



# *Craftsman* — AUTOMATION —

32nd Annual Report 2017 - 2018

ENGINEERING ADVANTAGE

#### Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

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### CONSOLIDATED PROFIT & LOSS

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# MILESTONES

**1986**

Our Company was incorporated as Craftsman Automation Private Limited

**2001**

Commissioned aluminium foundry unit at Kurichi, Coimbatore

**2005**

Commissioned a satellite unit in Pithampur

Obtained ISO 9001: 2000 and ISO/TS 16949:2002 registration certification

**2007**

Commissioned satellite unit in Chennai and Jamshedpur

Commenced joint ventures with Carl Stahl and Mitsubishi

Obtained "Star Export House" registration certificate

**2008**

Incorporated our subsidiaries i.e. Craftsman Marine B.V. and Craftsman Automation Singapore Pte. Ltd.

**2010**

Commissioned satellite units in Sriperumpudur near Chennai

**2011**

Commissioned satellite units in Pune and Faridabad

**2012**

Set up storage solutions in Arasur, Coimbatore

**2014**

Commissioned second satellite unit in Pune

**2015**

Set up technology division in Bengaluru

Commissioned aluminium sand foundry, HPDC and LPDC in Arasur, Coimbatore

**2016**

Commissioned railway and camshaft business in Arasur, Coimbatore

Commissioned HPDC facility at Bengaluru

**2017**

Commissioned machining services in Bengaluru

**2018**

Our Company converted from a private company to a public company





# HIGHLIGHTS OF THE YEAR

## OPERATIONAL HIGHLIGHTS

Ramping up of supply of cylinder liners to Indian Railways

Stabilization and ramping up of supplies of Automotive – Aluminium Products from our Bengaluru plant

Development of products for Railways kept apace

Work started on setting up of roll form facility at Pune

## FINANCIAL HIGHLIGHTS (STANDALONE)

Operating Revenue (net of excise duty) : ₹1471 Crore **+35%**

Year on Year Automotive Aluminium Segment grown by **80%**

Year on Year EBITDA increased by **24%**



**OUR FACILITIES  
ARE LOCATED  
STRATEGICALLY  
TO DELIVER PRODUCTS AND  
SERVICES JUST-IN-TIME  
TO OUR CUSTOMERS**





# WHO WE ARE

Established in 1986 and headquartered in Coimbatore in the state of Tamil Nadu, India, Craftsman Automation Limited, a leading diversified engineering company engaged in the manufacturing of automotive powertrain, automotive aluminium, industrial and engineering products. The company was founded by Srinivasan Ravi, Chairman & Managing Director who is a mechanical engineer and a first generation entrepreneur with over 30 years of relevant industry experience.

**32** years

Established in 1986

**3190**

Number of Employees

**₹1471** Crore

FY18 Operating Revenue

**24%**

Y-O-Y EBIDTA Increase

## KEY STRENGTHS

- Vertically integrated manufacturing capabilities for providing comprehensive solutions and manufacturing high quality, intricate and critical products, components and parts.
- Strong in-house process and product design capabilities.
- Long term relationships with marquee domestic and global OEMs.
- Extensive manufacturing footprint, with strategically located manufacturing facilities having the ability to interchange capacity and product mix.
- Experienced management team supported by motivated and skilled work force.
- Robust financial performance.

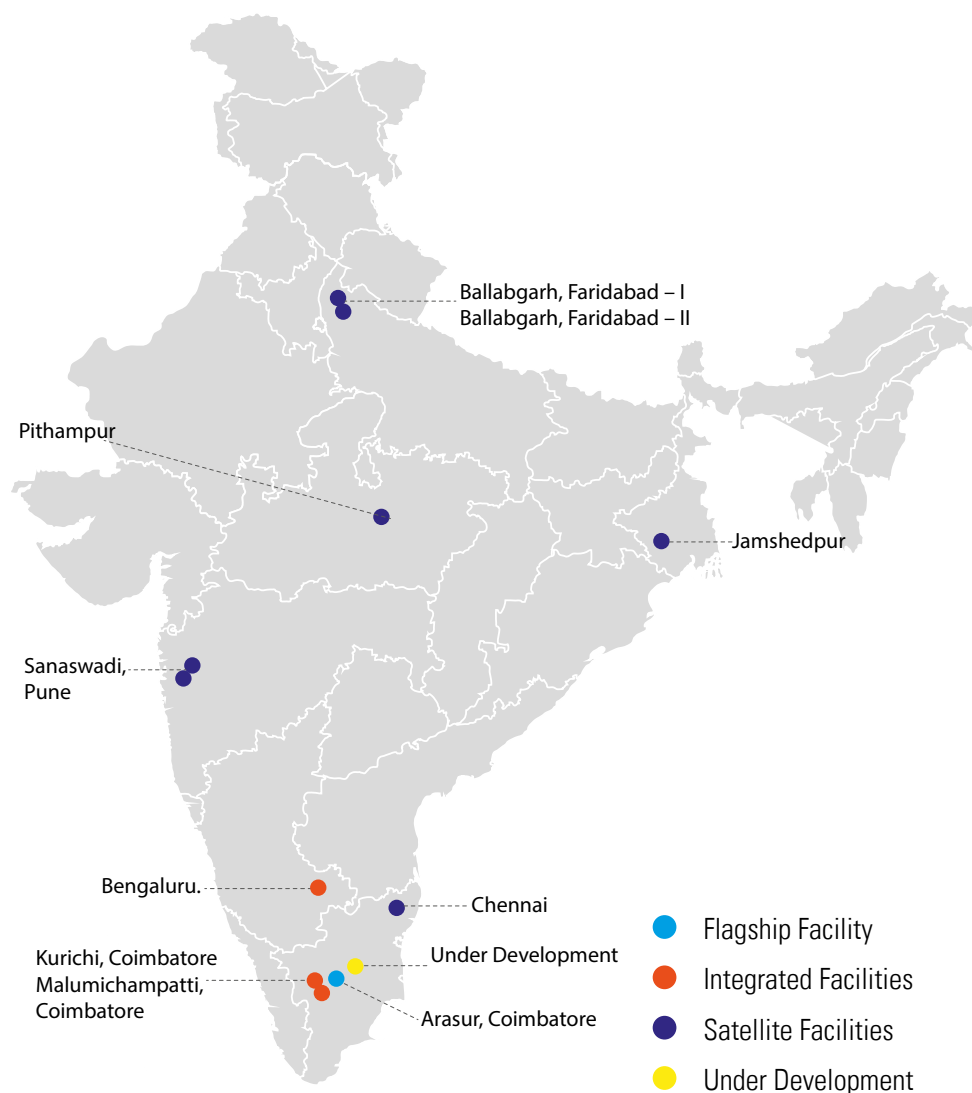


**INDIA'S NO.1** IN MACHINING  
OF CYLINDER HEADS AND  
CRANKCASES FOR THE MEDIUM  
AND HEAVY COMMERCIAL  
VEHICLES SEGMENT



# MANUFACTURING FACILITIES

Our manufacturing facilities spread across India, include aluminium foundries, pressure die casting facilities, machining and allied facilities, sheet metal fabrication, tool room heat treatment, fabrication, and assembly facilities. Our facilities are equipped with advanced machinery, including state-of-the-art computer numerical control (CNC) machine tools and die casting machines. Our facilities are located close to our key customers to enable meeting our customers' just-in-time delivery schedules.



**7**  
Manufacturing Locations

**1.5** Million Sq Feet  
Total Manufacturing Space

# UNIQUE CAPABILITIES

Our strong in-house engineering and design capabilities help us offer comprehensive solutions and products to our long standing marquee domestic and international customers in the segments in which we operate. We are the largest player involved in the machining of cylinder blocks and cylinder heads in the medium and heavy commercial vehicles category and are amongst the top three players in machining for the tractor segment.

## PRODUCT & SERVICES SEGMENTS

### POWERTRAIN & OTHERS

#### SEGMENT REVENUE

₹ **871** Crore

#### Y-O-Y GROWTH

**+21%**

**Key Products:** Crankcases and Cylinder Head, Camshafts, Transmission Parts, Gear Box Housings, Turbo Charger Housing and Bearing Caps.

#### Customer Segments:

Commercial Vehicles, Sport Utility Vehicles, Tractors, Off-highway vehicles.

### ALUMINIUM PRODUCTS

#### SEGMENT REVENUE

₹ **235** Crore

#### Y-O-Y GROWTH

**+80%**

**Key Products:** Crank Case, Crank Case Covers, Wheel Hubs and Drums, Headlamp Housing, Engine Cradle, Clutch Covers, Oil Sump, Cylinder Head Covers and Steering Column and Chassis Parts.

**Customer Segments:** Two Wheelers, Sport Utility Vehicles, Commercial Vehicles & Farm Equipment.

### INDUSTRIAL AND ENGINEERING PRODUCTS

#### SEGMENT REVENUE

₹ **397** Crore

#### Y-O-Y GROWTH

**+13%**

**Key Products:** Aluminium Products for Power Transmission, High-End Precision Products and Sub-Assembly, Locomotive Components and Assembly, Material Handling, Storage Solutions, Gear and Gear Boxes, SPMs, Tool Room, Marine Engines & Accessories, Mould Base and Sheet Metal.

**Customer Segments:** Power Equipment Manufacturers, Packaging Printing & Textile Machinery, Diesel Locomotives, Warehousing, Elevators, Metro Transportation, Compressors, Automobile & Steel Rolling mills, Machineries, Mould Base, Plastic Moulding Tools, Dies.



**WE HAVE BEEN COMMENDED BY  
CUSTOMERS FOR **CONSISTENCY**  
**IN QUALITY AND DELIVERY.****

# QUALITY

Our customers have high and exacting standards for product quantity and quality as well as delivery schedules. Hence research, quality and maintaining a seamless supply chain is our core of differentiation. Our state of the art quality systems including sub-micron high precision CMMs, cleanliness lab, and qualified inspectors combined with a focus on quality consciousness throughout the production chain, ensure extremely high quality products and customer satisfaction.



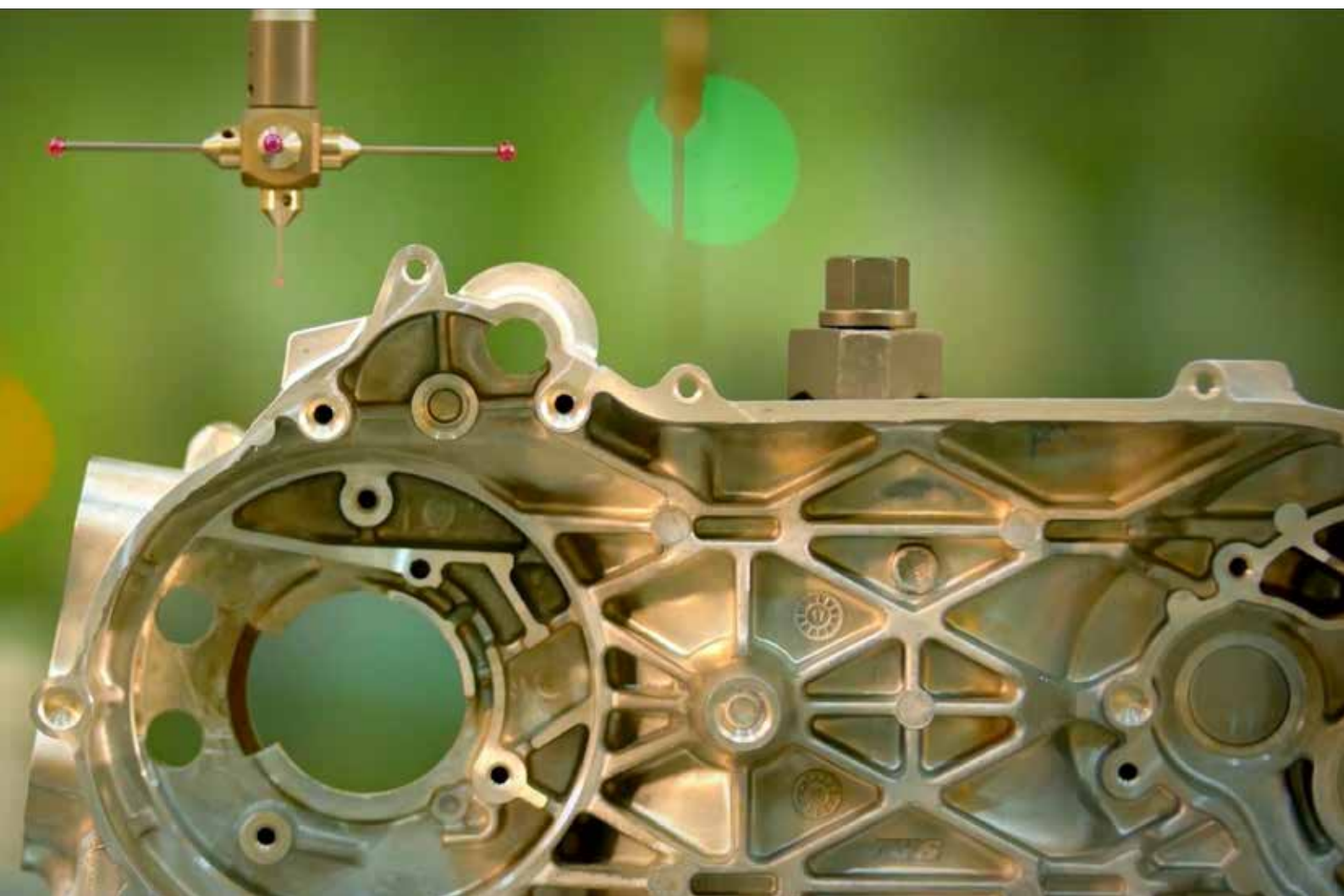
**ISO 9001 : 2015**



**IATF 16949 : 2016**



**ISO 14001 : 2015**





# AWARDS & RECOGNITIONS

We have been consistently recognized by customers for the high-quality of our products and timely deliveries. Our awards and accolades include the "Siemens – Appreciation for best overall performance" award in Fiscal 2018,

"1st Prize for Mould Base best Tool development award category" by Godrej for Fiscal 2017, "Suppliers Business Capacity Building Award" by Mahindra & Mahindra in Fiscal 2017, "India Direct Supplier of the Year Award" by Cummins Inc. for Fiscal 2016. We were awarded the "Category Partner"

status by Cummins Inc. in Fiscal 2017, recognized by GE Energy Connections for our outstanding support as strategic supplier partner in Fiscal 2017 and by Royal Enfield for our long standing association in Fiscal 2016. We have been recognized by Caterpillar for our excellent process control, desire for ongoing continuous improvement and supply of quality products. Our excellence in quality has also been recognised by GE Transportation, Mahindra & Mahindra, HV Transmissions Limited, a Tata enterprise, and JCB India for products supplied to them.



**Mahindra Supplier Excellence Awards  
Casting & Forging Commodity Award**



**Tata Cummins-India Direct Supplier of the Year Award 2017**

# CHAIRMAN'S ADDRESS



## Dear Shareholders

FY 2017-18 was an eventful year. The Company successfully overcame the challenges posed by the BS-IV transition and the migration to GST and was able to post a strong sales growth of 35% (net of duties and taxes) over FY 2016-17. The EBITDA consequently also surged by 24% during the year.

## How We Performed

In FY18 we further consolidated our position in automotive powertrain business. The automotive aluminium business ramped up its supply volumes to two wheeler customers and consequently our sales from this segment grew by 80%. The Company's new aluminium high pressure die casting and machining facilities at Bengaluru was a major contributor to this sales growth. We also successfully developed lightweight aluminium substitute components for automobile customers for light weighting their new vehicle under launch. In the Industrial & Engineering segment our sales of locomotive engine cylinder block to Indian Railways was substantially ramped up. In the material handling business we successfully developed and introduced new products like wire rope hoists which are on par with the world leading products in terms of quality and functionality. In the precision components and high end sub-assembly we partnered with customers for development and reengineering of packaging machinery products.

During the year the company incurred a capital expenditure of Rs 169 Crores. We also established a second unit in Faridabad to meet the increasing volumes.

## Our Strategic Approach

The Company would continue to leverage on its superior process and domain knowledge in the field precision machining to further consolidate its position in the Automotive Power Train segment. It would continue to offer comprehensive solutions to its customers. The Company is well poised to help its customers in the transition to comply with the BS VI emission norms.

The Company with its entire range of aluminium foundry/ die casting facilities and aided by its strong engineering and design capabilities is strongly positioned to emerge as one of the leading automotive aluminium component player in India. I am excited at the business prospects of this segment considering the potential that areas like light weighting holds.

In the Industrial & Engineering Segment we would intensify our thrust to expand and grow our product portfolio. We have introduced new products in the material handling business. The storage solutions business prospects have considerably brightened post the implementation of GST and phenomenal growth in e-commerce. To enable us grow this business we are setting up a dedicated manufacturing facility in Pune which would be operational by March 2019. The railway engine component business is bound to grow with our successful development of various other components besides the cylinder liner. Thus the industrial and engineering segment is in the process of transition

with increasing share of more profitable own products and the share of lesser profitable contract manufacturing business slated to go down.

While the business future outlook is quite promising we have to temper our exuberance with caution as the business environment is unpredictable and volatile. The recipe for success in the given fickle scenario is to closely monitor the external environment and proactively respond to external changes by being an agile and nimble footed player. We also should always build on our core competencies of strong engineering, design and machining capabilities. These are central to our continued success.

### **Dividend**

The Board of Directors are pleased to recommend the payment of dividend at Rs.0.50 per share having a face value of Rs 5 each for the year ended 31st March, 2018.

### **Going Forward**

Backed by a good performance by the automobile and engineering sector, we expect FY 2018-19 to be another good year for our company. To augment our growth plans we continue to expand our facilities and increase our capabilities.

On behalf of the Board of Directors I take this opportunity to thank our customers, investors, our people, government agencies, Financial institutions and banks for their support and guidance.

Yours truly

**Srinivasan Ravi**

Chairman and Managing Director



## KEY DRIVERS OF THE BUSINESS

Addition of new product verticals for existing and new customers, ramp up of existing business and robust economic growth enabled us to outperform our peers.



# DEMOGRAPHIC IMPACT ON OUR MARKET SEGMENTS

Our market segments would be impacted by changing demographics and consumption patterns

## Automotive Sector

The Indian auto industry became the 4th largest in the world with sales increasing 9.5 per cent year-on-year to 4.02 million units (excluding two wheeler) in 2017. It was the 7th largest manufacturer of commercial vehicles in 2017. The two wheeler segment dominates the market in terms of volume owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. India is also a prominent auto exporter and has strong export growth expectations for the near future. Automobile exports grew 26.56 per cent during April-July 2018. It is expected to grow at a CAGR of 3.05 per cent during 2016-2026. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the two-wheeler and four wheeler market in the world by 2020.

The emission norms for automobiles would continued to be tightened by the Governmental authorities. This would force the automobile industry to light weight their products which throw up opportunities to supply light weight aluminium components in lieu of iron components.

## Farm Equipment Sector

Government's renewed thrust towards improving the rural economy, via measures such as doubling farm income by 2022, increasing spend towards irrigation, and improving crop productivity by distributing soil health cards is expected to drive growth in the long term. This will also be supported by other measures like the e-NAM (National Agriculture Market), expanding crop insurance, and gradual spread of Custom Hiring Centres. With growth in rural wages also decelerating, and increasing mechanization on farm fields, this bodes well for structural tractor demand growth.

Infrastructure : The increased Government spending on National Highways , Sagar mala project etc. would generate demand for off road vehicles. The increased spend by the Government on improving the power transmission and distribution network would create demand for power switchgear products.

## Others

The fast growth of FMCG, consumer electronics, frozen foods etc, would increase the requirement of warehousing which would in turn fuel the demand for static storage solutions. We would also be influenced by many other sectors such as Railways, Ship Building, Textiles, Warehousing, Manufacturing, Printing & Packaging.



# OUR STRATEGIES

Our growth strategy includes expanding our existing business in our Automotive - Powertrain and segments and our product portfolio in our Automotive - Aluminium Products and Industrial and Engineering segments. As a part of our growth strategy, we are also actively pursuing emerging opportunities, including storage solutions and material handling, which are growing market opportunities. We will leverage our strong product development, designing, engineering and manufacturing capabilities along with our strong relationships with our existing customers in these segments.

## KEY APPROACH TO BUSINESS STRATEGIES

- Continue to offer superior value proposition to its customers to retain its pre-eminent position in the power train segment.
- Grow the auto aluminium segment by offering aluminium substitutes for light weighting of vehicles.
- Grow its own products like material handling and storage solutions.
- Build a strong product pipeline to propel future growth of the Company.
- Diversify risk of customer and business segment.







# REVIEW OF OPERATIONS

## PRODUCT DEVELOPMENT

Our skilled and talented engineering and design team equipped with high speed work stations and latest CAD / CAM software have capabilities to convert design ideas into reality. At Craftsman our Engineering team pro-actively works with our customers in co-creating value. As part of this customer-centric strategy, we continue to engage with our customers from their early product design stage to the development and supply of finished products, particularly for intricate, complex, niche and high-value products by offering comprehensive solutions. In last fiscal we had closely worked with a customer for design, manufacture and export packaging machinery. We have developed products for our railways.

Despite competition, we have been able to increase our customers' contribution to our revenue. For example, our revenue from a key two-wheeler customer was 244.49 million in Fiscal 2015, which increased to 945.80 million in Fiscal 2017.

## PERFORMANCE

Our customers have set high and exacting standards for adherence to commitments for delivery and quality. Hence Research, Quality and maintaining a seamless supply chain is our core of differentiation. Our state of the art equipment, superior process engineering and plant layout, high equipment up time and productivity, fungible nature of machines, precise planning and coordination and above all skilled and motivated work force enable us to rapidly ramp up volumes, meet the delivery schedules. Our state of the art quality systems including sub micron high precision CMMs, cleanliness lab, and qualified inspectors combined with a focus on quality consciousness throughout the production chain, ensure extremely high quality products and customer satisfaction.

# BOARD OF DIRECTORS



**Mr. Srinivasan Ravi**

Chairman and Managing Director (DIN: 01257716)

He holds a bachelor's degree in mechanical engineering from PSG College of Technology, Coimbatore. He is the Promoter of our Company. He has been associated with our Company since incorporation and has experience of more than 32 years in the automotive industry. He has received various awards, including "Outstanding Citizen of Coimbatore Award" by Rotary Club of Coimbatore in 2018, "Entrepreneur of the Year 2015 Award" by Entrepreneurs' Organization, Coimbatore, "Outstanding Entrepreneur Achiever Award 2012" by Bharathiar School of Management and Entrepreneur Development, Bharathiar University, Coimbatore and "Best Entrepreneur Award" by Coimbatore Management Association in 2010.



**Mr. Ravi Gauthamram**

Whole Time Director (DIN: 06789004)

He holds a bachelor's degree in mechanical engineering from PSG College of Technology, Coimbatore and a master's degree in mechanical engineering from RWTH Aachen University, Germany. He has experience in automotive industry. He has been on our Board since February 20, 2014. He is engaged in building the product strategy in the industrial and engineering segment of our Company. He is also the Vice President of the Coimbatore Industrial Infrastructure Association ("COINDIA"). Prior to joining our Company, he was associated with Caterpillar India Private Limited.



**Mr. Chandramohan Natarajan**

Whole Time Director (DIN: 00302544)

He holds a bachelor's degree in mechanical engineering from Jawaharlal Nehru Technological University, Andhra Pradesh. He has been on our Board since June 24, 2016. He joined our Company as a president of business development of our Company on December 2, 2013 and his employment expires on June 30, 2020. He heads the business development initiatives in the industrial and engineering segment of our Company. He has experience in the consumer goods and automotive industries. Prior to joining our Company, he was associated with Juki Corporation, Kobian Electronics India Private Limited, Electronica Group and Lamtuf Plastics Limited.



**Mr. Udai Dhawan**

Nominee Director (DIN: 03048040)

He holds a bachelor's degree in commerce from University of Delhi and is also a chartered accountant. He holds a master's degree in business administration from the Wharton School, University of Pennsylvania. He has been on our Board since November 25, 2016. He has experience in financial services. He was associated with SkyWorks Capital, LLC, Kotak Mahindra Capital Company Limited, Sabre Inc., J.P. Morgan and Arthur Andersen & Co in the past.





### **Chandrashekhar Madhukar Bhide**

Independent Director (DIN: 00027967)

He holds a bachelor's degree in technology in mechanical engineering from Indian Institute of Technology, Bombay and a post-graduate diploma in business administration from Indian Institute of Management, Ahmedabad. He has been on our Board since January 31, 2011. He has experience in automotive industry. He was associated with Mahindra & Mahindra Limited in the past.



### **Mr. Kallakurichi Kanniah Balu**

Independent Director (DIN: 03640304)

He holds a bachelor's degree in arts and law from University of Madras. He also holds a post graduate diploma in taxation laws from University of Madras and a diploma in company law with law of banking and banking practice from Annamalai University. He has been on our Board since November 12, 2011. He has experience in corporate, banking and securities laws and he has been a member and vice chairman of the Company Law Board. He has also been a member of investor services related committees at Madras Stock Exchange Limited and NSE. He was also appointed as the arbitrator by Metropolitan Stock Exchange of India Limited, National Spot Exchange Limited, NSDL and NSE. He was associated with National Housing Bank, Syndicate Bank, Shriram Housing Finance Limited, Periwai Bricks Limited and Akshay Avas Nirman Vitta Ltd in the past.



### **Sundararaman Kalyanaraman**

Independent Director (DIN: 01252878)

He holds a bachelor's degree in mechanical engineering from University of Madras. He has completed senior executive course of the 3-tier programme for management development from Indian Institute of Management, Ahmedabad and BPL strategic leadership programme from Indian Institute of Management, Bengaluru. He has been on our Board since June 30, 2017. He has experience in automotive industry. He was associated with TG Kirloskar Automotive Private Limited, Kirloskar Systems Limited, BPL Limited and Widia (India) Limited in the past. Further, he is a trustee in Caring with Colours - A Manasi Kirloskar Initiative, and has completed a training course for preparation as an award assessor for the "Confederation of Indian Industry Award for Business Excellence" by European Foundation for Quality Management ("EFQM"). He is a member of Indian Society for Advancement of Materials and Process Engineering and is also a member of Project Management Institute (a global membership association dedicated to advancing the practice, science and profession of project management).



### **Vijaya Sampath**

Independent Director (DIN: 0064110)

She holds a bachelor's degree in arts from University of Madras and a bachelor's degree in law from University of Mysore. She is a fellow member of the Institute of Company Secretaries of India. She has attended the advanced management program of Harvard Business School, USA and a program on managing strategic alliances conducted by the Wharton School, University of Pennsylvania, USA. She has been on our Board since April 30, 2018. She has experience in corporate laws and advisory and chairs the FICCI committee on corporate laws. She was associated with Lakshmikumaran & Sridharan Attorneys as a senior partner and with the Bharti Airtel Limited as group general counsel and company secretary in the past.

# CORPORATE INFORMATION

CIN: U28991TZ1986PLC001816

## Registered Office:

No. 1078, Senthel Towers, 4th Floor Avanashi Road, Coimbatore – 641 018, Tamil Nadu, India

## BOARD OF DIRECTORS:

Mr. Srinivasan Ravi, Chairman and Managing Director (DIN: 01257716)  
 Mr. Ravi Gauthamram, Whole Time Director (DIN: 06789004)  
 Mr. Chandramohan Natarajan, Whole Time Director (DIN: 00302544)  
 Mr. Chandrashekhar Madhukar Bhide, Independent Director (DIN: 00027967)  
 Mr. Kallakurichi Kanniah Balu, Independent Director (DIN: 03640304)  
 Mr. Sundararaman Kalyanaraman, Independent Director (DIN: 01252878)  
 Mrs. Vijaya Sampath, Independent Director (DIN: 00641110)  
 Mr. Udai Dhawan, Nominee Director (DIN: 03048040)

## STATUTORY AUDITORS:

M/s PKF Sridhar & Santhanam LLP,  
 Chartered Accountants, Chennai

## INTERNAL AUDITORS:

M/s MC Ranganathan & Co.,  
 Chartered Accountants, Chennai

## COST AUDITORS:

M/s S. Mahadevan & Co,  
 Cost Accountants, Coimbatore

## SECRETARIAL AUDITORS:

M/s. KSR & Co, LLP,  
 Company Secretaries, Coimbatore

## CHIEF FINANCIAL OFFICER:

Mr. Sivakumar Gopalan

## COMPANY SECRETARY AND COMPLIANCE OFFICER:

Mr. Shainshad Aduvanni

## COMMITTEES OF DIRECTORS

### Audit Committee

Mr. Chandrashekhar Madhukar Bhide, (Chairperson)  
 Mr. Sundararaman Kalyanaraman  
 Mr. Udai Dhawan  
 Mr. Kallakurichi Kanniah Balu

### Nomination and Remuneration Committee

Mrs. Vijaya Sampath, (Chairperson)  
 Mr. Chandrashekhar Madhukar Bhide  
 Mr. Sundararaman Kalyanaraman

### Stakeholders Relationship Committee

Mr. Kallakurichi Kanniah Balu, (Chairperson)  
 Mrs. Vijaya Sampath  
 Mr. Srinivasan Ravi

### CSR Committee

Mr. Srinivasan Ravi, (Chairperson)  
 Mr. Chandrashekhar Madhukar Bhide  
 Mr. Udai Dhawan

# CRAFTSMAN AUTOMATION LIMITED

CIN: U28991TZ1986PLC001816

Registered Office: Senthel Towers, IV Floor, 1078, Avanashi Road, Coimbatore – 641 018

Web: www.craftsmanautomation.com, Email: investor@craftsmanautomation.com

## Notice to the 32<sup>nd</sup> Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the 32<sup>nd</sup> Annual General Meeting of the company will be held on 06<sup>th</sup> day, the August, 2018 at 11.30 A.M. at the Registered Office of the Company at Senthel Towers, IV<sup>th</sup> Floor, 1078, Avanashi Road, Coimbatore – 641 018 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31st March, 2018 including audited Balance Sheet as at 31st March, 2018 and the Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the year ended on that date and the reports of the Board of Directors ("the Board") and Auditors thereon.
2. To declare Dividend on equity shares for the financial year ended 31st March, 2018.
3. To appoint a Director in place of Mr. Srinivasan Ravi (DIN :01257716), who retires by rotation and being eligible, seeks for re-appointment.
4. To appoint M/s. PKF Sridhar and Santhanam LLP as Statutory Auditors for the remaining term.

To consider and if thought fit to pass, the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, as amended by Companies (Amendment) Act, 2017 read with the Companies (Audit and Auditors) Rules, 2014, as amended by Companies (Audit and Auditors) Amendment Rules, 2018, M/s. PKF Sridhar and Santhanam LLP, Chartered Accountants, Chennai (Registration Number 003990S/S200018), who have been appointed as Statutory Auditors of the Company at the 30th Annual General Meeting (AGM) of the Company held on 29th September, 2016, for a term of 4 years from the conclusion of 30th AGM up to the conclusion of the 34th AGM of the Company, subject to ratification of such appointment by the Members at every AGM, be and are hereby appointed as Statutory Auditors of the Company for the remaining period of the current term from the conclusion of this AGM up to 34th AGM of the Company, without any further confirmation / ratification / approval at the subsequent AGM of the Company on such remuneration as may be agreed upon between the Board of Directors (hereinafter referred to as "the Board" which term shall deemed to include any Committee which the Board may have constituted or hereinafter constitute) and the Statutory Auditors, in addition to GST as applicable and reimbursement of actual out-of-pocket expenses incurred in connection with the Audit, as the Board may fix in this behalf."

"RESOLVED FURTHER THAT the Board of Directors and/or Key Managerial Personnel of the Company, be and are hereby severally authorised to settle any question(s), difficulty(ies) or doubt(s), that may arise in giving effect to this resolution and to do all such acts, deeds, matters and things as may be considered necessary, proper, desirable or expedient to give effect to this resolution."

### SPECIAL BUSINESS:

5. To consider and determine the fees for delivery of any document through a particular mode of delivery to members.

*To consider and if thought fit to pass, with or without modification, the following resolution as an ordinary resolution:*

"RESOLVED THAT pursuant to the provisions of Section 20(2) of the Companies Act, 2013 and other applicable provisions, if any of the Companies Act, 2013 and rules made thereunder ('the Act'), whereby a document may be served on any member by the Company by sending it to him by post or registered post or by speed post or by courier or by electronic or other mode as may be prescribed, the consent of the members, be and is hereby accorded to charge from the member, the fee in advance, equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the member for delivery of such document to him/her, through a particular mode of service mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of documents by the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors and the Key Managerial Personnel of the Company, be and are hereby severally authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to above resolution."

6. To consider the ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

*To consider and if thought fit to pass, with or without modification, the following resolution as an ordinary resolution:*

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Cost Auditors M/s. S.Mahadevan & Co., Cost Accountants, Coimbatore (Registration Number: 000007), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019, be paid a remuneration of Rs 5.25 lakhs (Rupees Five Lakhs and Twenty Five Thousand only) plus applicable Goods and Service tax (GST) and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit."

(By Order of the Board)

**for CRAFTSMAN AUTOMATION LIMITED**

Coimbatore  
03rd July, 2018

Shainshad Aduvanni  
Company Secretary  
ACS No. 27895

**Notes:**

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The proxy to be valid should be received in the registered office of the company 48 hours before the meeting.**

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

2. Members/proxies/representatives should bring the Attendance Slip, duly filled in for attending the meeting.
3. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.
4. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the item no.4 to 6, to be transacted at the Annual General Meeting (AGM) is annexed hereto.
5. Details pursuant to Clause 1.2.5 of Secretarial Standards in respect of Directors seeking appointment/reappointment at the 32nd Annual General Meeting are separately annexed hereto for item no. 3.
6. The dividend if declared at the Annual General Meeting will be paid within 30 days from the date of the Annual General Meeting.



## EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013 ANNEXED TO THE NOTICE OF THE 32<sup>ND</sup> AGM OF THE COMPANY IN RESPECT OF ITEM NOS.4 TO 6 OF THE SAID NOTICE

### ITEM NO.4 - TO APPOINT M/S. PKF SRIDHAR AND SANTHANAM LLP AS STATUTORY AUDITORS FOR THE REMAINING TERM.

At the 30<sup>th</sup> Annual General Meeting (AGM) of the Company held on 29<sup>th</sup> September, 2016, M/s. PKF Sridhar and Santhanam LLP, Chartered Accountants, Chennai (Registration Number 003990S/S200018) had been appointed as the Statutory Auditors of the Company for a term of 4 years to hold the office from the conclusion of 30<sup>th</sup> AGM till the conclusion of 34<sup>th</sup> AGM of the Company, subject to ratification of their appointment at every AGM by the Members.

Ministry of Corporate Affairs by way of a Notification dated 07<sup>th</sup> May, 2018, notified the provisions of Section 40 of the Companies (Amendment) Act, 2017 along with Companies (Audit and Auditors) Amendment Rules, 2018, whereby provisions of Section 139 of the Companies Act, 2013 were amended. As per the amendment, Statutory Auditors appointed by the shareholders at the AGM of the Company for a term, need not be ratified at every subsequent AGM held thereafter.

Accordingly, it is proposed to appoint M/s. PKF Sridhar and Santhanam LLP, Chartered Accountants, Chennai (Registration Number 003990S/S200018), as Statutory Auditors of the Company for the remaining period of their current term from the conclusion of this AGM (up to 34<sup>th</sup> AGM of the Company) without any further confirmation / ratification / approval at the next AGM of the Company.

As per the requirement of the Companies Act, 2013, M/s. PKF Sridhar and Santhanam LLP., have confirmed that the appointment if made, would be within the limits specified under Section 141(3)(g) of the Companies Act, 2013 and they are not disqualified to be reappointed as Statutory Auditors in terms of the provisions of Sections 139 and 141 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

Further, as required under Regulation 33(1)(d) of Listing Regulations, M/s. PKF Sridhar and Santhanam LLP., have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

In view of the above, M/s. PKF Sridhar and Santhanam LLP., are continuing to be eligible to act as Statutory Auditors of the Company for the remaining period of their term and based on the recommendation of the Audit Committee and pursuant to Rule 3 of the Companies (Audit and Auditors) Rules, 2014.

The Board of the Directors accordingly recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval of the members.

#### *Interest of directors & key managerial personnel:*

None of the Directors or key managerial personnel of the Company or their relatives is directly or indirectly concerned or interested, financially or otherwise, in this resolution.

### ITEM NO.5 - TO CONSIDER AND DETERMINE THE FEES FOR DELIVERY OF ANY DOCUMENT THROUGH A PARTICULAR MODE OF DELIVERY TO A MEMBERS.

As per the provisions of Section 20(2) of the Companies Act, 2013, a Member may request for any document through a particular mode for which the Member shall pay such fees as may be determined by the Company in its Annual General Meeting. Since the cost of providing the documents may vary according to the mode of service, weight and its destinations etc., it is therefore proposed that actual expense borne by the Company for such dispatch will be paid in advance by the Member to the Company.

The Board of the Directors accordingly recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval of the members.

#### *Interest of directors & key managerial personnel:*

None of the Directors or key managerial personnel of the Company or their relatives is directly or indirectly concerned or interested, financially or otherwise, in this resolution.

### ITEM NO.6 - RATIFICATION OF THE REMUNERATION PAYABLE TO THE COST AUDITORS FOR THE FINANCIAL YEAR ENDING 31<sup>ST</sup> MARCH, 2019.

The Board of Directors of the Company had approved the appointment and remuneration of M/s.S.Mahadevan & Co., Cost Accountants, Coimbatore (Registration Number: 000007), to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors.

The Board recommends the Ordinary Resolution set out at Item No. 6 for the approval of Members.

#### *Interest of directors & key managerial personnel:*

None of the Directors or key managerial personnel of the Company or their relatives is directly or indirectly concerned or interested, financially or otherwise, in this resolution.

(By Order of the Board)

**for CRAFTSMAN AUTOMATION LIMITED**

Coimbatore  
03rd July, 2018

Shainshad Aduvanni  
Company Secretary  
ACS No. 27895

**Details of directors whose terms of office is subject to revision and details of director sought to be appointed as per the Notice pursuant to Para 1.2.5 of Secretarial Standards on General Meetings is provided hereunder:**

i	Name of the Director	Mr.Srinivasan Ravi
	DIN	01257716
	Age	55 years
	Date of Appointment on Board	18th July, 1986
	Date of Last Reappointment as Director	01st October 2016
	Expertise in Specific Functional Areas	He is an outstanding technocrat brings with him almost 32 years of experience in engineering sector.
	Qualification	Bachelor of Engineering (Mechanical) from University of Madras.
	No. of Equity Shares held in Company	1,06,30,640
	Number of Meetings of the Board attended during the year 2017-2018	All the Board Meetings. Ten Board Meetings in total.
	Terms and Conditions of Appointment or Reappointment along with details of Remuneration sought to be paid and the Remuneration last drawn	Mr.Srinivasan Ravi, the promoter of the Company is currently its Chairman and Managing Director. He was reappointed as Managing Director for a term of 5 years w.e.f 01st October, 2016 and the remuneration last drawn was Rs 30,00,000 per month plus commission of such percentage such that the total remuneration does not exceed 7.5% of the net profits of the Company. There is no further revision in remuneration in the salary sought to be paid.
	List of outside Directorships in Public/Private Companies	<ol style="list-style-type: none"> <li>1. MC Craftsman Machinery Private Limited</li> <li>2. Carl Stahl Craftsman Enterprises Private Limited</li> <li>3. Craftsman Marine B.V., Netherlands</li> <li>4. Craftsman Automation Singapore Pte Limited</li> </ol>
	Chairman/Member of the Committees of Board of Directors of the Company	<ol style="list-style-type: none"> <li>1. Chairman of Corporate Social Responsibility Committee of the Company</li> <li>2. Chairman of the IPO Committee of the Company</li> <li>3. Member of Stakeholders Relationship Committee of the Company</li> </ol>
	Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director	Not Applicable
	Relationship with other Directors/Managers/KMP	Father of Mr.Ravi Gauthamram, Whole Time Director of the Company.

# DIRECTORS' REPORT

Your Directors take pleasure in presenting the Thirty Second (32<sup>nd</sup>) Annual Report of the Company together with the audited financial statements for the year ended 31<sup>st</sup> March, 2018. The Management Discussion & Analysis forms part of this Report.

## 1. FINANCIAL HIGHLIGHTS & STATE OF AFFAIRS:

### 1.1 Standalone Financial Results:

(Rs. in Crores)

Particulars	Year ended	
	31.03.2018	31.03.2017
Operating revenue	1503.30	1200.96
Other income	15.14	11.44
EBITDA	290.18	234.07
Less: Finance Cost	109.10	89.59
Less: Depreciation and Amortization	136.07	112.16
Profit before Tax (PBT)	45.01	32.32
Less: Provision for Current Tax (Net)	-	0.02
Less: Deferred Tax	12.88	(43.09)
Profit after Tax for the year (PAT)	32.13	75.39
Other Equity opening balance	584.45	512.28
Add: Profit for the year	32.13	75.39
Add/(Less) Other Comprehensive Income/(Loss)	(4.60)	(2.53)
Dividend paid on equity shares including dividend tax	(0.69)	(0.69)
Bonus Shares issued	(4.31)	-
Other Equity closing balance	606.98	584.45

During the financial year (FY) 2017-18, the Company posted a strong growth of 25% with the revenues growing to Rs 1503.30 Crores as compared to Rs 1200.96 Crores in FY 2016-17. The profit before tax for FY 2017-18 increased by 39% to Rs 45.01 Crores from Rs 32.32 Crores in FY 2016-17.

### 1.2 Consolidated Financial Results:

The audited consolidated financial statements of the Company also form part of the Annual Report. The Company posted a consolidated revenue of Rs.1511.53 Crores as compared to Rs.1210.13 Crores for FY 2016-17. During the year under review, the Consolidated Profit after tax stood at Rs.33.15 Crores as against Rs.79.74 Crores in the previous year.

## 2. DIVIDEND:

The Board of Directors are pleased to recommend the payment of dividend

at Rs.0.50 per share having a face value of Rs 5 each for the year ended 31<sup>st</sup> March, 2018 (previous year Rs.10 per share having a face value of Rs 100 each). The Company issued bonus shares in the ratio of 3 shares for every 4 shares held during the year under review. The total outlay including the dividend distribution tax on the enhanced equity share capital is Rs. 1.21 Crores (Previous Year Rs. 0.69 Crores).

## 3. RESERVES:

Your Directors do not propose to transfer any amount to the General Reserve account.

## 4. MANAGEMENT DISCUSSION & ANALYSIS REPORT:

As was the policy adopted last year, the Directors' Report and Management Discussion & Analysis Report have been combined and a composite report is being given below.

### 4.1 Global and Indian Economy

The latest update of the International Monetary Fund, (IMF) released in April 2018 on World Economic Outlook underlines the broad transnational revival in global growth and expects the expansion to continue with the global growth estimated to be 3.9% in 2018 and 2019, up from 3.8% in 2017. However, the IMF flagged several downside risks to its forecast. These include protectionist sentiments – waning popular support for global economic integration and inward-looking policies – that harm international trade, geopolitical tensions, and sharp tightening of global financial conditions.

Consumption and investment are the major drivers of any economy. In recent years, India has grown primarily on the engine of consumption. The other engine – of investment – has been decelerating. The Indian GDP growth during the year under review was adversely impacted by the demonetization and the roll out of GST on the top of dwindling investment and slower global growth. Therefore, the GDP growth during FY 2017-18 dropped to 6.4% from 7.1% recorded in FY 2016-17. The growth numbers for the Q3 and Q4 of FY 2017-18 indicate that the economy has recovered from the twin shocks of demonetization and bumpy transition to the GST regime. The GDP growth is expected to rebound to 7.2% in the current fiscal boosted by the increasing consumption and large Government spending on infrastructure projects.

### 4.2 Automotive Industry Structure and Developments

The Commercial Vehicle (CV) segment of automotive industry started the year under review on a dull note. However, there was a strong revival in the demand and therefore the CV segment ended the year posting a healthy 20% growth. The strict enforcement of ban on overloading, precipitated a shift in demand to medium & heavy commercial vehicle (M&HCV) trucks. This shift got a further boost due to GST roll out and ensured that the M&HCV segment grew by 19% in FY 2017-18 against 1% negative growth in the previous year. Light Commercial vehicle (LCV) sales grew by 29% in FY 2017 - 18 led by improved private consumption, better monsoon and improved finance availability. Bus sales declined by 14% in FY 2017-18 due to weak demand from schools, private stage carriage, tourism and State Transport Undertakings (STUs). The near term prospects for this segment are bright with the revival of the economy and imminent migration to Bharat Stage (BS) VI emission norms leading to pre buy.

In fiscal 2018, the Passenger Vehicle (PV) sales grew 8% backed by improved monsoon, better economic indicators, lower fuel cost, interest rate cuts and launch of new models. The preference for Utility Vehicles (UV) continued and UV segment sales shot up in 2017-18. This shift in demand from large cars and small cars to the UV segment has put pressure on the other sub-segments of the PV industry.

The two-wheeler industry grew by 15% in fiscal 2018 with anticipated improvement in the rural economy in a good monsoon year. Motorcycle sales grew by 14% due to good crop output, farm loan waiver in key states, and an increase in minimum support prices (MSPs). Scooters grew a strong 20% on the back of new model launches in the 125cc segment, multi ownership, and increasing rural penetration.

Tractor sales revived in fiscal 2016-17 with a strong 18% growth posted a 22% growth in fiscal 2017-18, on the back of a normal monsoon. Due to significant push by various Government agencies towards time bound execution of various projections, the volume sales of off-highway vehicle industry surged over 26% year-on-year in fiscal 2018. The near term prospects for the farm equipment and off road vehicles are bright.

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### 4.3. Company Performance

During the year under review, the Company benefited from the capital expenditure it had incurred in the recent years and grew at a rate higher than the industry. This was possible due to ramp up of existing business, addition of new customers and ramping up of new business segments like Automotive-Aluminium Products and Railway Products. The Company posted a 35% growth in its revenue from operations (net of excise) during the year under review from Rs 1093 Crores in FY 2016-17 to Rs 1471 Crores of FY 2017-18. With the commissioning of its Bengaluru automotive plant at the commencement the Company was able to grow its domestic product sales (net of excise) from Rs 455 Crores to Rs 752 Crores - a growth of 65%.

The export market continued to be sluggish and notwithstanding good traction in sales to some of the new customers, the export sales went down by 10% from Rs 149 Crores in FY 2016-17 to Rs 134 Crores in the FY 2017-18 due to drop in shipments to our established customers. Due to smart growth achieved by the M&CV industry, the machining income of the Company posted a 18% growth from Rs 382 Crores in FY 2016-17 to Rs 453 Crores in FY 2017-18.

The segment wise sales is as follows:

Segment Revenue	FY 2017-18	FY 2016-17	Growth %
Automotive - Aluminium Products	235.3	130.8	80%
Automotive - Powertrain & Others	870.9	719.6	21%
Industrial & Engineering	397.1	350.6	13%
Total	1,503	1,201	25%

## 4.4 Financial Performance:

### Sales

During the year under review the Company's revenue from operations was of Rs 1503 Crores up from the Rs 1201 Crores posted in FY 2016-17.

### Material and other costs:

The raw material costs during the year grew in line with the 51% growth in product sales. The change in the product mix viz. high growth in sales of Automotive – Aluminum Products segment which is material intensive also contributed to the growth in raw material costs. The employee costs during the Fiscal 2018-19 increased mainly due to increase in man power to meet the additional volume growth. The growth in other costs were corresponding to the increase in overall revenue.

### EBITDA:

Despite the challenges that the Company faced in Automotive segments during first quarter of the fiscal 2017-18, the earnings before Interest, tax, depreciation and amortisation (EBITDA) increased by 24 % from Rs 234 Crores in FY 2016-17 to Rs 290 Crores in FY 2017-18.

### Finance Costs:

On account of higher borrowings, the interest and finance cost grew by 22% to Rs 109 Crores in FY 2017-18 from Rs 90 Crores of FY 2016-17.

### Depreciation and Amortisation:

The depreciation and amortization expense increased from Rs 112 Crores in fiscal 2016 - 17 to Rs 136 Crores in the fiscal year 2017-18, on account of higher tangible and intangible asset values ranking for depreciation/ amortization.

### Profit:

For the FY 2017-18, the Company has posted a profit before tax of Rs 45 Crores, a growth of 39% over the Rs 32 Crores it earned in the previous year. The profit after tax is lower at Rs. 32 Crores on account of deferred tax charge of Rs 13 Crores in FY 2017-18 against the tax credit of Rs 43 Crores available in FY 2016-17.

## 4.5 Capacities and capital expenditure:

The Company incurred a capital expenditure of Rs 169 Crores in FY 2017-18. The Company's new Automotive – Aluminum Products plant with die casting and machining facility at Bengaluru commenced operations. The Company also established a second unit in Faridabad to meet the increasing volumes.

## 4.6 New projects & New Developments

### 4.6.1 New Unit at Pune:

The Company with a view to expand its product offerings in its storage solution business is setting up a new facility in Pune and has placed orders to import roll forming machinery. This roll forming facility, once operational, will primarily cater to the requirements of western, central and northern Indian markets.

### 4.6.2 New Unit at Perundurai:

Further, the Company is planning to set up a plant at Perundurai in the State of Tamil Nadu where the State Government has allotted land and granted approval to set up a facility for manufacture of automotive components.

### 4.6.3 Other Units:

The Company is also further enhancing its manufacturing capacity of its various units like Unit 3- Coimbatore, Chennai, etc.



## 5. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There are no material changes or commitments affecting the financial position of the Company between the end of the financial year to which the financial statements relate and the date of this report, except as follows:

### 5.1 Initial Public Offering (IPO):

The private equity investors, Marina III (Singapore) Pte Ltd and International Finance Corporation have, in terms of the rights vested in them by the Articles of Association, requisitioned an Initial Public Offering (IPO) of equity shares of the Company. The Board of Directors also thought fit to mobilize additional share capital for the Company through fresh issue of equity shares. This was approved by the members of the Company at the extraordinary general meeting held on 30<sup>th</sup> April 2018. The Company subject to receipt of regulatory approvals and market conditions is proposing to go in for an Initial Public Offering with an offer for sale up to 43,83,320 equity shares of Rs 5 each and fresh issue of shares up to Rs 400 Crores. The issue would be by way of book building process. From out of the proceeds of the IPO, the Company proposes to utilize Rs 300 Crores for repayment / prepayment of some of its existing loans while the balance would be utilized for general corporate purposes. The Draft Red Herring Prospectus was filed with the SEBI on 08<sup>th</sup> June, 2018.

### 5.2 Conversion to Public Limited Company:

The Company in order to facilitate the IPO has converted itself into a public limited company. The members at the extraordinary general meeting of the Company held on 30<sup>th</sup> April, 2018 had inter-alia approved the conversion, the name change, broad based the objects clause in the Memorandum of Association in order to accommodate the proposed IPO. Further, the Articles of Association of the Company was also amended to remove the restrictive and other shareholder covenants such that the said covenants present in the Articles of Association will cease to be in effect upon the company listing its shares on a recognised stock exchange. The Registrar of Companies, Coimbatore had issued a fresh certificate

of incorporation dated 04<sup>th</sup> May, 2018 consequent to the conversion into a public limited company.

### 5.3 Share Capital and Sub-Division:

The Company for the purpose of carrying out the IPO, obtained the consent of its members at the extraordinary general meeting held on 11<sup>th</sup> December, 2017 for the following:

- To increasing the authorized capital from Rs 10 Crores to Rs 20 Crores;
- To issue 431,177 bonus equity shares of Rs 100 each to the existing shareholders in the ratio of 3 shares for every 4 shares held;
- To amend the Articles of Association to facilitate the dematerialization of the shares held by the members;

Further, based on the approval granted by the members at the extraordinary general meeting held on 30<sup>th</sup> April, 2018, the Company in line with IPO process, sub-divided the face value of its equity shares from Rs 100 each to Rs 5 each.

Thus the present authorized share capital of the Company is Rs.20,00,00,000 consisting of 4,00,00,000 equity shares of Rs.5 each and paid up share capital of the Company is Rs.10,06,08,000 consisting of 2,01,21,600 equity shares of Rs 5 each.

## 6. CREDIT RATING:

CRISIL has recently upgraded the Company's credit rating to BBB+ for its long term credit facilities and A2 for short term credit facilities while CARE has assigned a rating BBB and A3+ respectively.

## 7. DEPOSITS:

The Company has not accepted any deposits during the year under review.

## 8. AWARDS AND RECOGNITIONS:

The Company has always been in the forefront in its efforts to retain and build upon its reputation as a quality and reliable supplier partner to its customers. In recognition of its efforts the company continued to receive awards. During, the year under review, the principal awards received by the Company are as follows:

Sl. No.	Description of the award / recognition	Given by Customer / Institution	Year of receipt
1	1st Prize in Mould Base Category	Godrej	2017
2	Supplier Business Capability Building Award	Mahindra & Mahindra	2017
3	India Director Supplier of the Year Award	Cummins	2017
4	'Category Partner' Status	Cummins	2017
5	Recognition for long-standing association	Royal Enfield	2017
6	Appreciation for Best Overall Performance Award	Siemens	2018
7	Suppliers Summit – 2018 Award	Ashok Leyland	2018

## 9. CORPORATE SOCIAL RESPONSIBILITY (CSR):

With the enactment of CSR provisions in the Companies Act, 2013, your company has put in place a Corporate Social Responsibility policy. The CSR Policy has been placed in the website of the Company at (<http://www.craftsmanautomation.com/wp-content/uploads/2018/06/CAL-Corporate-Social-Responsibility-Policy.pdf>).

During the year the Company spent Rs. 92 Lakhs towards CSR, the details of which are provided in the **Annexure – A**. The projects/ activities were identified with a view to make an impact in the local community in which the company's plants are located. The Company is in process of identifying more suitable CSR activities in the area of its operations.

Members of Corporate Social Responsibility Committee met two times during the year under review on 30<sup>th</sup> June, 2017 and 30<sup>th</sup> March, 2018 respectively.

## 10. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE:

### 10.1 Details of Foreign wholly owned subsidiaries:

- The turnover of Craftsman Marine B.V. our Netherlands based wholly owned subsidiary company posted a lower of turnover of Rs.1475 lakhs (Euro 19.41 lakhs). The profit for the year also dropped to Rs.19.26 lakhs (Euro 37 thousand) from Rs.28.65 Lakhs (Euro 92 thousand).

- b. Craftsman Automation Singapore Pte. Limited, Singapore a wholly owned subsidiary company posted a profit of Rs.1.33 lakhs in FY 2017-18 (Previous year Rs 21.89 lakhs).

## 10.2 Details of Joint Venture Companies:

- a. Carl Stahl Craftsman Enterprises Private Limited is a jointly controlled company in which your company is holding 30% of equity shares. There has been no change in this equity stake during 2017-18. Carl Stahl Craftsman Enterprises Private Limited notched a turnover of Rs. 21.65 Crores in FY 2017-18 against the Rs.11.75 Crores of FY 2016-17. The Profit for the year was Rs.0.59 Crores as against Rs.0.77 Crores in FY 2016-17.

Pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule (5) of the Companies (Accounts) Rules, 2014 a statement containing salient features of the financial statements of the Company's Subsidiaries and Joint Venture Companies in Form No.AOC-1 is attached to this report as **Annexure - B**

## 11. CHANGE IN NATURE OF BUSINESS:

During the year under review, there has been no change in the Company's nature of business.

## 12. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future;

## 13. INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

There were no complaints received during the year under review from any women employees under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

## 14. DIRECTORS, CHANGES IN DIRECTORS:

As reported in previous Directors' Report, Mr.Udai Dhawan (DIN: 03048040) was inducted into the Board as nominee director of Standard Chartered Private Equity (Mauritius) II Limited in terms of Article 72 of the Articles of Association of the Company w.e.f. 27<sup>th</sup> November, 2016. On 24<sup>th</sup> March, 2017, SCPE had transferred its entire shareholding of 89,100 equity shares of Rs.100 each held in the Company to Marina III Singapore Pte Limited (Marina III). Accordingly, SCPE had withdrawn the nomination of Mr. Udai Dhawan and Marina III had appointed Mr. Udai Dhawan as their nominee director on the Board of the Company w.e.f. 28<sup>th</sup> April 2017.

It was also mentioned in the previous Directors' Report that Dr.G.Srinivasan (DIN: 02369228) had resigned as a Director w.e.f. 31<sup>st</sup> July, 2017. The Board places on record its appreciation for the assistance and guidance provided by Dr.G.Srinivasan during his long tenure as a Director of the Company.

Mr. Sundararaman Kalyanaraman (DIN: 01252878) was appointed as an Additional Director on 30<sup>th</sup> June 2017 by the Board. Subsequently, members also appointed him as a Non-Executive Director of the Company at the Annual General Meeting held on 20<sup>th</sup> September 2017.

Mrs.Vijaya Sampath (DIN: 00641110) is an Independent Director of the Company initially appointed as an additional director on our Board w.e.f. 03<sup>rd</sup> April, 2018. The members at the Extra Ordinary General Meeting held on 30<sup>th</sup> April, 2018 have appointed Mrs.Vijaya Sampath as an Independent Director for a period of 5 (five) years commencing from 30<sup>th</sup> April, 2018.

At the Extraordinary General Meeting of Company held on 24<sup>th</sup> May 2018, the members appointed Mr.Chandrashekhhar Madhukar Bhide (DIN: 00027967) Mr.Kallakurichi Kanniah Balu (DIN: 03640304) and Mr. Sundararaman Kalyanaraman (DIN: 01252878) as Independent Directors of the Company.

## 15. KEY MANAGERIAL PERSONNEL:

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the following are the whole time Key Managerial Personnel (KMP) of the Company as on the date of this report:

- i. Mr. Srinivasan Ravi, Chairman and Managing Director;
- ii. Mr. Sivakumar Gopalan, Chief Financial Officer;
- iii. Mr. Shainshad Aduvanni, Company Secretary.

Further, pursuant to section 2(51) the Companies Act, 2013, the following persons are designated as the Key Managerial Personnel of the Company:

- i. Mr. Srinivasan Ravi, Chairman and Managing Director;
- ii. Mr. Ravi Gauthamram, Whole Time Director - Industrial and Engineering Products;
- iii. Mr. Chandramohan Natarajan, Whole Time Director - Business Development, Industrial and Engineering Products;
- iv. Mr. Sivakumar Gopalan, Chief Financial Officer;
- v. Mr. Thiyagaraj Damodharaswamy, Chief Operating Officer - Automotive;
- vi. Mr. Shainshad Aduvanni, Company Secretary.

The remuneration and other details of the Key Managerial Personnel for FY 2017-18 are provided in the extract of the Annual Return (MGT 9) which forms part of this Directors' Report.

## 16. COMMITTEES:

The Company has constituted the following committees on 24<sup>th</sup> May, 2018 as per the requirements of the Companies Act, 2013. Though the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to the Company at present, the Company has voluntarily applied the requirements of the said Regulations so as to make the Company IPO ready:

### i. Audit Committee

The Company has reconstituted the Composition of the Audit Committee at the Board meeting held on 03<sup>rd</sup> July 2018 and the members of the Committee are as follows:

1. Mr. Chandrashekhhar Madhukar Bhide, Independent Director (Chairperson);
2. Mr. Sundararaman Kalyanaraman, Independent Director (Member);
3. Mr. Udai Dhawan, Nominee Director (Member); and
4. Mr. Kallakurichi Kanniah Balu, Independent Director (Member)

### ii. Nomination and Remuneration Committee

The Composition of the Nomination and Remuneration Committee is as follows:

1. Mrs. Vijaya Sampath, Independent Director (Chairperson);
2. Mr. Chandrashekhhar Madhukar Bhide, Independent Director (Member); and
3. Mr. Sundararaman Kalyanaraman, Independent Director (Member).

### iii. Stakeholders Relationship Committee

The Composition of the Stakeholders Relationship Committee is as follows:

1. Mr. Kallakurichi Kanniah Balu, Independent Director (Chairperson);
2. Mrs. Vijaya Sampath, Independent Director (Member); and
3. Mr. Srinivasan Ravi, Chairman and Managing Director (Member).

### 17. Internal Financial Controls and Audit:

#### 17.1. Internal Financial Controls and their Adequacy

The company has put in place internal control systems to mitigate risks that are inherent in the daily functioning and covers all functions and operations.

Adequate internal financial controls are in place which, ensures the reliability of financial and operational information. The regulatory and statutory compliances are also ensured. The Oracle enterprise wide resource platform deployed in the Company enables the business processes and also ensures financial discipline and fosters accountability.

#### 17.2 Internal Audit

M/s M C Ranganathan & Co., Chartered Accountants, Chennai, who are our internal auditors have carried out internal audit for the FY 2017-18.

#### 17.3 Statutory Auditors

M/s. PKF Sridhar and Santhanam LLP, Chartered Accountants, Chennai (Registration Number 003990S/S200018) had been appointed as the Statutory Auditors of the Company at the 30<sup>th</sup> Annual General Meeting (AGM) of the Company held on 29<sup>th</sup> September, 2016 for a term of 4 years till the conclusion of the 34<sup>th</sup> AGM, subject to ratification of their appointment at every AGM by the members.

Ministry of Corporate Affairs by way of a notification dated 07<sup>th</sup> May, 2018, has brought into force the provisions of Section 40 of the Companies (Amendment) Act, 2017 which along with Companies (Audit and Auditors) Amendment Rules, 2018, have amended Section 139 of the Companies Act, 2013 which does away with the need of seeking of ratification of the auditors appointment at every subsequent AGM held thereafter. Accordingly, it is proposed to appoint M/s. PKF Sridhar and Santhanam LLP, Chartered Accountants, Chennai, as Statutory Auditors of the Company for the remaining period of their current term from the conclusion of the ensuing AGM (up to 34<sup>th</sup> AGM of the Company) without any further ratification / approval at the subsequent AGM of the Company.

#### 17.4 Statutory Audit Report

The details of attendance by the Directors for each meeting are given below.

Sl. No.	Name of the Director & Designation	No. of Board Meeting attended during 2017-18
1.	Mr.Srinivasan Ravi, Chairman and Managing Director	10
2.	Mr.Ravi Gauthamram, Whole Time Director	10
3.	Mr.Chandramohan Natarajan, Whole Time Director	10
4.	Mr.Chandrashekar Madhukar Bhide, Director	10
5.	Mr.Kallakurichi Kanniah Balu, Director	10
6.	Mr.Sundararaman Kalyanaraman, Director*	7
7.	Mr.Udai Dhawan, Nominee Director	9
8.	Dr.G.Srinivasan, Director**	0

\* Mr.Sundararaman Kalyanaraman was appointed as an additional director w.e.f. 30<sup>th</sup> June, 2017.

\*\* Dr.G.Srinivasan resigned w.e.f. 31<sup>st</sup> July, 2017.

There are no qualifications, reservations or adverse remarks made by M/s. PKF Sridhar and Santhanam LLP, Statutory Auditors, Chennai, in their report for the financial year ended 31<sup>st</sup> March, 2018.

Pursuant to provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit, Risk and Compliance Committee during the year under review.

### 17.5 Cost Audit

The Board has re-appointed M/s.S.Mahadevan & Co, Cost Accountants, Coimbatore, (Registration No. 000007) as cost auditors of the company for the FY 2018-19, for auditing the cost accounting records maintained by the Company for the applicable products for the year ending 31<sup>st</sup> March 2019. The ratification of remuneration payable to the cost auditors for the FY 2018-19, forms part of the notice convening the ensuing AGM.

### 18. DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received declarations from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that, they meet the criteria of independence as laid down in section 149(6) of the Companies Act, 2013 and subsequently the same was placed at the Board Meeting held on 30<sup>th</sup> April 2018.

### 19. EXTRACT OF ANNUAL RETURN:

An extract of Annual Return in Form MGT-9 as on 31<sup>st</sup> March, 2018 is attached to this Report as **Annexure-C**.

### 20. MEETINGS OF THE BOARD:

During the FY 2017-18, the Board of Directors met ten (10) times on 28<sup>th</sup> April, 2017, 30<sup>th</sup> June, 2017, 11<sup>th</sup> August, 2017, 20<sup>th</sup> September, 2017, 03<sup>rd</sup> November, 2017, 24<sup>th</sup> November, 2017, 21<sup>st</sup> December, 2017, 12<sup>th</sup> February, 2018, 09<sup>th</sup> March, 2018 and 30<sup>th</sup> March, 2018.

The time gap between any two consecutive meetings was well within the maximum gap of 120 days.

## 21. PARTICULARS OF EMPLOYEES:

The statement of particulars of employees who are drawing remuneration beyond the prescribed limits as per Rule 5(2) and 5(3) 2013 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 for the year 2017 - 2018 is given below:

Employed throughout the year and was in receipt of remuneration at the rate not less than Rs.1,02,00,000/- per annum

Name and Age	Remuneration including commission (Rs In Lakhs)	Designation	Date of Commencement of Employment	Previous Employment	Nature of Employment, contractual or otherwise	Qualification and experience
Srinivasan Ravi, & 55 Years	551.96	Chairman and Managing Director	18.07.1986	Nil	Employee	B.E (over 33 years)

## 22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE ACT:

Pursuant to Section 186 of Companies Act, 2013, disclosure on particulars relating to loans, advances, guarantees and investments are provided as part of the financial statements.

## 23. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During FY 2017-18, all contracts/arrangements/transactions entered into by the Company with related parties under Section 188(1) of the Companies Act, 2013 were in the ordinary course of business and on an arm's length basis.

The disclosures as per Form AOC-2 under section 134(3)(h) of the Companies Act, 2013, read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is enclosed to this report as **Annexure D**.

## 24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

### A) Conservation of energy:

#### I. Steps taken or impact on conservation of energy

- Tapping solar energy starting with arrangements for street lights;
- Introducing level base drain valves to minimize air and energy wastage instead of time based auto drain valve in air lines;
- Moulded Case Circuit Breaker's (MCCB) provided instead of switch fuse units in all panels to minimize energy wastage;
- Installing Energy Management System (EMS) software for online monitoring of energy consumption;
- Converting all main voltage panels and DG sets to programmable auto change over system;
- Provision of Variable Frequency Drive for Compressors to Reduce Demand;
- Installation of LED Lamps instead of Conventional Fluorescent Lamp and Mercury Vapor Lamps;
- Providing UPS for machines to eliminate break downs and tool broken during unscheduled power outages also eliminate Servo Stabilizers;
- Conversion of HT EB Supply to EHT EB supply (33kv to 110Kv) is under Progress for Uninterrupted and Quality power;
- Providing Lighting Energy Savers for entire factory Lighting System;
- Power Factor maintained between 0.99 to 1.00;

### II. Steps taken by the company for utilizing alternate source of energy

The Company during the year under review utilized wind power from its group captive wind mills and also from group captive waste heat power producer. The Company while constructing new buildings during the year under review, has factored effective usage of daylight inside the factory so that dependence of electricity for lighting has been greatly reduced during the day. The company in the process of replacing the traditional electrical lights with solar powered lights on the roads inside the factory premises.

### III. Capital investment on energy conservation equipments

The company has replaced existing MH lamps with low consumption LED lamps.

#### B) Technology Absorption:

The Company has effectively integrated and absorbed general technology in the area of aluminum welding.

#### The expenditure incurred on Research and Development

The company has not incurred any expenditure on Research and Development.

#### C) Foreign Exchange earnings and outgo:

Details of earnings accrued and expenditure incurred in foreign currency are as given below:

Foreign Exchange Earnings	Rs.133.96 Crores
Foreign Exchange Outgo	Rs. 235.07 Crores

## 25. RISK MANAGEMENT POLICY:

The Company has Risk Management Policy in place. Company has diversified its key risk of exposure to the cyclicity of automobile business by venturing into various segments of Industrial & Engineering like gears, Special Purpose Machines (SPM), Mould Base, high end precision products & sub-assembly, storage solutions and railway locomotive components, aluminum products for power transmission and material handling. In the Automotive business it is diversifying its risk by venturing into Automotive – Aluminum Products. The company is concentrating to add new customers and new business to minimize the risk. The company is having sufficient exports to meet its foreign exchange requirements and having natural hedge.

### Following are the major risk concerns:

#### Competition:

The Company operates in an extremely competitive environment and some of the Company's customers pursue a policy of maintaining more than one source for a product / service. The Company's senior management team carries out competition analysis and discusses the strategies adopted by the competitors.



**Economy:**

The economy is still susceptible to the challenging global economic environment and constrained by high interest rates, delay in implementation of policy reforms.

**Automobile Industry:**

The automobile industry is cyclical in nature and the frequent regulatory changes impacts its workings.

**Risk Mitigation Measures:**

As already mentioned the Company adopts the policy of diversifying its product, market and customer base to mitigate volatilities and uncertainties. The Company has requisite talent pool with design and process engineering capabilities and leveraging on this, the company is positioning itself as a one-stop solution provider to its customers. In addition, the Company has steadily invested over the years to build up world class manufacturing and testing facilities, at Coimbatore and other plants. The state of the art machines, continuous improvement in the production processes, constant upgradation of employee skill levels, backward integration to tool, die and fixture making and JIT deliveries have created a strong competitive advantage for the Company.

**26. DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and profit of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**27. CAUTIONARY STATEMENT:**

Statements in this Report may be forward looking. Actual results may differ materially from those expressed or implied in the statement. Certain factors that could affect the Company's operations include downtrend in global or domestic markets, tax laws, forex volatility, power availability and interest costs.

**28. WHISTLE BLOWER POLICY/ VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:**

The Company has formulated a comprehensive Whistle Blower Policy in line with the provisions of Section 177(9) and Section 177(10) of the Companies Act, 2013 with a will to enabling stakeholders, including directors, individual employees and their representative bodies to freely communicate their concerns about illegal or unethical practices and to

report genuine concerns to the Audit Committee of the Company.

The mechanism provides adequate safeguards against victimization of directors or employees who avail of the mechanism.

The Vigil Mechanism has been placed in the website of the Company at <http://www.craftsmanautomation.com/wp-content/uploads/2018/06/CAL-Whistleblower-Policy.pdf>.

**29. ACKNOWLEDGEMENTS:**

The directors take this opportunity to thank the private equity investors, bankers and the financial institutions for their cooperation and support to the operations and look forward for their continued support in future. The directors also thank all the customers, vendor partners, and service providers for their continued support during the year. The directors place on record their appreciation for the hard work put in by all employees of the company.

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

Coimbatore  
03<sup>rd</sup> July, 2018

**Srinivasan Ravi**  
**Chairman and Managing Director**

DIN:01257716

**ANNEXURE - A****Annual Report on Corporate Social Responsibilities (CSR) Activities**

CSR Activities – Manner in which the amount was spent.

1	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs	The Company has policies towards promoting education, healthcare, protect environment and other activities of social welfare and has made contribution towards CSR objectives.
2	Composition of CSR Committee	1. Mr.Srinivasan Ravi, Chairman and Managing Director as Chairman of the Committee 2. Mr.Chandrashekhar Madhukar Bhide, Independent Director as a Member of the Committee 3. Mr.Udai Dhawan, Nominee Director as a Member of the Committee
3	Average Net Profit of the Company for last three financial years:	Rs. 4698.77 Lakhs
4	Prescribed CSR expenditure (Two percent of the amount as in item 3 above)	Rs. 93.98 Lakhs
5	Details of CSR spent during the financial year: (a) Total amount to be spent for the Financial Year (b) Amount unspent, if any: (c) Manner in which the amount spent during the Financial Year:	Rs. 93.98 Lakhs Rs. 1.95 Lakhs Refer Annexure given below

Amount in ₹

Sl No.	Projects/ Activities	Sector	Locations	Amount outlay	Amount spent	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1.	Desiltation of ponds near Noyyal river and other areas to conserve / store water and raising the ground water level in turn providing good drinking water	Environment	Coimbatore (Ponds near Noyyal river)	40,00,000	40,00,000	40,00,000	Agency
2.	Promoting Road safety education / awareness and providing learning materials to Govt. and Corporation schools	Safety & Welfare	Coimbatore	50,000	50,000	40,50,000	Agency
3.	Enduro Student India Competition	Sports	Coimbatore	4,00,000	3,00,000	43,50,000	Direct
4.	Productivity Conclave and Productivity week celebrations	Promotion of education	Coimbatore (Coimbatore Productivity Council)	50,000	50,000	44,00,000	Direct
5.	Civil work, fabrication and fencing around transformers to safeguard people and cattle.	Safety & Welfare	Sangothipalayam Coimbatore	2,00,000	1,61,098	45,61,098	Direct
6.	Donated funds for the Swachh Bharat Abhiyan (Clean India Mission), Dengue prevention & control and Plastic waste disposal	Environment safeguarding	Sangothipalayam Coimbatore	2,00,000	2,00,000	47,61,098	Agency
7.	Construction of patients waiting hall building in Government hospital.	Health Care	Somanur, Coimbatore	10,00,000	10,41,845	58,02,943	Direct
8.	Distribution function of Note Books, Pencil Box with Pen, Pencil, Scale, Eraser & Sharpener, Geometry Box was conducted on 15-07-2017 (Kamarajar birthday celebrated as Education Day)	Promotion of Education	Mambakkam Village, Sriperumbudur	1,00,000	1,21,715	59,24,658	Direct
9.	Donating Smart board, CPU, Speaker and digital contents	Promotion of Education	Mambakkam Village, Sriperumbudur	1,00,000	96,520	60,21,178	Direct
10.	Sponsorship for the Annual Conference & Concerts conducted by the Music Academy.	Protection of national heritage, art and culture	Chennai	5,00,000	5,00,000	65,21,178	Direct
11.	Construction of Boundary wall, Gates, Water Tank with bore well pump	Promotion of Education	Dughda, Padampur, Raibasa and Uperbera villages, Jamshedpur	20,00,000	21,33,982	86,55,160	Direct
12.	Eye checkup / eye surgery for needy people, preventive medical assistance	Health care	Srirampur, Dughda, Rapcha villages Jamshedpur	5,00,000	1,23,051	87,78,211	Direct
13.	Donated to Viswa Kalayan Seva Trust to buy Medicines for mobile medical camp in rural areas around Jamshedpur.	Health care	Jamshedpur	1,00,000	1,00,000	88,78,211	Agency
14.	Donated T-shirts & track suits to the players of the Jharkhand State KHO KHO Association	Sports	Jamshedpur	25,500	25,500	89,03,711	Direct
15.	Wheels 2018	Sports	Jamshedpur	3,00,000	3,00,000	92,03,711	Direct

Your company is in the process of identifying suitable projects for implementation of CSR spending and implementation is taking more time.

The CSR Committee of the Board of Directors acknowledges the responsibility for the implementation and monitoring the CSR Policy and accordingly state that the same is in compliance with CSR objectives and Policy of the company and the company has complied with all the requirements in this regard.

Coimbatore  
03<sup>rd</sup> July, 2018

Srinivasan Ravi  
**Chairman of CSR Committee & Managing Director**  
DIN: 01257716

**ANNEXURE - B****Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of Subsidiaries or associate companies or joint ventures****Part - A Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs. in Lakhs)

Sl.No	Particulars	1	2
1	Name of the subsidiary	Craftsman Marine B.V.	Craftsman Automation Singapore Pte. Ltd
2	The date since when subsidiary was acquired/incorporated	03.06.2008	15.02.2008
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018
4	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	EURO (Exchange Rate as on 31-03-2018 Rs 80.62 Lakhs	SGD (Exchange Rate as on 31-03-2018 Rs 49.68 lakhs
5	Share Capital	57.48	31.35
6	Reserves and Surplus	(1105.17)	(299.87)
7	Total Assets	1818.96	50.21
8	Total Liabilities	1818.96	50.21
9	Investments	NIL	NIL
10	Turnover	1475.33	131.16
11	Profit before taxation	19.27	1.33
12	Provision for taxation	NIL	NIL
13	Profit after taxation	19.27	1.33
14	Proposed Dividend	NIL	NIL
15	Extent of shareholding (in percentage)	100%	100%

**Statement pursuant to section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.****Part "B" Associates and Joint Ventures****(Rs. in Lakhs)**

Sl No	Name of Associates /Joint Ventures	Carl Stahl Craftsman Enterprises Private Limited
1	Latest audited Balance Sheet Date	31.03.2018
2	Date on which the Associate/ Joint Venture was associated or acquired	22.06.2007
3	Shares of Associate / Joint Ventures held by the company on the year end	
	i. No. of shares	6,00,000
	ii. Amount of Investment in Associates / Joint Venture	60.00
	iii. Extend of Holding (in %)	30%
4	Description of how there is significant influence	Joint Venture Company
5	Reason why the associate/ Joint Venture is not consolidated	Not applicable
6	Net worth attributable to shareholding as per latest audited Balance Sheet	139.71
7	Profit /Loss for the year	17.94
8	Name of Associates/Joint Ventures	
	i. Considered in Consolidation	Yes
	ii. Not Considered in Consolidation	Not Applicable

Coimbatore  
03<sup>rd</sup> July, 2018**For and on behalf of the Board of Directors**Srinivasan Ravi  
**Chairman & Managing Director**  
DIN: 01257716

**ANNEXURE – C****Form No. MGT-9****EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018****[Pursuant to rule 12(1) of the Companies (Management and Administration) Rules, 2014]****I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	U28991TZ1986PLC001816
ii.	Registration Date	18/07/1986
iii.	Name of the Company	CRAFTSMAN AUTOMATION LIMITED
iv.	Category	PUBLIC COMPANY
	Sub-Category of the Company	INDIAN NON-GOVERNMENT COMPANY
v.	Address of the Registered office and contact details	
	Address	SENTHTEL TOWERS, IV FLOOR, 1078, AVANASHI ROAD, COIMBATORE-641018
	Phone No.	0422 - 302 1000
	Email ID	investor@craftsmanautomation.com
vi.	Whether listed company Yes / No	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

(Business activities contributing 10 % or more of the total turnover of the company)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Machining of Automotive Parts	2930 of 2008	28.62
2.	Sale of Automotive Parts	2930 of 2008	30.36

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable section
Craftsman Automation Singapore Pte. Ltd	151 Chin Swee Road #14-13 Manhattan House Singapore 169876	200803152R	Subsidiary	100	2(87)
Craftsman Marine B.V. Netherlands	Pascalstraat 88, 3316 GR, Dordrecht, The Netherlands	24431361	Subsidiary	100	2(87)
Carl Stahl Craftsman Enterprises Private Limited	Senthel Towers, 4th Floor, 1078, Avanashi Road, Coimbatore - 641 018	U51900TZ2007PTC013823	Associate	30	2(6)



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01st April, 2017]				No. of Shares held at the end of the year [As on 31st March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	303750	303750	52.83	-	531532	531532	52.83	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub- total (A) (1) :-</b>		303750	303750	52.83		531532	531532	52.83	-
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub- total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	303750	303750	52.83		531532	531532	52.83	-
<b>B. Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	60750	60750	10.57	-	106343	106343	10.57	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub- total (B) (1) :-</b>		60750	60750	10.57	-	106343	106343	10.57	-
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub- total (B) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (includes Promoter Group) (B) = (B)(1)+(B)(2)</b>	-	60750	60750	10.57	-	106343	106343	10.57	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01 <sup>st</sup> April, 2017]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>C. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) International Finance Corporation	-	80803	80803	14.06	-	141405	141405	14.06	-
<b>Sub-total (C)(1):-</b>	-	80803	80803	14.06	-	141405	141405	14.06	-
<b>2. Non-Institutions</b>					-				
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	40500	40500	7.04	-	70875	70875	7.04	-
c) Others (specify) Marina III (Singapore) Pte Ltd	-	89100	89100	15.50	-	155925	155925	15.50	-
<b>Sub – total (C) (2):-</b>		129600	129600	22.54	-	226800	226800	22.54	-
<b>Total Public Shareholding (C)=(C) (1)+ (C)(2)</b>	-	210403	210403	36.6	-	368205	368205	36.6	
<b>D. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C+D)</b>	-	<b>574903</b>	<b>574903</b>	<b>100</b>	-	<b>1006080</b>	<b>1006080</b>	<b>100</b>	-

\* For better clarity, shareholding of promoter group disclosed separately under heading 'Promoter Group' to avoid discrepancies.

**(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Srinivasan Ravi	303750	52.83	NIL	531532	52.83	NIL	NIL

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

SN	Name of Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	<b>Srinivasan Ravi</b>				
	At the beginning of the year	303750	52.83	-	-
	Date wise Increase/ Decrease in Promoters Shareholding during the year	Add: Bonus Issue 21.12.2017	227812	-	531562
		Less: Transfer on 12.02.2018	(30)	0.00	531532
	At the end of the year	531532	52.83	-	-

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01 <sup>st</sup> April 2017		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>International Finance Corporation, USA</b>				
	At the beginning of the year	80803	14.06	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) Issue of bonus shares*	60602	-	141405	14.06
	At the end of the year	141405	14.06	-	-
2	<b>Marina III (Singapore) Pte Limited</b>				
	At the beginning of the year	89100	15.50	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) Issue of bonus shares*	66,825	-	155925	15.50
	At the end of the year	155925	15.50	-	-
3	<b>Mr.S.Murali</b>				
	At the beginning of the year	60750	10.57	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) Issue of bonus shares*	45563	-	106313	10.57
	At the end of the year	106313	10.57	-	-
4	<b>Mr.K.Gomatheswaran</b>				
	At the beginning of the year	40500	7.04	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) Issue of bonus shares*	30375	-	70875	7.04
	At the end of the year	70875	7.04	-	-

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01st April 2017		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>5</b>	<b>Mrs.Chithra Ravi</b>				
	At the beginning of the year	-	-		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) Transfer of shares from Mr.S.Ravi on 12.02.2018	10	0.00	10	0.00
	At the end of the year	10	0.00	10	0.00
<b>6</b>	<b>Ms.R.Mirthula</b>				
	At the beginning of the year	-	-		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) Transfer of shares from Mr.S.Ravi on 12.02.2018	10	0.00	10	0.00
	At the end of the year	10	0.00	10	0.00

\* The Company issued bonus shares in the ratio of 3:4 pursuant to approval by the shareholders of the Company at the Extraordinary General meeting held on 11.12.2017. The shares were allotted pursuant to the Board Meeting held on 21.12.2017

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

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Srinivasan Ravi, Chairman and Managing Director</b>				
	At the beginning of the year	303750	52.83	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) Issue of bonus shares Transfer of Shares to relatives	227812 (30)	-	531562 531532	52.83
	At the end of the year	531532	52.83	-	-
<b>2.</b>	<b>Ravi Gauthamram, Whole Time Director</b>				
	At the beginning of the year	0	0.00	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) Transfer of shares from Mr.S.Ravi on 12.02.2018	10	-	10	0.00
	At the end of the year	10	0.00	-	-



**V. INDEBTEDNESS**

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

(Rs. In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	757.03	20.00	Nil	777.03
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	4.34	Nil	Nil	4.34
<b>Total (i+ii+iii)</b>	<b>761.37</b>	<b>20.00</b>	Nil	<b>781.37</b>
<b>Change in Indebtedness during the financial year</b>				
Add: Addition	212.36	0.68	Nil	213.04
Less: Reduction	123.39	20.00	Nil	143.39
<b>Net Change</b>	<b>88.97</b>	<b>(19.32)</b>	Nil	<b>69.65</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	846.01	0.68	Nil	846.69
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	4.42	Nil	Nil	4.42
<b>Total (i+ii+iii)</b>	<b>850.43</b>	<b>0.68</b>	Nil	<b>851.11</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Chairman and Managing Director, Whole-time Directors and/or Manager:

(Rs. In Lakhs)

SN.	Particulars of Remuneration	Mr. Srinivasan Ravi, Chairman and Managing Director	Mr. Ravi Gauthamram Whole Time Director	Mr. Chandramohan Natarajan Whole Time Director	Total Amount
1	Gross salary	348.02	33.43	46.42	427.87
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission - as 7% on profit after tax	203.94	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL	NIL
5	Others, please specify – Bonus and sitting fees	NIL	NIL	NIL	NIL
	<b>Total (A)</b>	<b>551.96</b>	<b>33.43</b>	<b>46.42</b>	<b>631.81</b>
	Ceiling as per the Act	During the year ended 31.03.2018, the provisions of Section 197 of the Companies Act, 2013 were not applicable to the Company.			

**B. Remuneration to other directors**

(In Rs.)

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Kallakurichi Kanniah Balu Non-Executive Director	Mr. Chandrashekhar Madhukar Bhide Non-Executive Director	Mr. Sundararaman Kalyanaraman* Non-Executive Director	
1	Fee for attending board meetings	200000	200000	140000	540000
	Commission	600000	600000	450000	1650000
	Others, please specify	NIL	NIL	NIL	NIL
	Total (1)	800000	800000	590000	2190000
2	<b>Other Non-Executive Directors</b>	<b>Dr.G.Srinivasan, Director</b>	<b>Mr.Udai Dhawan, Nominee Director</b>		
	Fee for attending board meetings	NIL	180000		180000
	Commission	200000	600000		800000
	Others, please specify	NIL	NIL		NIL
	Total (2)	200000	780000		980000
	Total (B)=(1+2)	1000000	1580000		3170000
	<b>Total Managerial Remuneration</b>				<b>3170000</b>
	Overall Ceiling as per the Act	During the year provisions of Section 197 of the Companies Act, 2013 are not applicable			

\* Appointed as Additional Director w.e.f 30.06.2017 and as Non-Executive Director w.e.f 20.09.2017

**C. Remuneration to Key Managerial Personnel other than MD/Manager/ WTD**

(Rs. in Lakhs)

SN	Particulars of Remuneration	Key Managerial Personnel			Total
		Company Secretary*	Mr. Sivakumar Gopalan, Chief Financial Officer	Mr. Thiyagaraj Damodharaswamy, Chief Operating Officer- Automotive**	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24.87	71.37	49.09	145.33
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil
	Others, specify...	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>24.87</b>	<b>71.37</b>	<b>49.09</b>	<b>145.33</b>

\*

- Mr.Sundaram Rajamanickam, resigned as Company Secretary w.e.f. 29th April, 2017,
- Mr.Nirogi Venkata Sessa Pavan Kumar, resigned as Company Secretary w.e.f. 15th November, 2017 and
- Mr.Shainshad Aduvanni was appointed as Company Secretary w.e.f. 29th April, 2017 till 12th August, 2017 and again appointed as Company Secretary w.e.f. 16th November, 2017.

\*\*

- Mr. Thiyagaraj Damodharaswamy, Chief Operating Officer- Automotive, was designated as Key Managerial Personnel as per section 2(51) of the Companies Act, 2013 w.e.f. 24<sup>th</sup> May, 2018.

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

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

Coimbatore  
03<sup>rd</sup> July, 2018

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

Srinivasan Ravi  
**Chairman & Managing Director**  
DIN: 01257716

**ANNEXURE – D**  
**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 arms length transaction under third proviso thereto.**

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & 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 contracts or arrangements or transactions at arm's length basis.

Sl. No.	Particulars	Details			
a)	Name (s) of the related party & nature of relationship	Carl Stahl Craftsman Enterprises Private Limited	MC Craftsman Machinery Private Limited	Craftsman Automation Singapore Pte Limited, Singapore	Craftsman Marine B.V., The Netherlands
b)	Nature of Relationship	Joint Venture	Group Company	Wholly Owned Overseas Subsidiary	Wholly Owned Overseas Subsidiary
c)	Nature of contracts/arrangements/ transactions	Sales of Goods and Services	Sales of Goods and Services	NIL	Sales of Goods and Services
		Purchase of Goods and Services	Purchase of Goods and Services	Purchase of Goods and Services	Purchase of Goods and Services
d)	Duration of the contracts/ arrangements/transactions	Approval upto 31/03/2018	Approval upto 31/03/2018	Approval upto 31/03/2018	Approval upto 31/03/2018
e)	Salient terms of the contracts or arrangements or transactions including the value, if any	Similar terms as agreed with any other party	Similar terms as agreed with any other party	Similar terms as agreed with any other party	Similar terms as agreed with any other party
f)	Date of approval by the Board	11/08/2017	11/08/2017	11/08/2017	11/08/2017
g)	Amount paid as advances, if any	NIL	NIL	NIL	NIL

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

Coimbatore  
03<sup>rd</sup> July, 2018

Srinivasan Ravi  
**Chairman & Managing Director**  
DIN: 01257716



# INDEPENDENT AUDITOR'S REPORT

To the members of Craftsman Automation Limited

## Report on the Indian Accounting Standards (Ind AS) Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Craftsman Automation limited (The Company), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Ind AS Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS standalone financial statements based on our audit.

We have taken into account the provisions of the Act and the rules made there under, including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

as evaluating the overall presentation of the standalone Ind AS financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Emphasis of matter

Attention is drawn to Note no. 3.4b to financial statement under other financial assets, regarding non-impairment of investments in and loans to the overseas subsidiary (Craftsman Marine B.V. Netherlands) in view of its future business plan and profitability. Our opinion is not modified in respect of this matter.

## Other Matters

We have placed reliance on the Expert appointed by the Company in respect of Mark to market valuation of derivatives, Cash flow Hedge and interest rate swaps. Our opinion is not modified in respect of this matter.

## 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, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Ind AS standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial

controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 3.6 to the financial statements.
  - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

**S Narasimhan**

**Partner**

**Membership No. 206047**

Place: Coimbatore

Date: July 03, 2018

## ANNEXURE A

### Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Craftsman Automation Limited on the Ind AS financial statements as of and for the year ended March 31, 2018

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of verifying fixed assets at periodical intervals which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Fixed assets have been physically verified by the management during the year as per the said program. As informed, certain discrepancies were identified by the management and adjusted in the financial statement which however are not material.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the relevant records provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
2. The Company has conducted physical verification of inventories at reasonable intervals. As informed, discrepancies noticed on such verification were not material and these have been properly dealt with in the books of account.
3. According to the information and explanations given to us, the Company has granted unsecured loans to its wholly owned Subsidiary companies covered in the register maintained under Section 189 of the Companies Act 2013, and
  - (a) The terms and conditions of the grant of such loans are not prejudicial to the Company's interest, considering the loans are to wholly owned subsidiaries.
  - (b) There is no schedule of repayment of principal for the loans granted. For loans granted prior to commencement of Companies Act 2013, no interest is charged on the loan to subsidiary as per terms approved by the Board. For disbursement post commencement of the Act, interest is being charged.
  - (c) The Principal and interest has not been serviced by the subsidiary as they are payable on demand and nothing has been demanded by the Company. The amount due towards principal and interest amounting to Rs. 356 Lakhs and Rs. 2.11 Lakhs respectively has been provided for, in respect of one subsidiary.
4. According to the information and explanation given to us, the Company has granted loans and made investments and has complied with the provisions of Section 185 and 186 of the Act.
5. Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause (v) is not applicable
6. In our opinion and according to the explanations given to us, the Company has maintained cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Act. However, the same has not been examined by us in detail.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has

generally been regular in depositing undisputed statutory dues including income-tax, service tax, customs duty, excise duty, value added tax, cess, Goods and Services Tax and any other statutory dues applicable to it with the appropriate authorities. According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of income-tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues were in arrear, as at March 31, 2018 for a period of more than six months from the date they became payable.

(b) According to the records of the company the disputed amounts, which have not been deposited on account of disputes with the related authorities, are stated in table below:

Sl. No.	Name of the statute	Period	Forum where the dispute is pending	Amount (Rs in Lakhs)
1	Income tax	2004-05	ITAT	44.44
2	Income tax	2008-09	High Court	8.84
3	Income tax	2010-11	High Court	1.24
4	Income tax	2010-11	Assistant Commissioner of Income Tax	91.28
5	Income tax	2011-12	CIT(A)	7.67
6	Income tax	2012-13	Deputy commissioner	1.22
7	Income tax	2013-14	CIT (A)	4.39
8	Income tax	2014-15	CIT (A)	0.38
9	Income tax	2015-16	Assistant Commissioner of Income Tax	2.21
10	Income tax	2016-17	Assistant Commissioner of Income Tax	8.43
11	Income tax	2016-17	CIT(A)	42.22
12	Excise	April 2009 to March 2016	CESTAT	43.46
13	Excise	Nov 2008 to March 2013	CESTAT	34.23
14	Excise	April 2013 to Aug 2013	CESTAT	4.38
15	Excise	Sept 2013 to Feb 2014	CESTAT	1.99
16	Service tax	April 2016 to June 2017	Joint commissioner	58.73

8. Based on our audit procedure and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institutions, bank or government.
9. The Company has not raised moneys from the public during the year and hence clause (ix) of the Order is not applicable.
10. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company, by its officers or employees has been noticed or reported during the year.
11. The provision of section 197 of the companies Act, 2013 relating to managerial remuneration are not applicable to the company. Accordingly, the provisions of clause (xi) of the Order are not applicable.

12. The Company is not a Nidhi Company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.
13. Based on the audit procedures performed and according to information and explanations given to us, all the transactions with the related parties are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
14. Based on the audit procedures performed and information and explanation given to us, we report that the Company has not made any preferential allotments of shares during the year.
15. Based on the audit procedures performed and information and explanation given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them.
16. Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

**For PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

**S Narasimhan****Partner****Membership No. 206047**

Place: Coimbatore

Date: July 03, 2018



## ANNEXURE B

**Referred to in paragraph 2 (f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Craftsman Automation Limited for the year ended 31<sup>st</sup> March 2018**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of Craftsman Automation Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, 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 issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

**S Narasimhan**

**Partner**

**Membership No. 206047**

Place: Coimbatore

Date: July 03, 2018

# STANDALONE BALANCE SHEET

as at March 31, 2018

(Rupees in Lakhs)

ASSETS	Note No.	As at March 31, 2018	As at March 31, 2017
<b>Non-current assets</b>			
Property, Plant and Equipment	1.1	124,450	121,647
Capital Work in progress	1.2	2,432	1,116
Other Intangible assets	1.3	1,492	1,136
Financial assets			
Investments	1.4	1,097	1,076
Loans	1.5	2,272	2,021
Security Deposits	1.6	1,674	1,227
Other Financial assets	1.7	141	-
Current tax assets (Net)	1.8	444	402
Other non-current assets	1.9	3,514	1,922
		137,516	130,547
<b>Current assets</b>			
Inventories	1.10	29,066	21,799
Financial assets			
Trade receivables	1.11	20,446	17,553
Cash and cash equivalents	1.12	3,369	2,174
Other bank balances	1.13	1,196	1,571
Security Deposits	1.14	179	142
Other Financial assets	1.15	13	-
Other Current assets	1.16	4,515	9,851
		58,784	53,090
<b>Total Assets</b>		<b>196,300</b>	<b>183,637</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	1.17	1,006	575
Other Equity	1.18	60,698	58,445
		61,704	59,020
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	1.19	43,033	43,411
Other Non-Current Financial Liabilities	1.20	64	102
Provisions	1.21	21	20
Deferred tax liabilities (Net)	1.22	3,283	3,412
		46,401	46,945
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	1.23	27,209	22,354
Trade payables	1.24	36,263	30,046
Other current Financial Liabilities	1.25	21,409	21,099
Other current liabilities	1.26	2,901	4,002
Provisions	1.27	413	171
		88,195	77,672
<b>Total Equity and Liabilities</b>		<b>196,300</b>	<b>183,637</b>

The accompanying notes form an integral part of the standalone financial statements

This is the Balance Sheet referred to in our report of even date

For PKF Sridhar &amp; Santhanam LLP

Chartered Accountants

Firm Registration No. 003990S / S200018

For and on behalf of the Board

**S. Narasimhan**

Partner

Membership No. 206047

**R.Gauthamram**

Whole Time Director

DIN : 06789004

**S.Ravi**

Chairman and Managing Director

DIN : 01257716

Place : Coimbatore

Date : 03-July-2018

**Shainshad Aduvanni**

Company Secretary M.No.A27895

**G. Sivakumar**

Chief Financial Officer

# STANDALONE STATEMENT OF PROFIT AND LOSS

as at March 31, 2018

(Rupees in Lakhs)

	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>INCOME</b>			
Revenue From Operations	2.1	150,330	120,096
Other Income	2.2	1,514	1,144
<b>Total Income</b>		<b>151,844</b>	<b>121,240</b>
<b>EXPENSES</b>			
Cost of materials consumed	2.3	58,816	40,172
Changes in inventories of finished goods and work-in-progress	2.4	(1,645)	(2,189)
Excise duty on sale of goods		3,244	10,826
Employee benefits expense	2.5	19,349	14,486
Depreciation and amortization expense	2.6	13,607	11,216
Other expenses	2.7	43,062	34,538
Finance costs	2.8	10,910	8,959
<b>Total expenses</b>		<b>147,343</b>	<b>118,008</b>
<b>Profit before tax</b>		<b>4,501</b>	<b>3,232</b>
Tax expense:	3.1		
(1) Current tax		1,178	962
Less: MAT Credit Entitlement		(1,178)	(960)
Net Current Tax		-	2
(2) Deferred tax		1,288	(4,309)
<b>Profit for the year</b>		<b>3,213</b>	<b>7,539</b>
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(116)	(67)
- Equity Instruments through OCI		(16)	0
(ii) Income tax relating to items that will not be reclassified to profit or loss		41	23
B (i) Items that will be reclassified to profit or loss			
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		(567)	(320)
(ii) Income tax relating to items that will be reclassified to profit or loss		198	111
<b>Other Comprehensive Income for the year, net of tax</b>		<b>(460)</b>	<b>(253)</b>
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>2,753</b>	<b>7,286</b>
Earnings per equity share (for continuing operations)			
- Basic & Diluted ( Face value of Rs.100/-)	3.3	319	749
Earnings per equity share (for discontinued operations)			
- Basic & Diluted ( Face value of Rs.100/-)		-	-
Earnings per equity share (for continuing & discontinued operations)			
- Basic & Diluted ( Face value of Rs.100/-)		319	749

The accompanying notes form an integral part of the standalone financial statements

This is the Statement of Profit &amp; Loss referred to in our report of even date

For PKF Sridhar & Santhanam LLP  
Chartered Accountants  
Firm Registration No. 003990S / S200018

**S. Narasimhan**  
Partner  
Membership No. 206047

Place : Coimbatore  
Date : 03-July-2018

**R.Gauthamram**  
Whole Time Director  
DIN : 06789004

**Shainshad Aduvanni**  
Company Secretary M.No.A27895

For and on behalf of the Board

**S.Ravi**  
Chairman and Managing Director  
DIN : 01257716

**G. Sivakumar**  
Chief Financial Officer

# STANDALONE CASHFLOW STATEMENT

for the Year ended March 31, 2018

(Rupees in Lakhs)

	Year ended March 31, 2018	Year Ended March 31, 2017
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>4,501</b>	<b>3,232</b>
Adjustments for:		
Depreciation	13,607	11,215
Gain on sale of assets	-	(40)
Exchange difference on transaction/translation (loss/(gain))	(477)	501
MTM Gain / (Loss) - Derivative -( Net)	(452)	(790)
Provision for impairment of loan to and investment in WOS	24	
Interest receipt on loan to WOS	(1)	(1)
Interest received	(179)	(261)
Interest expense	10,754	8,915
<b>Operating cash flow before changes in working capital</b>	<b>27,777</b>	<b>22,771</b>
Change in trade and other receivables	2,472	(7,393)
Increase in inventories	(7,267)	(4,436)
Change in Trade Payables and other Payables	5,762	14,810
<b>Cash generated from operations</b>	<b>28,744</b>	<b>25,752</b>
Income taxes paid	(1,459)	(263)
<b>Net cash from operating activities - A</b>	<b>27,285</b>	<b>25,489</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(21,508)	(31,335)
Purchase of Intangible	(826)	(884)
Proceeds from sale of equipment	29	106
Purchase of shares	(115)	-
Interest received	179	261
<b>Net cash used in investing activities - B</b>	<b>(22,241)</b>	<b>(31,852)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	14,450	24,275
Repayment of long term borrowings	(12,339)	(10,054)
Proceeds from short-term borrowings	4,787	2,596
Interest (paid) /received	(10,746)	(8,929)
Dividend Paid	(69)	(69)
<b>Net cash used in financing activities- C</b>	<b>(3,917)</b>	<b>7,819</b>
<b>Net increase in cash and cash equivalents - (A+B+C)</b>	<b>1,127</b>	<b>1,456</b>
Cash and cash equivalents at beginning of year	2,174	718
Cash and cash equivalents at end of period/year	<b>3,301</b>	<b>2,174</b>
<b>Reconciliation of Cash &amp; Cash equivalents as per Cash Flow Statement</b>		
Cash & cash equivalents consists of:		
Cash and cash equivalents (Note : 1.12)	<b>3,369</b>	<b>2,174</b>
Bank Overdraft (Note : 1.23)	<b>(68)</b>	-
Total	<b>3,301</b>	<b>2,174</b>

The accompanying notes form an integral part of the standalone financial statements

This is the Statement of Cash Flows referred to in our report of even date

For PKF Sridhar & Santhanam LLP  
Chartered Accountants  
Firm Registration No. 003990S / S200018

For and on behalf of the Board

**S. Narasimhan**  
Partner  
Membership No. 206047

**R.Gauthamram**  
Whole Time Director  
DIN : 06789004

**S.Ravi**  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 03-July-2018

**Shainshad Aduvanni**  
Company Secretary M.No.A27895

**G. Sivakumar**  
Chief Financial Officer



# STANDALONE STATEMENT OF CHANGES IN EQUITY

(Rupees in Lakhs)

a. Equity Share Capital	Balance at the beginning of April 1,2017	Changes in equity share capital during the year	Balance as at March 31,2018
	575	431	1,006

b. Other Equity	Reserves and Surplus			Other Reserves		Total
	Securities Premium Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
<b>Balance as at April 1,2016</b>	<b>14,226</b>	<b>9,662</b>	<b>27,512</b>	<b>(62)</b>	<b>(110)</b>	<b>51,228</b>
Profit for the year	-	-	7,539	-	-	7,539
Other Comprehensive Income	-	-	-	-	(209)	(209)
- Defined Benefit Plan	-	-	(44)	-	-	(44)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>7,495</b>	<b>-</b>	<b>(209)</b>	<b>7,286</b>
Dividends	-	-	(69)	-	-	(69)
<b>Balance as at March 31, 2017</b>	<b>14,226</b>	<b>9,662</b>	<b>34,938</b>	<b>(62)</b>	<b>(319)</b>	<b>58,445</b>
Profit for the year	-	-	3,213	-	-	3,213
Bonus Shares Issued	(431)	-	-	-	-	(431)
Other Comprehensive Income	-	-	-	(16)	(369)	(385)
- Defined Benefit Plan	-	-	(75)	-	-	(75)
<b>Total Comprehensive Income for the year</b>	<b>(431)</b>	<b>-</b>	<b>3,138</b>	<b>(16)</b>	<b>(369)</b>	<b>2,322</b>
Dividends	-	-	(69)	-	-	(69)
<b>Balance as at March 31,2018</b>	<b>13,795</b>	<b>9,662</b>	<b>38,008</b>	<b>(78)</b>	<b>(689)</b>	<b>60,698</b>

The accompanying notes form an integral part of the standalone financial statements

This is the Statement of Changes in Equity referred to in our report of even date

For PKF Sridhar & Santhanam LLP  
Chartered Accountants  
Firm Registration No. 003990S / S200018

**S. Narasimhan**  
Partner  
Membership No. 206047

Place : Coimbatore  
Date : 03-July-2018

**R.Gauthamram**  
Whole Time Director  
DIN : 06789004

**Shainshad Aduvanni**  
Company Secretary M.No.A27895

For and on behalf of the Board

**S.Ravi**  
Chairman and Managing Director  
DIN : 01257716

**G. Sivakumar**  
Chief Financial Officer

## NOTES ANNEXED TO AND FORMING PART OF STANDALONE FINANCIAL STATEMENTS:

### A. CORPORATE INFORMATION

Craftsman Automation Private Limited was incorporated under the Companies Act, 1956 on 18th July 1986. The company is governed by the Companies Act, 2013 (Act). Pursuant to the conversion of the Company to a public limited company as approved by the shareholders by a resolution dated 30th April 2018, the name of the Company was changed to Craftsman Automation Limited and the Registrar of Companies, Coimbatore issued a fresh certificate of incorporation dated 4th May 2018. The company is engaged in the business of manufacturing engineering components, sub-assemblies, products and rendering of contract manufacturing services to various industries.

### B. SIGNIFICANT ACCOUNTING POLICIES

#### B.1 BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as Notified under the Section 133 of the Companies Act, 2013 (Act) read with the Companies (Indian Accounting Standards) Rules 2015. The presentation of the Financial Statements is based on Schedule III of the Companies Act, 2013.

The first time adoption of the Ind AS standards was from the year ended 31st March 2017 and the Company prepared its financial statements up to the year ended 31st March 2016 in accordance with previous GAAP notified under Companies (Accounting Standards) Rules, 2006.

Functional currency is the currency of the primary economic environment in which the entity operates. Presentation currency is the currency in which the financial statements are presented. The financial statements are presented in Indian Rupees which is the functional currency and presentation currency of the Company and all values are rounded to the nearest lakhs, except where otherwise indicated.

These financial statements have been prepared on a historical cost basis, except for the following material items in the balance sheet:

- a) Land classified under property, plant and equipment
- b) Certain financial assets and liability measured at fair value (refer Note. 3.4(d))
- c) Derivative financial instruments
- d) Employees Defined benefit plans are recognized at the net total of the fair value of plan assets, and the present value of the defined benefit obligation as per actuarial valuation

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Financial Statements have been prepared on accrual and going concern basis. All assets and liabilities are presented as Current or Non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

#### Critical Accounting judgement and key sources of estimation uncertainty

The accounting policies which have the most significant effect on the figures disclosed in the financial statements are mentioned below and these should be read in conjunction with the disclosure of the significant Ind AS accounting policies provided below:

##### i. Useful life of Property, Plant and Equipment and Intangibles

The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangibles the useful life is determined based on the period over which future economic benefit will flow to the Group.

##### ii. Tools in use

The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.

##### iii. Income Taxes

The calculation of income taxes requires judgement in interpreting tax rules and regulations. Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized.

##### iv. Fair Value

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the income statements. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows analysis.

##### v. Measurement of defined benefit obligations

Gratuity actuarial valuation considers various assumptions which are based on the past experience and general economic conditions.

##### vi. Measurement and likelihood of occurrence of provisions and contingencies.

The provision for warranty and rejection have been done based on past experiences, product lifecycle maturity, reprocessing/repair cost.

## vii. Recognition of deferred tax asset

The Group estimates the possible utilization of unabsorbed losses while recognizing deferred tax asset considering the future business plans and economic environment.

**Recent Accounting Developments:****Ind AS 115 – Revenue from Contracts with Customers:**

This standard combines, enhances and replaces specific guidance on recognising revenue with a single standard. It defines a new five-step model to recognise revenue from customer contracts.

The company is in the process of reviewing the main types of commercial arrangements used with customers under this model and on a very broad, preliminary analysis and pending a detailed review determines that the application of Ind AS 115 may not have a material impact on the results or the financial position of the Company.

This standard is mandatory for accounting periods beginning on or after 1st April 2018.

Improvements and other amendments to Accounting Standards applicable after 31st March 2018

A number of standards have been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to Ind AS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to Ind AS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognise deferred tax asset (Amendment to Ind AS 12), permitting election of fair value or equity method of accounting for investments in associates and joint ventures by venture capital, mutual fund and other similar organisations (Amendment to Ind AS 28) and Applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to Ind AS 112).

None of these amendments are expected to have any material effect on the company's financial statements.

**B.2 Property Plant and Equipment**

All Property, plant and equipment (PPE) barring land which was valued at fair value at the time of adoption of Ind AS are carried at historical cost of acquisition adjusted for import duty waivers and foreign exchange gains/ losses as described in the following paragraphs less accumulated depreciation and accumulated impairment loss if any.

The Company elected to measure Land at fair value at the time initial adoption of Ind- AS standards in accordance with Ind AS 101 and use that fair value as deemed cost.

All other PPE are measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and non-refundable purchase taxes). Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria.

Under Ind AS, import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled. Accordingly the Company has capitalized the import duty waived on such of these PPE purchased under EPCG scheme.

Foreign exchange gain / loss arising on foreign currency denominated

borrowing which are not hedged that were incurred to acquire PPE are recorded as part of the cost of asset as per Ind AS 101 Para D13AA and Ind AS 21 Para 7A and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged accounting has been done based on Hedge effectiveness either as derivative or cash flow hedge as per Ind AS 109.

The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If Company makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale. Any internal profits are eliminated in arriving at such costs. Similarly, the cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset is not included in the cost of the asset. Borrowing Costs is covered by Ind AS 23 criteria for the recognition of interest as a component of the carrying amount of a self-constructed item of property, plant and equipment.

**Depreciation on Plant Property and Equipment**

The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on straight-line basis over its useful life.

In respect of certain classes of PPE, the company uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the Management as detailed in the following table

Classes of PPE	Useful life and basis of depreciation
New Plant and Machinery	20 Years
Used Plant and Machinery	10 Years
Tool holder, jigs, fixtures, patterns, dies, moulds and instruments and gauges	5 Years
Lease hold improvements	Over lease period

**De-recognition:**

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/ loss arising out of such disposal/retirement is taken to Statement of profit or loss

**B.3 Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset with finite useful life that are acquired separately and where the useful life is 2 years or more is capitalized and carried at cost less accumulated amortization. Amortization is recognized on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows

Description of the asset	Useful life and basis of amortization
Software – Acquired	5 Years

**Internally generated intangible assets**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,

- the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Description of the asset	Useful life and basis of amortization
Development Expenditure	3 years

### De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit or loss when the asset is derecognised.

### B.4 Impairment of assets

At the end of each reporting period, the company determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments in joint ventures and associates carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

### B.5 LEASES

#### As lessee

Leases entered into by the company have been classified as operating leases as significant portion of risks and rewards of ownership are not transferred to it. Payments made are charged to Statement of profit or loss on a straight line basis over the term of the lease.

#### As lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### B.6 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

- Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

- Financial assets (i.e. derivative instruments and investments in instruments other than equity of joint ventures) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

#### Investments in equity instruments of subsidiaries and joint venture

The Company measures its investments in equity instruments of subsidiaries and joint venture at cost in accordance with Ind AS 27. The company has two wholly owned subsidiaries viz Craftsman Marine B.V – Netherlands and Craftsman Automation Singapore Pte Ltd- Singapore. The company has elected to value its investments in subsidiaries and Joint venture at cost as per Ind AS and these are being tested for impairment at each reporting period.

#### Investments in equity instruments other than subsidiaries and joint venture

The company has valued the investments in equity instruments other than subsidiaries and joint venture at fair value to Other Comprehensive Income. Fair value of quoted instrument has been valued at Market rate and in case of unquoted instrument it has been value at book value of that Company based on Level 2 input.

#### Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of

changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall.

### Loan to WOS

Interest free loan given to wholly owned subsidiary has been recognised at fair value on the date of transaction and the fair value loss on the transaction date is recognised as deemed equity in subsidiary.

In respect of one subsidiary where both the loan and investment have been fully provided for impairment no fair valuation of interest free component has been recognised in financial statement. In respect of loan given after April 1, 2014 interest has been charged at Government of India bond rate.

### Impairment of financial assets

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

### De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Company has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2015 (the transition date).

### Financial liabilities and equity instruments

#### Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently

measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as a part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Company has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

### Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.4.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

### Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.4 sets out details of the fair values of the derivative instruments used for hedging purposes.

### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other



comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity (relating to effective portion as described above) are reclassified to Statement of profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

## B.7 Inventories

The Company determines the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item basis as per Ind AS 2, 'Inventories'. The cost of other inventory items used is assigned by using weighted average cost formula.

The Company uses the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognized at the lower of cost and net realisable value (NRV). Cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

- i) Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at cost or Net Realizable Value whichever is lower. Cost includes direct materials, labor and a portion of manufacturing overheads. Saleable scrap is valued at lowest of the net realizable value in the last two months.
- ii) Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the company depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools is 2- 3 years. Tools which are not refurbish-able are charged off to Statement of profit and loss upon issue from stores to usage. The "tools in use" are carried at Cost less accumulated amortization.

## B.8 Provisions

The Company recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote

## Provision for Warranty

Provisions for expected cost of warranty obligations are recognized based on Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

## Provision for Rejection

Provision for rejection on sales is recognised once the products are sold. Materials are rejected due to various reasons and are either re processed and replaced to the customers depending on the type of rejections. These rejections get fulfilled within a period of 3 months and the provisions represent the Present Value of management's best estimate of possible rejections within the next one quarter.

## B.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

## Sale of Goods

Revenue from the sale of goods is recognised when the goods are despatched or appropriated in accordance with the terms of sale at which time the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured.

Revenue is reduced for customer returns, commissions, rebates and discounts, and other similar allowances.

## Rendering of Services

Revenue from services is recognised when the services are rendered in accordance with the specific terms of contract and when collectability of the resulting receivable is reasonably assured.

## Other Operating revenues

Other operating revenues comprise income from ancillary activities incidental to the operations of the Company and are recognized when the right to receive the income is established as per the terms of the contract.

## Dividend and Interest Income

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

### B.10 Borrowing Cost

Since the Company does not have any qualifying assets, capitalisation of borrowing cost is not applicable to the Company. All borrowing costs are recognised in Statement of profit and loss in the period in which they are incurred.

### B.11 Government Grant

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

### B.12 Employee Benefits

#### Defined contribution plans

#### Provident fund (PF) and Employees' State Insurance (ESI)

Contribution towards PF and ESI are determined under the relevant schemes/statute and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

#### Defined benefit plans

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are remeasured. The income statement reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and remeasurement gains and losses.

Remeasurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Remeasurements are recognized in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- Service costs (including current and past service costs as well as gains/losses on curtailments and settlements)
- Net interest costs or income
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in

actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

A liability for termination benefits like expenditure on Voluntary Retirement Scheme is recognised at the earlier of when the Company can no longer withdraw the offer of termination benefit or when the Company recognises any related restructuring costs.

### Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

### Compensated leave absences

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at year end are fully provided.

### B.13 Foreign Currency Transactions

The Company's foreign operations are an integral part of the Company's activities. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowal is after April 1, 2016, such exchange difference is recognised in Statement of Profit and loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments.
- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note B.6 for hedging accounting policies).

### B.14 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### Current Tax

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefit, in the form of adjustment to future tax liability, is considered as an asset in the Balance Sheet. The carrying amount of MAT is reviewed at each reporting date and the asset would be written down to the extent the Company's right of adjustment would lapse.

### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### B.15 Segment reporting

The Chief Operating Decision Maker (CODM) evaluates the company's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The company's reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are as follows:

**Automotive - Power Train & Others :** This segment develops, manufactures, sells its and goods and services of power train and other products to the manufacturers of commercial/ passenger vehicles, farm equipment, mining and construction equipment.

**Automotive - Aluminium Products :** This segment develops, manufactures, sells its and goods and services consisting of aluminium automotive products to the manufacturers of two wheelers, commercial/ passenger vehicles,

**Industrial & Engineering :** This segment develops, manufactures, sell its goods and services such as castings, gears, material handling equipment, railway products, storage products, special purpose machines and other general engineering products to various end user industries.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment and as well as those which can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting to the CODM of the company.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 1.1 PROPERTY, PLANT & EQUIPMENT

(Rupees in Lakhs)

Asset Category	Freehold land	Building *	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
Gross Block							
<b>At April 1, 2016</b>	<b>7,598</b>	<b>11,653</b>	<b>87,721</b>	<b>588</b>	<b>227</b>	<b>188</b>	<b>107,975</b>
Additions	51	3,283	30,406	422	61	-	34,223
Disposals	-	-	1,094	4	-	7	1,105
<b>At March 31, 2017</b>	<b>7,649</b>	<b>14,936</b>	<b>117,033</b>	<b>1,006</b>	<b>288</b>	<b>181</b>	<b>141,093</b>
Additions	-	712	15,024	192	41	-	15,969
Disposals	-	-	352	2	-	10	364
<b>At March 31, 2018</b>	<b>7,649</b>	<b>15,648</b>	<b>131,705</b>	<b>1,196</b>	<b>329</b>	<b>171</b>	<b>156,698</b>
<b>Depreciation</b>							
<b>At April 1, 2016</b>	<b>-</b>	<b>250</b>	<b>9,160</b>	<b>77</b>	<b>33</b>	<b>45</b>	<b>9,565</b>
Additions	-	576	10,055	221	33	35	10,920
Disposals	-	-	1,030	4	-	5	1,039
<b>At March 31, 2017</b>	<b>-</b>	<b>826</b>	<b>18,185</b>	<b>294</b>	<b>66</b>	<b>75</b>	<b>19,446</b>
Additions	-	759	12,047	260	38	33	13,137
Disposals	-	-	326	-	-	9	335
<b>At March 31, 2018</b>	<b>-</b>	<b>1,585</b>	<b>29,906</b>	<b>554</b>	<b>104</b>	<b>99</b>	<b>32,248</b>
<b>At April 1, 2016</b>	<b>7,598</b>	<b>11,403</b>	<b>78,561</b>	<b>511</b>	<b>194</b>	<b>143</b>	<b>98,410</b>
<b>At March 31, 2017</b>	<b>7,649</b>	<b>14,110</b>	<b>98,848</b>	<b>712</b>	<b>222</b>	<b>106</b>	<b>121,647</b>
<b>At Mar 31, 2018</b>	<b>7,649</b>	<b>14,063</b>	<b>101,799</b>	<b>642</b>	<b>225</b>	<b>72</b>	<b>124,450</b>

\* Includes improvements on leasehold buildings worth Rs. 1224.37 lakhs as on 31.03.2018 (Rs.1155.01 as on 31.03.2017)

### 1.2 CAPITAL WORK IN PROGRESS

(Rupees in Lakhs)

Asset Category	TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
Gross Block			
<b>At April 1, 2016</b>	<b>4,003</b>	<b>-</b>	<b>4,003</b>
Additions	2,661	-	2,661
Disposals	5,549	-	5,549
<b>At March 31, 2017</b>	<b>1,116</b>	<b>-</b>	<b>1,116</b>
Additions	1,761	376	2,137
Disposals	821	-	821
<b>At March 31, 2018</b>	<b>2,056</b>	<b>376</b>	<b>2,432</b>
<b>Depreciation</b>			
<b>At April 1, 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	-	-	-
Disposals	-	-	-
<b>At March 31, 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	-	-	-
Disposals	-	-	-
<b>At March 31, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At April 1, 2016</b>	<b>4,003</b>	<b>-</b>	<b>4,003</b>
<b>At March 31, 2017</b>	<b>1,116</b>	<b>-</b>	<b>1,116</b>
<b>At March 31, 2018</b>	<b>2,056</b>	<b>376</b>	<b>2,432</b>

### 1.3 INTANGIBLE ASSETS

(Rupees in Lakhs)

Asset Category	Computer Software	Product Development	Intangible Assets Total
Gross Block			
<b>At April 1, 2016</b>	<b>695</b>	<b>-</b>	<b>695</b>
Additions	248	636	884
Disposals	-	-	-
<b>At March 31, 2017</b>	<b>943</b>	<b>636</b>	<b>1,579</b>
Additions	826	-	826
Disposals	-	-	-
<b>At March 31, 2018</b>	<b>1,769</b>	<b>636</b>	<b>2,405</b>
<b>Depreciation</b>			
<b>At April 1, 2016</b>	<b>146</b>	<b>-</b>	<b>146</b>
Additions	176	121	297
Disposals	-	-	-
<b>At March 31, 2017</b>	<b>322</b>	<b>121</b>	<b>443</b>
Additions	258	212	470
Disposals	-	-	-
<b>At March 31, 2018</b>	<b>580</b>	<b>333</b>	<b>913</b>
<b>At April 1, 2016</b>	<b>549</b>	<b>-</b>	<b>549</b>
<b>At March 31, 2017</b>	<b>621</b>	<b>515</b>	<b>1,136</b>
<b>At March 31, 2018</b>	<b>1,189</b>	<b>303</b>	<b>1,492</b>

Note:

- Additions to PPE & CWIP include exchange gain or loss aggregating to Rs.15.20 lakhs for the year 2017-18 (Rs.10.22 lakhs for the year 2016-17) capitalised under Plant & Machinery
- All term loans, except for loan from Kotak Mahindra Bank, both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Refer Note no. 3.7

**FINANCIAL ASSETS****NOTE No. 1.4****NON CURRENT INVESTMENTS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Investment in Equity of Subsidiaries</b>		
Craftsman Automation Singapore Pte. Ltd.		
(Wholly owned subsidiary of the company)		
1,00,000 equity shares of SGD 1 each fully paid up (at cost Rs. 31,34,851)	31	31
Less: Provision for diminution in value	(31)	(31)
Craftsman Marine B.V. Netherlands		
(Wholly owned subsidiary of the company)		
900 equity shares of Euro 100 each fully paid up (at cost Rs. 57,47,848)	57	57
<b>Investment in Equity of Joint Venture</b>		
Carl Stahl Craftsman Enterprises Private Ltd ( 30% stake )		
600,000 equity shares of Rs.10 each fully paid up	60	60
<b>Investment in Equity instruments ( at Fair Value through OCI)</b>		
<b>Quoted</b>		
Jain Irrigation Limited	1	1
( 546 shares of Rs.2 each fully paid up (cost Rs. 1,00,000))		
<b>Unquoted</b>		
MC Craftsman Machinery Private Ltd ( 10% stake )		
2,10,000 equity shares of Rs.100 each fully paid up	132	148
iEnergy Wind Farm (Theni) Private Ltd		
2167 equity shares of Rs.10 each fully paid up	-	-
TAGMA Centre of Excellence and Training		
15 equity shares of Rs.10 each fully paid up	5	-
Bhatia Coke & Energy Limited		
34,810 equity shares of Rs.10 each fully paid up	110	-
<b>Other Investments at fair value</b>		
Deemed Equity- Wholly Owned Subsidiary	732	810
Craftsman Marine B.V Netherlands		
<b>Total</b>	<b>1,097</b>	<b>1,076</b>
Aggregate amount of quoted investments and market value thereof	1	1
Aggregate amount of unquoted investments including deemed equity	1,127	1,106
Aggregate amount of impairment in value of investments	(31)	(31)

**Details of Significant Investments:**

Name of the entity	Relationship	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest	
				As at March 31, 2018	As at March 31, 2017
Craftsman Automation Singapore Pte Ltd	Wholly owned subsidiary	Sourcing Office	Singapore	100%	100%
Craftsman Marine B.V.	Wholly owned subsidiary	Trading - Marine Engines	Netherlands	100%	100%
Carl Stahl Craftsman Enterprise Private Limited	Joint Venture	Trading - Hoists & Cranes	India	30%	30%



**NOTE No. 1.5  
LOANS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Loan to Wholly Owned Subsidiaries</b>		
Craftsman Marine B.V. The Netherlands - Loan	2,272	2,021
Craftsman Automation Singapore Pte. Ltd. Singapore - Loan	356	333
Add: Interest Accrued	2	1
Less: Provision for Doubtful Advances	(358)	(334)
<b>Total</b>	<b>2,272</b>	<b>2,021</b>

**NOTE No. 1.6  
SECURITY DEPOSITS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Rent Deposit - Non Current</b>	787	444
<b>Electricity Deposit</b>	887	783
<b>Total</b>	<b>1,674</b>	<b>1,227</b>

**NOTE No. 1.7  
OTHER FINANCIAL ASSETS**

(Rupees in Lakhs)

Currency swap & IRS Derivative - NCA	141	-
--------------------------------------	-----	---

**NOTE No. 1.8  
CURRENT TAX ASSETS (NET)**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Advance payment of income tax less provisions</b>	<b>444</b>	<b>402</b>

**NOTE No. 1.9  
OTHER NON CURRENT ASSETS  
Unsecured, considered good**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Prepayments under lease	848	859
Capital Advances	2,695	1,063
Less: Provision for doubtful advances to supplier	(29)	-
<b>Total</b>	<b>3,514</b>	<b>1,922</b>

**NOTE No. 1.10  
INVENTORIES**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw Materials, Components and Consumables	9,015	6,342
Work-in-progress	9,588	7,943
Consumable Stores	3,691	2,971
Tools in use	2,785	1,681
Machinery Spares	3,293	2,454
Packing Materials	147	176
Stock in transit	546	232
<b>Total</b>	<b>29,065</b>	<b>21,799</b>
Inventory valued at NRV	227	268
Amount written down to arrive at NRV*	89	102

\* These were recognised as an expense during the year and included in changes in value of inventories of WIP in Statement of Profit and Loss

**NOTE No. 1.11****TRADE RECEIVABLES**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured</b>		
Considered good **	20,446	17,553
Considered doubtful	695	695
Less: Provision for doubtful debts (as per ECL model)	(695)	(695)
<b>Total</b>	<b>20,446</b>	<b>17,553</b>
**Receivables from related parties (refer note 3.5)	1,435	832

**Movement in Provision for doubtful debt is as follows :**

(Rupees in Lakhs)

Year ended	Opening	Allowance made during the year	write off / write back during the year	Closing
March 31, 2018	695	343	(343)	695
March 31, 2017	491	271	(67)	695

**NOTE No. 1.12****CASH AND CASH EQUIVALENTS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
a. Balances with banks	3,359	2,160
b. Cash on hand	10	14
<b>Total</b>	<b>3,369</b>	<b>2,174</b>

**NOTE No. 1.13****OTHER BANK BALANCES**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Other Bank balances		
i) Margin money against LC	1,196	1,313
ii) Margin money against Guarantee	-	258
	<b>1,196</b>	<b>1,571</b>

**NOTE No. 1.14****SECURITY DEPOSIT-CURRENT**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Security Deposits -Current</b>	<b>179</b>	<b>142</b>

**NOTE No. 1.15****OTHER CURRENT FINANCIAL ASSETS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Currency swap, IRS &amp; Forward cover derivative - C</b>	<b>13</b>	<b>-</b>

**NOTE No. 1.16****OTHER CURRENT ASSETS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	2,349	7,855
Advance to Suppliers ( Other than CG )	776	769
Prepaid Expenses	838	780
Advance to Employees	24	16
Unbilled Revenue	454	269
Others - OTHER CURRENT ASSETS	74	162
<b>Total</b>	<b>4,515</b>	<b>9,851</b>

**NOTE No. 1.17****EQUITY SHARE CAPITAL**

(Rupees in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	Amount	Nos.	Amount
<b>Authorised</b>				
Equity Shares of Rs.100 each	2,000,000	2,000	1,000,000	1,000
<b>Issued, called, subscribed &amp; Paid Up</b>				
Equity Shares of Rs.100 each	1,006,080	1,006	574,903	575
<b>Total</b>	<b>1,006,080</b>	<b>1,006</b>	<b>574,903</b>	<b>575</b>

The movement of equity shares is as below

(Rupees in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	574,903	575	574,903	575
Shares Issued during the year	431,177	431	-	-
<b>Shares outstanding at the end of the year</b>	<b>1,006,080</b>	<b>1,006</b>	<b>574,903</b>	<b>575</b>

**Rights, Preferences and Restrictions to equity shares**

The company has only one class of equity shares having a par value of Rs.100 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the shareholders will be entitled to receive the remaining assets of the company, in proportion to their shareholding.

**Details of equity shareholders holding more than 5% shares in the company**

(Rupees in Lakhs)

Name of the equity shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
S Ravi	531,532	52.8335%	303,750	52.8350%
International Finance Corporation-USA	141,405	14.0555%	80,803	14.0551%
S Murali	106,313	10.5673%	60,750	10.5670%
K Gomatheswaran	70,875	7.0449%	40,500	7.0447%
Marina III (Singapore) Pte Limited	155,925	15.4987%	89,100	15.4983%
<b>Total</b>	<b>1,006,050</b>	<b>99.9999%</b>	<b>574,903</b>	<b>100.0000%</b>

**For the period of five years immediately preceding the balance sheet date****i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash**

- The company has not allotted any shares pursuant to contracts without payment being received in cash.

**ii) Details of number and class of shares allotted as fully paid up by way of bonus shares:**

- The Board at its meeting held on November 03, 2017 had recommended for issue of Bonus shares upon the approval by the shareholders. The record date was fixed as November 03, 2017 and the shareholders in the Extra ordinary General Meeting held on December 11, 2017, approved the same. Accordingly, the Company had allotted 431,177 number of fully paid Bonus shares on December 21, 2017 in the ratio of three equity shares of Rs.100 each fully paid up for every four existing equity shares of Rs.100 each fully paid up.

**iii) Details of number and class of shares bought back:**

- The company has not bought back any shares during the period of 5 years immediately preceding the balance sheet date.

**Sub-division of shares:**

The Board at its meeting held on March 30, 2018 had recommended for sub-division of equity shares of face value Rs.100 each into equity shares of face value of Rs. 5 each upon the approval by the shareholders. The members at the Extraordinary General Meeting held on April 30, 2018 approved the same. Consequently, total number of equity shares outstanding stands changed to 20,121,600 equity shares of face value Rs.5 each from that date. The shareholding of the company as on March 31, 2017 considering the sub-division would be as follows:

Name of the equity shareholder	No. of Shares held	% of Holding
S Ravi	10,631,040	52.834%
International Finance Corporation-USA	2,828,100	14.055%
S Murali	2,126,260	10.567%
K Gomatheswaran	1,417,500	7.045%
Marina III (Singapore) Pte Limited	3,118,500	15.498%
Total	20,121,400	99.999%

**NOTE No. 1.18****OTHER EQUITY**

Particulars		As at March 31, 2018	As at March 31, 2017
<b>Reserves &amp; Surplus</b>			
Securities Premium Account	A	13,795	14,226
General Reserves	B	9,662	9,662
Retained Earnings	C	38,007	34,939
<b>Total Reserves &amp; Surplus</b>		61,464	58,827
<b>Effective portion of Cash Flow Hedges</b>	D	(688)	(320)
<b>Equity instruments through Other Comprehensive Income</b>		(78)	(62)
<b>Total</b>		<b>60,698</b>	<b>58,445</b>

**Additions and Deductions since the last balance sheet date:****(i) Securities Premium Account**

	As at March 31, 2018	As at March 31, 2017
Opening balance	14,226	14,226
Issue of Bonus Shares	(431)	-
<b>Closing balance</b>	<b>13,795</b>	<b>14,226</b>

**(ii) Retained Earnings**

	As at March 31, 2018	As at March 31, 2017
Opening balance	34,938	27,512
Profit for the year	3,213	7,539
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of defined benefit obligation (net of tax)	(75)	(44)
Dividend (including dividend distribution tax)	(69)	(69)
<b>Closing balance</b>	<b>38,007</b>	<b>34,938</b>

**(iii) Effective portion of Cash Flow Hedges**

	As at March 31, 2018	As at March 31, 2017
Opening balance	(319)	(110)
Changes in fair value of hedging instruments	(567)	(320)
Deferred Tax	198	111
<b>Closing Balance</b>	<b>(688)</b>	<b>(319)</b>

**(iv) Equity instruments through Other Comprehensive Income**

	As at March 31, 2018	As at March 31, 2017
Opening balance	(62)	(62)
Changes in fair value of FVOCI equity instruments	(16)	-
<b>Closing Balance</b>	<b>(78)</b>	<b>(62)</b>

Refer "Statement of Changes in Equity" for additions/deletions in each of these items

A. Securities Premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act 2013 for specified purposes.

B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc.

C. Retained Earnings includes Rs 5542 lacs of revaluation reserve created due to Land revaluation on transition date (01.04.2015), which will not be available for distribution of profits

D. Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.

E. The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013 and the dividend distribution policy of the Company. Thus, the amount reported in General Reserve is not entirely distributable.

In respect of the year ended March 31, 2018, the Board of Directors has proposed a final dividend of Rs.10 per share of face value Rs.100 each (Rs.0.50 per share on subdivided shares of face value Rs. 5 each) be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs.100.60 lakhs and the dividend distribution tax thereon amounts to Rs.20.68 lakhs.

**NOTE No. 1.19****LONG TERM BORROWINGS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Non-Current	Current *	Non-Current	Current *
<b>Secured</b>				
<b>From Banks</b>				
Rupee Term Loans - Banks	18,151	5,497	22,868	3,048
Foreign Currency Term Loans	20,852	8,305	15,903	8,557
	<b>39,003</b>	<b>13,802</b>	<b>38,771</b>	<b>11,605</b>
<b>From NBFC</b>				
Rupee Term Loans - NBFC	4,030	625	4,640	333
<b>Total</b>	<b>43,033</b>	<b>14,427</b>	<b>43,411</b>	<b>11,938</b>

Notes:

1. These are carried at amortised cost.

2. Refer note no 3.7 for security and terms of borrowings.

\* Taken to other current financial liabilities ( Note 1.24 )



**Net Debt Reconciliation:**

(Rupees in Lakhs)

Particulars	Cash and cash equivalents	Instrument to hedge the finance	Current Borrowing	Non - Current Borrowing incl current maturity*	Total Net Borrowing
Balance as at 1st April 2017**	2,174	(698)	(22,354)	(55,783)	<b>(81,009)</b>
Cash Flows	1,127	-	(4,739)	(1,680)	(5,292)
Fair value changes		75		-	75
Foreign exchange adjustments	-	-	(115)	(352)	(467)
Interest expense & other charges	-	-	(5,323)	(5,385)	(10,708)
Interest & charges paid	-	-	5,323	5,297	10,620
Balance as at 31 March 2018	<b>3,301</b>	<b>(623)</b>	<b>(27,209)</b>	<b>(57,902)</b>	<b>(89,035)</b>

\*Includes accrued interest

\*\* In the first year of adoption of net debt reconciliation it is optional for the company to provide comparative information. Hence ignored.

**NOTE No. 1.20****NON-CURRENT FINANCIAL LIABILITIES- OTHERS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Currency swap & IRS Derivative	62	100
Rent Advance	2	2
<b>Total</b>	<b>64</b>	<b>102</b>

Notes:

1. Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
2. IRS derivatives are carried at fair value through Statement of Profit & Loss
3. Rent advance is carried at amortized cost as it is not material to be fair valued

**NOTE No. 1.21****LONG TERM PROVISIONS**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Other Provisions</b>		
Provision for Warranty Cost - Non-current	21	20

Note: Movement in Provision for product warranties is as follows :

	Opening	Transferred to Short Term	Warranty provided for current year	Closing
<b>As at March 31, 2018</b>	20	4	5	21
As at March 31, 2017	25	7	2	20

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges from 2 to 5 years

**NOTE No. 1.22****DEFERRED TAX LIABILITIES (NET)**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Tax Liabilities	14,610	12,834
Deferred Tax Assets	(3,971)	(3,244)
Deferred Tax Liabilities (net)	10,639	9,590
MAT Credit Entitlement- Unused tax credit	(7,356)	(6,178)
<b>Total</b>	<b>3,283</b>	<b>3,412</b>

Note : Refer Note No 3.1 for detailed deferred tax working and effective tax rate reconciliation

**NOTE No. 1.23****SHORT TERM BORROWINGS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>		
<b>Loans repayable on demand from banks</b>		
Rupee Loans - Secured	23,425	16,679
Foreign Currency Loans	3,716	3,675
<b>A</b>	<b>27,141</b>	<b>20,354</b>
<b>Unsecured</b>		
Rupee Loans - Unsecured	-	2,000
Book overdraft	68	-
<b>B</b>	<b>68</b>	<b>2,000</b>
<b>Total A + B</b>	<b>27,209</b>	<b>22,354</b>

Short Term Borrowings from banks are secured by

- first pari passu charge on current assets of the company.
- second pari passu charge on fixed assets of the company.

In addition to the above, the loans are guaranteed by personal guarantees of the Chairman and Managing Director

**NOTE No. 1.24****TRADE PAYABLES**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Due to Micro and Small Enterprises-(MSME)	495	514
Due to Other Suppliers	34,980	28,930
Accrued Expenses and others	788	602
<b>Total</b>	<b>36,263</b>	<b>30,046</b>

The company is regular in making payments to the enterprises (as defined in MSMED Act, 2006) before the due dates agreed upon. Hence the question of payment / provision of interest towards belated payment does not arise. During the year there was no interest payment under this statute.

**NOTE No. 1.25****OTHER CURRENT FINANCIAL LIABILITIES**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term debt ( refer note 1.16)	14,427	11,938
Interest accrued but not due on borrowings	442	434
Currency swap , IRS & Forward cover derivative	702	664
Creditors for capital goods and services	2,593	5,213
Employee related liabilities	1,808	1,511
Others		
* Others	1,108	1,243
* Other dues to directors	329	96
<b>Total</b>	<b>21,409</b>	<b>21,099</b>

**NOTE No. 1.26****OTHER CURRENT LIABILITIES**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance from customers	1,994	2,464
Deferred Revenue- EPCG benefit	302	1,148
Statutory Dues	605	383
Others	-	7
<b>Total</b>	<b>2,901</b>	<b>4,002</b>

**NOTE No. 1.27****SHORT TERM PROVISIONS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Provision for employee benefits</b>		
Gratuity	283	102
<b>Other Provisions</b>		
Provision for Warranty Cost	52	30
Provision for Rejection	78	39
<b>Total</b>	<b>413</b>	<b>171</b>

**Note:****Movement in Provision for product warranties is as follows :**

(Rupees in Lakhs)

	Opening	Expired during the year	Warranty provided for current year	Closing
As at March 31, 2018	30	9	31	52
As at March 31, 2017	58	58	30	30

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges upto one year.

**Movement in Provision for rejection is as follows :**

(Rupees in Lakhs)

	Opening	Expired during the year	Rejection provided for current year	Closing
As at March 31, 2018	39	39	78	78
As at March 31, 2017	51	51	39	39

This provision is recognised once the products are sold. Materials are rejected due to various reasons and either get re processed and replaced to the customers depending on the type of rejections. These rejections gets fulfilled within a period of 3 months and the provisions represents the PV of management's best estimate of possible rejections within the next one quarter.

## NOTE No. 2.1

### REVENUE FROM OPERATIONS

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>Sale of products;</b>		
Domestic Sales	78,394	56,304
Export Sales	13,397	14,898
<b>A.</b>	<b>91,791</b>	<b>71,202</b>
<b>Sale of services;</b>		
Machining Charges	45,178	38,172
Service Charges	108	64
<b>B.</b>	<b>45,286</b>	<b>38,236</b>
<b>Other operating revenues;</b>		
Sale of swarf & others	10,778	7,508
Duty Drawback	257	251
EPCG income on fulfilling obligation	1,954	2,548
Export Incentive under MEIS	264	351
<b>C.</b>	<b>13,253</b>	<b>10,658</b>
<b>Revenue from operations ( Gross ) ( A+B+C )</b>	<b>150,330</b>	<b>120,096</b>

Refer Note no: 3.11 "Segment Reporting" for breakup of revenue from operations.

## NOTE No. 2.2

### OTHER INCOME

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Interest Income from deposits measured at amortised cost	179	147
Interest Income due to unwinding of fair valued assets		
-Rent Advance	46	35
-Deemed Equity	88	79
Net gain on sale of assets	-	40
Rental income	23	24
Interest on Loan to Wholly Owned Subsidiary	1	1
Exchange rate Gain/(Loss) on Transaction & Translation	633	-
MTM Gain / (Loss) - Derivative - ( Net )	452	790
Unclaimed balances written back	89	-
Others - Other Income	3	28
<b>Total</b>	<b>1,514</b>	<b>1,144</b>

## NOTE No. 2.3

### COST OF RAW MATERIALS AND COMPONENTS CONSUMED

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Cost of goods sold	56,820	38,529
Carriage inward	1,567	1,236
Sub Contract Charges	429	407
<b>Total</b>	<b>58,816</b>	<b>40,172</b>

## NOTE No. 2.4

### CHANGES IN INVENTORIES OF FG & WIP

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>Inventory at the end of the year</b>		
Work in Progress	9,588	7,943
Sub total	<b>9,588</b>	<b>7,943</b>
<b>Inventory at the beginning of the year</b>		
Work in Progress	7,943	5,754
Sub total	<b>7,943</b>	<b>5,754</b>
<b>( Increase ) / decrease in inventory</b>	<b>(1,645)</b>	<b>(2,189)</b>

**NOTE No. 2.5****EMPLOYEE BENEFITS EXPENSE**

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Salaries and wages	15,971	11,868
Contributions to PF & ESI	584	451
Contribution to Gratuity fund	167	35
Staff welfare expenses	2,627	2,132
<b>Total</b>	<b>19,349</b>	<b>14,486</b>

**NOTE No. 2.6****DEPRECIATION AND AMORTISATION EXPENSE**

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Depreciation on Property, Plant & Equipment	13,137	10,919
Amortisation of Intangible Assets ( Software & Dev.Exp.)	470	297
<b>Total</b>	<b>13,607</b>	<b>11,216</b>

**NOTE No. 2.7****OTHER EXPENSES**

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>Manufacturing Expenses</b>		
Stores, Spares & tool consumed	15,050	11,849
Power & Fuel	8,601	6,617
Repairs & Maintenance		
- Machinery - Repairs & Maintenance	4,867	3,694
- Building - Repairs & Maintenance	502	551
- Others - Repairs & Maintenance	2,239	1,832
<b>A.</b>	<b>31,259</b>	<b>24,543</b>
<b>Administrative Expenses</b>		
Professional and Consultancy charges	794	536
Insurance Charges	407	345
Rates & Taxes	179	57
Software Licenses	370	140
General Administrative Expenses	675	476
Printing & Stationery	181	156
Postage & Telegrams	55	52
Rent	2,032	1,493
Telephone Expenses	265	239
Travelling Expenses	1,328	1,096
Exchange rate Gain/Loss on Transaction & Translation	-	493
Managerial Remuneration	656	890
Directors' Sitting Fees	7	4
Remuneration to auditors		
Statutory Audit	47	44
Taxation and Certification	14	20
CSR Expenses	92	39
Amounts written off		
Bad debts	432	67
Tender deposits	-	19
Doubtful advances - write off	39	47
Provisions for the year		
Doubtful advances	52	334
Diminution in value of investment	-	31
Warranty	56	(8)
Rejections	39	(12)
Doubtful debts	-	204
<b>B.</b>	<b>7,720</b>	<b>6,762</b>
<b>Selling expenses</b>		
Packing material consumed	1,390	1,143
Carriage Outward	2,169	1,631
Sales Promotion Expenses	524	459
<b>C.</b>	<b>4,083</b>	<b>3,233</b>
<b>Total ( A+B+C)</b>	<b>43,062</b>	<b>34,538</b>



## NOTE No. 2.8

### FINANCE COST

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Interest expenses		
<i>On Short Term Borrowings</i>	4,790	3,462
<i>On Long Term Borrowings at Amortised Cost</i>	5,305	4,544
Other Borrowing costs		
<i>Unwinding of discounted Upfront fee on loans</i>	79	42
<i>Unwinding of Rent Advance</i>	46	35
<i>Other bank charges</i>	534	867
Net (gain)/loss on foreign currency transactions and translation - Fin Cost	156	9
<b>Total</b>	<b>10,910</b>	<b>8,959</b>

## NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS:

### 3.1 Income taxes

#### Income tax expense for the year reconciled to accounting profit

(Rupees in Lakhs)

		March 31, 2018	March 31, 2017
Profit before tax	a	4,501	3,232
Income tax rate	b	34.608%	34.608%
Income tax expenses	a*b	1,558	1,119
Effect of			
i) EPCG Benefit Capitalisation not considered for Income Tax purpose		(224)	-
ii) Effect of expenses inadmissible for tax		155	14
iii) Difference due to change in tax rate		102	-
iv) Deferred tax asset now recognised		(401)	-
v) Effect due to land indexation		50	-
vi) Effect of other adjustments		48	126
vii) Allowances under tax laws		-	(1,538)
viii) EPCG capitalisation pertaining to earlier years		-	(4,028)
Income tax expense recognised in Statement of Profit & loss		1,288	(4,308)

#### Movement of deferred tax assets/ liabilities

(Rupees in Lakhs)

Movement during the year ended 31st March, 2018	As at March 31, 2017	Recognised in P&L	Recognised in OCI	As at March 31, 2018
Depreciation & Amortization	(12,860)	(963)	-	(13,823)
Unabsorbed Loss	2,766	(426)	-	2,341
Provision for doubtful debts	240	18	-	259
Provision for Loans & Advances and Others	116	21	-	137
Other Temporary Differences	148	61	239	448
	<b>(9,590)</b>	<b>(1,288)</b>	<b>239</b>	<b>(10,638)</b>

(Rupees in Lakhs)

Movement during the year ended 31st March, 2017	As at March 31, 2016	Recognised in P&L	Recognised in OCI	As at March 31, 2017
Depreciation & Amortization	(14,805)	1,945	-	(12,860)
Unabsorbed Loss	-	2,766	-	2,766
Provision for doubtful debts	170	71	-	240
Provision for Loans & Advances	289	(173)	-	116
Other Temporary Differences	314	(300)	134	148
	<b>(14,032)</b>	<b>4,309</b>	<b>134</b>	<b>(9,590)</b>

## 3.2 Employee Benefits

### Defined Contribution Plan

The employee provident fund, employee state insurance scheme and labour welfare fund scheme are all in the nature of Defined contribution plans. The contribution made to these schemes are considered as expense in the statement of Profit and loss when the employee renders the related service. There is no other obligation other than the contribution payable to the respective funds.

The total expenses recognised in statement of profit or loss of Rs.584 lakhs (2016-17: Rs.451 lakhs) represents contribution payable to these plans by the Company at rates specified in the rules of the plan.

### Defined benefit plans

The company extends defined benefit plan in the form of gratuity to employees. The company makes annual contribution to gratuity fund administered by trustees and managed by SBI Life Insurance Company Ltd. The Company's liability is determined based on actuarial valuation done at the year end as per projected unit credit method. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to the maximum of Rs.20 lakhs. Vesting occurs upon completion of five years of service.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

<b>Investment risk</b>	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
<b>Liquidity Risk</b>	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.
<b>Market Risk</b>	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
<b>Legislative Risk</b>	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The principal assumptions used for the purposes of the actuarial valuations were as follows

	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Discount rate	7.59%	7.32%
Expected rate of salary increase	8.00%	6.00%
Attrition rate	5.00%	5.00%

The estimate of future salary increase (which has been set in consultation with the company), take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

(Rupees in Lakhs)

	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Current Service Cost	163	32
Net interest expense/ (income)	4	3
Component of defined benefit cost recognised in P&L	<b>167</b>	35
<b>Remeasurement on the net defined benefit liability comprising:</b>		
Actuarial (gain)/loss arising from changes in financial assumptions	216	(56)
Actuarial (Gain)/ Losses due to Experience on DBO	(98)	129
Return on Plan Assets (Greater) / Less than Discount rate	(2)	(6)
Components of defined benefit costs recognised in other comprehensive income	<b>116</b>	67
<b>Total Defined Benefit Cost</b>	<b>283</b>	104

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Present value of defined benefit obligation	1424	1139
Fair value of plan assets	1141	1037
Net liability arising from defined benefit obligation (funded)	(283)	(102)

Movements in the present value of the defined benefit obligation in the current year were as follows:

(Rupees in Lakhs)

	March 31, 2018	March 31, 2017
Opening defined benefit obligation	1139	1043
Current Service Cost	163	32
Interest Cost	83	73
Benefits paid	(80)	(82)
Actuarial (gain)/loss	118	73
<b>Closing defined benefit obligation</b>	<b>1424</b>	<b>1139</b>

Movements in fair value of plan assets in the current year were as follows:

(Rupees in Lakhs)

	March 31, 2018	March 31, 2017
Opening fair value of plan assets	1038	954
Interest income of the assets	80	70
Employer contribution	102	89
Benefits payout	(80)	(82)
Actuarial (gain)/loss	2	6
<b>Closing fair value of plan assets</b>	<b>1141</b>	<b>1037</b>

**The Company funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.**

The actual return on plan assets was Rs.81 lakhs (2016-17: Rs.76 lakhs)

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
Decrease by ( 2018 : (10.04)% ; 2017 : (10.39)% )	(1281)	(1021)
Increase by ( 2018 : 11.92% ; 2017 : 10.68% )	1594	1261
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would		
Increase by (2018 : 9.22% ; 2017 : 7.59% )	1556	1226
Decrease by (2018 : (8.42)% ; 2017 : (8.33)% )	(1304)	(1044)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		
Decrease in 2018 : (0.34%) / Increase in 2017 : 0.90% by	(1419)	1149
Increase in 2018 : 0.39% / Decrease in 2017 : (2.66%) by	1430	(1109)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

### Funding arrangements

The company has been fully funding the liability through a trust administered by an insurance company. Regular assessment of the increase in liability is made by the insurance company and contributions are being made to maintain the fund. Subject to credit risk of the insurance company & the asset liability mismatch risk of the investments, the Company will be able to meet the past service liability on the valuation date that falls due in the future.

The Company expects to make a contribution of Rs 189 lakhs (as at March 31, 2017: Rs 117 lakhs) to the defined benefit plans for the next financial year. Information on the maturity profile of the liabilities:

Particulars	March 31, 2018	March 31, 2017
Weighted average duration of the DBO	14.49 years	14.49 years
	<b>Rs. Lakhs</b>	<b>Rs. Lakhs</b>
Projected Benefit Obligation	1424	1139
Accumulated Benefits Obligation	836	733

### Maturity Profile (Para 147 C of Ind AS 19):

(Rupees in Lakhs)

Year (i)	83
Year (ii)	85
Year (iii)	63
Year (iv)	87
Year (v)	62
Next 5 year pay-outs(6-10yrs)	287
Pay-outs above ten years	755

### 3.3 Earnings per share

	March 31, 2018	March 31, 2017
	<b>Rs.</b>	<b>Rs.</b>
<b>Earnings per share</b>		
Basic earnings per share	319	749
Diluted earnings per share	319	749
Face value per share	100	100
<b>Basic and diluted earnings per share</b>	<b>Rs. Lakhs</b>	<b>Rs. Lakhs</b>
Profit for the year attributable to equity shareholders	3,213	7,539
	<b>Nos.</b>	<b>Nos.</b>
Total number of equity shares outstanding at the end of the year	1,006,080	574,903
Weighted average number of equity shares		
<i>used in the calculation of basic earnings per share</i>	1,006,080	1,006,080*
<i>after adjustment for effect of dilution</i>	1,006,080	1,006,080*
* due to issue of Bonus shares		

### 3.4 Financial Instruments:

#### 3.4a Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Company. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, buy back shares and cancel them, or issue new shares. The Company finances its operations by a combination of retained profit, bank borrowings, disposals of property assets and leases.

The Company monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Company.

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Debt (long-term and short-term borrowings including current maturities)	84,669	77,703
Equity	61,704	59,020
<b>Debt Equity Ratio</b>	<b>1.37</b>	<b>1.32</b>

### 3.4b Financial risk management

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Company uses derivative financial instruments to hedge risk exposures in accordance with the Company's policies as approved by the board of directors.

#### i. Market Risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

#### • Foreign currency risk management:

The Company undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Company actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Assets	Currency	As at March 31, 2018			As at March 31, 2017		
		Exchange Rate	Amount in Foreign currency (Rs. in Lakhs)	Amount (Rs. in Lakhs)	Exchange Rate	Amount in Foreign currency (Rs. in Lakhs)	Amount (Rs. in Lakhs)
Receivables	USD	64.28	46	2,978	64.04	62	3,995
	EUR	78.74	21	1,651	68.00	28	1,877
Loans given in FC	EUR	79.15	38	3,004	71.31	40	2,831
Total Receivables (A)				7,633			8,703
Hedged by derivative contracts (B)		-	-	-	-	-	-
Unhedged receivables (C=A-B)				7,633			8,703

Liabilities	Currency	As at March 31, 2018			As at March 31, 2017		
		Exchange Rate	Amount in Foreign currency (Rs. in Lakhs)	Amount (Rs. in Lakhs)	Exchange Rate	Amount in Foreign currency (Rs. in Lakhs)	Amount (Rs. in Lakhs)
Payable (trade & other)	USD	65.96	72	4,774	67.20	47	3,153
	JPY	0.63	1,711	1,070	0.60	5,436	3,253
	EUR	81.46	0.69	56	70.44	4	271
	SGD	50.54	0.55	28	47.17	0	10
	GBP	93.00	0.07	6	82.76	0	16
	CHF	69.25	0.00	0	-	-	-
Borrowings (ECB and Others)	USD	65.83	496	32,511	65.48	410	26,834
	JPY	0.60	602	362	0.58	1,204	704
	EUR	-	-	-	70.30	8	597
Total Payables (A)				38,808			34,838
Hedges by derivative contracts (B)	USD	65.83	303	19,772	64.70	145	9,361
Unhedged payables (C=A-B)				19,036			25,477

### Foreign Currency Sensitivity Analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. The following table details the Company's sensitivity movement in the unhedged foreign exposure:

(Rupees in Lakhs)

Currency	1% Strengthening of FC	
	As at March 31, 2018	As at March 31, 2017
USD	(343)	(260)
GBP	(0)	(0)
SGD	(0)	(0)
AUD	-	-
CHF	(0)	-
EUR	46	38
JPY	(14)	(40)
	<b>(312)</b>	<b>(261)</b>

A depreciation of foreign currencies would have the opposite effect to the impact in the table above.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

(Rupees in Lakhs)

Cash Flow Hedges	Foreign Currency		Equivalent value		Fair value of contracts	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Sell USD	40	32	2,652	2,188	2,627	2,122

#### Note:

Included in the balance sheet under 'other current financial assets'. [Refer Notes 1.15]

#### Interest rate risk management

The Company is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk of floating interest rates in foreign currency loans is managed by the Company by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

#### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities which are unhedged, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. An increase or decrease of 50 basis point in rupee interest rates and 25 basis points in USD libor rate is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

A decrease in interest rates would have the opposite effect to the impact in the table above.

(Rupees in Lakhs)

Base Rate	Increase in Base rate	Effect of Change in interest rates		Outstanding as on	
		2017-18	2016-17	As at March 31, 2018	As at March 31, 2017
USD Libor	25 bps	-	5	-	1,904
INR Baserate	50 bps	142	155	28,303	31,031
		<b>142</b>	<b>160</b>	<b>28,303</b>	<b>32,934</b>



### Foreign currency and interest rate sensitivity analysis for swap contracts:

The Company has taken cross currency and interest rate swap (CCIRS) contracts for hedging its foreign currency and interest rate risks related to certain external commercial borrowings. This CCIRS contracts are composite contracts for both the foreign currency and interest rate risks and thus the mark-to-market value is determined for both the risks together. The mark-to-market loss as at March 31, 2018 is Rs.105 lakhs (March 31, 2017: Rs.267 lakhs). The amount recognized in Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2018 is Rs. 162 lakhs (31<sup>st</sup> March 2017 Rs.187 lakhs)

In addition to the above contract, the company has taken a call option contract and interest rate swaps which are not designated as hedges. The mark-to-market gain as at March 31, 2018 is Rs.139 lakhs (March 31, 2017: (Rs.72 lakhs)). The amount recognized in Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2018 is Rs.211 lakhs (31<sup>st</sup> March 2017 Rs. 419 lakhs)

In case of currency swaps, the effective portion of cash flow hedges, is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. Amounts recognised as Other Comprehensive Income (OCI) are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs when the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability. The mark-to-market loss as at March 31, 2018 is Rs. 657 lakhs (March 31, 2017: Rs.359). The amount recognized in OCI for the year ended 31<sup>st</sup> March 2018 is Rs. 297 lakhs (31<sup>st</sup> March 2017 Rs. 461 lakhs\*). Also, the effect given to OCI on account of restatement of the underlying foreign currency loans for the year ended 31 March 2018 is Rs. 270 lakhs (31<sup>st</sup> March 2017 (Rs. 140 lakhs)).

\*In respect of Foreign currency loan which was drawn down by the Company on 5<sup>th</sup> April 2016, the Company hedged the same by a derivative contract on 31<sup>st</sup> March 2016. In view of the above, the MTM loss of 250 lakhs as on 31<sup>st</sup> March 2016 was recognized in the statement of Profit & Loss in the FY 2015-16. In the FY 2016-17, considering the effectiveness of the hedge, the same has been transferred to OCI.

### Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Trade receivables:

The Company periodically assesses the financial reliability of customers / corporates taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. These include customers / corporates, which have high credit-ratings assigned by international and domestic credit-rating agencies. Individual risk limits are set accordingly. The Company's trade and other receivables, including loans under customer financing activities, consists of a large number of customers, across geographies, hence the Company is not exposed to concentration risk.

The company has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

### Movement in Credit loss allowance

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
<b>Balance as at beginning of the year</b>	695	491
Allowance for bad and doubtful debts during the year	343	271
Trade receivables written off/ written back during the year	(343)	(67)
<b>Balance as at the end of the year</b>	<b>695</b>	<b>695</b>

Other financial assets:

The investment and the loan outstanding from Craftsman Automation Singapore Private Limited which is wholly owned subsidiary has been tested for impairment as of 31.03.2018 and impairment provision has been done considering the current business nature of the subsidiary which is more like a sourcing office for the holding company.

The Company has also given interest free loan to Craftsman Marine B.V which is also a wholly owned subsidiary. This subsidiary has negative net worth of Rs.1105.17 lakhs as of March 31, 2018. The company has tested this investment for impairment and considering the future business plan and profitability expected, the Company has decided not to impair the investment and the loan given. The company has not given any loan after 2013-14 and the subsidiary has been operating by self-sustaining on its own cash generation. Hence the loans are considered good and recoverable.

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Carrying amount of Investment in Subsidiaries	57	57

None of the Company's other cash equivalents, including time deposits with banks, are past due or impaired.

**Movement in Provision for advances:**

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
<b>Balance as at beginning of the year</b>	334	-
Allowance for doubtful advances made during the year	91	381
Advances written off during the year	(39)	(47)
<b>Balance as at the end of the year</b>	<b>386</b>	<b>334</b>

## ii. Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital limits from various banks. The Company invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks.

The table below summarizes the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the undiscounted cash flows.

(Rupees in Lakhs)

As at March 31, 2018	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	41,636	39,266	3,767	84,669
Interest payments on borrowings	5,107	8,502	187	13,796
Trade Payables	36,263	-	-	36,263

(Rupees in Lakhs)

As at March 31, 2017	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	34,292	35,983	7,428	77,703
Interest payments on borrowings	4,980	9,143	477	14,600
Trade Payables	30,046	-	-	30,046

The table below summarizes the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis or gross basis.

(Rupees in Lakhs)

As at March 31, 2018	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate Swaps	702	(79)	-	623
Foreign exchange forwards	(13)	-	-	(13)
	<b>689</b>	<b>(79)</b>	<b>-</b>	<b>610</b>

(Rupees in Lakhs)

As at March 31, 2017	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate Swaps	598	100	-	698
Foreign exchange forwards	66	-	-	66
	<b>664</b>	<b>100</b>	<b>-</b>	<b>765</b>

**3.4c Categories of Financial assets and liabilities:**

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
<b>Financial Assets</b>		
a. Measured at amortised cost:		
Investments (net)	117	117
Cash and cash equivalents	3,369	2,174
Other bank balances	1,196	1,571
Trade Receivables	20,446	17,553
Loans	2,272	2,021
Security Deposit	1,853	1,369
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Investments	248	149
c. Deemed equity measured at fair value		
Investments	732	810
d. Mandatorily maintained at fair value through profit or loss (FVTPL)		
Currency swaps & IRS	141	-
Others	13	-
<b>Financial Liabilities</b>		
a. Measured at amortised cost:		
Borrowings	84,669	77,703
Trade Payables	36,263	30,046
Other Financial Liabilities	6,282	8,499
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Currency Swaps & IRS	657	359
c. Mandatorily maintained at fair value through profit or loss (FVTPL)		
Currency Swaps & IRS	107	339
Others	-	66

**3.4d Fair value measurements:****i) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:**

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1 : Quoted Price for identical instruments in an active market
- Level 2 : Directly or indirectly observable market inputs, Other than level 1 inputs and
- Level 3 : Inputs which are not based on observable market data

For assets and liabilities that are measured at fair value as at balance sheet date., the classification of fair value calculation by category is summarized below

(Rupees in Lakhs)

<b>As at March 31, 2018</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Asset at fair value				
Investments measured at				
i) fair value through OCI	1	132	115	<b>248</b>
Derivative Instruments measured at				
ii) fair value through P&L	-	154	-	<b>154</b>
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	657	-	<b>657</b>
ii) fair value through P&L	-	107	-	<b>107</b>

(Rupees in Lakhs)

<b>As at March 31, 2017</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Asset at fair value				
Investments measured at				
i) fair value through OCI	1	148	-	<b>149</b>
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	359	-	<b>359</b>
ii) fair value through P&L	-	405	-	<b>405</b>

### Calculation of Fair Values:

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used.

### Financial assets and liabilities measured at fair value as at Balance Sheet date:

- The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
- The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

### 3.5 Related party disclosure

#### a) List of parties where control exists

##### Subsidiaries

Craftsman Marine B.V

Craftsman Automation Singapore Pte Limited

#### b) Other related parties

##### Joint Ventures

Carl Stahl Craftsman Enterprises Private Limited

##### Company with common directors

MC Craftsman Machinery Private Limited

##### Key Management Personnel

Mr. SRINIVASAN RAVI, Chairman and Managing Director

Mr. RAVI GAUTHAMRAM, Whole Time Director

Mr. CHANDRASHEKHAR MADHUKAR BHIDE, Director

Mr. CHANDRAMOHAN NATARAJAN, Whole Time Director

Mr. SUNDARARAMAN KALYANARAMAN, Director (w.e.f. 30.06.17)

Mr. UDAI DHAWAN, Nominee Director

Mr. KALLAKURICHI KANNIAH BALU, Director

Mrs. VIJAYA SAMPATH, Director

Mr. SIVAKUMAR GOPALAN, Chief Financial Officer

Mr. SHAINSHAD ADUVANNI, Company Secretary (From 16 November 2017)

Mr. RAJAMANICKAM S, Company Secretary (upto April-2017)

Mr. N.V.S. PAVANKUMAR (12 August 2017 to 16 November 2017)

**c) Related Party Transactions – Summary :**

(Rupees in Lakhs)

Transactions during the year ended	Subsidiaries		Joint Ventures		Common director - company		Key Managerial Personnel	
	2018	2017	2018	2017	2018	2017	2018	2017
Purchase of Goods & Services	208	223	314	129	103	140		
Sale of Goods & Services	646	931	1,879	766	12	76		
Reimbursement of Expenditure	28	4						
Unwinding effect of deemed equity	88	79						
Dividend payments							30	30
Remuneration to key management personnel							524	447
Commission							228	531
Sitting Fee							7	4
Interest Income	1	1						
Loans recovered	137	44						
Rental Income			2	2	25	22		

(Rupees in Lakhs)

Balances as on	Subsidiaries		Joint Ventures		Common director - company		Key Managerial Personnel	
	2018	2017	2018	2017	2018	2017	2018	2017
Trade Receivables	593	746	843	74	0	12		
Trade Payables	34	104	76	0	22	57		
Loans - Receivable*	2,628	2,354						
Interest receivable*	2	1						
Remuneration payable							329	96
Rent advance received					2	2		

**d) Significant Related Party Transactions:**

(Rupees in Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Purchase of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	314	129
Craftsman Automation Singapore Pte Limited	133	122
Craftsman Marine BV - Netherlands	75	101
MC Craftsman Machinery Private Limited	103	140
Sale of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	1,879	766
Craftsman Marine BV - Netherlands	646	931
MC Craftsman Machinery Private Limited	12	76
Reimbursement of Expenditure		
Craftsman Automation Singapore Pte Limited	0	4
Craftsman Marine BV - Netherlands	28	0
Unwinding effect of deemed equity		
Craftsman Marine BV - Netherlands	88	79
Dividend payments		
Executive Directors	30	30
Remuneration to key management personnel		
Executive Directors	428	359
Chief Financial Officer	71	67
Company Secretary	25	21
Commission		
Executive Directors	204	507

Non-Executive	25	24
Sitting Fee		
Executive Directors	0	1
Non-Executive	7	3
Loans recovered		
Craftsman Marine BV - Netherlands	137	44
Interest Income		
Craftsman Automation Singapore Pte Limited	1	1
Rent Income		
Carl Stahl Craftsman Enterprises Private Ltd	2	2
MC Craftsman Machinery Private Ltd	25	22

#### e) Balances of Related Parties as on

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Trade Receivable		
Carl Stahl Craftsman Enterprises Private Limited	843	74
Craftsman Marine BV - Netherlands	593	746
MC Craftsman Machinery Private Limited	0	12
Trade Payable		
Carl Stahl Craftsman Enterprises Private Limited	76	0
Craftsman Automation Singapore Pte Limited	28	10
Craftsman Marine BV - Netherlands	6	94
MC Craftsman Machinery Private Limited	22	57
Loans - Receivable		
Craftsman Marine B.V. Netherlands	2,272	2,021
Craftsman Automation Singapore Pte Limited*	356	333
Interest Receivable		
Craftsman Automation Singapore Pte Limited*	2	1
Rent advance received		
MC Craftsman Machinery Private Limited	2	2

#### f) Details of advances in the nature of loans

(Rupees in Lakhs)

Name of the Company	Year Ended March 31, 2018				Year Ended March 31, 2017			
	Status	Outstanding Amount	Maximum Loan outstanding	Investment in shares of the company	Status	Outstanding Amount	Maximum Loan outstanding	Investment in shares of the company
Craftsman Marine B.V	Subsidiary	2,272	2,272	57	Subsidiary	2,021	2,179	57
Craftsman Automation Singapore Pte Limited	Subsidiary	356	356	31	Subsidiary	333	354	31
Loan Receivable*								
Interest receivable*		2				1		



**g) Disclosure as required under section 186(4) of the Companies Act, 2013**

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017	Purpose
Loan Outstanding			
Craftsman Marine B.V	2,272	2,021	Funding for operations
Craftsman Automation Singapore Private Limited*	356	333	Funding for operations
Investments			
Craftsman Marine B.V	57	57	
Craftsman Automation Singapore Private Limited*	31	31	
Deemed Equity- Craftsman Marine B.V	732	810	

\*Provisions of Rs. 31 lakhs & Rs. 356 lakhs have been made as on March 31, 2018 against investment in and loan & interest receivable from Craftsman Automation Singapore Pte Limited, a wholly owned subsidiary.

**3.6 Contingent Liabilities and Contingent assets****a) Contingent Liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(Rupees in Lakhs)

Contingent Liabilities	As at March 31, 2018	As at March 31, 2017
<b>a. Claims against the company not acknowledged as debt</b>		
Excise	126	128
VAT	69	-
Service tax	63	4
Income tax	694	572
<b>b. Bank Guarantee (Net of Margin)</b>	<b>890</b>	<b>1,110</b>
<b>c. Sales Bills discounted</b>	<b>4,598</b>	<b>4,601</b>
<b>d. Export Obligation under EPCG Scheme</b>		
Proportionate customs duty on imports related to pending obligations	3,354	6,893
* Cumulative obligation	159,060	152,557
* Obligation fulfilled	138,935	111,201

**Note on Export Obligation**

The pending obligations of Rs.3,354 lakhs as stated above includes the deferred income of Rs.302 lakhs, license obtained for which shipment yet to be made, duty portion on spares not capitalized, obligation fulfilled but procedure to redeem the obligation is pending.

## Commitments

Commitment on Capital Account not provided as on 31.03.2018: Rs.11200 lakhs 31.03.2017: Rs. 3,883 lakhs

### 3.7 Non-Current Borrowings:

(Rupees in Lakhs)

	As at March 31, 2018			Particulars of Repayment		As at March 31, 2017		
	Non-Current	Current Maturity	Total			Non-Current	Current Maturity	Total
				Instalments	Amount/Inst nos.			
ECB-1	-	-	-	Quarterly	USD 0.93/ 21	-	86	86
ECB-2	366	611	977	Quarterly	USD 2.79/ 24	1,106	718	1,824
ECB-3	1,725	627	2,353	Quarterly	USD 2.39/ 24	2,355	613	2,967
ECB-4	1,300	206	1,506	Quarterly	USD 0.63/8 ,	1,553	82	1,635
ECB-5	-	362	362	Half Yearly	JPY 300.94/ 16	352	352	704
ECB-6	-	2,632	2,632	Half Yearly	USD 0.6/5, 2/5	2,695	2,540	5,235
ECB-7	-	-	-	Quarterly	USD 3.37/ 16	-	221	221
ECB-8	-	323	323	Quarterly	USD 2.46/ 16	355	610	965
ECB-9	1,152	658	1,810	Quarterly	USD 2.50/ 16	1,680	778	2,458
ECB-10	2,564	790	3,354	Quarterly	USD 3.00/ 20	3,332	596	3,927
ECB-11	4,992	263	5,255	Quarterly	USD 4.00/ 20	-	-	-
ECB-12	3,538	456	3,994	Quarterly	INR 0.5/ 2, 1.0/ 4.	3,934	50	3,984
FCNRB-1	-	-	-	Monthly	USD 2.50/ 72	-	1,902	1,902
FCNRB-2	3,660	1,376	5,036	Quarterly	USD 3.33/ 15			
TL-1	4,030	625	4,655	Quarterly	INR 208.33/ 24	4,640	333	4,973
TL-2	42	56	98	Quarterly	INR 13.93/ 24	84	56	139
TL-3	494	250	744	Quarterly	INR 62.50/ 24	681	250	931
TL-4	1,321	279	1,600	Quarterly	INR 41.87/ 24	1,585	84	1,668
TL-5	2,075	800	2,875	Quarterly	INR 160.00/ 20	2,160	320	2,480
TL-6	988	424	1,412	Monthly	INR 104.20/ 72	1,420	417	1,837
TL-7*	3,046	350	3,396	Monthly	INR 25.00/ 60	3,448	-	3,448
TL-8	2,074	598	2,671	Quarterly	INR 160.00/ 20	2,799	312	3,110
TL-9	955	840	1,795	Monthly	INR 60.00/ 72	1,797	720	2,517
TL-10	310	600	910	Monthly	INR 50.00/ 60	914	600	1,514
TL-11	5,749	1,200	6,949	Monthly	INR 100.00/ 72	6,523	300	6,823
TL-12	1,815	100	1,915	Quarterly	INR 100.00/ 25	-	-	-
TL-13	837	-	837	Quarterly		-	-	-
<b>Total</b>	<b>43,033</b>	<b>14,427</b>	<b>57,460</b>			<b>43,411</b>	<b>11,939</b>	<b>55,349</b>

\*TL-7 includes Indian Bank Buyers' Credit amounting to INR 1,554 lakhs and Term Loan from Indian Bank amounting to INR 1,842 lakhs.

All term loans, except for loan from Kotak Mahindra Bank, both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company and second pari passu charge on current assets of the company. In addition to the above are guaranteed by personal guarantees of the Chairman and Managing Director.

### 3.8 Operating Lease arrangements

#### 3.8a Company as lessee

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Rent	2,032	1,493

(Rupees in Lakhs)

Non-cancellable operating lease commitments	March 31, 2018	March 31, 2017
Not later than 1 year	1,264	1,081
Later than 1 year but not later than 5 years	3,723	3,515
Later than 5 years	2,451	2,913

#### 3.8b Company as lessor

Company has provided a portion of its building on operating lease to MC Craftsman Machinery Private Ltd for a period of 3 years beginning from Nov 2015 with an increment of 10% from 25<sup>th</sup> month.

(Rupees in Lakhs)

Non-cancellable operating lease commitments	March 31, 2018	March 31, 2017
Not later than 1 year	13	22
Later than 1 year but not later than 5 years	-	13
Later than 5 years	-	-

### 3.9 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
The principal amount due to Micro, Small and Medium Suppliers under this Act	495	514
Interest accrued and due to suppliers on the above amount	Nil	Nil
Interest paid to suppliers under this Act (Section 16)	Nil	Nil
Interest due and payable for the delay (for payment during the year beyond due date)	Nil	Nil
Payment made to suppliers (other than interest) beyond the appointed date, during the year	Nil	Nil
Interest accrued and remaining unpaid at the end of year to suppliers under this Act	Nil	Nil
Interest due and payable to suppliers under this Act for payment already made	Nil	Nil

The information has been given in respect of Vendors to the extent they could be identified as "Micro, Small and Medium Enterprises" on the basis of information available with the company.

**3.10 CSR Expenditure:**

(Rupees in Lakhs)

	March 31, 2018	March 31, 2017
(a) Gross amount required to be spent by the company during the year as per section 135 of the Companies Act, 2013 read with Schedule VII	94	101
(b) Amount spent during the year	92	39

**Details of amount spent during the year:**

(Rupees in Lakhs)

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	92	-	92

**3.11 Segment Reporting**

(Rupees in Lakhs)

Segment Revenue	March 31, 2018	March 31, 2017
Automotive - Powertrain & Others	87,088	71,959
Automotive - Aluminium Products	23,531	13,077
Industrial & Engineering	39,711	35,060
<b>Total revenue as per Statement of Profit and Loss</b>	<b>150,330</b>	<b>120,096</b>

(Rupees in Lakhs)

Segment Profit or Loss	March 31, 2018	March 31, 2017
Automotive - Powertrain & Others	15,642	10,293
Automotive - Aluminium Products	800	1,511
Industrial & Engineering	2,284	4,207
<b>Total Segments</b>	<b>18,725</b>	<b>16,012</b>
Less: Unallocable Expenditure	(4,828)	(4,965)
Add: Other Income	1,514	1,144
<b>Earnings Before Interest &amp; Tax</b>	<b>15,411</b>	<b>12,191</b>
Less: Finance Costs	(10,910)	(8,959)
<b>Profit Before Tax as per Statement of Profit and Loss</b>	<b>4,501</b>	<b>3,232</b>

(Rupees in Lakhs)

Segment Assets	As at March 31, 2018	As at March 31, 2017
Automotive - Powertrain & Others	84,662	75,068
Automotive - Aluminium Products	22,150	31,551
Industrial & Engineering	54,852	49,937
<b>Total Segments</b>	<b>161,664</b>	<b>156,556</b>
Unallocable Assets	34,636	27,081
<b>Total Assets as per Balance Sheet</b>	<b>196,300</b>	<b>183,637</b>

(Rupees in Lakhs)

<b>Segment Liabilities</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Automotive - Powertrain & Others	57,133	46,677
Automotive - Aluminium Products	18,325	25,209
Industrial & Engineering	39,568	33,677
<b>Total Segments</b>	<b>115,025</b>	<b>105,563</b>
Unallocable Liabilities	19,571	19,055
<b>Total Liabilities as per Balance Sheet</b>	<b>134,596</b>	<b>124,617</b>

For PKF Sridhar &amp; Santhanam LLP

Chartered Accountants

Firm Registration No. 003990S / S200018

For and on behalf of the Board

**S. Narasimhan**

Partner

Membership No. 206047

**R. Gauthamram**

Whole Time Director

DIN : 06789004

**S. Ravi**

Chairman and Managing Director

DIN : 01257716

Place : Coimbatore

Date : 03-July-2018

**Shainshad Aduvanni**

Company Secretary M.No.A27895

**G. Sivakumar**

Chief Financial Officer

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Craftsman Automation Limited

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Craftsman Automation limited, (hereinafter referred to as "the Holding Company") and its subsidiaries and its joint venture (the Holding Company and its subsidiaries together referred to as "the Group") comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flows, the Consolidated statement of changes in equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including Other Comprehensive Income and consolidated cash flows and statement of changes in equity of the Group including its subsidiaries and its joint venture in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to

design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the other auditor, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, consolidated cash flows and consolidated statement changes in equity for the year ended on that date.

### Other Matters

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets, total revenues and net cash flows, included in the Consolidated Ind AS Financial statements for the year ended 31st March 2018 is tabulated below,

(in lakhs)

Particulars	Craftsman Automation Singapore Pte Ltd	Craftsman Marine BV, Netherlands
Total assets	50.21	1,819.96
Total Revenue	133.29	1,622.02
Net cash inflows/ (outflows)	7.27	66.85

These financial statements have been audited by other auditors, whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

The consolidated financial statements also include the Group's share of net profit of Rs. 25 lakhs for the year ended 31st March, 2018, as considered in the consolidated financial statements, in respect of jointly controlled entity. This financial statement is unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid, is based solely on such unaudited financial statement furnished to us by the Management. In our opinion and according to the information and explanation given to us by the Management, this financial statement is not material to the Group.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with regard to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.



## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

1. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
2. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other comprehensive income, the Consolidated Cash Flow Statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
4. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
5. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
6. With respect to the adequacy of the internal financial controls over financial reporting of the Group excluding companies incorporated outside India and the Joint Venture, which does not exceed the threshold limit prescribed under Section 143(3)(i), and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
7. With respect to the other matters to be included in the Auditor's Report on Consolidated Ind AS Financial Statements in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Group has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements – Please refer Note 3.6 to the consolidated Ind AS financial statements.
  - ii) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

### For PKF Sridhar & Santhanam LLP

Chartered Accountants  
Firm's Registration No.003990S/S200018

**S Narasimhan**

**Partner**

**Membership No. 206047**

Place: Coimbatore

Date: July 03, 2018

## ANNEXURE A

### **Referred to in paragraph 6 on 'Report on Other Legal and Regulatory Requirements' of our report of even date on the consolidated Ind AS financial statements of Craftsman Automation Limited**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of Craftsman Automation Limited ("the Company") (herein after referred to as "The Holding Company") as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Craftsman Automation Limited (hereinafter referred to as "the Holding Company"), which is a company incorporated in India, as of that date.

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

The respective Board of Directors of the Holding company are 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 (herein after referred to as "the Guidance Note") 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by Institute of Chartered Accountants of India 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for

external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

#### **Opinion**

In our opinion, the Holding Company, which is a company incorporated in India, has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

#### **For PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

#### **S Narasimhan**

Partner

Membership No. 206047

Place: Coimbatore

Date: July 03, 2018

# CONSOLIDATED BALANCE SHEET

as at March 31, 2018

(Rupees in Lakhs)

	Note No.	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	1.1	124,475	121,678
Capital Work in progress	1.2	2,431	1,115
Other Intangible assets	1.3	1,496	1,163
Investment accounted for using equity method	1.4	139	114
Financial assets			
Investments	1.5	248	149
Security Deposits	1.6	1,686	1,237
Other Financial assets	1.7	141	-
Current tax assets (Net)	1.8	444	423
Other non-current assets	1.9	3,514	1,922
		134,574	127,801
<b>Current assets</b>			
Inventories	1.10	30,046	22,833
Financial assets			
Trade receivables	1.11	20,169	17,142
Cash and cash equivalents	1.12	3,672	2,403
Other bank balances	1.13	1,196	1,571
Security Deposits	1.14	179	142
Other Financial assets	1.15	13	-
Other Current assets	1.16	4,569	9,882
		59,844	53,973
<b>Total Assets</b>		<b>194,418</b>	<b>181,774</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	1.17	1,006	575
Other Equity	1.18	58,821	56,597
		59,827	57,172
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	1.19	43,033	43,411
Other Non-Current Financial Liabilities	1.20	64	102
Provisions	1.21	-	20
Deferred tax liabilities (Net)	1.22	3,283	3,412
		46,380	46,945
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	1.23	27,209	22,354
Trade payables	1.24	36,274	30,015
Other current Financial Liabilities	1.25	21,415	21,110
Other current liabilities	1.26	2,904	4,007
Provisions	1.27	409	171
		88,211	77,657
<b>Total Equity and Liabilities</b>		<b>194,418</b>	<b>181,774</b>

The accompanying notes form an integral part of the consolidated financial statements

This is the Balance Sheet referred to in our report of even date  
For PKF Sridhar & Santhanam LLP  
Chartered Accountants  
Firm Registration No. 003990S / S200018

For and on behalf of the Board

**S. Narasimhan**  
Partner  
Membership No. 206047

**R.Gauthamram**  
Whole Time Director  
DIN : 06789004

**S.Ravi**  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 03-July-2018

**Shainshad Aduvanni**  
Company Secretary M.No.A27895

**G. Sivakumar**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

as at March 31, 2018

(Rupees in Lakhs)

	Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>INCOME</b>			
Revenue From Operations	2.1	151,153	121,013
Other Income	2.2	1,506	1,068
<b>Total Income</b>		<b>152,659</b>	<b>122,081</b>
<b>EXPENSES</b>			
Cost of materials consumed	2.3	59,188	40,626
Changes in inventories of finished goods and work-in-progress	2.4	(1,592)	(2,192)
Excise duty on sale of goods		3,244	10,826
Employee benefits expense	2.5	19,587	14,794
Depreciation and amortization expense	2.6	13,645	11,277
Other expenses	2.7	43,099	34,139
Finance costs	2.8	10,910	8,966
<b>Total expenses</b>		<b>148,081</b>	<b>118,436</b>
<b>Profit before share of profit from joint venture &amp; tax</b>		<b>4,578</b>	<b>3,645</b>
Share of profit from Joint Venture		25	22
<b>Profit before tax</b>		<b>4,603</b>	<b>3,667</b>
Tax expense:	3.3		
(1) Current tax		1,178	962
Less: MAT Credit Entitlement		(1,178)	(960)
Net Current Tax		-	2
(2) Deferred tax		1,288	(4,309)
<b>Profit for the year</b>		<b>3,315</b>	<b>7,974</b>
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(116)	(67)
- Equity Instruments through OCI		(16)	-
- Share of Other Comprehensive Income of Joint Venture accounted for using equity method		1	
(ii) Income tax relating to items that will not be reclassified to profit or loss		41	23
B (i) Items that will be reclassified to profit or loss			
- Exchange differences in translating the financial statements of foreign operations		(133)	347
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		(566)	(320)
- Share of Other Comprehensive Income of Joint Venture accounted for using equity method		-	
(ii) Income tax relating to items that will be reclassified to profit or loss		198	110
<b>Other Comprehensive Income for the year, net of tax</b>		<b>(591)</b>	<b>93</b>
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>2,724</b>	<b>8,067</b>
Earnings per equity share (for continuing operations)	3.5		
- Basic & Diluted ( Face value of Rs.100/-)		329	793
Earnings per equity share (for discontinued operations)			
- Basic & Diluted ( Face value of Rs.100/-)		-	-
Earnings per equity share (for continuing & discontinued operations)			
- Basic & Diluted ( Face value of Rs.100/-)		329	793

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Profit & Loss referred to in our report of even date  
For PKF Sridhar & Santhanam LLP  
Chartered Accountants  
Firm Registration No. 003990S / S200018

**S. Narasimhan**  
Partner  
Membership No. 206047

Place : Coimbatore  
Date : 03-July-2018

**R.Gauthamram**  
Whole Time Director  
DIN : 06789004

**Shainshad Aduvanni**  
Company Secretary M.No.A27895

For and on behalf of the Board

**S.Ravi**  
Chairman and Managing Director  
DIN : 01257716

**G. Sivakumar**  
Chief Financial Officer

# CONSOLIDATED CASHFLOW STATEMENT

for the Year ended March 31, 2018

(Rupees in Lakhs)

	Year ended March 31, 2018	Year Ended March 31, 2017
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>4,603</b>	<b>3,667</b>
Adjustments for:		
Depreciation	13,645	11,277
Gain on sale of assets	-	(40)
Exchange difference on transaction/translation (loss/(gain))	(556)	508
MTM Gain / (Loss) - Derivative -( Net)	(452)	(790)
Share of Profit of Joint Venture	(25)	(22)
Interest received	(179)	(182)
Interest expense	10,754	8,915
<b>Operating cash flow before changes in working capital</b>	<b>27,790</b>	<b>23,333</b>
Change in trade and other receivables	2,420	(7,929)
Increase in inventories	(7,213)	(4,406)
Change in Trade Payables and other Payables	5,772	14,974
<b>Cash generated from operations</b>	<b>28,769</b>	<b>25,972</b>
Income taxes paid	(1,438)	(283)
<b>Net cash from operating activities - A</b>	<b>27,331</b>	<b>25,689</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(21,513)	(31,335)
Purchase of Intangible	(829)	(886)
Proceeds from sale of equipment	28	114
Purchase of shares	(114)	-
Interest received	179	182
<b>Net cash used in investing activities - B</b>	<b>(22,249)</b>	<b>(31,925)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	14,450	24,275
Repayment of long term borrowings	(12,339)	(10,053)
Proceeds from short-term borrowings	4,787	2,596
Interest (paid) /received	(10,746)	(8,929)
Dividend Paid	(69)	(69)
<b>Net cash used in financing activities- C</b>	<b>(3,917)</b>	<b>7,820</b>
<b>Net increase in cash and cash equivalents - (A+B+C)</b>	<b>1,165</b>	<b>1,584</b>
Cash and cash equivalents at beginning of year	2,403	828
Effect of exchange rate changes on cash and cash equivalents	36	(9)
Cash and cash equivalents at end of period/year	<b>3,604</b>	<b>2,403</b>
<b>Reconciliation of Cash &amp; Cash equivalents as per Cash Flow Statement</b>		
Cash & cash equivalents consists of:		
Cash and cash equivalents (note : 1.12)	<b>3,672</b>	<b>2,403</b>
Bank Overdraft (note : 1.23)	<b>(68)</b>	-
Total	<b>3,604</b>	<b>2,403</b>

The accompanying notes form an integral part of the consolidated financial statements

This is the Statement of Cash Flows referred to in our report of even date

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm Registration No. 003990S / S200018

For and on behalf of the Board

**S. Narasimhan**

Partner

Membership No. 206047

**R.Gauthamram**

Whole Time Director

DIN : 06789004

**S.Ravi**

Chairman and Managing Director

DIN : 01257716

Place : Coimbatore

Date : 03-July-2018

**Shainshad Aduvanni**

Company Secretary M.No.A27895

**G. Sivakumar**

Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Rupees in Lakhs)

a. Equity Share Capital	Balance at the beginning of April 1,2017			Changes in equity share capital during the year			Balance as at March 31,2018	
	575			431			1,006	

b. Other Equity	Reserves and Surplus			Other Reserves				Total
	Securities Premium Reserve	General Reserve	Retained Earnings	Share in Networth of Joint Venture	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Foreign Currency Translation Reserve	
<b>Balance as at April 1,2016</b>	<b>14,226</b>	<b>9,662</b>	<b>24,915</b>	<b>32</b>	<b>(62)</b>	<b>(110)</b>	<b>(64)</b>	<b>48,599</b>
Profit for the year	-	-	7,952	22	-	-	-	7,974
Other Comprehensive Income	-	-	-	-	-	(210)	347	137
- Defined Benefit Plan	-	-	(44)	-	-	-	-	(44)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>7,908</b>	<b>22</b>	<b>-</b>	<b>(210)</b>	<b>347</b>	<b>8,067</b>
Dividends	-	-	(69)	-	-	-	-	(69)
<b>Balance as at March 31,2017</b>	<b>14,226</b>	<b>9,662</b>	<b>32,754</b>	<b>54</b>	<b>(62)</b>	<b>(320)</b>	<b>283</b>	<b>56,597</b>
Profit for the year	-	-	3,290	25	-	-	-	3,315
Bonus Shares Issued	(431)	-	-	-	-	-	-	(431)
Other Comprehensive Income	-	-	-	1	(16)	(368)	(133)	(516)
- Defined Benefit Plan	-	-	(75)	-	-	-	-	(75)
<b>Total Comprehensive Income for the year</b>	<b>(431)</b>	<b>-</b>	<b>3,215</b>	<b>26</b>	<b>(16)</b>	<b>(368)</b>	<b>(133)</b>	<b>2,293</b>
Dividends	-	-	(69)	-	-	-	-	(69)
<b>Balance as at March 31,2018</b>	<b>13,795</b>	<b>9,662</b>	<b>35,900</b>	<b>80</b>	<b>(78)</b>	<b>(688)</b>	<b>150</b>	<b>58,821</b>

The accompanying notes form an integral part of the consolidated financial statements  
This is the Statement of Cash Flows referred to in our report of even date

For PKF Sridhar & Santhanam LLP  
Chartered Accountants  
Firm Registration No. 003990S / S200018

For and on behalf of the Board

**S. Narasimhan**  
Partner  
Membership No. 206047

**R.Gauthamram**  
Whole Time Director  
DIN : 06789004

**S.Ravi**  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 03-Jul-2018

**Shainshad Aduvanni**  
Company Secretary M.No.A27895

**G. Sivakumar**  
Chief Financial Officer



## NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS:

### A. CORPORATE INFORMATION

The Consolidated Financial Statements comprise of Financial Statements of Craftsman Automation Limited (the Company), its subsidiaries and its joint venture (collectively "the Group") for the year ended 31st March 2018. Craftsman Automation Private Limited was incorporated under the Companies Act, 1956 on 18th July 1986. The company is governed by the Companies Act, 2013 (Act). Pursuant to the conversion of the Company to a public limited company as approved by the shareholders by a resolution dated 30th April 2018, the name of the Company was changed to Craftsman Automation Limited and the Registrar of Companies, Coimbatore issued a fresh certificate of incorporation dated 4th May, 2018. The company is engaged in the business of manufacturing engineering components, sub-assemblies, products and rendering of contract manufacturing services to various industries

### B. SIGNIFICANT ACCOUNTING POLICIES

#### B1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Section 133 of the Companies Act, 2013 (Act) read with the Companies (Indian Accounting Standards) Rules 2015. The presentation of the Financial Statements is based on Schedule III of the Companies Act, 2013.

The items included in Consolidated Financial Statements of each of the Group entities are measured using the currency of the primary economic environment (functional currency) in which each of the Group's entity operates. The consolidated financial statements are presented in Indian Rupees (INR) which is the functional and presentation currency of the Company and all values are rounded to the nearest lakhs, except where otherwise indicated. In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of Group entities with a functional currency other than the INR are translated into INR upon consolidation.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liability which have been measured at fair value

- i) Land classified under property, plant and equipment

- ii) Derivative financial instruments
- iii) Certain financial assets and liability measured at fair value (refer note. 3.6)
- iv) Employee benefits.

The Consolidated Financial Statements have been prepared on accrual and going concern basis. All assets and liabilities are presented as Current or Non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Group has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

#### Critical Accounting judgement and key sources of estimation uncertainty

The accounting policies which have the most significant effect on the figures disclosed in the financial statements are mentioned below and these should be read in conjunction with the disclosure of the significant Ind AS accounting policies provided below:

##### i. Useful life of Property, Plant and Equipment and Intangibles

The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangibles the useful life is determined based on the period over which future economic benefit will flow to the Group.

##### ii. Tools in use

The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.

##### iii. Income Taxes

The calculation of income taxes requires judgement in interpreting tax rules and regulations. Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized.

##### iv. Fair Value

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the income statements. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows analysis.

##### v. Measurement of defined benefit obligations

Gratuity actuarial valuation considers various assumptions which are based on the past experience and general economic conditions.

##### vi. Measurement and likelihood of occurrence of provisions and contingencies

The provision for warranty and rejection have been done based on past experiences, product lifecycle maturity, reprocessing/repair cost.

##### vii. Recognition of deferred tax asset

The Group estimates the possible utilization of unabsorbed losses

while recognizing deferred tax asset considering the future business plans and economic environment.

### Recent Accounting Developments:

#### Ind AS 115 – Revenue from Contracts with Customers:

This standard combines, enhances and replaces specific guidance on recognising revenue with a single standard. It defines a new five-step model to recognise revenue from customer contracts.

The company is in the process of reviewing the main types of commercial arrangements used with customers under this model and on a very broad, preliminary analysis and pending a detailed review determines that the application of Ind AS 115 may not have a material impact on the results or the financial position of the Company.

This standard is mandatory for accounting periods beginning on or after 1st April 2018.

#### Improvements and other amendments to Accounting Standards applicable after 31st March 2018

A number of standards have been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to Ind AS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to Ind AS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognise deferred tax asset (Amendment to Ind AS 12), permitting election of fair value or equity method of accounting for investments in associates and joint ventures by venture capital, mutual fund and other similar organisations (Amendment to Ind AS 28) and Applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to Ind AS 112).

None of these amendments are expected to have any material effect on the company's financial statements

### B.2 PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relate to Craftsman Automation Limited, its subsidiaries, joint venture and associates. Subsidiaries are all entities over which the Company exercises control. The Company exercises control if and only if it has the following:

- power over the entity.
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect the amount of its returns.

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits, unrealised losses from intra-group transactions are eliminated unless cost cannot be recovered.
- The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling

interests and any consideration paid or received is recognised within equity.

- An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in associates and joint ventures are accounted for using the equity method.
- Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition.
- The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's separate Financial Statements.

### B.3 PROPERTY PLANT AND EQUIPMENT

All property, plant and equipment (PPE) barring land which was valued at fair value at the time of adoption of Ind AS are carried at historical cost of acquisition adjusted for import duty waivers and foreign exchange gains/ losses as described in the following paragraphs less accumulated depreciation and accumulated impairment loss if any.

The Company elected to measure Land at fair value at the time initial adoption of Ind- AS standards in accordance with Ind AS 101 and use that fair value as deemed cost.

All other PPE are measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and non-refundable purchase taxes). Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria.

Under Ind AS, import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled. Accordingly the Company has capitalized the import duty waived on such of these PPE purchased under EPCG scheme.

Foreign exchange gain /loss arising on foreign currency denominated borrowing which are not hedged that were incurred to acquire PPE are recorded as part of the cost of asset as per Ind AS 101 Para D13AA and Ind AS 21 Para 7A and depreciated over their remaining useful life. In respect of exchange gain or loss arising from foreign currency denominated borrowings which are hedged accounting has been done based on Hedge effectiveness either as derivative or cash flow hedge as per Ind AS 109.

The cost of a self-constructed asset is determined using the same principles as for an acquired asset. If Company makes similar assets for sale in the normal course of business, the cost of the asset is usually the same as the cost of constructing an asset for sale. Any internal profits are eliminated in arriving at such costs. Similarly, the cost of abnormal amounts of wasted material, labour, or other resources incurred in self-constructing an asset is not included in the cost of the asset. Borrowing

Costs is covered by Ind AS 23 criteria for the recognition of interest as a component of the carrying amount of a self-constructed item of property, plant and equipment.

### Depreciation on Plant Property and Equipment

The depreciable amount of PPE (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

In respect of certain classes of PPE, the Group uses different useful life other than those prescribed in Schedule II to the Act. The useful life of such class of PPE has been ascertained based on technical review by a Chartered Engineer and assessment by the Management as detailed in the following table

Classes of PPE	Useful life and basis of depreciation
New Plant and Machinery	20 Years
Used Plant and Machinery	10 Years
Tool holder, jigs, fixtures, patterns, dies, moulds and instruments and gauges	5 Years
Lease hold improvements	Over lease period

### De-recognition:

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/ loss arising out of such disposal/retirement is taken to Statement of profit or loss

### B.4 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset with finite useful life that are acquired separately and where the useful life is 2 years or more is capitalized and carried at cost less accumulated amortization. Amortization is recognized on a straight line basis over the useful life of the asset. The class of asset and the estimated useful life is as follows

Description of the asset	Useful life and basis of amortization
Software – Acquired	5 Years

### Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it, - the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible

asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Description of the asset	Useful life and basis of amortization
Development Expenditure	3 years

### De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit or loss when the asset is derecognised.

### B.5 IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group determines whether there is any indication that its assets (tangible, intangible assets and investments in equity instruments carried at cost) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

### B.6 LEASES

#### As lessee

Leases entered into by the Group have been classified as operating leases as significant portion of risks and rewards of ownership are not transferred to it. Payments made are charged to Statement of profit or loss on a straight line basis over the term of the lease.

#### As lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### B.7 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

### After initial recognition:

- i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

- ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of joint ventures) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

### Investments in equity instruments other than subsidiaries and joint venture

The Group measures its investments in equity instruments of subsidiaries and joint venture at cost in accordance with Ind AS 27. The company has two wholly owned subsidiaries viz Craftsman Marine B.V – Netherlands and Craftsman Automation Singapore Pte Ltd- Singapore. The company has elected to value its investments in subsidiaries and Joint venture at cost as per Ind AS and these are being tested for impairment at each reporting period.

The Group has valued the investments in equity instruments at fair value to Other Comprehensive Income. Fair value of quoted instrument has been valued at market rate and in case of unquoted instrument it has been valued at book value of that Company based on Level 2 input.

### Investments in equity instruments other than subsidiaries and joint venture

The company has valued the investments in equity instruments other than subsidiaries and joint venture at fair value to Other Comprehensive Income. Fair value of quoted instrument has been valued at Market rate and in case of unquoted instrument it has been value at book value of that Company based on Level 2 input.

### Cash and cash equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall.

### Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events

that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Group applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Group expects to receive).

### De-recognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Group has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2015 (the transition date).

### Financial liabilities and equity instruments:

#### Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as a part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between



the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Company has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

### Derivative financial instruments:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

### Hedge accounting:

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6 sets out details of the fair values of the derivative instruments used for hedging purposes.

### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity (relating to effective portion as described above) are reclassified to Statement of profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

## B.8 INVENTORIES

The Group determines the cost for items that are not interchangeable or that have been segregated for specific contracts on an individual-item

basis as per Ind AS 2, 'Inventories'. The cost of other inventory items used is assigned by using weighted average cost formula.

The Group uses the same cost formula for all inventories of similar nature and use. The cost formula used is applied on a consistent basis from period to period.

Inventories are initially recognized at the lower of cost and net realisable value (NRV). Cost of inventories includes import duties, non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

- i) Raw materials, components, stores and spares of inventory are measured at weighted average cost. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Work in progress and finished goods are valued at cost or Net Realizable Value whichever is lower. Cost includes direct materials, labor and a portion of manufacturing overheads. Saleable scrap is valued at the lowest of the net realizable value in the last two months.
- ii) Tools are valued at cost till they are issued for usage in production process. In respect of issued tools which can be refurbished, the group depending upon its useful life amortizes on a straight line basis over its useful life. Useful life determined for certain classes of tools is 2-3 years. Tools which are not refurbish-able are charged off to Statement of profit and loss upon issue from stores to usage. The "tools in use" are carried at Cost less accumulated amortization.

## B.9 PROVISIONS

The Group recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

### Provision for Warranty

Provisions for expected cost of warranty obligations are recognized based on Management's best estimate of the expenditure required to settle the obligation which takes into account the empirical data on the nature, frequency and average cost of warranty claims and regarding possible future incidences.

### Provision for Rejection

Provision for rejection on sales is recognised once the products are sold. Materials are rejected due to various reasons and are either re processed and replaced to the customers depending on the type of rejections. These

rejections get fulfilled within a period of 3 months and the provisions represent the value of management's best estimate of possible rejections within the next one quarter.

## B.10 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable.

### Sale of Goods

Revenue from the sale of goods is recognised when the goods are despatched or appropriated in accordance with the terms of sale at which time the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured.

Revenue is reduced for customer returns, commissions, rebates and discounts, and other similar allowances

Revenue is inclusive of excise duty until June 30, 2017 and is reduced for customer returns, commissions, rebates and discounts, and other similar allowances. GST is collected on behalf of third parties and are not economic benefits which flow to the entity. Hence, GST is not included as part of revenue.

### Rendering of Services

Revenue from services is recognised when the services are rendered in accordance with the specific terms of contract and when collectability of the resulting receivable is reasonably assured.

### Other Operating revenues

Other operating revenues comprise income from ancillary activities incidental to the operations of the Group and are recognised when the right to receive the income is established as per the terms of the contract.

### Dividend and Interest Income

Dividend income from investments is recognised when the Group's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

## B.11 BORROWING COST

Since the Group does not have any qualifying assets, capitalisation of borrowing cost is not applicable to the Group. All borrowing costs are recognised in Statement of profit and loss in the period in which they are incurred.

## B.12 GOVERNMENT GRANT

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Import duty waivers for capital assets purchased under Export Promotion Capital Goods (EPCG) schemes are recorded as deferred revenue and recognized in Statement of Profit and Loss on a systematic basis over the periods in which the related performance obligations are fulfilled.

## B.13 EMPLOYEE BENEFITS

### Defined contribution plans

#### Provident fund (PF) and Employees' State Insurance (ESI)

Contribution towards PF is determined under the relevant schemes/statute and charged to the Statement of Profit and Loss during the period of incurrence when the services are rendered by the employees.

### Defined benefit plans

Accounting for defined benefit plans is based on actuarial assumptions and different valuation methods to measure the balance sheet obligation and the expense.

Where defined benefit plans are funded, the plan assets are measured at fair value. At each balance sheet date, the plan assets and the defined benefit obligations are remeasured. The income statement reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and Re-measurement gains and losses.

Re-measurement gains and losses comprise actuarial gains and losses, return on plan assets (comprise amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability or asset). Re-measurements are recognized in other comprehensive income.

The defined benefit costs are comprised of the following individual components:

- Service costs (including current and past service costs as well as gains/losses on curtailments and settlements)
- Net interest costs or income
- Re-measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

A liability for termination benefits like expenditure on Voluntary Retirement Scheme is recognised at the earlier of when the Group can no longer withdraw the offer of termination benefit or when the Group recognises any related restructuring costs.

### Short-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

### Compensated leave absences:

Compensated leave absences are encashed by employees at year end and no carry forward of leave is permitted as per the leave policy. All leave remaining to be encashed at year end are fully provided.

## B.14 FOREIGN CURRENCY TRANSACTIONS

The Group's foreign operations are an integral part of the Company's activities. In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items



denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on translation or settlement of long term foreign currency monetary items in respect of loans borrowed, which are not hedged, before April 1, 2016 at rates different from those at which they were initially recorded or reported in the previous financial statements, insofar as it relates to acquisition of depreciable assets, are adjusted to the cost of the assets and depreciated over remaining useful life of such assets. Where the borrowal is after April 1, 2016, such exchange difference is recognised in Statement of Profit and loss. In other cases, where it has been hedged the same has been restated and adjusted against cash flow hedge of the respective derivative instruments.
- Exchange difference on translation of derivative instruments designated as cash flow hedge (see Note B.7 for hedging accounting policies).

## B.15 FOREIGN OPERATIONS

In the Group's Consolidated Financial Statements, all assets, liabilities and transactions of the Group entities with a functional currency other than the INR are translated into INR upon consolidation. While the functional currency of Craftsman Marine BV has remained unchanged during the reporting and comparative period, there was a change in the functional currency of Craftsman Automation Singapore Pte Limited from Japanese Yen (JPY) to Singapore Dollar (S\$) during the year 2016-17.

On consolidation, assets and liabilities have been translated into INR at the closing rate at the reporting date. Income and expenses have been translated into INR at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are re-classified to Statement of Profit and Loss and are recognised as part of the gain or loss on disposal.

## B.16 INCOME TAXES

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## B.17 SEGMENT REPORTING

The Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators of the reportable segments. The Group's reportable segments have been identified based on end consumption of the products sold or services rendered. The reportable segments are as follows:

- |                                     |   |
|-------------------------------------|---|
| • Automotive- Powertrain & Others : | This segment develops, manufactures, sells its goods and services of powertrain and other products to manufacturers of commercial / passenger vehicles, farm equipment, construction / mining equipment.  |
| • Automotive- Aluminium Products:   | This segment develops, manufactures, sells its goods and services consisting of aluminium automotive products to the manufacturers of two wheelers, passenger vehicles and commercial vehicles.   |
| • Industrial & Engineering:         | This segment develops, manufactures, sells its goods and services such as castings, gears, material handling equipment, railway products, storage products, special purpose machines and other general engineering products to various end user industries. |

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment and as well as those which can be allocated on a reasonable basis. Operating segments are reported in a manner consistent with the internal reporting to the CODM of the Group.

## Current Tax

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefit, in the form of adjustment to future tax liability, is considered as an asset in the Balance Sheet. The carrying amount of MAT is reviewed at each reporting date and the asset would be written down to the extent the Group's right of adjustment would lapse.

## Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

### 1.1 PROPERTY, PLANT & EQUIPMENT

(Rupees in Lakhs)

Asset Category	Freehold land	Building *	Plant & Machinery	Office Equipments	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
<b>Gross Block</b>							
<b>At April 1, 2016</b>	<b>7,597</b>	<b>11,657</b>	<b>87,852</b>	<b>638</b>	<b>245</b>	<b>188</b>	<b>108,177</b>
Additions	51	3,283	30,406	423	61	-	34,224
Disposals	-	-	1,138	15	13	7	1,173
Translation reserve	-	-	(12)	(5)	(2)	-	(19)
<b>At March 31, 2017</b>	<b>7,648</b>	<b>14,940</b>	<b>117,108</b>	<b>1,041</b>	<b>291</b>	<b>181</b>	<b>141,209</b>
Additions	-	712	15,024	194	41	-	15,971
Disposals	-	-	385	5	3	10	403
Translation reserve	-	1	9	5	-	-	15
<b>At Mar 31 2018</b>	<b>7,648</b>	<b>15,653</b>	<b>131,756</b>	<b>1,235</b>	<b>329</b>	<b>171</b>	<b>156,792</b>
<b>Depreciation</b>							
<b>At April 1, 2016</b>	<b>-</b>	<b>251</b>	<b>9,258</b>	<b>98</b>	<b>50</b>	<b>45</b>	<b>9,702</b>
Additions	-	577	10,070	231	34	35	10,947
Disposals	-	-	1,074	11	13	5	1,103
Translation reserve	-	-	(10)	(3)	(2)	-	(15)
<b>At March 31, 2017</b>	<b>-</b>	<b>828</b>	<b>18,244</b>	<b>315</b>	<b>69</b>	<b>75</b>	<b>19,531</b>
Additions	-	761	12,058	260	38	33	13,150
Disposals	-	-	360	3	3	9	375
Translation reserve	-	-	8	3	-	-	11
<b>At Mar 31 2018</b>	<b>-</b>	<b>1,589</b>	<b>29,950</b>	<b>575</b>	<b>104</b>	<b>99</b>	<b>32,317</b>
<b>At April 1, 2016</b>	<b>7,597</b>	<b>11,406</b>	<b>78,594</b>	<b>540</b>	<b>195</b>	<b>143</b>	<b>98,475</b>
<b>At March 31, 2017</b>	<b>7,648</b>	<b>14,112</b>	<b>98,864</b>	<b>726</b>	<b>222</b>	<b>106</b>	<b>121,678</b>
<b>At Mar 31 2018</b>	<b>7,648</b>	<b>14,064</b>	<b>101,806</b>	<b>660</b>	<b>225</b>	<b>72</b>	<b>124,475</b>

\* Includes improvements on leasehold buildings worth Rs. 1224.37 lakhs as on 31.03.2018 (Rs.1155.01 as on 31.03.2017)

### 1.2 CAPITAL WORK IN PROGRESS

(Rupees in Lakhs)

Asset Category	TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
<b>Gross Block</b>			
<b>At April 1, 2016</b>	<b>4,003</b>	<b>-</b>	<b>4,003</b>
Additions	2,661	-	2,661
Disposals	5,549	-	5,549
Translation reserve	-	-	-
<b>At March 31, 2017</b>	<b>1,115</b>	<b>-</b>	<b>1,115</b>
Additions	1,761	376	2,137
Disposals	821	-	821
Translation reserve	-	-	-
<b>At Mar 31 2018</b>	<b>2,055</b>	<b>376</b>	<b>2,431</b>
<b>Depreciation</b>			
<b>At April 1, 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	-	-	-
Disposals	-	-	-
Translation reserve	-	-	-
<b>At March 31, 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	-	-	-
Disposals	-	-	-
Translation reserve	-	-	-
<b>At Mar 31 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At April 1, 2016</b>	<b>4,003</b>	<b>-</b>	<b>4,003</b>
<b>At March 31, 2017</b>	<b>1,115</b>	<b>-</b>	<b>1,115</b>
<b>At Mar 31 2018</b>	<b>2,055</b>	<b>376</b>	<b>2,431</b>

### 1.3 INTANGIBLE ASSETS

(Rupees in Lakhs)

Asset Category	Computer Software	Product Development	Intangible Assets Total
<b>Gross Block</b>			
<b>At April 1, 2016</b>	<b>808</b>	<b>160</b>	<b>968</b>
Additions	248	636	884
Disposals	19	74	93
Translation reserve	(11)	(15)	(26)
<b>At March 31, 2017</b>	<b>1,026</b>	<b>707</b>	<b>1,733</b>
Additions	826	-	826
Disposals	48	55	103
Translation reserve	11	8	19
<b>At Mar 31 2018</b>	<b>1,815</b>	<b>660</b>	<b>2,475</b>
<b>Depreciation</b>			
<b>At April 1, 2016</b>	<b>226</b>	<b>134</b>	<b>360</b>
Additions	193	138	331
Disposals	24	74	98
Translation reserve	(9)	(14)	(23)
<b>At March 31, 2017</b>	<b>386</b>	<b>184</b>	<b>570</b>
Additions	277	219	496
Disposals	48	55	103
Translation reserve	9	7	16
<b>At Mar 31 2018</b>	<b>624</b>	<b>355</b>	<b>979</b>
<b>At April 1, 2016</b>	<b>582</b>	<b>26</b>	<b>608</b>
<b>At March 31, 2017</b>	<b>640</b>	<b>523</b>	<b>1,163</b>
<b>At Mar 31 2018</b>	<b>1,191</b>	<b>305</b>	<b>1,496</b>

Note:

- Additions to PPE & CWIP include exchange gain or loss aggregating to Rs.15.20 lakhs for the year 2017-18 (Rs.10.22 lakhs for the year 2016-17) capitalised under Plant & Machinery
- All term loans both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Refer Note no. 3.9

**FINANCIAL ASSETS****NOTE No. 1.4****INVESTMENT ACCOUNTED FOR USING EQUITY METHOD**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Investment in Equity of Joint Venture</b>		
Carlstahl Craftsman Enterprises Private Ltd ( 30% stake )		
600,000 equity shares of Rs.10 each fully paid up	60	60
Recognition of opening value of investment in Joint venture	54	32
Share of current year profits in Joint Venture	25	22
<b>Total</b>	<b>139</b>	<b>114</b>

**NOTE No. 1.5****NON CURRENT INVESTMENTS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Investment in Equity instruments ( at Fair Value through OCI)</b>		
<b>Quoted</b>		
Jain Irrigation Limited (546 shares of Rs.2 each fully paid up (cost Rs. 1,00,000))	1.00	1
<b>Unquoted</b>		
MC Craftsman Machinery Private Ltd ( 10% stake ) 2,10,000 equity shares of Rs.100 each fully paid up	132	148
iEnergy wind farm (Theni) Private Ltd 2167 equity shares of Rs.10 each fully paid up	-	-
TAGMA Centre of Excellence and Training 15 equity shares of Rs.10 each fully paid up	5	-
Bhatia Coke & Energy Limited 34,810 equity shares of Rs.10 each fully paid up	110	-
<b>Total</b>	<b>248</b>	<b>149</b>

Aggregate amount of quoted investments and market value thereof	1	1
Aggregate amount of unquoted investments including deemed equity	247	148
Aggregate amount of impairment in value of investments	-	-

**NOTE No. 1.6****SECURITY DEPOSITS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Rent Deposit - Non Current</b>	799	454
<b>Electricity Deposit</b>	887	783
<b>Total</b>	<b>1,686</b>	<b>1,237</b>

**NOTE No. 1.7****OTHER FINANCIAL ASSETS**

(Rupees in Lakhs)

<b>Currency swap &amp; IRS Derivative - NCA</b>	141	-
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**NOTE No. 1.8****CURRENT TAX ASSETS (NET)**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Advance payment of income tax less provisions</b>	444	423

**NOTE No. 1.9****OTHER NON CURRENT ASSETS****Unsecured, considered good**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Prepayments under lease	848	859
Capital Advances	2,695	1,063
Less: Provision for doubtful advances to supplier	(29)	-
<b>Total</b>	<b>3,514</b>	<b>1,922</b>

**NOTE No. 1.10****INVENTORIES**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw Materials, Components and Consumables	9,015	6,342
Work-in-progress	9,588	7,943
Finished goods	981	1,034
Consumable Stores	3,691	2,971
Tools in use	2,785	1,681
Machinery Spares	3,293	2,454
Packing Materials	147	176
Stock in transit	546	232
<b>Total</b>	<b>30,046</b>	<b>22,833</b>

Inventory valued at NRV 227 268

Amount written down to arrive at NRV\* 89 102

\* These were recognised as an expense during the year and included in changes in value of inventories of WIP in Statement of Profit and Loss

**NOTE No. 1.11****TRADE RECEIVABLES**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured</b>		
Considered good **	20,169	17,142
Considered doubtful	703	709
Less: Provision for doubtful debts (as per ECL model)	(703)	(709)
<b>Total</b>	<b>20,169</b>	<b>17,142</b>

\*\*Receivables from related parties (refer note 3.7) 843 86

**Movement in Provision for doubtful debt is as follows :**

Year ended	Opening	Allowance made during the year	Write off / write back during the year	Closing
March 31, 2018	709	337	(343)	703
March 31, 2017	506	269	(67)	709

**NOTE No. 1.12****CASH AND CASH EQUIVALENTS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
a. Balances with banks	3,662	2,389
b. Cash on hand	10	14
<b>Total</b>	<b>3,672</b>	<b>2,403</b>

**NOTE No. 1.13****OTHER BANK BALANCES**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Other Bank balances		
i) Margin money against LC	1,196	1,313
ii) Margin money against Guarantee	-	258
	1,196	1,571

**NOTE No. 1.14****SECURITY DEPOSIT-CURRENT**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Security Deposits -Current	179	142

**NOTE No. 1.15****OTHER CURRENT FIANCIAL ASSETS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Currency swap, IRS & Forward cover derivative - C	13	-

**NOTE No. 1.16****OTHER CURRENT ASSETS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	2,349	7,855
Advance to Suppliers ( Other than CG )	776	769
Prepaid Expenses	872	813
Advance to Employees	24	16
Unbilled Revenue	454	269
Others - OTHER CURRENT ASSETS	94	160
<b>Total</b>	<b>4,569</b>	<b>9,882</b>

**NOTE No. 1.17****EQUITY SHARE CAPITAL**

(Rupees in Lakhs)

Particulars	Craftsman Automation Limited		Craftsman Automation Limited	
	Nos.	Amount	Nos.	Amount
<b>Authorised</b>				
Equity Shares of Rs.100 each	2,000,000	2,000	1,000,000	1,000
<b>Issued, called, subscribed &amp; Paid Up</b>				
Equity Shares of Rs.100 each	1,006,080	1,006	574,903	575
<b>Total</b>	<b>1,006,080</b>	<b>1,006</b>	<b>574,903</b>	<b>575</b>

## The movement of equity shares is as below

(Rupees in Lakhs)

Particulars	Craftsman Automation Limited		Craftsman Automation Limited	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	574,903	575	574,903	575
Shares Issued during the year	431,177	431	-	-
<b>Shares outstanding at the end of the year</b>	<b>1,006,080</b>	<b>1,006</b>	574,903	575

## Rights, Preferences and Restrictions to equity shares

The company has only one class of equity shares having a par value of Rs.100 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the shareholders will be entitled to receive the remaining assets of the company, in proportion to their shareholding.

## Details of equity shareholders holding more than 5% shares in the company

Name of the equity shareholder	Craftsman Automation Limited		Craftsman Automation Limited	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
S Ravi	531,532	52.8335%	303,750	52.8350%
International Finance Corporation-USA	141,405	14.0555%	80,803	14.0551%
S Murali	106,313	10.5673%	60,750	10.5670%
K Gomatheswaran	70,875	7.0449%	40,500	7.0447%
Marina III (Singapore) Pte Limited	155,925	15.4987%	89,100	15.4983%
Total	1,006,050	99.9999%	574,903	100.0000%

## For the period of five years immediately preceding the balance sheet date

### i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

- The company has not allotted any shares pursuant to contracts without payment being received in cash

### ii) Details of number and class of shares allotted as fully paid up by way of bonus shares:

- The Board at its meeting held on November 03, 2017 had recommended for issue of Bonus shares upon the approval by the shareholders. The record date was fixed as November 03, 2017 and the shareholders in the Extra ordinary General Meeting held on December 11, 2017, approved the same. Accordingly, the Company had allotted 431,177 number of fully paid Bonus shares on December 21, 2017 in the ratio of three equity shares of Rs.100 each fully paid up for every four existing equity shares of Rs.100 each fully paid up.

### iii) Details of number and class of shares bought back:

- The company has not bought back any shares during the period of 5 years immediately preceding the balance sheet date.

## Sub-division of shares:

The Board at its meeting held on March 30, 2018 had recommended for sub-division of equity shares of face value Rs.100 each into equity shares of face value of Rs. 5 each upon the approval by the shareholders. The members at the Extraordinary General Meeting held on April 30, 2018 approved the same. Consequently, total number of equity shares outstanding stands changed to 20,121,600 equity shares of face value Rs. 5 each from that date. The shareholding of the company as on March 31, 2017 considering the sub-division would be as follows:

Name of the equity shareholder	No. of Shares held	% of Holding
S Ravi	10,631,040	52.834%
International Finance Corporation-USA	2,828,100	14.055%
S Murali	2,126,260	10.567%
K Gomatheswaran	1,417,500	7.045%
Marina III (Singapore) Pte Limited	3,118,500	15.498%
Total	20,121,400	99.999%



**NOTE No. 1.18**  
**OTHER EQUITY**

(Rupees in Lakhs)

Particulars		As at March 31, 2018	As at March 31, 2017
<b>Reserves &amp; Surplus</b>			
Securities Premium Account	A	13,795	14,226
General Reserves	B	9,662	9,662
Retained Earnings	C	35,900	32,754
<b>Total Reserves &amp; Surplus</b>		<b>59,357</b>	<b>56,642</b>
<b>Effective portion of Cash Flow Hedges</b>	D	(688)	(320)
<b>Equity instruments through Other Comprehensive Income</b>		(78)	(62)
<b>Foreign currency translation reserve</b>		150	283
<b>Share of Networth in JV</b>		80	54
<b>Total</b>		<b>58,821</b>	<b>56,597</b>

**Additions and Deductions since the last balance sheet date:**
**(i) Securities Premium Account**

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Opening balance	14,226	14,226
Issue of Bonus Shares	(431)	-
<b>Closing balance</b>	<b>13,795</b>	<b>14,226</b>

**(ii) Retained Earnings**

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Opening balance	32,754	24,914
Profit for the year	3,290	7,952
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of defined benefit obligation (net of tax)	(75)	(44)
Dividend (including dividend distribution tax)	(69)	(69)
<b>Closing balance</b>	<b>35,900</b>	<b>32,753</b>

**(iii) Effective portion of Cash Flow Hedges**

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Opening balance	(320)	(110)
Changes in fair value	(566)	(320)
Deferred Tax	198	110
<b>Closing Balance</b>	<b>(688)</b>	<b>(320)</b>

**(iv) Equity instruments through Other Comprehensive Income**

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Opening balance	(62)	(62)
Changes in fair value of FVOCI equity instruments	(16)	-
<b>Closing Balance</b>	<b>(78)</b>	<b>(62)</b>

**(v) Foreign currency translation reserve**

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Opening balance	283	(64)
Exchange differences in translating the financial statements of foreign operations	(133)	347
<b>Closing Balance</b>	<b>150</b>	<b>283</b>

**(vi) Share of networth in Joint Venture**

(Rupees in Lakhs)

	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Opening balance	<b>54</b>	<b>32</b>
Share of current year profits in Joint Venture	<b>25</b>	<b>22</b>
Share of other comprehensive income in Joint Venture	<b>1</b>	<b>-</b>
<b>Closing Balance</b>	<b>80</b>	<b>54</b>

Refer "Statement of Changes in Equity" for additions/deletions in each of these items

- A. Securities Premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act 2013 for specified purposes.
- B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc.
- C. Retained Earnings includes Rs 5542 lacs of revaluation reserve created due to Land revaluation on transition date (01.04.2015), which will not be available for distribution of profits
- D. Cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated in this reserve are reclassified to profit or loss only when the hedged transaction affects the profit or loss.
- E. The amount that can be distributed by the Company as dividends to its equity shareholders is determined considering the requirements of the Companies Act, 2013 and the dividend distribution policy of the Company. Thus, the amount reported in General Reserve is not entirely distributable.

In respect of the year ended March 31, 2018, the Board of Directors has proposed a final dividend of Rs.10 per share of face value Rs.100 each (Rs.0.50 per share on subdivided shares of face value Rs. 5 each) be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs.100.60 lakhs and the dividend distribution tax thereon amounts to Rs.20.68 lakhs.

**NOTE No. 1.18****LONG TERM BORROWINGS**

(Rupees in Lakhs)

<b>Particulars</b>	<b>As at March 31, 2018</b>		<b>As at March 31, 2017</b>	
	<b>Non-Current</b>	<b>Current *</b>	<b>Non-Current</b>	<b>Current *</b>
<b>Secured</b>				
<b>From Banks</b>				
Rupee Term Loans	18,151	5,497	22,868	3,048
Foreign Currency Term Loans	20,852	8,305	15,903	8,557
	<b>39,003</b>	<b>13,802</b>	<b>38,771</b>	<b>11,605</b>
<b>From NBFC</b>				
Rupee Term Loans	4,030	625	4,640	333
<b>Total</b>	<b>43,033</b>	<b>14,427</b>	<b>43,411</b>	<b>11,938</b>

Notes:

1. These are carried at amortised cost.
2. Refer note no 3.9 for security and terms of borrowings.

\* Taken to other current financial liabilities ( Note 1.25 )

**Net Debt Reconciliation:**

(Rupees in Lakhs)

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability	Current Borrowing	Non - Current Borrowing incl current maturity*	Total Net Borrowing
Balance as at 1st April 2017**	2,403	(698)	(22,354)	(55,783)	(81,009)
Cash Flows	929	-	(4,739)	(1,680)	(5,292)
Fair value changes	-	75	-	-	75
Foreign exchange adjustments	36	-	(115)	(352)	(467)
Interest expense & other charges	-	-	(5,323)	(5,385)	(10,708)
Interest & charges paid	-	-	5,323	5,297	10,620
Balance as at 31 March 2018	<b>3,369</b>	<b>(623)</b>	<b>(27,209)</b>	<b>(57,902)</b>	<b>(89,035)</b>

\*Includes accrued interest

\*\* In the first year of adoption of net debt reconciliation it is optional for the company to provide comparative information. Hence ignored.

**NOTE No. 1.20****NON-CURRENT FINANCIAL LIABILITIES- OTHERS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Currency swap & IRS Derivative	62	100
Rent Advance	2	2
<b>Total</b>	<b>64</b>	<b>102</b>

Notes:

1. Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
2. IRS derivatives are carried at fair value through Statement of Profit & Loss
3. Rent advance is carried at amortized cost as it is not material to be fair valued

**NOTE No. 1.21****LONG TERM PROVISIONS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Other Provisions</b>		
Provision for Warranty Cost - Non-current	-	20

Note: Movement in Provision for product warranties is as follows :

	Opening	Transferred to Short Term	Warranty provided for current year	Closing
As at March 31, 2018	20	20	-	-
As at March 31, 2017	25	7	2	20

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges from 2 to 5 years.

**NOTE No. 1.22****DEFERRED TAX LIABILITIES (NET)**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Tax Liabilities	14,610	12,834
Deferred Tax Assets	(3,971)	(3,244)
Deferred Tax Liabilities (net)	10,639	9,590
MAT Credit Entitlement- Unused tax credit	(7,356)	(6,178)
<b>Total</b>	<b>3,283</b>	<b>3,412</b>

Note : Refer Note No 3.5 for detailed deferred tax working and effective tax rate reconciliation

**NOTE No. 1.23****SHORT TERM BORROWINGS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>		
<b>Loans repayable on demand from banks</b>		
Rupee Loans	23,425	16,679
Foreign Currency Loans	3,716	3,675
<b>A</b>	<b>27,141</b>	<b>20,354</b>
<b>Unsecured</b>		
Rupee Loans	-	2,000
Book overdraft	68	-
<b>B</b>	<b>68</b>	<b>2,000</b>
<b>Total A + B</b>	<b>27,209</b>	<b>22,354</b>

Short Term Borrowings from banks are secured by

- first pari passu charge on current assets of the company.
- second pari passu charge on fixed assets of the company.

In addition to the above, the loans are guaranteed by personal guarantees of the Chairman and Managing Director

**NOTE No. 1.24****TRADE PAYABLES**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Due to Micro and Small Enterprises-(MSME)	495	514
Due to Other Suppliers	34,961	28,875
Accrued Expenses and others	818	626
<b>Total</b>	<b>36,274</b>	<b>30,015</b>

The company is regular in making payments to the enterprises ( as defined in MSMED Act, 2006) before the due dates agreed upon. Hence the question of payment / provision of interest towards belated payment does not arise. During the year there was no interest payment under this statute.

**NOTE No. 1.25****OTHER CURRENT FINANCIAL LIABILITIES**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term debt ( refer note 1.17)	14,427	11,938
Interest accrued but not due on borrowings	442	434
Currency swap , IRS & Forward cover derivative	702	664
Creditors for capital goods and services	2,593	5,212
Employee related liabilities	1,814	1,523
Others		
* Others - OCFL	1,108	1,243
* Other dues to directors	329	96
<b>Total</b>	<b>21,415</b>	<b>21,110</b>

**NOTE No. 1.26****OTHER CURRENT LIABILITIES**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance from customers	1,994	2,464
Deferred Revenue- EPCG benefit	302	1,148
Statutory Dues	608	388
Others	-	7
<b>Total</b>	<b>2,904</b>	<b>4,007</b>

**NOTE No. 1.27****SHORT TERM PROVISIONS**

(Rupees in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Provision for employee benefits</b>		
Gratuity	283	102
<b>Other Provisions</b>		
Provision for Warranty Cost	48	30
Provision for Rejection	78	39
<b>Total</b>	<b>409</b>	<b>171</b>

**Note:****Movement in Provision for product warranties is as follows :**

(Rupees in Lakhs)

	Opening	Expired during the year	Warranty provided for current year	Closing
As at March 31, 2018	30	30	52	52
As at March 31, 2017	58	58	30	30

This provision is recognised once the products are sold. The estimated provision takes into account historical information, frequency and average cost of warranty claims and the estimate regarding possible future incidence of claims. The provision for warranty claims represents the present value of management's best estimate of the future economic benefits. The outstanding provision for product warranties as at the reporting date is for the balance unexpired period of the respective warranties on the various products which ranges upto one year.

**Movement in Provision for rejection is as follows :**

(Rupees in Lakhs)

	Opening	Expired during the year	Rejection provided for current year	Closing
As at March 31, 2018	39	39	78	78
As at March 31, 2017	51	51	39	39

This provision is recognised once the products are sold. Materials are rejected due to various reasons and either get re processed and replaced to the customers depending on the type of rejections. These rejections gets fulfilled within a period of 3 months and the provisions represents the PV of management's best estimate of possible rejections within the next one quarter.

**NOTE No. 2.1****REVENUE FROM OPERATIONS**

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>Sale of products;</b>		
Domestic Sales	79,864	58,153
Export Sales	12,751	13,966
<b>A.</b>	<b>92,615</b>	<b>72,119</b>
<b>Sale of services;</b>		
Machining Charges	45,178	38,172
Service Charges	108	64
<b>B.</b>	<b>45,286</b>	<b>38,236</b>
<b>Other operating revenues;</b>		
Sale of swarf & others	10,777	7,508
Duty Drawback	257	251
EPCG income on fulfilling obligation	1,954	2,548
Export Incentive under MEIS	264	351
<b>C.</b>	<b>13,252</b>	<b>10,658</b>
<b>Revenue from operations ( Gross ) ( A+B+C )</b>	<b>151,153</b>	<b>121,013</b>

Refer Note no: 3.13 "Segment Reporting" for breakup of revenue from operations.

**NOTE No. 2.2****OTHER INCOME**

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Interest Income from deposits measured at amortised cost	179	147
Interest Income due to unwinding of fair valued assets		
-Rent Advance	46	35
Net gain on sale of assets	-	40
Rental income	23	24
Exchange rate Gain/(Loss) on Transaction & Translation	712	-
MTM Gain / (Loss) - Derivative -( Net)	452	790
Unclaimed balances written back	89	-
Others - Other Income	5	32
<b>Total</b>	<b>1,506</b>	<b>1,068</b>

**NOTE No. 2.3****COST OF RAW MATERIALS AND COMPONENTS CONSUMED**

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Cost of goods sold	57,192	38,983
Carriage inward	1,567	1,236
Sub Contract Charges	429	407
<b>Total</b>	<b>59,188</b>	<b>40,626</b>

**NOTE No. 2.4****CHANGES IN INVENTORIES OF FG & WIP**

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>Inventory at the end of the year</b>		
Work in Progress	10,569	8,977
Sub total	<b>10,569</b>	<b>8,977</b>
<b>Inventory at the beginning of the year</b>		
Work in Progress	8,977	6,785
Sub total	<b>8,977</b>	<b>6,785</b>
<b>( Increase ) / decrease in inventory</b>	<b>(1,592)</b>	<b>(2,192)</b>



## NOTE No. 2.5

### EMPLOYEE BENEFITS EXPENSE

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Salaries and wages	16,208	12,163
Contributions to PF & ESI	584	460
Contribution to Gratuity fund	167	35
Staff welfare expenses	2,628	2,136
<b>Total</b>	<b>19,587</b>	<b>14,794</b>

## NOTE No. 2.6

### DEPRECIATION AND AMORTISATION EXPENSE

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Depreciation on Property, Plant & Equipment	13,149	10,980
Amortisation of Intangible Assets ( Software & Dev.Exp.)	496	297
<b>Total</b>	<b>13,645</b>	<b>11,277</b>

## NOTE No. 2.7

### OTHER EXPENSES

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>Manufacturing Expenses</b>		
Stores, Spares & tool consumed	15,050	11,849
Power & Fuel	8,601	6,617
Repairs & Maintenance		
- Machinery - Repairs & Maintenance	4,867	3,693
- Building - Repairs & Maintenance	502	551
- Others - Repairs & Maintenance	2,239	1,899
<b>A.</b>	<b>31,259</b>	<b>24,609</b>
<b>Administrative Expenses</b>		
Professional and Consultancy charges	809	549
Insurance Charges	407	345
Rates & Taxes	204	57
Software Licenses	370	140
General Administrative Expenses	771	510
Printing & Stationary	181	156
Postage & Telegrams	55	52
Rent	2,080	1,539
Telephone Expenses	267	239
Travelling Expenses	1,364	1,132
Exchange rate Gain/Loss on Transaction & Translation <sup>1</sup>	-	442
Managerial Remuneration	716	890
Directors' Sitting Fees	7	4
Remuneration to auditors		
Statutory Audit	50	44
Taxation and Certification	14	20
CSR Expenses	92	39
Amounts written off		
Bad debts	432	67
Tender deposits	-	19
Doubtful advances - write off	39	47
Provisions for the year		
Doubtful advances	29	
Warranty	31	(8)
Rejections	39	(12)
Doubtful debts	-	204
Control Accounts	-	
<b>B.</b>	<b>7,957</b>	<b>6,475</b>
<b>Selling expenses</b>		
Packing material consumed	1,390	1,143
Carriage Outward	2,169	1,631
Sales Promotion Expenses	324	281
<b>C.</b>	<b>3,883</b>	<b>3,055</b>
<b>Total ( A+B+C)</b>	<b>43,099</b>	<b>34,139</b>

**NOTE No. 2.8**  
**FINANCE COST**

(Rupees in Lakhs)

Particulars	March 31, 2018	March 31, 2017
Interest expenses		
On Short Term Borrowings	4,790	3,462
On Long Term Borrowings at Amortised Cost	5,305	4,544
Other Borrowing costs		
Unwinding of discounted Upfront fee on loans	79	42
Unwinding of Rent Advance	46	35
Other bank charges	534	867
Net (gain)/loss on foreign currency transactions and translation - Fin Cost	156	16
<b>Total</b>	<b>10,910</b>	<b>8,966</b>

**NOTES ANNEXED TO AND FORMING PART OF FINANCIAL STATEMENTS:****3.1 The Subsidiaries and Associates considered in the Consolidated Financial Statements:**

Following Subsidiaries are considered in the Consolidated Financial Statements:

S.No	Name of the Subsidiary	Country of Incorporation	% of Ownership Interest	
			March 31, 2018	March 31, 2017
1	Craftsman Automation Singapore Pte Ltd	Singapore	100%	100%
2	Craftsman Marine B.V	Netherlands	100%	100%

Following Joint Venture is considered in the Consolidated Financial Statements:

S.No	Name of the Joint Venture	Country of Incorporation	% of Ownership Interest	
			March 31, 2018	March 31, 2017
1	Carl Stahl Craftsman Enterprises Private limited	India	30%	30%

**3.2 Additional Information – Subsidiaries & Joint Ventures:**

Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries & Joint Ventures.

(Rupees in Lakhs)

Name of the entity	As a % of consolidated Net Assets	Amount
<b>Parent Company</b>		
Craftsman Automation Limited	103.14%	61,704
<b>Foreign Subsidiaries</b>		
Craftsman Automation Singapore Pte Ltd	-0.52%	(314)
Craftsman Marine B.V	-1.85%	(1,105)
<b>Sub Total</b>	<b>100.77%</b>	<b>60,285</b>
Add/Less: Intragroup eliminations / adjustments	-0.77%	(459)
<b>Total</b>	<b>100.00%</b>	<b>59,827</b>

(Rupees in Lakhs)

Name of the entity	As a % of consolidated Profit or Loss	Amount
<b>Parent Company</b>		
Craftsman Automation Limited	96.94%	3,213
<b>Foreign Subsidiaries</b>		
Craftsman Automation Singapore Pte Ltd	0.04%	1
Craftsman Marine B.V	0.58%	19
<b>Sub Total</b>	<b>97.57%</b>	<b>3,234</b>
Add/Less: Intragroup eliminations / adjustments	2.43%	81
<b>Total</b>	<b>100.00%</b>	<b>3,315</b>

(Rupees in Lakhs)

Name of the entity	As a % of consolidated Other Comprehensive Income	Amount
<b>Parent Company</b>		
Craftsman Automation Limited	77.72%	(459)
<b>Foreign Subsidiaries</b>		
Craftsman Automation Singapore Pte Ltd	1.68%	(10)
Craftsman Marine B.V	20.77%	(123)
<b>Sub Total</b>	<b>100.17%</b>	<b>(592)</b>
Add/Less: Intragroup eliminations / adjustments	0%	1
<b>Total</b>	<b>100.00%</b>	<b>(591)</b>

(Rupees in Lakhs)

Name of the entity	As a % of consolidated Total Comprehensive Income	Amount
<b>Parent Company</b>		
Craftsman Automation Limited	101.11%	2,754
<b>Foreign Subsidiaries</b>		
Craftsman Automation Singapore Pte Ltd	-0.31%	(9)
Craftsman Marine B.V	-3.80%	(103)
<b>Sub Total</b>	<b>97.00%</b>	<b>2,643</b>
Add/Less: Intragroup eliminations / adjustments	3.00%	82
<b>Total</b>	<b>100.00%</b>	<b>2,724</b>

### 3.3 Income taxes

#### Income tax expense for the year reconciled to accounting profit

(Rupees in Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Profit before tax	4,603	3,667
Income tax rate	34.608%	34.608%
Income tax expenses	1,593	1,269
Effect of		
i) EPCG Benefit Capitalisation not considered for Income Tax purpose	(224)	-
ii) Effect of expenses inadmissible for tax	155	14
iii) Difference due to change in tax rate	102	-
iv) Unrecognised deferred tax asset now recognised	(401)	-
v) Effect due to land indexation	50	-
vi) Effect of other adjustments	39	(7)
vii) Allowances under tax laws	-	(1,538)
viii) EPCG capitalisation pertaining to earlier years	-	(4,028)
ix) Effect of tax free income of overseas subsidiaries	(27)	(17)
Income tax expense recognised in Statement of Profit & loss	1,288	(4,308)

**Movement of deferred tax assets/ liabilities**

(Rupees in Lakhs)

<b>Movement during the year ended 31st March, 2018</b>	<b>As at March 31, 2017</b>	<b>Recognised in P&amp;L</b>	<b>Recognised in OCI</b>	<b>As at March 31, 2018</b>
Depreciation & Amortization	(12,860)	(963)	-	(13,823)
Unabsorbed Loss	2,766	(426)	-	2,341
Provision for doubtful debts	240	18	-	259
Provision for Loans & Advances and Others	116	21	-	137
Other Temporary Differences	148	61	239	447
	<b>(9,590)</b>	<b>(1,288)</b>	<b>239</b>	<b>(10,639)</b>

(Rupees in Lakhs)

<b>Movement during the year ended 31st March, 2017</b>	<b>As at March 31, 2016</b>	<b>Recognised in P&amp;L</b>	<b>Recognised in OCI</b>	<b>As at March 31, 2017</b>
Depreciation & Amortization	(14,805)	1,945	-	(12,860)
Unabsorbed Loss	-	2,766	-	2,766
Provision for doubtful debts	170	71	-	240
Provision for Loans & Advances	289	(173)	-	116
Other Temporary Differences	314	(300)	134	148
	<b>(14,032)</b>	<b>4,309</b>	<b>134</b>	<b>(9,590)</b>

**3.4 Employee Benefits****Defined Contribution Plan**

The employee provident fund, employee state insurance scheme and labour welfare fund scheme are all in the nature of Defined contribution plans. The contribution made to these schemes are considered as expense in the statement of Profit and loss when the employee renders the related service. There is no other obligation other than the contribution payable to the respective funds.

The total expenses recognised in statement of profit or loss of Rs.584 lakhs (2016-17: Rs.460 lakhs) represents contribution payable to these plans by the Group at rates specified in the rules of the plan.

**Defined benefit plans**

The Group extends defined benefit plan in the form of gratuity to employees. The Group makes annual contribution to gratuity fund administered by trustees and managed by SBI Life Insurance Company Ltd. The Group's liability is determined based on actuarial valuation done at the year end as per projected unit credit method. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service subject to the maximum of Rs.20 lakhs. Vesting occurs upon completion of five years of service.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

<b>Investment risk</b>	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
<b>Liquidity Risk</b>	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Group there can be strain on the cash flows.
<b>Market Risk</b>	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
<b>Legislative Risk</b>	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The principal assumptions used for the purposes of the actuarial valuations were as follows

	As at March 31, 2018	As at March 31, 2017
Discount rate	7.59%	7.32%
Expected rate of salary increase	8.00%	6.00%
Attrition rate	5.00%	5.00%

The estimate of future salary increase (which has been set in consultation with the Group), take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
	Rs. In Lakhs	Rs. In Lakhs
Current Service Cost	163	32
Net interest expense/ (income)	4	3
Component of defined benefit cost recognised in P&L	<b>167</b>	<b>35</b>
Re-measurement on the net defined benefit liability comprising:		
Actuarial (gain)/loss arising from changes in financial assumptions	216	-56
Actuarial (Gain)/ Losses due to Experience on DBO	(98)	-129
Return on Plan Assets (Greater) / Less than Discount rate	(2)	-6
Components of defined benefit costs recognised in other comprehensive income	<b>116</b>	<b>67</b>
<b>Total Defined Benefit Cost</b>	<b>283</b>	<b>104</b>

The amount included in the balance sheet arising from the Group's obligation in respect of its defined benefit plans is as follows

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Present value of defined benefit obligation	1424	1139
Fair value of plan assets	1141	1037
Net liability arising from defined benefit obligation (funded)	(283)	(102)

**Movements in the present value of the defined benefit obligation in the current year were as follows:**

(Rupees in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Opening defined benefit obligation	1139	1043
Current Service Cost	163	32
Interest Cost	83	73
Benefits paid	(80)	(82)
Actuarial (gain)/loss	118	73
<b>Closing defined benefit obligation</b>	<b>1424</b>	<b>1139</b>

**Movements in fair value of plan assets in the current year were as follows:**

(Rupees in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Opening fair value of plan assets	1038	954
Interest income of the assets	80	70
Employer contribution	102	89
Benefits payout	(80)	(82)
Actuarial (gain)/loss	2	6
<b>Closing fair value of plan assets</b>	<b>1141</b>	<b>1037</b>

The Group funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets was Rs.60 lakhs (2016-17: Rs.76 lakhs)

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period.

(Rupees in Lakhs)

	As at March 31,2018	As at March 31,2017
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
• Decrease by ( 2018 : (10.04)%;2017 : (10.39)%)	(1281)	(1021)
• Increase by( 2018 : 11.92% : 2017 : 10.68%)	1594	1261
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would		
• Increase by (2018 : 9.22% : 2017 : 7.59%)	1556	1226
• Decrease by(2018 : (8.42)%: 2017 : (8.33)%)	(1304)	(1044)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		
• Decrease in 2018 : (0.34%) / Increase in2017 : 0.90% by	(1419)	1149
• Increase in 2018 : 0.39%/ Decrease in 2017 : (2.66%) by	1430	(1109)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of each reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

### Funding arrangements

The Group has been fully funding the liability through a trust administered by an insurance company. Regular assessment of the increase in liability is made by the insurance company and contributions are being made to maintain the fund. Subject to credit risk of the insurance company & the asset liability mismatch risk of the investments, the Group will be able to meet the past service liability on the valuation date that falls due in the future.

The Group expects to make a contribution of Rs 189 lakhs (as at March 31, 2017: Rs 117 lakhs) to the defined benefit plans for the next financial year.

Information on the maturity profile of the liabilities:

Particulars	March 31, 2018	March 31, 2017
Weighted average duration of the DBO	14.49 years	14.49 years
	<b>Rs. Lakhs</b>	<b>Rs. Lakhs</b>
Projected Benefit Obligation	1424	1139
Accumulated Benefits Obligation	836	733

### Maturity Profile (Para 147 C of Ind AS 19):

(Rupees in Lakhs)

Year (i)	83
Year (ii)	85
Year (iii)	63
Year (iv)	87
Year (v)	62
Next 5 year pay-outs(6-10yrs)	287
Pay-outs above ten years	755



### 3.5 Earnings per share

	Year Ended March 31, 2018	Year Ended March 31, 2017
	Rs.	Rs.
<b>Earnings per share</b>		
Basic earnings per share	329	749
Diluted earnings per share	329	749
Face value per share	100	100
<b>Basic and diluted earnings per share</b>	<b>Rs. Lakhs</b>	<b>Rs. Lakhs</b>
Profit for the year attributable to equity shareholders	3,315	7,974
	<b>Nos.</b>	<b>Nos.</b>
Total number of equity shares outstanding at the end of the year	1,006,080	574,903
Weighted average number of equity shares used in the calculation of basic earnings per share	1,006,080	1,006,080*
after adjustment for effect of dilution	1,006,080	1,006,080*
* due to issue of Bonus shares		

### 3.6 Financial Instruments:

#### 3.6a Capital Management:

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the Group. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, buy back shares and cancel them, or issue new shares. The Group finances its operations by a combination of retained profit, bank borrowings, disposals of property assets and leases.

The Group monitors the capital structure on the basis of total debt to equity and maturity profile of the overall debt portfolio of the Group.

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
Debt (long-term and short-term borrowings including current maturities)	84,669	77,703
Equity	59,827	57,172
<b>Debt Equity Ratio</b>	<b>1.42</b>	<b>1.36</b>

#### 3.6b Financial risk management

In course of its business, the Group is exposed to certain financial risks that could have significant influence on the Group's business and operational / financial performance. These include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

In line with the overall risk management framework and policies, the treasury function provides services to the business, monitors and manages through an analysis of the exposures by degree and magnitude of risks.

The Group uses derivative financial instruments to hedge risk exposures in accordance with the Group's policies as approved by the board of directors.

#### i. Market Risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Group. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

### Foreign currency risk management:

The Group undertakes transactions denominated in foreign currencies and thus it is exposed to exchange rate fluctuations. The Group actively manages its currency rate exposures, arising from transactions entered and denominated in foreign currencies, through treasury division and uses derivative instruments such as foreign currency forward contracts to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by Management. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Assets	Currency	As at March 31, 2018			As at March 31, 2017		
		Exchange Rate	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)	Exchange Rate	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)
Receivables	USD	64.28	46	2,978	64.04	62	3,995
	EUR	78.74	13	1,059	68.00	15	1,022
Total Receivables (A)				4,037			5,017
Hedged by derivative contracts (B)		-	-	-	-	-	-
Unhedged receivables (C=A-B)				4,037			5,017

Liabilities	Currency	As at March 31, 2018			As at March 31, 2017		
		Exchange Rate	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)	Exchange Rate	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)
Payable (trade & other)	USD	65.96	72	4,774	67.20	47	3,153
	JPY	0.63	1,711	1,070	0.60	5,436	3,253
	EUR	81.46	1	50	70.44	3	178
	GBP	93.00	0	6	82.76	0	16
	CHF	69.25	0	0	-	-	-
Borrowings (ECB and Others)	USD	65.83	496	32,511	65.48	410	26,834
	JPY	0.60	602	362	0.58	1,204	704
	EUR	-	-	-	70.30	8	597
Total Payables (A)				38,774			34,734
Hedges by derivative contracts (B)	USD	65.83	303	19,772	64.70	145	9,361
Unhedged payables (C=A-B)				19,002			25,373

### Foreign currency sensitivity analysis:

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of imports and cost of borrowings and consequently may increase the cost of financing the Group's capital expenditures.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each currency by 1%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. The following table details the Group's sensitivity movement in the unhedged foreign exposure:

(Rupees in Lakhs)

Currency	1% Strengthening of FC	
	As at March 31, 2018	As at March 31, 2017
USD	(343)	(260)
GBP	(0)	(0)
SGD	-	-
AUD	-	-
CHF	(0)	-
EUR	10	2
JPY	(14)	(40)
	<b>(347)</b>	<b>(297)</b>

A depreciation of foreign currencies would have the opposite effect to the impact in the table above.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

(Rupees in Lakhs)

Cash Flow Hedges	Foreign Currency		Equivalent value		Fair value of contracts	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Sell USD	40	32	2,652	2,188	2,627	2,122

Note:

Included in the balance sheet under 'other current financial asset'. [Refer Notes 1.15]

### Interest rate risk management:

The Group is exposed to interest rate risk pertaining to funds borrowed at both fixed and floating interest rates. The risk of floating interest rates in foreign currency loans is managed by the Group by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies.

### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities which are unhedged, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. An increase or decrease of 50 basis point in rupee interest rates and 25 basis points in USD libor rate is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

A decrease in interest rates would have the opposite effect to the impact in the table above.

(Rupees in Lakhs)

Base Rate	Increase in Base rate	Effect of Change in interest rates		Outstanding as on	
		2017-18	2016-17	As at March 31, 2018	As at March 31, 2017
USD Libor	25 bps	-	5	-	1,904
INR Baserate	50 bps	142	155	28,303	31,031
		<b>142</b>	<b>160</b>	<b>28,303</b>	<b>32,934</b>

### Foreign currency and interest rate sensitivity analysis for swap contracts:

The Group has taken cross currency and interest rate swap (CCIRS) contracts for hedging its foreign currency and interest rate risks related to certain external commercial borrowings. This CCIRS contracts are composite contracts for both the foreign currency and interest rate risks and thus the mark-to-market value is determined for both the risks together. The mark-to-market loss as at March 31, 2018 is Rs.105 lakhs (March 31, 2017: Rs.267 lakhs). The amount recognized in Statement of Profit and Loss for the year ended 31st March 2018 is Rs. 162 lakhs (31st March 2017 Rs.187 lakhs)

In addition to the above contract, the group has taken a call option contract and interest rate swaps which are not designated as hedges. The mark-to-market loss as at March 31, 2018 is Rs.139 lakhs (March 31, 2017: Rs.72 lakhs). The amount recognized in Statement of Profit and Loss for the year ended 31st March 2018 is Rs.211 lakhs (31st March 2017 Rs. 419 lakhs)

In case of currency swaps, the effective portion of cash flow hedges, is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. Amounts recognised as Other Comprehensive Income (OCI) are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs when the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability. The mark-to-market loss as at March 31, 2018 is Rs. 657 lakhs (March 31, 2017: Rs.359). The amount recognized in OCI for the year ended 31st March 2018 is Rs. 297 lakhs (31st March 2017 Rs. 461 lakhs\*). Also, the effect given to OCI on account of restatement of the underlying foreign currency loans for the year ended 31 March 2018 is Rs. 270 lakhs (31st March 2016 (Rs. 140 lakhs)).

\*In respect of Foreign currency loan which was drawn down by the Company on 5th April 2016, the Company hedged the same by a derivative contract on 31st March 2016. In view of the above, the MTM loss of 250 lakhs as on 31st March 2016 was recognized in the statement of Profit & Loss in the FY 2015-16. In the FY 2016-17, considering the effectiveness of the hedge, the same has been transferred to OCI.

### Credit Risk:

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

#### • Trade receivables:

The Group periodically assesses the financial reliability of customers / corporates taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. These include customers / corporates, which have high credit-ratings assigned by international and domestic credit-rating agencies. Individual risk limits are set accordingly. The Group's trade and other receivables, including loans under customer financing activities, consists of a large number of customers, across geographies, hence the Group is not exposed to concentration risk.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information.

#### Movement in Credit loss allowance

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
<b>Balance as at beginning of the year</b>	709	506
Allowance for bad and doubtful debts during the year	337	269
Trade receivables written off/ written back during the year	(343)	(67)
<b>Balance as at the end of the year</b>	<b>703</b>	<b>709</b>

#### • Other financial assets:

None of the Company's other cash equivalents, including time deposits with banks, are past due or impaired.

#### Movement in Provision for advances:

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
<b>Balance as at beginning of the year</b>	-	-
Allowance for doubtful advances made during the year	68	-
Advances written off during the year	(39)	-
<b>Balance as at the end of the year</b>	<b>29</b>	-

### Liquidity Risk:

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund and non-fund based working capital limits from various banks. The Group invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks.

The table below summarizes the maturity profile remaining contractual maturity period at the balance sheet date for its non-derivative financial liabilities based on the undiscounted cash flows.

(Rupees in Lakhs)

As at March 31, 2018	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	41,636	39,266	3,767	84,669
Interest payments on borrowings	5,107	8,502	187	13,796
Trade Payables	36,274	-	-	36,274

(Rupees in Lakhs)

<b>As at March 31, 2017</b>	<b>Due within 1 year</b>	<b>Due between 2 and 5 years</b>	<b>Due beyond 5 years</b>	<b>Total Amount</b>
Bank and other borrowings	34,292	35,983	7,428	77,703
Interest payments on borrowings	4,980	9,143	477	14,600
Trade Payables	30,015			

The table below summarizes the maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis or gross basis.

(Rupees in Lakhs)

<b>As at March 31, 2018</b>	<b>Due within 1 year</b>	<b>Due between 2 and 5 years</b>	<b>Due beyond 5 years</b>	<b>Carrying Amount</b>
Currency & Interest Rate Swaps	702	(79)	-	623
Foreign exchange forwards	(13)	-	-	(13)

(Rupees in Lakhs)

<b>As at March 31, 2017</b>	<b>Due within 1 year</b>	<b>Due between 2 and 5 years</b>	<b>Due beyond 5 years</b>	<b>Carrying Amount</b>
Currency & Interest Rate Swaps	598	100	-	698
Foreign exchange forwards	66	-	-	66

**3.6c Categories of Financial assets and liabilities:**

(Rupees in Lakhs)

	As at March 31, 2018	As at March 31, 2017
<b>Financial Assets</b>		
<b>a. Measured at amortised cost:</b>		
Cash and cash equivalents	3,672	2,403
Other bank balances	1,196	1,571
Trade Receivables	20,169	17,142
Security Deposit	1,865	1,379
<b>b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)</b>		
Investments	248	149
<b>c. Mandatorily maintained at fair value through profit or loss (FVTPL)</b>		
Currency swaps & IRS	141	-
Others	13	-
<b>Financial Liabilities</b>		
<b>a. Measured at amortised cost:</b>		
Borrowings	84,669	77,703
Trade Payables	36,274	30,015
Other Financial Liabilities	6,288	8,510
<b>b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)</b>		
Currency Swaps & IRS	657	359
<b>c. Mandatorily maintained at fair value through profit or loss (FVTPL)</b>		
Currency Swaps & IRS	107	339
Others	-	66

**3.6d Fair value measurements:****i) Financial assets and financial liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:**

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

- Level 1 : Quoted Price for identical instruments in an active market
- Level 2 : Directly or indirectly observable market inputs, Other than level 1 inputs and
- Level 3 : Inputs which are not based on observable market data

For assets and liabilities that are measured at fair value as at balance sheet date., the classification of fair value calculation by category is summarized below

**As at March 31, 2018**

(Rupees in Lakhs)

	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	1	132	115	<b>248</b>
Derivative Instruments measured at				
ii) fair value through P&L	-	154	-	<b>154</b>
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	657	-	<b>657</b>
ii) fair value through P&L	-	107	-	<b>107</b>

**As at March 31, 2017**

(Rupees in Lakhs)

	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	1	148	-	<b>149</b>
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	359	-	<b>359</b>
ii) fair value through P&L	-	405	-	<b>405</b>

**Calculation of Fair Values:**

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used.

**Financial assets and liabilities measured at fair value as at Balance Sheet date:**

- The fair values of investment in quoted investment in equity shares is based on the current bid price of respective investment as at the Balance Sheet date.
- The fair values of the derivative financial instruments have been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

**3.7 Related party disclosure****a) Related parties**

## Joint Ventures

Carl Stahl Craftsman Enterprises Private Limited

## Company with common directors

MC Craftsman Machinery Private Limited

## Key Management Personnel

Mr. SRINIVASAN RAVI, Chairman and Managing Director  
 Mr. RAVI GAUTHAMRAM, Whole Time Director  
 Mr. CHANDRASHEKHAR MADHUKAR BHIDE, Director  
 Mr. CHANDRAMOHAN NATARAJAN, Whole Time Director  
 Mr. SUNDARARAMAN KALYANARAMAN, Director (w.e.f. 30.06.17)  
 Mr. UDAI DHAWAN, Nominee Director  
 Mr. KALLAKURICHI KANNIAH BALU, Director  
 Mrs. VIJAYA SAMPATH, Director  
 Mr. SIVAKUMAR GOPALAN, Chief Financial Officer  
 Mr. SHAINSHAD ADUVANNI, Company Secretary (From Nov 16'2017)  
 Mr. RAJAMANICKAM S, Company Secretary (upto Apr-17)  
 Mr. N.V.S. PAVANKUMAR (Aug 12'2017 to Nov 16'2017)



**b) Related Party Transactions – Summary:**

(Rupees in Lakhs)

Transactions during the year ended	Joint Ventures		Common director - company		Key Managerial Personnel	
	2018	2017	2018	2017	2018	2017
Purchase of Goods & Services	314	129	103	140		
Sale of Goods & Services	1,879	766	12	76		
Dividend payments					30	30
Remuneration to key management personnel					524	447
Commission					228	531
Sitting Fee					7	4
Rental Income	2	2	25	22		

(Rupees in Lakhs)

Balances as on	Joint Ventures		Common director - company		Key Managerial Personnel	
	2018	2017	2018	2017	2018	2017
Trade Receivables	843	74	0	12		
Trade Payables	76	0	22	57		
Remuneration payable					329	96
Rent advance received			2	2		

**c) Significant Related Party Transactions:**

(Rupees in Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Purchase of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	314	129
MC Craftsman Machinery Private Limited	103	140
Sale of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	1,879	766
MC Craftsman Machinery Private Limited	12	76
Dividend payments		
Executive Directors	30	30
Remuneration to key management personnel		
Executive Directors	428	359
Chief Financial Officer	71	67
Company Secretary	25	21
Commission		
Executive Directors	204	507
Non-Executive	25	24
Sitting Fee		
Executive Directors	0	1
Non-Executive	7	3
Rent Income		
Carl Stahl Craftsman Enterprises Pvt Ltd	2	2
MC Craftsman Machinery Pvt Ltd	25	22

**d) Balances of Related Parties as on**

(Rupees in Lakhs)

	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Trade Receivable		
Carl Stahl Craftsman Enterprises Private Limited	843	74
MC Craftsman Machinery Private Limited	0	12
Trade Payable		
Carl Stahl Craftsman Enterprises Private Limited	76	0
MC Craftsman Machinery Private Limited	22	57
Rent advance received		
MC Craftsman Machinery Private Limited	2	2

**3.8 Contingent Liabilities and Contingent assets****a) Contingent Liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(Rupees in Lakhs)

<b>Contingent Liabilities</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
<b>a. Claims against the company not acknowledged as debt</b>		
Excise	132	128
VAT	69	-
Service tax	64	4
Income tax	694	572
<b>b. Bank Guarantee (Net of Margin)</b>	<b>890</b>	<b>1,110</b>
<b>c. Sales Bills discounted</b>	<b>4,598</b>	<b>4,601</b>
<b>d. Export Obligation under EPCG Scheme</b>		
Proportionate customs duty on imports related to pending obligations	3,354	6,893
* Cumulative obligation	159,060	152,557
* Obligation fulfilled	138,935	111,201

**Note on Export Obligation**

The pending obligations of Rs.3,354 lakhs as stated above includes the deferred income of Rs.302 lakhs, license obtained for which shipment yet to be made, duty portion on spares not capitalized, obligation fulfilled but procedure to redeem the obligation is pending.

**Commitments**

Commitment on Capital Account not provided as on 31.03.2018: Rs. 11,200 lakhs 31.03.2017: Rs. 3,883 lakhs

**3.9 Non-Current Borrowings:**

(Rupees in Lakhs)

	As at March 31, 2018			Particulars of Repayment		As at March 31, 2017		
	Non-Current	Current Maturity	Total			Non-Current	Current Maturity	Total
				Instalments	Amount/Inst nos.			
ECB-1	-	-	-	Quarterly	USD 0.93/ 21	-	86	86
ECB-2	366	611	977	Quarterly	USD 2.79/ 24	1,106	718	1,824
ECB-3	1,725	627	2,353	Quarterly	USD 2.39/ 24	2,355	613	2,967
ECB-4	1,300	206	1,506	Quarterly	USD 0.63/8	1,553	82	1,635
ECB-5	-	362	362	Half Yearly	JPY 300.94/ 16	352	352	704
ECB-6	-	2,632	2,632	Half Yearly	USD 0.6/5, 2/5	2,695	2,540	5,235
ECB-7	-	-	-	Quarterly	USD 3.37/ 16	-	221	221
ECB-8	-	323	323	Quarterly	USD 2.46/ 16	355	610	965
ECB-9	1,152	658	1,810	Quarterly	USD 2.50/ 16	1,680	778	2,458
ECB-10	2,564	790	3,354	Quarterly	USD 3.00/ 20	3,332	596	3,927
ECB-11	4,992	263	5,255	Quarterly	USD 4.00/ 20	-	-	-
ECB-12	3,538	456	3,994	Quarterly	INR 0.5/ 2, 1.0/ 4.	3,934	50	3,984
FCNRB-1	-	-	-	Monthly	USD 2.50/ 72	-	1,902	1,902
FCNRB-2	3,660	1,376	5,036	Quarterly	USD 3.33/ 15			
TL-1	4,030	625	4,655	Quarterly	INR 208.33/ 24	4,640	333	4,973
TL-2	42	56	98	Quarterly	INR 13.93/ 24	84	56	139
TL-3	494	250	744	Quarterly	INR 62.50/ 24	681	250	931
TL-4	1,321	279	1,600	Quarterly	INR 41.87/ 24	1,585	84	1,668
TL-5	2,075	800	2,875	Quarterly	INR 160.00/ 20	2,160	320	2,480
TL-6	988	424	1,412	Monthly	INR 104.20/ 72	1,420	417	1,837
TL-7*	3,046	350	3,396	Monthly	INR 25.00/ 60	3,448	-	3,448
TL-8	2,074	598	2,671	Quarterly	INR 160.00/ 20	2,799	312	3,110
TL-9	955	840	1,795	Monthly	INR 60.00/ 72	1,797	720	2,517
TL-10	310	600	910	Monthly	INR 50.00/ 60	914	600	1,514
TL-11	5,749	1,200	6,949	Monthly	INR 100.00/ 72	6,523	300	6,823
TL-12	1,815	100	1,915	Quarterly	INR 100.00/ 25	-	-	-
TL-13	837	-	837	Quarterly		-	-	-
<b>Total</b>	<b>43,033</b>	<b>14,427</b>	<b>57,460</b>			<b>43,411</b>	<b>11,939</b>	<b>55,349</b>

\*TL-7 includes Indian Bank Buyers' Credit amounting to INR 1,554 lakhs and Term Loan from Indian Bank amounting to INR 1,842 lakhs.

All term loans, except for loan from Kotak Mahindra Bank, both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company and second pari passu charge on current assets of the company. In addition to the above are guaranteed by personal guarantees of the Chairman and Managing Director.

**3.10 Operating Lease arrangements****3.10a Group as lessee**

(Rupees in Lakhs)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Rent	2,032	1,493

(Rupees in Lakhs)

Non-cancellable operating lease commitments	As at March 31, 2018	As at March 31, 2017
Not later than 1 year	1,264	1,081
Later than 1 year but not later than 5 years	3,723	3,515
Later than 5 years	2,451	2,913

**3.10b Group as lessor**

Group has provided a portion of its building on operating lease to MC Craftsman Machinery Private Ltd for a period of 3 years beginning from Nov 2015 with an increment of 10% from 25th month.

(Rupees in Lakhs)

<b>Non-cancellable operating lease commitments</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Not later than 1 year	13	22
Later than 1 year but not later than 5 years	-	13
Later than 5 years	-	-

**3.11 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006**

(Rupees in Lakhs)

	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
The principal amount due to Micro, Small and Medium Suppliers under this Act	495	514
Interest accrued and due to suppliers on the above amount	Nil	Nil
Interest paid to suppliers under this Act ( Section 16)	Nil	Nil
Interest due and payable for the delay (for payment during the year beyond due date)	Nil	Nil
Payment made to suppliers (other than interest) beyond the appointed date, during the year	Nil	Nil
Interest accrued and remaining unpaid at the end of year to suppliers under this Act	Nil	Nil
Interest due and payable to suppliers under this Act for payment already made	Nil	Nil

The information has been given in respect of Vendors to the extent they could be identified as "Micro, Small and Medium Enterprises" on the basis of information available with the Group.

**3.12 CSR Expenditure**

(Rupees in Lakhs)

	<b>Year Ended March 31, 2018</b>	<b>Year Ended March 31, 2017</b>
(a) Gross amount required to be spent by the company during the year as per section 135 of the Companies Act, 2013 read with Schedule VII	94	101
(b) Amount spent during the year	92	39

**Details of amount spent during the year:**

(Rupees in Lakhs)

<b>Particulars</b>	<b>In Cash</b>	<b>Yet to be paid in cash</b>	<b>Total</b>
(i) Construction / acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	92	-	92

**3.13 Segment Reporting:**

(Rupees in Lakhs)

<b>Segment Revenue</b>	<b>Year Ended March 31, 2018</b>	<b>Year Ended March 31, 2017</b>
Automotive - Powertrain & Others	87,087	71,958
Automotive - Aluminium Products	23,531	13,077
Industrial & Engineering	40,534	35,977
<b>Total revenue as per Statement of Profit and Loss</b>	<b>151,153</b>	<b>121,013</b>

(Rupees in Lakhs)

<b>Segment Profit or Loss</b>	<b>Year Ended March 31, 2018</b>	<b>Year Ended March 31, 2017</b>
Automotive - Powertrain & Others	15,642	10,293
Automotive - Aluminium Products	800	1,511
Industrial & Engineering	2,368	4,130
<b>Total Segments</b>	<b>18,810</b>	<b>15,934</b>
Less: Unallocable Expenditure	(4,828)	(4,391)
Add: Other Income	1,530	1,090
<b>Earnings Before Interest &amp; Tax</b>	<b>15,513</b>	<b>12,633</b>
Less: Finance Costs	(10,910)	(8,966)
<b>Profit Before Tax as per Statement of Profit and Loss</b>	<b>4,603</b>	<b>3,667</b>

(Rupees in Lakhs)

<b>Segment Assets</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Automotive - Powertrain & Others	84,663	75,067
Automotive - Aluminium Products	22,150	31,551
Industrial & Engineering	52,918	48,039
<b>Total Segments</b>	<b>159,731</b>	<b>154,657</b>
Unallocable Assets	34,686	27,117
<b>Total Assets as per Balance Sheet</b>	<b>194,418</b>	<b>181,774</b>

(Rupees in Lakhs)

<b>Segment Liabilities</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Automotive - Powertrain & Others	57,133	46,676
Automotive - Aluminium Products	18,325	25,209
Industrial & Engineering	39,557	33,656
<b>Total Segments</b>	<b>115,014</b>	<b>105,541</b>
Unallocable Liabilities	19,577	19,061
<b>Total Liabilities as per Balance Sheet</b>	<b>134,591</b>	<b>124,602</b>

**3.14** The audited/unaudited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles of its Country of Incorporation or International Financial Reporting Standards. The Company has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. These subsidiaries follow calendar year as their financial year. The financial statements of the subsidiaries for the three months ending 31st March 2018 has been culled out from their financials for the purpose of consolidation.

For PKF Sridhar &amp; Santhanam LLP

Chartered Accountants

Firm Registration No. 003990S / S200018

For and on behalf of the Board

**S. Narasimhan**

Partner

Membership No. 206047

**R.Gauthamram**

Whole Time Director

DIN : 06789004

**S.Ravi**

Chairman and Managing Director

DIN : 01257716

Place : Coimbatore

Date : 03-Jul-2018

**Shainshad Aduvanni**

Company Secretary M.No.A27895

**G. Sivakumar**

Chief Financial Officer

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**CRAFTSMAN AUTOMATION LIMITED**

CIN: U28991TZ1986PLC001816,

Registered Office: Senthel Towers, IV<sup>th</sup> Floor, 1078, Avanashi Road, Coimbatore – 641 018

Web: www.craftsmanautomation.com, Email: investor@craftsmanautomation.com

**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the  
Companies (Management & Administration) Rules, 2014)

**32<sup>ND</sup> ANNUAL GENERAL MEETING**

Name of the Member(s)	:	
Registered Address	:	
Email Id	:	
Folio No. / DP ID & Client ID No.	:	

I/We, being the member(s) holding \_\_\_\_\_ Equity shares of Craftsman Automation Limited, hereby appoint:

1. Name: \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her
2. Name: \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her
3. Name: \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_

Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her

as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 32nd Annual General Meeting of the Company to be held on 06th day, August, 2018 at 11.30.a.m at Senthel Towers, IVth Floor, 1078, Avanashi Road, Coimbatore – 641 018 and at any adjournment thereof in respect of resolutions as are indicated below:



I wish my above proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
1. Adoption of Audited Financial Statements of the Company for the financial year ended 31st March 2018.		
2. Declaration of Dividend on Equity Shares of the Company.		
3. Re-appointment of Mr.Srinivasan Ravi who retires by rotation.		
4. Appointment of M/s. PKF Sridhar and Santhanam LLP as Statutory Auditors for the remaining term.		
5. Determination of the fees for delivery of any document through a particular mode of delivery to members.		
6. Ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.		

Signed: \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Affix  
Revenue  
Stamp of Re.1

Signature of the Shareholder: \_\_\_\_\_

Signature of the Proxyholder(s): \_\_\_\_\_

**Note:** Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Senthel Towers, IV<sup>th</sup> Floor, 1078, Avanashi Road, Coimbatore – 641 018, not less than 48 hours before the commencement of the Meeting. i.e. before 11.30 A.M on 04<sup>th</sup> day of the August, 2018.

**CRAFTSMAN AUTOMATION LIMITED**

CIN: U28991TZ1986PLC001816,

Registered Office: Senthel Towers, IV<sup>th</sup> Floor, 1078, Avanashi Road, Coimbatore – 641 018Web: [www.craftsmanautomation.com](http://www.craftsmanautomation.com), Email: [investor@craftsmanautomation.com](mailto:investor@craftsmanautomation.com)**Attendance Slip****(To be handed over at the entrance of the Meeting Hall)****32<sup>ND</sup> ANNUAL GENERAL MEETING**

I / We hereby record my/our presence at the 32<sup>nd</sup> Annual General Meeting of the Company at “Senthel Towers” IV<sup>th</sup> Floor, 1078, Avanashi Road, Coimbatore - 641 018 on 06<sup>th</sup> day, the August, 2018 at 11.30 a.m.

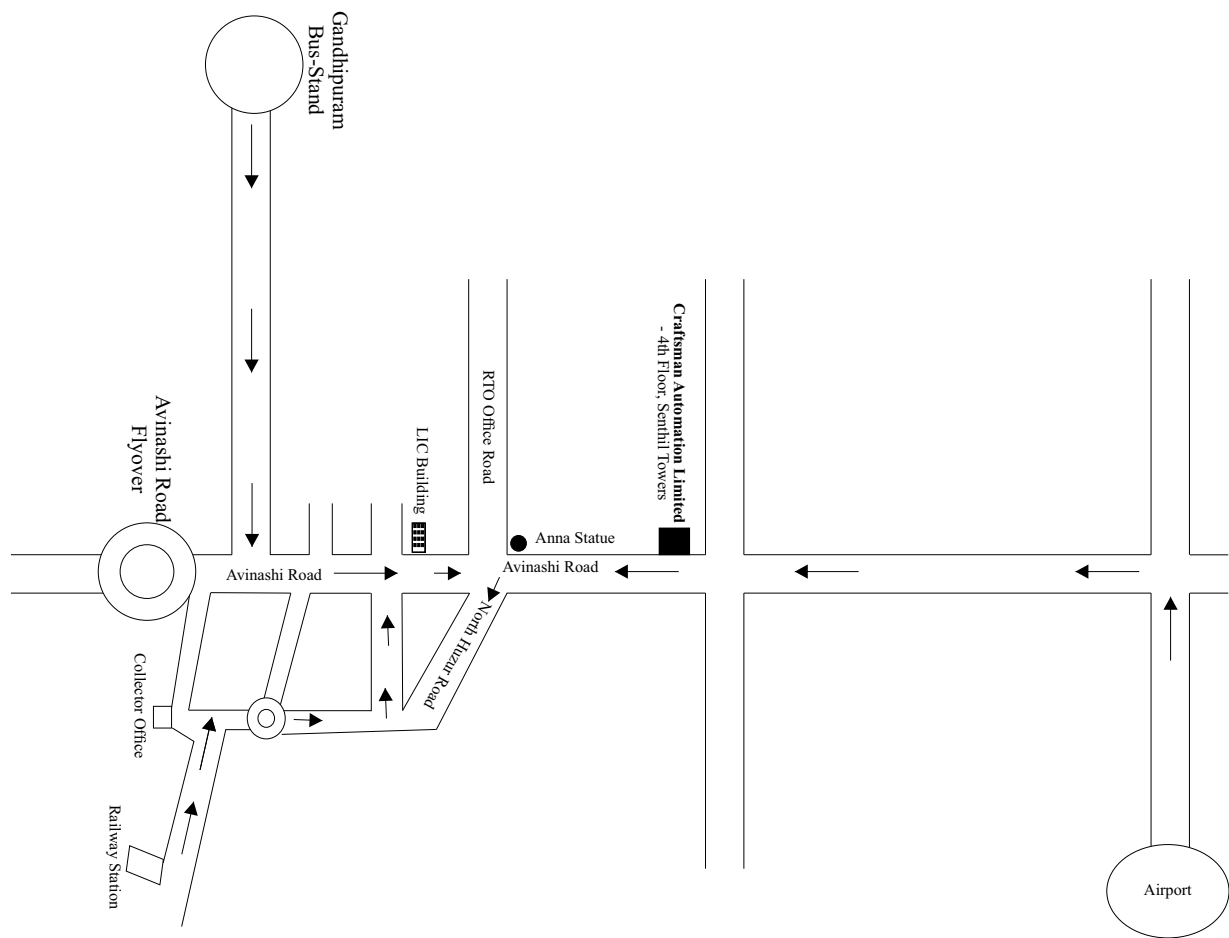
<b>Member's Folio No./ DP ID / Client ID No.</b>	
<b>Member's/Proxy's Name (in Block Letters)</b>	
<b>No. of Shares held</b>	
<b>Member's/Proxy's Signature</b>	

**Note:**

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

Route Map

In terms of the requirements of the Secretarial Standards on general meetings (SS-2) issued by the Institute of the Company Secretaries of India, route map for the location of the venue of the 32<sup>nd</sup> annual general meeting is as under:



Route Map to Registered Office of **Craftsman Automation Limited**



## ENGINEERING ADVANTAGE

Advisory, Content & Design: [www.corpcommstudio.in](http://www.corpcommstudio.in)

Craftsman Automation Limited

Registered Office: Senthel Towers, IV Floor, 1078,  
Avanashi Road, Coimbatore – 641 018

Web: [www.craftsmanautomation.com](http://www.craftsmanautomation.com)

Email: [investor@craftsmanautomation.com](mailto:investor@craftsmanautomation.com)