18. REVENUE FROM OPERATIONS

(a) Revenue from Contracts with Customers

Sale of Products	10,525.62	10,465.76
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(b) Other operating revenue

Export Benefit	31.13	39.52
Sale of Scrap	35.15	37.68
Net Gain / (Loss) on Foreign Exchange Fluctuation	4.71	(10.42)
Others	-	7.60
	<u>10,596.61</u>	<u>10,540.14</u>

19. OTHER INCOME :

(a) Interest Income

From bank	20.63	14.76
From others	20.10	32.25
	<u>40.73</u>	<u>47.01</u>

(b) Dividend income

3.06	2.58
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(c) Other non-operating income

(i) Government Grant	14.47	22.80
(ii) Lease rent	3.60	3.60
(iii) Income on de-recognition of Financial Assets	60.46	-
(iv) Subsidy received	-	11.34
(v) Profit on sale of Fixed Asset	7.58	0.76
(vi) Insurance claim	-	8.13
	<u>86.10</u>	<u>46.63</u>
	<u>129.89</u>	<u>96.21</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
20. COST OF MATERIAL CONSUMED :		
(a) Raw material consumed	2,977.67	2,453.48
Opening Raw material	952.59	944.26
Add: Purchases during the year	2,682.97	2,461.80
Less: Closing stock of Raw Material	657.89	952.59
(b) Purchase of Stock-in -trade	4,058.82	3,863.85
	7,036.49	6,317.33
21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Inventory :		
(a) Finished goods	246.39	542.96
(b) Work-in- progress	311.86	398.16
(c) Stock in trade	987.10	756.68
	1,545.35	1,697.80
Closing Inventory :		
(a) Finished goods	702.74	246.39
(b) Work-in- progress	397.12	311.86
(c) Stock in trade	1,186.76	987.10
	2,286.62	1,545.35
	(741.26)	152.45
22. EMPLOYEE BENEFITS EXPENSE		
(a) Salaries, wages and bonus	1,080.99	908.45
(b) Contribution to provident fund and other fund	48.40	53.25
(c) Gratuity	(36.06)	11.08
(d) Welfare expenses	41.52	18.37
	1,134.86	991.16
23. FINANCE COST		
(a) Interest expense	446.25	495.62
(b) Interest on Sales Tax Deferral Loan	13.55	22.97
(c) Net Interest expense/ (income) on defined benefit obligation	13.05	12.12
(d) Interest on Lease liability	11.18	-
(e) Other borrowing cost	87.77	61.50
	571.80	592.21
24. DEPRECIATION AND AMORTISATION		
(a) Depreciation on tangible assets	268.35	298.72
(b) Depreciation on Right of Use Assets	26.51	0.51
(c) Depreciation on intangible assets	3.18	4.38
(d) Depreciation on investment property	0.32	0.32
	298.36	303.92

NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
25. OTHER EXPENSES		
(a) Stores, Spares consumed	127.85	113.46
(b) Processing Charges	267.90	242.10
(c) Power and Fuel consumed	106.84	107.01
(d) Repairs to Plant and Machinery	74.53	67.00
(e) Repairs to Factory Building	36.57	25.11
(f) Services to Manufacturing	40.49	44.00
(g) Insurance	21.68	17.63
(h) Advertisement, Publicity and Sales Promotion	107.04	100.62
(i) Product Distribution	247.43	290.12
(j) Warranty Expense	29.91	40.13
(k) Packing Material	127.48	132.38
(l) Cash Discount	84.64	86.66
(m) Rent	11.83	44.57
(n) Rates and Taxes (other than taxes on income)	13.51	10.19
(o) Legal, Professional and Consultancy Charges	96.73	113.65
(p) Directors' Sitting Fees	15.50	10.30
(q) Travelling & Conveyance	256.63	248.24
(r) Printing & Stationery	14.83	14.04
(s) Postage & Telephone	12.26	19.21
(t) Auditors remuneration (Refer note no. 29)	1.00	2.60
(u) Bad Debts Written Off	173.50	104.49
(v) Provision for Doubtful Debts	0.72	31.23
(w) Miscellaneous Balances written off	0.30	0.90
(x) Miscellaneous Expenses	73.88	63.19
	1,943.05	1,928.84
26. INCOME TAX		
Statement of Profit and loss		
(a) Current income tax:		
Current income tax charge	78.20	63.00
Adjustments in respect of current income tax of previous year	-	-
Short/(Excess) Provision	(28.15)	-
(b) Deferred tax:		
MAT Credit Entitlement	(29.10)	-
Relating to origination and reversal of temporary differences	(35.41)	(69.22)
(c) Income tax expense reported in the statement of profit and loss	(14.46)	(6.22)
Other Comprehensive Income		
Current tax related to items recognized in OCI during in the year:		
Deferred tax related to items recognised in OCI during the year		
Net (loss)/gain on actuarial gains and losses	4.15	1.77
Income tax charged to OCI	4.15	1.77

NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
Tax Reconciliation		
(a) Accounting profit before income tax expense	483.20	350.44
(b) Tax @27.82% (Previous year @ 27.82%)	134.43	97.49
Tax effect adjustments in calculating taxable income		
(a) Other Disallowances/ (allowances)	(38.38)	105.48
(b) Remeasurement Gain /(Loss) allowed as expense	(4.15)	(1.77)
(c) Short/(Excess) Provision	(28.15)	-
(d) Tax benefits under various Income tax Sections	(12.09)	-
(e) Brought Forward depreciation loss	(66.11)	-
Current Tax Expense	(14.46)	(6.22)

27. CONTINGENT LIABILITIES

(a) Claims against the company not acknowledged as debt		
(i) Dispute relating to Maharashtra Value Added Tax Act 2002 and Central Sales Tax Act 1956		
- For the year 2012-13	-	40.97
Against which an amount of ₹ Nil (Previous Year ₹ 10.48 Lakhs) has been paid under protest.		
- For the year 2013-14	-	33.54
Against which an amount of ₹ Nil (Previous Year ₹ 8.19 Lakhs) has been paid under protest.		
- For the year 2014-15	13.59	13.59
Against which an amount of ₹ 5.46 (Previous Year ₹ 5.46 Lakhs) has been paid under protest		
- For the year 2015-16	30.09	30.09
Against which an amount of ₹ 15.25 (Previous Year ₹ 15.25 Lakhs) has been paid under protest		
(ii) Dispute relating to Karnataka Value Added Tax Act 2003	-	4.64
-For the year 2011-12		
Against which an amount of ₹ Nil (Previous year ₹ 3.44 Lakhs) has been paid under protest.		
(iii) Dispute relating to Telangana Value Added Tax Act 2005 and Central Sales Tax Act 1956	0.04	0.04
-For the year 2011-12		
Against which an amount of ₹ 0.04 (Previous Year ₹ 0.04 Lakhs) has been paid under protest		
	43.72	122.87

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

28. COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances).	8.37	25.37
	<u>8.37</u>	<u>25.37</u>

29. REMUNERATION TO AUDITORS

(a) Statutory Auditors :		
(i) Audit Fees	0.75	0.75
(ii) Tax Audit Fees	-	-
(iii) Other services (Limited Review and Certification)	0.15	0.53
(iv) Expenses reimbursed	0.10	1.33
	<u>1.00</u>	<u>2.60</u>

30. EARNING PER SHARE (BASIC AND DILUTED)

(a) Basic

(i) Profit for the year before tax	483.20	350.44
Less : Attributable Tax thereto	(14.46)	(6.22)
Profit after Tax	<u>497.66</u>	<u>356.66</u>
(ii) Weighted average number of equity shares used as denominator (No's)	3,400,000	3,400,000
(iii) Basic earning per share (Amount in Rs.)	14.64	10.49

(b) Diluted

(i) Profit for the year before tax	483.20	350.44
Less : Attributable Tax thereto	(14.46)	(6.22)
Profit after Tax	<u>497.66</u>	<u>356.66</u>
(ii) Weighted average number of equity shares	3,400,000	3,400,000
(iii) Add : Weighted average number of potential equity shares on account of employee stock options	-	-
(iv) Weighted average number of shares outstanding used as denominator (No's)	3,400,000	3,400,000
(v) Diluted earning per share (Amount in Rs.)	14.64	10.49

NOTES FORMING PART OF FINANCIAL STATEMENTS

31. EMPLOYEE BENEFITS

a) Defined Contribution Plans:

Amount of Rs. 48.40 Lakhs (Previous Year Rs. 53.25 Lakhs) is recognised as an expense and included in "Employees benefits expense" (Refer Note No- 22) in the Statement of Profit and Loss.

b) Defined Benefit Plans:

		(Amount in ₹ Lakh)	
		31-03-2020	31-03-2019
		Gratuity Plan	Gratuity Plan
		(Funded)	(Funded)
i)	The amounts recognized in Balance Sheet are as follows:		
(a)	Amount to be recognized in Balance Sheet		
	Present Value of Defined Benefit Obligation	223.54	250.15
	Less: Fair Value of Plan Assets	73.50	68.46
	Amount to be recognized as liability or (asset)	150.04	181.68
(b)	Amounts reflected in the Balance Sheet		
	Liabilities	150.04	181.68
	Assets	-	-
	Net Liability/(Assets)	150.04	181.68
ii)	The amounts recognized in the Statement of Profit and Loss :		
(a)	Current Service Cost	9.78	11.08
(b)	Acquisition (gain)/ loss	-	-
(c)	Past Service Cost	(45.83)	-
(d)	Net Interest (income)/expenses	13.05	12.12
(e)	Actuarial Losses/(Gains)	-	-
(f)	Curtailment (Gain)/ loss	-	-
(g)	Settlement (Gain)/loss	-	-
(h)	Expected return on Plan Assets	-	-
	Net periodic benefit cost recognized in the statement of profit & loss-(Employee benefit expenses - Refer Note No. 22)	(23.00)	23.19
iii)	The amounts recognized in the statement of other comprehensive income (OCI)		
(a)	Opening amount recognized in OCI outside P&L account	-	-
(b)	Remeasurements for the year - Obligation (Gain)/ Loss	14.74	13.80
(c)	Remeasurement for the year - Plan assets (Gain)/ Loss	0.17	0.22
(d)	Total Remeasurements Cost /(Credit) for the year recognized in OCI	14.92	14.01
(e)	Less: Accumulated balances transferred to retained earnings	-	-
	Closing balances (remeasurement (gain)/loss recognized OCI.	14.92	14.01

NOTES FORMING PART OF FINANCIAL STATEMENTS

		(Amount in ₹ Lakh)	
		31-03-2020	31-03-2019
		Gratuity Plan	Gratuity Plan
		(Funded)	(Funded)
iv)	The changes in the present value of defined benefit obligation (PVO) representing reconciliation of opening and closing balances thereof are as follows:		
(a)	Balance of the PVO as at beginning of the period	250.14	232.76
(b)	Acquisition adjustment	-	-
(c)	Transfer in/ (out)	-	-
(d)	Interest expenses	18.35	17.19
(e)	Past Service Cost	(45.83)	-
(f)	Current Service Cost	9.78	11.08
(g)	Curtailment Cost / (credit)	-	-
(h)	Settlement Cost/ (credit)	-	-
(i)	Benefits paid	(23.64)	(24.68)
(j)	Remeasurements on obligation - (Gain) / Loss	14.74	13.80
	Present value of obligation as at the end of the period	223.54	250.14
v)	Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:		
(a)	Fair value of the plan assets as at beginning of the period	68.46	65.90
(b)	Acquisition adjustment	-	-
(c)	Transfer in/(out)	-	-
(d)	Interest income	5.30	5.08
(e)	Contributions	0.66	0.59
(f)	Mortality Charges and taxes	(0.76)	(0.67)
(g)	Benefits paid	-	(2.21)
(h)	Amount paid on settlement	-	-
(i)	Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(0.17)	(0.22)
	Fair value of plan assets as at the end of the period	73.50	68.46
vi)	Major Categories of plan assets (as percentage to total plan assets)		
(a)	Government of India Securities	-	-
(b)	High Quality Corporate Bonds	-	-
(c)	Special Deposit Schemes	-	-
(d)	Funds Managed by Insurer	100%	100%
		100%	100%

NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
	Gratuity Plan	Gratuity Plan
	(Funded)	(Funded)
vii) Net interest (Income) /expenses		
1 Interest (Income) / Expense – Obligation	18.35	17.19
2 Interest (Income) / Expense – Plan assets	(5.30)	(5.08)
3 Net Interest (Income) / Expense for the year	13.05	12.12
(viii) Principal actuarial assumptions at the balance sheet date :		
(a) Discount rate as at 31-03-2020- 6.90% (Previous year - 7.70%)		
(b) Salary growth rate : For Gratuity Scheme - 3% (Previous year - 3%)		
(c) Attrition rate: For gratuity scheme the attrition rate is taken at - 2% (Previous year - 2%)		
(d) The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
(ix) The amounts pertaining to defined benefit plans are as follows:		
(a) Defined Benefit Obligation	223.54	250.14
(b) Plan Assets	73.50	68.46
(c) Surplus/(Deficit)	(150.04)	(181.68)

(x) 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.

xi) 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 at a time by 100 basis points (1%) and studying its impact.

NOTES FORMING PART OF FINANCIAL STATEMENTS

		(Amount in ₹ Lakh)	
		31-03-2020	31-03-2019
Change in assumption		Effect on gratuity obligation	
(a) Discount rate			
(i) Decrease by 1%		236.46	261.64
(ii) Increase by 1%		212.03	239.89
(b) Salary increase rate			
(i) Decrease by 1%		213.07	240.75
(ii) Increase by 1%		235.06	260.48
(c) Withdrawal rate			
(i) Decrease by 1%		220.34	246.57
(ii) Increase by 1%		226.48	253.43
xii) Other Details - Expected expense to be recognised in P&L for next year.			
		31-03-2020	31-03-2019
		Gratuity Plan	Gratuity Plan
		(Funded)	(Funded)
(a) Service Cost		10.93	9.78
(b) Net Interest Cost		10.35	13.99
(c) Expense Charged to P&L		21.28	23.77

32. RELATED PARTY DISCLOSURES

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

	Nature of relationship
KP Developers	Company was a Partner (Upto 4 th January, 2020)

(b) Names of Key Management Personnel

	Designation in Company
(i) Mr. Prakash A. Kulkarni	Executive Chairman
(ii) Mr. Dilip B. Kulkarni	Managing Director

(c) Relatives of Key Managerial Personnel

	Relation with KMP
Mrs. Prabha P. Kulkarni	Wife of Executive Chairman

(d) Enterprise over which above persons have significant influence

	Nature of relationship
Trimurti Engineering Tools Private Limited	Wife of Executive Chairman has significant influence.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(e) Disclosure of related parties transactions

Nature of transaction / relationship of parties	2019-20		(Amount in ₹ Lakh)	
	Total Amount	Amount for related parties	2018-19 Total Amount	Amount for related parties
(i) Purchase of goods & services	241.80	-	127.20	-
Trimurti Engineering Tools Private Limited	-	241.80	-	127.20
(ii) Sale of goods/contract revenue & services	14.62	-	18.34	-
Trimurti Engineering Tools Private Limited	-	14.62	-	18.34
(iii) Rendering Services	3.60	-	3.60	-
Trimurti Engineering Tools Private Limited	-	3.60	-	3.60
- Rent received				
(iv) Remuneration Paid	115.55	-	45.06	-
Key Management Personnel				
Mr. Prakash A. Kulkarni	-	86.83	-	28.35
Mr. Dilip B. Kulkarni	-	28.72	-	16.72
(v) Directors Sitting fees	3.00	-	2.20	-
Mrs. P. P. Kulkarni	-	3.00	-	2.20

(f) Amount due to / from related parties

Nature of transaction / relationship of parties

(i) Amount Due to :

Key Management Personnel	6.75	-	2.69	-
Mr. Prakash A. Kulkarni	-	5.00	-	1.66
Mr. Dilip B. Kulkarni	-	1.75	-	1.03
Enterprise over which above persons have significant influence	82.20	-	107.79	-
Trimurti Engineering Tools Private Limited	-	82.20	-	107.79
	<u>88.95</u>	<u>88.95</u>	<u>110.48</u>	<u>110.48</u>

(ii) Amount Due from :

KP Developers	-	-	0.90	0.90
	<u>-</u>	<u>-</u>	<u>0.90</u>	<u>0.90</u>

Terms and conditions of transactions with related parties :

Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

NOTES FORMING PART OF FINANCIAL STATEMENTS

g) Transactions with key management personnel

Compensation of key management personnel of the Company.

	(Amount in ₹ Lakh)	
	2019-20	2018-19
Short-term employee benefits	112.55	42.06
Post employment benefits	3.00	3.00
Other long-term employment benefits	-	-
Termination benefits	-	-
	<u>115.55</u>	<u>45.06</u>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment & gratuity.

33. DETAILS OF PROVISIONS AND MOVEMENTS IN EACH CLASS OF PROVISIONS.

	(Amount in ₹ Lakh)
	Product Warranty
Carrying amount as at 1st April, 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
Add: Provision during the year 2019-20	34.12
Add: Unwinding of discounts	-
Less: Amount utilised during the year 2019-20	32.55
Less: Amount reversed during the year 2019-20	4.21
Carrying amount as at 31st March, 2020	19.56

34. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

- a) Set out below, is the fair value of the Company's financial instruments that are recognised in the financial statements

	(Amount in ₹ Lakh)	
	Fair value	
	31-03-2020	31-03-2019
Financial Assets		
a) Carried at amortised cost		
Non-Current Loans - Security Deposit	49.84	48.44
Non-Current - Other Financial Assets	-	526.40
Non-Current-Trade receivable	-	110.12
Current-Trade receivable	2657.71	2847.86
Current - Other Financial Assets	5.37	7.12
Cash and cash equivalent	117.30	175.62
Other Bank Balances	179.32	186.18
	<u>3009.53</u>	<u>3901.74</u>
b) Carried at FVTOCI		
Investments - Non current	42.05	37.05
	<u>42.05</u>	<u>37.05</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	Fair value	
	31-03-2020	31-03-2019
Financial Liabilities		
a) Carried at amortised cost		
Non-current borrowings	1047.38	1476.52
Non-Current-Other financial liabilities	142.26	58.04
Current borrowings	2423.31	1951.11
Trade payable	888.57	1422.98
Current-Other financial liabilities	560.77	832.91
	5062.30	5741.57

The fair value of financial assets and liabilities are included at the amount at which the instrument that would be received to sell an asset or paid to transfer in an orderly transaction between market participants at the measurement date.

The carrying amounts of financial assets and liabilities measured at amortised cost are a reasonable approximation of their fair values.

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level is given in Note No 2.19 of Significant Accounting Policies.

b) Financial assets and liabilities for which fair value is disclosed

	Level 1	Level 2	Level 3
Non current investments -Carried at FVTOCI			
31st March, 2020	-	-	42.05
31 st March, 2019	-	-	37.05

34A. FINANCIAL RISK MANAGEMENT POLICY AND OBJECTIVES

Company's principal financial liabilities, comprises loans and borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance company's operations. Company's principal financial assets include investments, trade and other receivables, security deposits, cash and cash equivalents and other bank balances 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.

Company uses expected credit loss model for assessing and providing for credit risk.

NOTES FORMING PART OF FINANCIAL STATEMENTS

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.

i) Ageing analysis of trade receivables as on reporting date

(Amount in ₹ Lakh)

Year	Neither past due nor impaired	Past due but not impaired			Total
		Less than 180 days	181 to 365 days	above 366 days	
31 st March, 2020	1,028.49	1,274.87	162.71	223.59	2689.66
31 st March, 2019	1,337.76	1225.95	60.85	364.65	2989.21

ii) Movement of impairment Allowance (allowance for bad and doubtful debts)

Particulars	Amount
Loss Allowance as at 1st April 2018	27.42
Provided during the year	11.57
Amounts written off	-
Amount written back	7.76
Loss Allowance as at 31st March 2019	31.23
Provided during the year	7.86
Amounts written off	-
Amount written back	7.14
Loss Allowance as at 31st March 2020	31.95

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance 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. Based on ongoing assessment company adjust its exposure to various counterparties. Company's maximum exposure to credit risk for the components of statement of financial position is the carrying amount.

NOTES FORMING PART OF FINANCIAL STATEMENTS

2) Liquidity risk

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

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

(Amount in ₹ Lakh)

Particulars	On Demand	Less than 1 year	More than 1 year	Total
a) Trade and Other Payables				
31st March, 2020	-	874.64	13.93	888.57
31 st March, 2019	-	1,392.03	30.95	1,422.98
b) Borrowings				
i. Interest Bearing				
31st March, 2020	2,248.31	400.47	982.26	3,631.04
31 st March, 2019	1,804.96	644.66	1,371.88	3,821.50
ii. Non Interest Bearing				
31st March, 2020	-	52.13	80.44	132.57
31 st March, 2019	-	89.79	132.57	222.36
c) Other Financial Liabilities				
31st March, 2020	14.58	546.19	142.26	703.03
31 st March, 2019	5.79	827.12	58.04	890.95

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

Particulars	Floating Rate	
	Expiring within 1 Year	Expiring beyond 1 Year
31st March, 2020	11.75%	-
31 st March, 2019	-	-

3) Market Risk

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

a) Interest rate risk

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

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

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

b) Foreign Currency Exposure Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

34B. : PROVISION FOR EXPECTED CREDIT LOSS

Internal rating	Category	Description of category	Basis of recording expected credit loss	
			Loans and deposits	Trade receivables
A	High quality asset, negligible credit risk	Assets where the counter party has strong capacity to meet obligations and where risk is negligible or nil.	12 months expected credit losses	Life- time expected credit losses - simplified approach
B	Standard asset, moderate credit risk	Assets where there is moderate risk of default and where there has been low frequency of defaults in past.		
C	Low quality asset, High credit risk	Assets where there is high probability of default. In general, assets where contractual payments are more than year past due are categorised as low quality asset. Also includes where credit risk of counter party has increased significantly through payments may not be more than a year past due.	Life- time expected credit losses	
D	Doubtful asset-credit impaired	Assets are written off, when there is no reasonable expectations of recovery. Where loans and receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.	Asset is written off	

NOTES FORMING PART OF FINANCIAL STATEMENTS

As at 31st March, 2020:

1) Expected credit loss for loans and security deposits

(Amount in ₹ Lakh)

Particulars		Asset group	Internal rating	Estimated gross carrying amount of default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 months expected credit losses.	Financial assets for which credit risk has not increased significantly from inception.	Loan - Security Deposits	A	49.84	0%	-	49.84
		Other Financial Assets	A	5.37	0%	-	5.37
Loss allowance measured at life time expected credit losses.	Financial assets for which credit risk has increased significantly and not credit impaired.	Nil	-	-	-	-	-
	Financial assets for which credit risk has increased significantly and credit impaired.	Nil	-	-	-	-	-

2) Expected credit loss for trade receivables under simplified approach

Particulars	Not due	Past due but not impaired			Total
		Less than 180 days	181 to 365 days	above 366 days	
Gross carrying amount	1,028.49	1,274.87	162.71	223.59	2,689.66
Expected loss rate (in %)	0.03%	0.19%	0.43%	12.78%	-
Expected credit losses (Loss allowance provision)	0.26	2.41	0.70	28.58	31.95
Carrying amount of trade receivable (Net of impairment)	1,028.23	1,272.46	162.01	195.02	2,657.71

NOTES FORMING PART OF FINANCIAL STATEMENTS

As at 31st March, 2019:

1) Expected credit loss for loans and security deposits

(Amount in ₹ Lakh)

Particulars		Asset group	Internal rating	Estimated gross carrying amount of default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 months expected credit losses.	Financial assets for which credit risk has not increased significantly from inception.	Loan - Security Deposits	A	48.44	0%	-	48.44
		Other Financial Assets	A	533.52	0%	-	533.52
Loss allowance measured at life time expected credit losses.	Financial assets for which credit risk has increased significantly and not credit impaired.	Nil	-	-	-	-	-
	Financial assets for which credit risk has increased significantly and credit impaired.	Nil	-	-	-	-	-

2) Expected credit loss for trade receivables under simplified approach

Particulars	Not due	Past due but not impaired			Total
		Less than 180 days	181 to 365 days	above 366 days	
Gross carrying amount	1,337.76	1,225.95	60.85	364.65	2,989.21
Expected loss rate (in %)	0.07%	0.21%	0.44%	7.54%	-
Expected credit losses (Loss allowance provision)	0.92	2.57	0.27	27.49	31.25
Carrying amount of trade receivable (Net of impairment)	1,336.84	1,223.38	60.58	337.16	2,957.96

NOTES FORMING PART OF FINANCIAL STATEMENTS

35. 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 manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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

(Amount in ₹ Lakh)		
Particulars	31-03-2020	31-03-2019
Loans and borrowings	3,748.30	4,015.93
Less: Cash and cash equivalents	117.30	175.62
Net debt	3,631.00	3,840.31
Equity	2,895.52	2,483.40
Gearing ratio	1.25	1.55

36. LEASES

(a) Change in Accounting Policy

Except as specified below, the company has consistently applied the accounting policies to all periods presented in this financial statements. The Company has applied Ind AS 116 with the date of initial application of 1st April, 2019. As a result, the Company has changed its accounting policy for lease contracts as detailed below:

The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1st April, 2019 amounting to Rs. 13.29 Lakhs (net of tax).

Particulars	Amount
Lease Commitment as at 31 st March, 2019	121.20
Add: Contracts reassessed as lease contracts	-
Add: Adjustments on account of termination/modification	-
Lease Liabilities as on 1 st April, 2019	121.20
Current lease liability	22.51
Non-Current lease liability	98.69

Right of use assets of Rs.102.79 Lakhs and lease liabilities of Rs.121.20 Lakhs have been recognised as on 1st April, 2019.

NOTES FORMING PART OF FINANCIAL STATEMENTS

The impact of change in accounting policy on account on adoption of Ind AS 116 as at 1st April, 2019, is as follows :

(Amount in ₹ Lakh)	
Particulars	Amount
Decrease in Property, Plant and Equipment by	-
Increase in lease liability by	121.20
Increase in right of use by	106.29
Decrease in deferred tax liability by	(5.12)
Increase in finance cost by	11.18
Increase in depreciation by	26.01
Decrease in other equity by	18.41
Increase in interest income by	0.68

Company as lessee

The Company has entered into agreement in the nature of lease agreement with different lessors for the purpose to operate regional offices at various places.

These are generally in nature of operating lease and disclosure in regard to Ind AS 116 is as below -

Particulars	31-03-2020	31-03-2019
Depreciation charge for 'Right-to-Use Asset'	26.01	-
Interest Expense on Lease Liability	11.18	-
Carrying amount of 'Right-to-Use Asset' at the end of the reporting period	80.29	-
Total Cash outflow for leases	33.69	-
Expense relating to short term leases and and leases of low value assets	11.83	-

The details of the maturities of lease liabilities as at 31st March 2020 are as follows:

Particulars	31-03-2020	31-03-2019
Within one year	29.22	22.51
After one year but not more than 5 years	69.47	98.69
More than five years	-	-
	98.69	121.20

Operating lease commitments — Company as lessor

The Company has entered into operating leases for land and building, with lease terms of three years. During the year, income earned from lease rent amount to Rs. 3.60 lakhs. Future minimum rentals receivable under non-cancellable operating leases as at 31st March 2020 are as follows:

Particulars	31-03-2020	31-03-2019
Within one year	3.60	3.60
After one year but not more than 5 years	-	3.60
More than five years		
	3.60	7.20

NOTES FORMING PART OF FINANCIAL STATEMENTS

37. The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises as at 31st March, 2020, are as under:

	(Amount in ₹ Lakh)	
Particulars	31-03-2020	31-03-19
Principal amount due and remaining unpaid	90.16	115.11
Interest due on above and unpaid interest	1.11	2.20
Interest paid	-	-
Payment made beyond appointment day	220.03	69.75
Interest due and payable for the period of delay	9.43	6.09
Interest accrued and remaining unpaid	10.55	8.29
Amount of further interest remaining due and payable in succeeding years	10.55	8.29

38. 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.

I. Primary Segment Information (Business Segment)

	(Amount in ₹ Lakh)	
Revenue	31-03-2020	31-03-2019
Sales		
Portable Power Tools	7474.06	8066.62
Blowers	2193.32	2018.74
Windmills	85.27	105.70
All other segments includes E-vehicle	772.98	274.70
	10525.63	10465.76
Segment Results (Gross)		
Portable Power Tools	928.01	999.46
Blowers	146.43	125.97
Windmills	2.66	29.29
All other segments includes E-vehicle	266.07	9.66
	1343.17	1164.38
Unallocated Corporate Expenses	418.06	317.94
Operating Profit	925.11	846.43
Interest Expense	571.80	592.21
Other Income	129.89	96.21
Profit / (Loss) before exceptional item	483.20	350.44
Extraordinary Item	-	-
Profit Before Tax	483.20	350.44
Segment Assets		
Portable Power Tools	4595.18	5097.65
Blowers	1827.88	1821.80
Windmills	403.14	445.96
All other segments includes E-vehicle	1226.58	656.69
	8052.78	8022.10

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in ₹ Lakh)

	31-03-2020	31-03-2019
Add: Unallocated Corporate Assets	781.34	1128.43
	8834.12	9150.53
Segment Liabilities		
Portable Power Tools	965.96	1371.61
Blowers	669.54	747.83
Windmills	-	-
All other segments includes E-vehicle	62.56	16.69
	1698.06	2136.14
Add: Unallocated Corporate Liabilities	441.78	386.72
	2139.84	2522.85
Capital Expenditure		
Portable Power Tools	198.92	24.57
Blowers	71.73	13.59
Windmills	-	-
All other segments includes E-vehicle	0.04	0.63
	270.69	38.79
Depreciation		
Portable Power Tools	179.85	211.43
Blowers	41.66	41.74
Windmills	45.73	45.71
All other segments includes E-vehicle	5.11	5.05
Depreciation on Right of Use Asset	26.01	-
	298.36	303.92
Non-cash expenses other than depreciation		
Portable Power Tools	21.61	(8.12)
Blowers	(1.15)	0.86
Windmills	(0.18)	-
All other segments includes E-vehicle		
	20.28	(7.26)

II. Secondary Segment Information (Geographical Segment)

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

Net Sales	31-03-2020	31-03-2019
India	9779.57	9550.41
Outside India	746.06	915.35
	10525.63	10465.76

The Company do not have transaction with single customer amounting to 10 percent or more of Company's revenues.

NOTES FORMING PART OF FINANCIAL STATEMENTS

39. ESTIMATION UNCERTAINTY RELATING TO GLOBAL HEALTH PANDEMIC ON COVID-19:

The 'severe acute respiratory syndrome coronavirus 2' (SARS-CoV-2) virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian economy. On March 11, 2020 the COVID-19 outbreak was declared as a global pandemic by the World Health Organization. The Government of India declared a lock down effective from March 23, 2020 which was initially till April 14, 2020 and is now extended till May 31, 2020. Accordingly manufacturing facilities of the Company were closed on March 23, 2020. The Company has since obtained required permissions and restarted its places of business, albeit, partially since 5th May, 2020.

The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company. The company has made initial assessment of recoverability of its assets like trade receivables, inventories and other asset based on internal as well as external information up to the date, conducted sensitivity analysis of the assumptions used and is reasonably certain that these need not be impaired. However the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration which may be different from that estimated as at the date of approval of these financial results, and the Board will continue to closely monitor the developments.

40. Previous Year's figures are rearranged and regrouped, wherever necessary.

As per my report of even date attached

For and On behalf of Board of Directors

Dharmendra R Prabhukhot
Chartered Accountant

M.No: 219438

UDIN : 20219438AAAAAF7967

D.B.Kulkarni
Managing Director
DIN:00184727

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

P.A.Kulkarni
Executive Chairman
DIN:00052342

Place : **Belagavi**
Date : **30th June, 2020**

Place : **Shirol**
Date : **30th June, 2020**

INDEPENDENT AUDITORS' REPORT

**To the Members of KPT Industries Limited
(Formerly known as Kulkarni Power Tools Limited)
Report on the Audit of Consolidated Indian Accounting Standards (Ind AS) Financial Statements**

Opinion

I have audited the consolidated Ind AS Financial Statements of **KPT Industries Limited (Formerly known as Kulkarni Power Tools Limited)** ("hereinafter referred to as the Holding Company"), and its subsidiary partnership firm, **M/s. KP Developers** (Holding Company and its Subsidiary together referred to as "the Group"), which comprise the Balance Sheet as at 31st March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated 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 and based on the consideration of reports of other auditor on separate Financial Statements and on the other financial information of the subsidiary partnership firm, the aforesaid consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2020, of the consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

I conducted my audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 am independent of the Group 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 Act and the Rules there under, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

I believe that the audit evidence I have 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. Following is the Key Audit Matter identified which is of most significance:

- **Adoption of Ind AS 116 Leases:**

As described in Note 2.17 to the financial statements, the Company has adopted Ind AS 116 Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in my audit.

Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term.

Additionally, the standard mandates detailed disclosures in respect of transition.

Refer Note 2.17 and Note 36 to the financial statements.

Audit procedures performed:

My audit procedures on adoption of Ind AS 116 include:

- Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116);
- Assessed the Company's evaluation on the identification of leases based on the contractual agreements and my knowledge of the business;
- Upon transition as at 1st April, 2019:
 - ♦ Evaluated the method of transition and related adjustments;
 - ♦ Tested completeness of the lease data by reconciling the Company's operating lease commitments to data used in computing ROU asset and the lease liabilities.
- On a statistical sample, I performed the following procedures:
 - ♦ Assessed the key terms and conditions of each lease with the underlying lease contracts; and
 - ♦ Evaluated computation of lease liabilities and challenged the key estimates such as, discount rates and the lease term.
- Assessed and tested the presentation and disclosures relating to Ind AS 116 including, disclosures relating to transition.
- Based on the audit procedures performed, I conclude that Ind AS 116 is satisfactorily adopted.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS Financial Statements, Secretarial Report and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report.

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 Consolidated 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, later when the other information is made available to me, I find any misstatement, I shall be required to report that fact.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS Financial Statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), the consolidated statement of changes in equity and consolidated cash flows of the Group, in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the company and partners of the firm included in the Group, are responsible for maintenance of adequate accounting records in accordance with the

provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS Financial Statements, the respective Board of Directors of the company and partners of the firm included in the Group are responsible for assessing the ability of the Group and 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the company and partners of the firm included in the Group are responsible for overseeing the financial reporting process of the Group.

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

My objective is 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 judgment and maintain professional skepticism 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 Act, I am 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 am required to draw attention in my auditor's report to the related disclosures in the consolidated 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 Financial Statements, including the disclosures, and whether the consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Ind AS Financial Statements. I am responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the consolidated Ind AS Financial Statements of which I am the independent auditor. For the other entities included in the consolidated Ind AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. I remain solely responsible for my audit opinion.

I communicate with those charged with governance of the Holding Company and such other entity included in the consolidated Ind AS Financial Statements of which I am the independent auditor 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 identified during my audit.

I also provide 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 determine 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 describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine 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.

Other Matter

I did not audit the financial statement of subsidiary i.e. M/s. KP Developers (partnership firm) whose financial statements reflect total assets of Rs 7.13 Lakhs and net assets of Rs 6.23 Lakhs as at 4th January 2020, i.e. the date of disinvestment in partnership firm. The consolidated Financial Statements also include the Group's share of net loss of Rs. 15.87 Lakhs for the period ended on that date, as considered in the consolidated Ind AS Financial Statements, whose financial statements have not been audited by me. These financial statements have been audited by other auditors whose financial statements have been furnished to me by the Management, and my opinion on the consolidated Ind AS Financial Statements in so far as it relates to the amounts and disclosures included in respect of this subsidiary and my report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

During the year, company has sold the investment in above mentioned subsidiary as at 4th January 2020, gain on sale of investment in subsidiary of Rs. 375.96 Lakhs, is shown as exceptional item in consolidated Financial Statements.

My opinion on the consolidated Ind AS Financial Statements and my report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to my reliance on the work done and the financial statement of the other auditor and the financial statement certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, I report that:
 - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit of the aforesaid consolidated Ind AS Financial Statements.
 - b) In my opinion, proper books of account as required by law have been kept by the Company so far as it appears from my examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated Ind AS Financial Statements.

- d) In my opinion, the aforesaid consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors of Holding Company as on 31st March 2020 taken on record by the Board of Directors of Holding Company, none of the directors is disqualified as on 31st March 2020 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 A”.
- g) As required by section 197 (16) of the Act; in my opinion and according to information and explanation provided to me, the remuneration paid by the holding company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to its directors is not in excess of the limit laid down under this section.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
 - (i) The Company has disclosed the impact, if any of pending litigations as at 31st March, 2020 on its financial position of the group– Refer Note no. 27 to the Standalone Ind AS financial statements;
 - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March, 2020.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31st March, 2020.

Place: Belagavi
Date: 30th June, 2020

Dharmendra R Prabhukhot
Chartered Accountant
Membership No: 219438
UDIN: 20219438AAAAAG7368

Annexure - A to the Auditor's Report

Referred to in paragraph 2(f) of my Report on Other Legal and Regulatory Requirements of even date to the Members of KPT Industries Limited (Formerly known as Kulkarni Power Tools Limited)

Report on the Internal Financial Controls with reference to Consolidated Ind AS Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls with reference to Consolidated Ind AS Financial Statements of **KPT Industries Limited (Formerly known as Kulkarni Power Tools Limited)** ("the Holding Company") and its subsidiary partnership firm incorporated in India as of 31st March, 2020 in conjunction with my audit of the Consolidated Ind AS financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of Holding Company and partners of its subsidiary incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company and firm 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 internal financial controls with reference to financial statements of the holding company and its subsidiary incorporated in India based on my audit. I 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 internal financial controls with reference to consolidated Ind AS Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

I believe that the audit evidence I have obtained in respect of holding company and its subsidiary incorporated in India, is sufficient and appropriate to provide a basis for my audit opinion on the Company's internal financial controls with reference to consolidated Ind AS Financial Statements.

Meaning of Internal Financial Controls over Financial Reporting with reference to consolidated Ind AS Financial Statements

A Group's internal financial control over financial reporting with reference to consolidated Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance

with generally accepted accounting principles. A Group'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 Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group 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 Group's assets that could have a material effect on the Consolidated Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to consolidated Ind AS Financial Statements

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

Opinion

In my opinion, the Holding and its Subsidiary incorporated in India have, in all material respects, an adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the company and firm 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.

Place: Belagavi
Date: 30th June, 2020

Dharmendra R Prabhukhot
Chartered Accountant
Membership No: 219438
UDIN: 20219438AAAAAG7368

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2020 (Contd...)

		(Amount in ₹ Lakh)	
	Note No	31-03-2020	31-03-2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	1	2,179.31	2,181.48
Right of Use Asset	1	89.34	9.56
Capital work-in-progress	1	4.82	9.75
Investment property	2	139.30	327.13
Other intangible asset	1	1.76	4.94
Intangible assets under development		-	-
Financial Assets			
Investments	3	42.05	37.05
Trade receivables	4	-	110.12
Loans	5	49.84	48.44
Others	6	-	-
Other non-current assets	7	2.73	7.88
Total non-current assets		2,509.15	2,736.35
Current Assets			
Inventories	8	2,944.51	2,497.94
Financial Assets			
Investments	3	-	-
Trade receivables	4	2,657.71	2,847.85
Cash and cash equivalents	9 (a)	117.30	176.62
Bank balance other than above	9 (b)	179.32	186.18
Loans	5	-	-
Others	6	5.37	7.12
Other current assets	7	462.82	397.62
Total current assets		6,367.03	6,113.33
TOTAL ASSETS		8,876.18	8,849.68
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	10	170.00	170.00
Other equity	11(a)	2,725.52	1,974.50
Non Controlling Interest	11(b)	-	0.10
Total equity		2,895.52	2,144.60

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2020

		(Amount in ₹ Lakh)	
	Note No	31-03-2020	31-03-2019
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	12	1,047.38	1,476.52
Trade payables			
- Dues to Micro & Small Enterprises	13	-	-
- Dues to other than Micro & Small Enterprises	13	-	-
Other financial liabilities	14	142.26	58.04
Provisions	15	114.44	96.86
Deferred tax liabilities (Net)	16	92.52	166.29
Other non-current liabilities	17	27.09	33.22
Total non-current liabilities		1,423.69	1,830.93
Current liabilities			
Financial liabilities			
Borrowings	12	2,423.30	1,951.11
Trade payables			
- Dues to Micro & Small Enterprises	13	90.16	115.11
- Dues to other than Micro & Small Enterprises	13	798.41	1,307.87
Other financial liabilities	14	560.78	832.91
Other current liabilities	17	515.46	463.47
Provisions	15	118.47	152.97
Current tax liabilities (Net)	16	50.39	50.71
Total current liabilities		4,556.97	4,874.15
Total liabilities		5,980.66	6,705.08
TOTAL EQUITY AND LIABILITIES		8,876.18	8,849.68
Corporate Information	A1		
Significant accounting policies	A2		
See accompanying notes to financial statements	1 - 28		

As per my report of even date attached

For and On behalf of Board of Directors

Dharmendra R Prabhukhot
Chartered Accountant
M.No: 219438
UDIN : 20219438AAAAAG7368

D.B.Kulkarni
Managing Director
DIN:00184727

P.A.Kulkarni
Executive Chairman
DIN:00052342

Place : **Belagavi**
Date : **30th June, 2020**

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

Place : **Shirol**
Date : **30th June, 2020**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd...)

		(Amount in ₹ Lakh) (except EPS)	
	Note No.	31-03-2020	31-03-2019
Revenue from Operations	18	10,596.61	10,540.14
Other Income	19	110.47	63.96
Total Income		10,707.08	10,604.10
Expenses			
Cost of materials consumed	20	2,977.67	2,453.48
Purchases of Stock-in-Trade	20	4,058.82	3,863.85
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	21	(741.26)	152.45
Employee benefits expense	22	1,134.86	991.16
Finance costs	23	571.80	592.21
Depreciation and amortization expense	24	298.36	303.92
Other expenses	25	1,960.68	1,928.84
Total expenses		10,260.93	10,285.91
Profit/(loss) before exceptional items and tax		446.15	318.19
Extraordinary Item - Gain on sale on investment in subsidiary		375.96	-
Profit/(loss) before tax		822.11	318.19
Tax expenses	26		
Current tax		78.20	63.00
Deferred tax			
- MAT Credit Entitlement		(29.10)	-
- Others		(35.41)	(69.22)
Short/(Excess) Provision of earlier years		(28.15)	-
Total tax expense		(14.46)	(6.22)
Profit/(loss) for the period		836.57	324.41

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in ₹ Lakh) (except EPS)

Note No.	31-03-2020	31-03-2019
Other Comprehensive Income		
Items not to be reclassified to profit or loss		
- Remeasurement gains and losses on post employments benefits	(14.92)	(6.08)
Income Tax relating to items that will not be reclassified to profit or loss		
- Tax on re-measurement gains and losses	4.15	1.77
Items that will be reclassified to profit or loss		
-	-	-
Income tax relating to items that will be reclassified to profit or loss		
-	-	-
Other Comprehensive Income net of tax		
	(10.77)	(4.31)
Total Comprehensive Income for the period (Comprising Profit /(Loss) and Other Comprehensive Income for the period)		
	825.80	320.10
Earnings per equity share		
(1) Basic in ₹	24.60	9.54
(2) Diluted in ₹	24.60	9.54
Corporate Information	A1	
Significant accounting policies	A2	
See accompanying notes to financial statements	1 - 28	
The notes referred to above form an integral part of the financial statements		

As per my report of even date attached

For and On behalf of Board of Directors

Dharmendra R Prabhukhot
Chartered Accountant
M.No: 219438
UDIN : 20219438AAAAAG7368

D.B.Kulkarni
Managing Director
DIN:00184727

P.A.Kulkarni
Executive Chairman
DIN:00052342

Place : **Belagavi**
Date : **30th June, 2020**

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

Place : **Shirol**
Date : **30th June, 2020**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd...)

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
A Cash flow from operating activities		
Net profit before taxes and Exceptional items -	446.15	318.19
Adjustments for		
Depreciation - Other than ROU	271.84	303.41
Depreciation - On ROU	26.51	0.51
Dividend Income	(3.06)	(2.58)
(Profit)/Loss on sale of fixed assets	10.05	(0.76)
Bad debts written off	173.80	104.49
Provision for Doubtful Debts	0.72	-
Government Grant	(14.47)	-
Income on de-recognition of financial assets	(60.46)	-
Interest income	(21.31)	(14.76)
Interest expenses	571.81	592.21
Operating profits before working capital changes	1,401.59	1,300.72
Adjustments for:		
(Increase)/decrease in trade receivable	125.76	(538.55)
(Increase)/decrease in other financial assets	1.86	34.63
(Increase)/decrease in other non-financial assets	(65.21)	-
(Increase)/decrease in inventories	(446.57)	144.12
Increase/(decrease) in trade payables	(534.41)	129.96
Increase/(decrease) in other financial liabilities	496.22	(240.87)
Increase/(decrease) in other non-financial liabilities	60.33	-
Increase/(decrease) in Provisions	(31.83)	(79.41)
Cash generated from operations	1,007.75	750.60
Income tax paid	(50.37)	(68.38)
Net cash from operating activities	957.38	682.22
B Cash flow from investing activities		
Purchase of fixed assets	(267.31)	(39.33)
Proceeds from sale of other fixed assets	618.37	3.48
Purchase of Investments	(5.00)	(5.00)
Proceeds from Partnership Firm	-	(108.92)
Interest received	23.05	47.76
Dividend Received	3.06	2.58
Sale of Investment	-	(77.98)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
Net cash from investing activities	372.17	(177.41)
C Cash flow from financing activities		
Proceeds from Long Term Borrowings	158.68	650.00
Repayment of Long Term Borrowings	(912.06)	(573.51)
Interest paid	(549.10)	(581.30)
Purchase of ROU assets	(33.69)	-
Dividend and Dividend distribution tax	(52.69)	(4.46)
Net cash used in financing activities	(1,388.87)	(509.27)
Net increase in cash and cash equivalents	(59.32)	(4.46)
Cash and cash equivalents at beginning of period (refer note -9)	176.62	181.08
Cash and cash equivalents at the end of period (refer note - 9)	117.30	176.62

Notes:

- 1 Cash Flow statement has been prepared under indirect method as set out in Ind AS 7 Statement of Cash Flow.
- 2 For Net debt Reconciliation Statement refer Note No. 12.
- 3 For Company's policies on Cash & Cash equivalent refer Note No. 2.6 of Significant Accounting Policies.

As per my report of even date attached

For and On behalf of Board of Directors

Dharmendra R Prabhukhot
Chartered Accountant
M.No: 219438
UDIN : 20219438AAAAAG7368

D.B.Kulkarni
Managing Director
DIN:00184727

P.A.Kulkarni
Executive Chairman
DIN:00052342

Place : **Belagavi**
Date : **30th June, 2020**

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

Place : **Shirol**
Date : **30th June, 2020**

Statement of changes in Equity for the period ended 31st March, 2020

(Amount in ₹ Lakh)

A. Equity Share Capital (Refer Note 10)

Equity Shares issued, subscribed and fully paid	No of Shares	Amount
As at 1 st April, 2018	3,400,000	170.00
Issued / Reduced if any during the year	-	-
As at 31 st March, 2019	3,400,000	170.00
Issued / Reduced if any during the year	-	-
As at 31 st March, 2020	3,400,000	170.00

B. Other Equity (Refer Note 11)

Particulars	Reserves and Surplus				Total
	General Reserve	Securities Premium Reserve	Capital Reserve	Retained Earnings	
Balance as on 1 st April, 2018	1,916.68	310.93	0.15	(266.71)	1,961.05
Profit for the year 2018-19	-	-	-	356.66	356.66
Other Comprehensive income for the year	-	-	-	(4.31)	(4.31)
Total Comprehensive Income for the year	1,916.68	310.93	0.15	85.64	2,313.40
Dividends	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
Balance as on 31st March, 2019	1,916.68	310.93	0.15	85.64	2,313.40
Profit for the year 2019-20	-	-	-	836.56	836.56
Other Comprehensive income for the year	-	-	-	(10.77)	(10.77)
Total Comprehensive Income for the year	1,916.68	310.93	0.15	911.44	3,139.20
Final Dividend on for the year ended 31 st March, 2019	-	-	-	(25.50)	(25.50)
Tax on final dividend for year ended 31 st March, 2019	-	-	-	(5.24)	(5.24)
Interim Dividend on for the year ended 31 st March, 2020	-	-	-	(25.50)	(25.50)
Tax on interim dividend for year ended 31 st March, 2020	-	-	-	(5.24)	(5.24)
Net impact on account of adoption of Ind AS 116 (Net of Tax)	-	-	-	(13.29)	(13.29)
Transfer from retained earnings	-	-	-	-	-
Any other change	-	-	-	-	-
Balance as on 31st March, 2020	1,916.68	310.93	0.15	836.66	3,064.42

As per my report of even date attached

For and On behalf of Board of Directors

Dharmendra R Prabhukhot
Chartered Accountant
M.No: 219438
UDIN : 20219438AAAAAG7368

D.B.Kulkarni
Managing Director
DIN:00184727

P.A.Kulkarni
Executive Chairman
DIN:00052342

Place : **Belagavi**
Date : **30th June, 2020**

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

Place : **Shirol**
Date : **30th June, 2020**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A-1 : PRINCIPLES OF CONSOLIDATION

- (i) The Consolidated Financial Statements of **KPT Industries Limited (Formerly known as Kulkarni Power Tools Limited)** and its subsidiary partnership firm (M/s. KP Developers), have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra-group transactions and the unrealized profits/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 KPT Industries Limited (Formerly known as Kulkarni Power Tools Limited) and M/s. KP Developers was effective from 9th March 2017 is upto ended on 4th January 2020.

- (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 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 Standards ("Ind AS"), notified under Companies (Indian Accounting Standards) 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:

(Amount in ₹ Lakh)

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) attributable to the owners of the company		Profit / (loss) attributable to the Non Controlling Interest	
		31-03-20	31-03-19	31-03-20	31-03-19	31-03-20	31-03-19
M/s KP Developers	India	0%	10%	(33.34)	(29.02)	(3.70)	(3.22)

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	31-03-2020	31-03-2019
Investment Property	-	630.63
Other Current Assets	-	1.00
Other Non-Current Liabilities	-	526.40
Equity attributable to the owners of the Company	-	105.23
Non-Controlling Interest	-	(3.22)

Particulars	31-03-2020	31-03-2019
Revenue	-	-
Expenses	37.04	32.25
Profit/(loss) for the year	(37.04)	(32.25)
Profit/(loss) attributable to the owners of the Company	(33.34)	(29.02)
Profit/(loss) attributable to the Non-Controlling Interest	(3.70)	(3.22)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A-2 : OTHER ACCOUNTING POLICIES

They are set out in Part A: Significant Accounting Policies of the Parent Company - **KPT Industries Limited (Formerly known as Kulkarni Power Tools Limited)**

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 :

(Amount in ₹ Lakh)

Particulars	31-03-2020	31-03-2019
Investment property	6,025.40	6,804.73

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 FINANCIAL STATEMENTS

1. PROPERTY, PLANT AND EQUIPMENT, RIGHT OF USE ASSET AND INTANGIBLE ASSETS (Amount in ₹Lakh)

Particulars	Tangible Assets						Right of Use Asset			Intangible asset		
	Free hold Land	Building	Plant & Equipment	Dies, moulds & Pattern	Furniture & Fixture	Vehicle	Total	Building	Lease hold Land	Total	Software	Technical Know-how
Gross Block												
As at 1 st April, 2018	249.14	759.64	4,282.65	827.74	186.31	170.03	6,475.51	-	15.94	15.94	97.12	134.29
Additions	-	2.25	3.74	18.30	7.83	4.92	37.04	-	-	-	1.74	-
Disposals/Written off	-	-	11.28	-	-	-	11.28	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 st March, 2019	249.14	761.89	4,275.11	846.03	194.14	174.95	6,501.27	-	15.94	15.94	98.87	134.29
Additions	-	-	59.20	70.61	3.32	137.56	270.69	106.29	-	106.29	-	-
Disposals/Written off	-	-	1.88	-	0.24	85.73	87.85	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 st March, 2020	249.14	761.89	4,332.44	916.64	197.22	226.78	6,684.11	106.29	15.94	122.24	98.87	134.29
Depreciation/ Amortization												
As at 1 st April, 2018	-	288.44	2,817.75	642.27	140.09	141.09	4,029.64	-	5.87	5.87	89.55	134.29
Charge for the year	-	21.24	204.71	48.20	11.68	12.89	298.72	-	0.51	0.51	4.38	-
Depreciation on disposals	-	-	8.56	-	-	-	8.56	-	-	-	-	-
As at 31 st March, 2019	-	309.68	3,013.90	690.47	151.77	153.98	4,319.80	-	6.38	6.38	93.93	134.29
Charge for the year	-	21.32	195.14	34.83	9.26	7.78	268.35	26.01	0.51	26.51	3.18	-
Depreciation on disposals	-	-	1.67	-	0.23	81.44	83.35	-	-	-	-	-
As at 31 st March, 2020	-	331.00	3,207.38	725.30	160.80	80.32	4,504.80	26.01	6.89	32.89	97.11	134.29
Net Block												
At 31 st March, 2020	249.14	430.89	1,125.06	191.34	36.42	146.46	2,179.31	80.29	9.05	89.34	1.76	-
At 31 st March, 2019	249.14	452.21	1,261.21	155.57	42.37	20.98	2,181.47	-	9.56	9.56	4.94	-

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. 28 for estimated amount of contract remaining to be executed on capital account

3) Capital Work in Progress comprises of Dies and Moulds under development Rs. 4.82 Lakhs. (Previous year Rs. 9.75 Lakhs)

4) Impairment loss - No Provision for Impairment loss is made during the year.

5) For depreciation and amortisation, refer accounting policy 2.7 and for disclosure refer note no. 24.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. INVESTMENT PROPERTY

(Amount in ₹ Lakh)

Particulars	Leasehold Land	Building	Freehold Land	Total
Gross Block				
As at 1st April, 2018	13.61	10.00	265.60	289.22
Additions	-	-	44.43	44.43
Disposals	-	-	-	-
As at 31st March, 2019	13.61	10.00	310.03	333.65
Additions	-	-	-	-
Disposals	-	-	187.50	187.50
As at 31st March, 2020	13.61	10.00	122.53	146.15
Depreciation and Impairment				
As at 1st April, 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
Charge for the year	0.19	0.13	-	0.32
Depreciation on disposals	-	-	-	-
As at 31st March, 2020	2.92	3.93	-	6.84
Net block				
31st March, 2020	10.70	6.07	122.53	139.30
31 st March, 2019	10.89	6.20	310.03	327.12

- 1) Gross block is at cost except leasehold land and building which is net of depreciation.
- 2) For depreciation and amortisation refer accounting policy 2.8 and for disclosure refer note no. 24.

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

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.

Fair value table -

(Amount in ₹ Lakh)

Particulars	Amount
Opening balance as at 01st April, 2018	6,053.40
Fair value difference	81.12
Purchases	-
Closing balance as at 31st March, 2019	6,134.52
Fair value difference	(109.12)
Purchases/transfer from PPE	-
Closing balance as at 31st March, 2020	6,025.40

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 TO CONSOLIDATED FINANCIAL STATEMENTS

Information regarding income and expenditure of investment property

(Amount in ₹ Lakh)

Particulars	31-03-2020	31-03-2019
Rental Income derived from investment property	3.60	3.60
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	3.60
Less - Depreciation	(0.32)	(0.32)
Profit arising from investment properties after depreciation and indirect expenses	3.28	3.28

3. FINANCIAL ASSETS - INVESTMENTS

(Amount in ₹ Lakh)

Non-Current Investments	31-03-2020	31-03-2019
(a) Other Investments (Unquoted equity instruments)		
At fair value through Other Comprehensive Income-		
(i) Saraswat Co-Op. Bank Ltd : 1,000 Shares of Rs. 10/- each. (31 March, 2019 : 1,000 shares of Rs. 10/- each)	0.10	0.10
(ii) Shree Mahalaxmi Co-Op. Bank Ltd. : 11,500 Shares of Rs. 50/- each. (31 March, 2019: 11,500 shares of Rs. 50/- each)	5.75	5.75
(iii) Samarth Sahakari Bank Ltd : 5,000 Shares of Rs.100/- each. (31 March, 2019: 5,000 shares of Rs. 100/- each)	5.00	5.00
(iv) Shamrao Vithal Co-Op. Bank Ltd : 200 Shares of Rs. 25/- each. (31 March, 2019: 200 shares of Rs. 25/- each)	0.05	0.05
(v) Dombivali Nagari Sah. Bank Ltd. : 1,000 Shares of Rs.50/- each. (31 March, 2019: 1,000 shares of Rs. 50/- each)	0.50	0.50
(vi) K. A. Ichalkaranji Sah. Bank Ltd : 51,300 Shares of Rs. 50/- each (31 March, 2019: 51,300 shares of Rs. 50/- each)	25.65	25.65
(vii) NKGSB Co-Op. Bank Ltd : 50,000 Shares of Rs. 10/- each. (31 March, 2019: Nil)	5.00	-
	42.05	37.05
1) Aggregate amount of quoted investments	-	-
2) Aggregate amount of unquoted investments	42.05	37.05
3) Aggregate amount of impairment in value of investments	-	-

- 1) Refer Note No. - 34, for Financial assets at fair value through other comprehensive income- unquoted equity instruments.
- 2) Refer Note No. - 34A, on risk management objectives and policies for financial instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹ Lakh)

31-03-2020 31-03-2019

4. FINANCIAL ASSET - TRADE RECEIVABLE

(a) Non Current Trade Receivables

Unsecured, considered good:	-	-
From related parties	-	-
From others	-	110.12
Doubtful	-	-
Less: Loss allowance	-	-
	-	110.12

Break-up for security details :

Secured, Considered good	-	-
Unsecured, Considered good	-	-
Significant Increase in credit risk	-	110.12
Credit Impaired	-	-
Less : Loss Allowance (Allowance for bad and doubtful debts)	-	-

(b) Current trade receivables

Unsecured, considered good:	-	-
From related parties	-	-
From others	2,689.66	2,879.09
Doubtful	-	-
Less: Loss allowance	(31.95)	(31.23)
	2,657.71	2,847.86

Break-up for security details :

Secured, Considered good	-	-
Unsecured, Considered good	2,661.39	2,844.96
Significant Increase in credit risk	28.27	34.13
Credit Impaired	-	-
Less : Loss Allowance (Allowance for bad and doubtful debts)	(31.95)	(31.23)

- Trade receivables are measured at amortised cost.
- No Trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.
- Refer Note 34A & 34B, on credit risk of trade receivable, which explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

5. FINANCIAL ASSET - LOANS

(a) Non Current financial assets - Loans

Security Deposits 49.84 48.44

Break-up for security details :

Secured, Considered good	-	-
Unsecured, Considered good	49.84	48.44
Significant Increase in credit risk	-	-
Credit Impaired	-	-
Less : Loss Allowance	-	-
	49.84	48.44

- Loans are measured at amortised cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

6. FINANCIAL ASSET - OTHERS

Other Current Financial Assets

Interest accrued on bank deposit

5.37	7.12
<u>5.37</u>	<u>7.12</u>

1. Other financial assets are measured at amortised cost.
2. Refer Note 34A on risk management objectives and policies for financial instruments.

7. OTHER ASSETS

(a) Other Non-Current Assets

Capital advances

Unsecured, considered good

(i) To Related Parties

(ii) To Others

-	-
2.73	7.88
<u>2.73</u>	<u>7.88</u>

(b) Other Current Assets

Advances to supplier

Unsecured, considered good

(i) To Related Parties

(ii) To Others

-	-
-	-
143.13	86.67

Claims Receivable

(i) Paid under protest

(ii) VAT/ Excise/ GST Receivable

20.75	42.86
64.75	63.90

Earnest money deposit

Prepaid Expenses

Staff Advance

Sundry Deposits

Others

45.91	50.96
61.79	28.95
48.56	10.37
0.95	0.95
76.98	112.96
<u>462.83</u>	<u>397.62</u>

Advance to Directors or to firm/Private Company where Director is interested.

-	-
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8. Inventories

(a) Raw Materials

(b) Work in progress

(c) Finished goods

(d) Stock in trade

(e) Stores and spares

(f) Loose Tools

606.58	906.34
397.12	311.86
702.74	246.39
1,186.76	987.10
39.80	37.19
11.50	9.05
<u>2,944.51</u>	<u>2,497.94</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

9. CASH AND BANK BALANCE

a) Cash and cash Equivalents

1) Cash on hand	0.30	2.03
2) Balances with bank - In current account	116.99	174.59
	117.30	176.62

b) Other Bank balance

1) Earmarked balances with banks (Unpaid dividend accounts)	14.68	6.06
2) Margin Money deposits :		
i) With banks	164.63	180.12
ii) With Financial Institutions	-	-
	179.32	186.18

Refer Note 34A on risk management objectives and policies for financial instruments.

10. SHARE CAPITAL

Authorized

10,000,000 Equity Shares of ₹ 5/- each (Previous year 10,000,000 Equity shares of ₹ 5/- each)	500.00	500.00
30,00,000 Preference Shares of ₹ 10/- each (Previous year 30,000,000 Preference shares of ₹ 10/- each)	300.00	300.00
	800.00	800.00

Issued, Subscribed & Fully Paid-up

3,400,000 Equity Shares of ₹ 5/- each (Previous year 3,400,000 Equity shares of ₹ 5/- each)	170.00	170.00
	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	31-03-2020		31-03-2019	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

c) Details of Shareholder holding more than 5% shares

Particulars	31-03-2020		31-03-2019	
	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	9.53	324,000	9.53

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.

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
11.(a) OTHER EQUITY :		
(a) General reserves	1,916.68	1,916.68
(b) Securities Premium Reserve	310.93	310.93
(c) Capital Reserves	0.15	0.15
(d) Retained Earnings		
Opening balance	(253.26)	(573.36)
Add: Net Profit for the current year	836.56	324.41
Other Comprehensive Income	(10.77)	(4.31)
Balance available for appropriation	572.54	(253.26)
Less: Appropriations :		
Dividend on equity	51.00	-
Tax on dividend	10.48	-
Transition impact of Ind AS 116 (Net of tax)	13.29	-
	497.76	(253.26)
	2,725.52	1,974.50

Notes :

- General reserve is created by setting aside amount from Retained Earnings of the Company for general purpose which is freely available for distribution
- Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Act.
- Capital Reserve is created by forfeiture of shares from unpaid shareholders by Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

iv) Dividend distribution made and proposed

Cash Dividend on Equity shares declared and paid :

Final Dividend for the year ended 31st March, 2019

Rs. 0.75 per share (31st March, 2018 : Rs. NIL) 25.50 -

Dividend distribution tax on final dividend 5.24 -

Interim dividend for the year 31st March, 2020

Rs. 0.75 per share (31st March, 2019 : Rs. NIL) 25.50 -

Dividend distribution tax on interim dividend 5.24 -

61.48 -

Proposed dividend on equity shares

Final cash dividend for the year ended 31 March 2020

Rs. NIL per share (31st March, 2019 : Rs. 0.75 per share) - 25.50

Dividend distribution tax on proposed final dividend - 5.24

- 30.74

Proposed dividend on equity on shares are subject to approval of shareholders of the Company at annual general meeting and are not recognised as a liability (including tax thereon) as at 31st March, 2020 and 31st March, 2019.

11. (b) NON CONTROLLING INTEREST

Non Controlling Interest on Consolidation	0.10	0.10
Less : Share of Profit/(Loss) during the year	(1.76)	-
Balance	(1.66)	0.10
Less: Transferred to Profit & Loss	1.66	-
	-	0.10

12. FINANCIAL LIABILITIES - BORROWINGS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

(a) Non- current borrowings

(i) Term Loans

- From Banks (Secured)

	Interest Rate (p.a.)	Terms of Repayment	31-03-2020	31-03-2019
1 Samarth Sahakari Bank Ltd.	14.00%	Repayable in 84 monthly installments	316.03	388.42
(secured by mortgage of immovable property)				
2 Shree Mahalaxmi Co-Op. Bank Ltd.	12.50%	Repayable in 60 monthly installments	-	346.03
(secured by mortgage of immovable property)				
3 Bank of Maharashtra (secured by hypothecation of stock and receivables and mortgage of immovable properties)	12.45%	Repayable in 60 monthly installments	-	119.20

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

			(Amount in ₹ Lakh)	
			31-03-2020	31-03-2019
	Interest Rate (p.a.)	Terms of Repayment		
4 K.A. Ichalkaranji Janata S.B.Ltd. (secured by hypothecation of machineries and mortgage of immovable property.)	13.00%	Repayable in 20 quarterly instalments	454.22	518.24
5 NKGSB Co-op Bank Ltd. (secured by hypothecation of stock and receivables and mortgage of immovable properties)	11.75%	Repayable in 35 monthly instalments	94.19	-
6 Bank of Baroda (Secured by vehicles purchased out of the loan)	8.60%	Repayable in 36 monthly installments	78.97	-
- From Others (Secured)				
7 Electronica Finance Limited (secured by hypothecation of machinery acquired out of the loan)	12.99%	Repayable in 36 monthly installments	37.91	-
Total Secured Term Loans from banks			981.32	1,371.88
(ii) Interest Free Sales Tax Deferred Payment Liability (Unsecured)**			66.06	104.64
			1,047.38	1,476.52
(b) Current borrowings				
Secured				
- Loans repayable on demand from bank				
(i) Working Capital loan repayable on demand				
- IDBI Bank Ltd.*	11.95%	On Demand	685.66	706.01
- NKGSB Co-op Bank Ltd.*	11.75%	On Demand	1,254.08	-
- Bank of Maharashtra*	12.40%	On Demand	-	1,098.94
*(secured against hypothecation of stock & book debts and mortgage of immovable property)				
(ii) Post Shipment Facility				
- IDBI Bank Ltd.	MCLR +145 bps	60 - 90 days	-	56.15
(secured against hypothecation of stock & book debts and mortgage of immovable property)				

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

		(Amount in ₹ Lakh)		
	Interest Rate (p.a.)	Terms of Repayment	31-03-2020	31-03-2019
(iii) Buyers Credit Facility				
- NKGSB Co-op Bank Ltd.				
(secured against hypothecation of stock & book debts and mortgage of immovable property)	6m Libor + 1.4bps	Based on operating cycle	308.57	-
Unsecured				
- Loan from Finance Companies				
- Concord Marketing and Financers Private Limited		On Demand	175.00	90.00
			2,423.31	1,951.11
Out of the above Current Borrowings, guaranteed by Executive Chairman (Including Current Maturities of long term debts as on 31 st March, 2020 of Rs. 277.60 Lakhs and as on 31 st March, 2019 of Rs. 588.29 Lakhs)			2,248.31	1,861.11

Notes:

- 1) **The Company received interest free loan aggregating to Rs. 531.60 Lakhs 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 Rs. 407.17 Lakhs, the difference of Rs. 124.42 Lakhs is recognised as deferred revenue income (Refer Note: 17), which is recognised in statement of profit and loss on straight line basis over the period of sales tax deferral loan i.e. Rs. 14.47 Lakhs for F.Y. 2019-20 and of Rs. 22.80 Lakhs for F.Y. 2018-19 (Refer note19). Interest expense of Rs. 13.55 Lakhs for F.Y. 2019-20 and Rs. 22.97 Lakhs for F.Y. 2018-19 was recognised. (Refer note 23)

Terms of Repayment:

- (i) Liability of Rs. 222.92 Lakhs to be repaid after 10 years from the year in which the Sales Tax is collected. The repayment has started from March 2012 to March 2022.
 - (ii) Liability of Rs. 29.40 Lakhs to be repaid in five yearly equal installments of Rs. 5.88 Lakhs from March 2018 to March 2022.
 - (iii) Liability of Rs. 343.75 Lakhs to be repaid after 10 years from the year in which Sales Tax is collected. The repayment has started from March 2014 to 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

3) Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended 31st March, 2020.

Cash and Cash Equivalents	117.30	176.62
Non-Current Borrowings	1,047.38	1,476.52
Current Borrowings	2,700.92	2,539.40
	<u>3,865.60</u>	<u>4,192.55</u>

	Cash & Cash Equivalents	Borrowings	Total
Net Debt As on April 1, 2018	181.08	4,338.19	4,519.27
Cash Flows	(4.46)	(333.17)	(337.63)
Foreign Exchange Adjustment	-	-	-
Interest paid	-	(581.30)	(581.30)
Interest expense	-	592.21	592.21
Net Debt As on March 31, 2019	<u>176.62</u>	<u>4,015.93</u>	<u>4,192.55</u>
Cash Flows	(59.32)	(290.35)	(349.66)
Foreign Exchange Adjustment	-	-	-
Interest paid	-	(549.10)	(549.10)
Interest expense	-	571.81	571.81
Net Debt As on March 31, 2020	<u>117.30</u>	<u>3,748.30</u>	<u>3,865.60</u>

13. FINANCIAL LIABILITIES - TRADE PAYABLES

(a) Current Liability

Dues to Micro and Small Enterprises

(i) To Related Parties	82.20	107.79
(ii) To Others	7.96	7.32
	<u>90.16</u>	<u>115.11</u>

Dues to other than Micro and Small Enterprises

(i) To Related Parties	-	-
(ii) To Others	798.41	1,307.87
	<u>798.41</u>	<u>1,307.87</u>

Notes:

- 1 Trade and other payables are measured at amortised cost.
- 2 Trade payables are non-interest bearing and are normally settled on 30 to 120 days terms.
- 3 For explanations on the Company's Foreign currency risk and liquidity risk management processes, refer to Note 34A.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

14. FINANCIAL LIABILITIES - OTHER

a) Non Current financial liabilities

(i) Deposit from dealers	72.79	58.04
(ii) Security Deposit	-	-
(iii) Lease Liability	69.47	-
	<u>142.26</u>	<u>58.04</u>

b) Current financial liabilities

(i) Current Maturities of long term debt	277.60	588.29
(ii) Interest accrued but not due on borrowings	18.18	20.21
(iii) Payables for capital purchases	7.52	14.22
(iv) Creditors for expenses	102.58	120.92
(v) Unpaid dividend	14.58	5.79
(vi) Lease Liability	29.22	-
(vii) Employee Benefits payables	111.09	83.48
	<u>560.78</u>	<u>832.91</u>

- Other financial liabilities are measured at amortised cost.
- For explanations on the Company's interest risk, Foreign currency risk and liquidity risk management processes (Refer note no. 34A).
- In the wake of the disruption on account of COVID 19 pandemic RBI has issued Circular DOR.No. BP.BC.47/21.04.048/2019-20 dated 27th March 2020 and Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020, wherein certain cash flow benefit have been given to the industry. We have taken due cognizance of these circulars while calculating amount of accrued interest (Refer note no. 14) and "Current Maturities" (Refer note no. 12).

15. PROVISIONS

(a) Non-current provision

Provision for employee benefits

(i) Leave encashment	31.00	26.79
(ii) Gratuity	83.44	70.07
	<u>114.44</u>	<u>96.86</u>

(b) Current provision

Provision for employee benefits

(i) Leave encashment	31.04	19.15
(ii) Gratuity	66.60	111.61
(iii) Super Annuation	1.27	-

Other provision (Refer Note 33)

Provision for product warranty	19.56	22.20
	<u>118.47</u>	<u>152.97</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

16. DEFERRED TAX LIABILITY (NET)

The major components of income tax expense for the year ended 31 March 2020 and 31 March 2019 are:

Deferred tax

(a) Property Plant & Equipment, Right of Use, Intangible Assets	235.97	231.61
Deferred tax Liability	235.97	231.61
(a) Disallowances u/s 43B of Income Tax Act	65.33	69.73
(b) Leases - Ind AS 116	32.58	-
(c) Provision for Expected Credit Loss	8.89	8.69
(d) Government Grant - Ind AS 20	7.56	(13.09)
(e) MAT Credit Entitlement	29.10	-
Deferred tax Asset	143.46	65.32
Net Deferred Tax Assets/Liabilities	92.52	166.29

1) Reconciliation of deferred tax (assets)/liabilities, net

Opening balance as of 1st April	166.29	237.28
(a) Tax (income)/expense during the year recognised in Profit or loss	(64.51)	(69.22)
(b) Tax (income)/expense during the year recognised in OCI	(4.15)	(1.77)
(c) Tax (income)/expense during the year recognised in Reserves	(5.12)	-

Closing Balance as at 31st March

92.52	166.29
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2) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

3) Applicable tax rate for current year is 27.82% (previous year 31st March 2019 : 27.82%)

4) Current tax Asset/(Liability)- Net

Current tax asset/(liability) -Net	50.39	50.71
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17. OTHER LIABILITIES

Other Non-Current Liabilities

Deferred Revenue arising from Government grant*	27.09	33.22
	27.09	33.22

Other Current Liabilities

1) Statutory dues	28.85	33.01
2) Advances from customer	55.09	49.02
3) Current Maturities of Deferred Revenue arising from Government grant	14.47	22.80
4) Other payables	417.05	358.64
	515.46	463.47

*Ind AS 20 - Government Grant - Refer Note 12.a

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

18. REVENUE FROM OPERATIONS

(a) Revenue from Contracts with Customers		
Sale of Products	10,525.62	10,465.76
(b) Other operating revenue		
Export Benefit	31.13	39.52
Sale of Scrap	35.15	37.68
Profit on Foreign Exchange Fluctuation	4.71	(10.42)
Others	-	7.60
	10,596.61	10,540.14

19. OTHER INCOME :

(a) Interest Income		
From bank	20.63	14.76
From others	0.68	-
	21.31	14.76
(b) Dividend income	3.06	2.58
(c) Other non-operating income		
(i) Government Grant	14.47	22.80
(ii) Lease rent	3.60	3.60
(iii) Income on de-recognition of financial assets	60.46	-
(iv) Subsidy received	-	11.34
(v) Profit on sale of Fixed Asset	7.58	0.76
(vi) Insurance claim	-	8.13
	86.10	46.63
	110.47	63.97

20. COST OF MATERIAL CONSUMED :

Raw material consumed	2,977.67	2,453.48
Opening Raw material	952.59	944.26
Add: Purchases during the year	2,682.97	2,461.80
Less: Closing stock of Raw Material	657.89	952.59
Purchase of Stock-in-trade	4,058.82	3,863.85
	7,036.49	6,317.33

21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Opening Inventory :

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
Closing Inventory :		
Finished goods	702.74	246.39
Work-in- progress	397.12	311.86
Stock in trade	1,186.76	987.10
	<u>2,286.62</u>	<u>1,545.35</u>
	<u>(741.26)</u>	<u>152.45</u>
22. EMPLOYEE BENEFITS EXPENSE		
(a) Salaries, wages and bonus	1,080.99	908.45
(b) Contribution to provident fund and other fund	48.40	53.25
(c) Gratuity	(36.06)	11.08
(d) Welfare expenses	41.52	18.37
	<u>1,134.86</u>	<u>991.16</u>
23. FINANCE COST		
(a) Interest expense	446.25	495.62
(b) Interest on Sales Tax Deferral Loan	13.55	22.97
(c) Net Interest expense/ (income) on defined benefit obligation	13.05	12.12
(d) Interest on Lease liability	11.18	-
(e) Other borrowing cost	87.77	61.50
	<u>571.80</u>	<u>592.21</u>
24. DEPRECIATION AND AMORTISATION		
(a) Depreciation on tangible assets	268.35	298.72
(b) Depreciation on Right of Use Assets	26.51	0.51
(c) Depreciation on intangible assets	3.18	4.38
(d) Depreciation on investment property	0.32	0.32
	<u>298.36</u>	<u>303.92</u>
25. OTHER EXPENSES		
(a) Stores, Spares consumed	127.85	113.46
(b) Processing Charges	267.90	242.10
(c) Power and Fuel consumed	106.84	107.01
(d) Repairs to Plant and Machinery	74.53	67.00
(e) Repairs to Factory Building	36.57	25.11
(f) Services to Manufacturing	40.49	44.00
(g) Insurance	21.68	17.63

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
(h) Advertisement, Publicity and Sales Promotion	107.04	100.62
(i) Product Distribution	247.43	290.12
(j) Warranty Expense	29.91	40.13
(k) Packing Material	127.48	132.38
(l) Cash Discount	84.64	86.66
(m) Rent	11.83	44.57
(n) Rates and Taxes (other than taxes on income)	13.51	10.19
(o) Legal, Professional and Consultancy Charges	96.73	113.65
(p) Directors' Sitting Fees	15.50	10.30
(q) Travelling & Conveyance	256.63	248.24
(r) Printing & Stationery	14.83	14.04
(s) Postage & Telephone	12.26	19.21
(t) Auditors remuneration (Refer Note No. 29)	1.00	2.60
(u) Bad Debts Written Off	173.50	104.49
(v) Provision for Doubtful Debts	0.72	31.23
(w) Loss on sale of Land	17.63	-
(x) Miscellaneous Balances written off	0.30	0.90
(y) Miscellaneous Expenses	73.88	63.19
	1,960.68	1,928.84

26. INCOME TAX

Statement of Profit and loss

(a) Current income tax:

Current income tax charge	78.20	63.00
Adjustments in respect of current income tax of previous year	-	-
Short/(Excess) Provision	(28.15)	-

(b) Deferred tax:

MAT Credit Entitlement	(29.10)	-
Relating to origination and reversal of temporary differences	(35.41)	(69.22)

(c) Income tax expense reported in the statement of profit and loss	(14.46)	(6.22)
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Other Comprehensive Income

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

Deferred tax related to items recognised in OCI during the year

Net (loss)/gain on actuarial gains and losses	4.15	1.77
Income tax charged to OCI	4.15	1.77

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

Tax Reconciliation

(a) Accounting profit before income tax expense	822.11	318.19
(b) Tax @27.82% (Previous year @ 27.82%)	228.71	63.00
Tax effect adjustments in calculating taxable income		
(a) Other Disallowances/ (allowances)	(32.98)	105.48
(b) Remeasurement Gain /(Loss) allowed as expense	(4.15)	(1.77)
(c) Short/(Excess) Provision	(28.15)	-
(d) Tax benefits under various Income tax Sections	(12.09)	-
(e) Brought Forward depreciation loss	(66.11)	-
(f) Profit on sale of land - Exceptional Item	(104.59)	-
(g) Profit on sale of land - P & L Charge	4.91	-
Current Tax Expense	<u>(14.45)</u>	<u>(40.71)</u>

27. 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.

I. Primary Segment Information (Business Segment)

Sales

Portable Power Tools	7495.71	8105.37
Blowers	2242.45	2054.37
Windmills	85.27	105.70
All other segments includes E-vehicle	773.18	274.70
	<u>10596.61</u>	<u>10540.14</u>

Segment Results (Gross)

Portable Power Tools	928.01	999.46
Blowers	146.43	125.97
Windmills	2.66	29.29
All other segments includes E-vehicle	266.07	9.66
	<u>1343.17</u>	<u>1164.38</u>

Unallocated Corporate Expenses

	435.69	317.94
Operating Profit	907.48	846.43
Interest Expense	571.80	592.21
Other Income	110.47	63.96
Profit / (Loss) before exceptional item	446.15	318.19
Extraordinary Item - Gain on sale on investment in subsidiary	375.96	-
Profit Before Tax	<u>822.11</u>	<u>318.19</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	(Amount in ₹ Lakh)	
	31-03-2020	31-03-2019
Segment Assets		
Portable Power Tools	4595.18	5097.65
Blowers	1827.88	1821.80
Windmills	403.14	445.96
All other segments includes E-Vehicle	1226.58	656.69
	<u>8052.78</u>	<u>8022.10</u>
Add: Unallocated Corporate Assets	781.34	1128.43
	<u>8834.12</u>	<u>9150.53</u>
Segment Liabilities		
Portable Power Tools	965.96	1371.61
Blowers	669.54	747.83
Windmills	-	-
All other segments includes E-vehicle	62.56	16.69
	<u>1698.06</u>	<u>2136.14</u>
Add: Unallocated Corporate Liabilities	441.78	386.72
	<u>2139.84</u>	<u>2522.85</u>
Capital Expenditure		
Portable Power Tools	198.92	24.57
Blowers	71.73	13.59
Windmills	-	-
All other segments includes E-vehicle	0.04	0.63
	<u>270.69</u>	<u>38.79</u>
Depreciation		
Portable Power Tools	179.85	211.43
Blowers	41.66	41.74
Windmills	45.73	45.71
All other segments includes E-vehicle	5.11	5.05
Depreciation on Right of Use Asset	26.01	-
	<u>298.36</u>	<u>303.92</u>
Non-cash expenses other than depreciation		
Portable Power Tools	21.61	(8.12)
Blowers	(1.15)	0.86
Windmills	(0.18)	-
All other segments includes E-vehicle	-	-
	<u>20.28</u>	<u>(7.26)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in ₹ Lakh)
31-03-2020 31-03-2019

II. Secondary Segment Information (Geographical Segment)

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

Net Sales

India	9779.57	9550.41
Outside India	746.06	915.35
	10525.63	10465.76

The Company do not have transaction with single customer amounting to 10 percent or more of Company's revenues

28. Previous Years figures are rearranged and regrouped wherever necessary.

As per my report of even date attached

For and On behalf of Board of Directors

Dharmendra R Prabhukhot

Chartered Accountant

M.No: 219438

UDIN : 20219438AAAAAG7368

Place : **Belagavi**

Date : **30th June, 2020**

D.B.Kulkarni

Managing Director

DIN:00184727

Ms.A.S.Toraskar

Company Secretary

M.No.A54931

P.A.Kulkarni

Executive Chairman

DIN:00052342

Place : **Shirol**

Date : **30th June, 2020**

NOTES

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 : **KPT INDUSTRIES LIMITED** (Formerly known as Kulkarni Power Tools Limited)

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

BALLOT PAPER

Si. 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:

Si. 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 st March, 2020 and the Board's & Auditor's Reports, thereon.			
2.	To appoint a Director in place of Mrs.Prabha Kulkarni, Director (DIN : 00053598), who retires by rotation and, being eligible, seeks re-appointment.			
3.	To appoint a Director in place of Mr. Dilip Kulkarni, Director (DIN : 00184727), who retires by rotation and, being eligible, seeks re-appointment.			

Place :

Date :

(Signature of Shareholder)

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