

















# **TABLE OF CONTENTS**

08	20	44
REVIEW BY CHAIRMAN & MANAGING DIRECTOR	DIRECTORS' REPORT	STANDALONE BALANCE SHEET
45	84	<b>85</b>

Highlights Of The Year	2	Corporate Information	17
Milestones	3	Notice	18
Who We Are	4	Directors' Report	20
Review By Chairman & Managing Director	8	Independent Auditor's Report on Standalone Financial Statements	40
How we performed	10	Standalone Financial Statements	44
Review of Strategy	12	Independent Auditor's Report on Consolidated Financial Statements	81
Board of Directors	14	Consolidated Financial Statements	84
Awards	16	Proxy Form	119
		Attendance Slip & Route Map	121

Craftsman Automation started its journey in the year 1986 as a small scale industry in the southern Indian city of Coimbatore. It has grown to become a leader in precision manufacturing in diverse fields. The decades of experience we have gained in the field of engineering combined with strong resolve to excel, committed customer focus, adhering world class quality standards and unique emphasis on social responsibility drives Team Craftsman Automation.

### **OUR MISSION**

We are a leading engineering organisation engaged in the manufacturing of precision components, where quality is at the heart of every aspect of each component that we make at the benchmark of reliability.

We are engineers and inventors. We Design, Develop and Manufacture engineering products offer inventive solutions using state-of-the-art engineering technology and efficient manpower to meet the requirements of our customers.

#### **KEY OPERATIONAL HIGHLIGHTS OF THE YEAR**

# IN FY19 THE COMPANY STRENGTHENED NON-AUTOMOTIVE SEGMENT AND REDUCED SEGMENT RELATED SYSTEMATIC RISKS

Commissioned the Storage Plant in Pune which will greatly enhance our capability to offer comprehensive static storage solutions to our customers.

Expanded our product range & geographical reach with addition of wire rope hoists and light crane systems to our product portfolio.

Successfully developed & supplied the power assembly pack for diesel locomotives to Indian Railways and thereby become the first Indian vendor to do so.

#### **Financials Highlights**

₹ 1810 Crores

Operating Revenue | + 20% year on year

**₹427** Crores

EBITDA | + 47% year on year

₹ 138 Crores

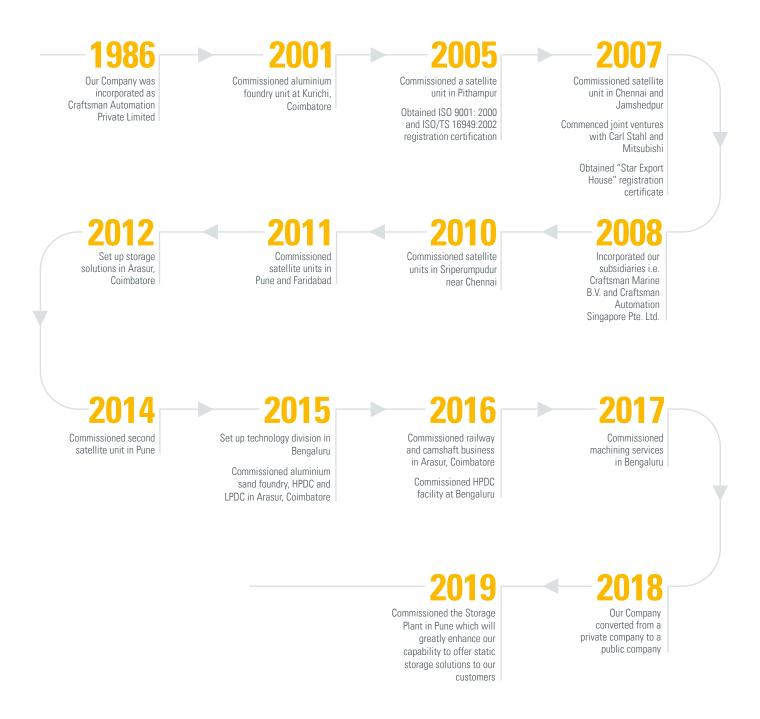
Profit Before Tax | + 206% year on year

₹ <mark>94</mark> Crores

Profit After Tax | + 193% year on year

#### **ABOUT US**

# **MILESTONES**



#### **WHO WE ARE**

# A LEADING DIVERSIFIED ENGINEERING COMPANY ENGAGED IN THE MANUFACTURING OF AUTOMOTIVE POWERTRAIN, AUTOMOTIVE ALUMINIUM, INDUSTRIAL AND ENGINEERING PRODUCTS

Craftsman Automation Limited headquartered in Coimbatore in the state of Tamil Nadu, India, 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.

33 years Established in 1986

₹ 1810 Crore
FY19 Operating Revenue

**12** 

Plant Locations

₹ 427 Crore
FRIDTA, 47% Y-0-Y Increase



#### **WHO WE ARE**

# OUR STRONG IN-HOUSE ENGINEERING AND DESIGN CAPABILITIES HELP US OFFER COMPREHENSIVE SOLUTIONS AND PRODUCTS TO OUR CUSTOMER

Our strong in-house engineering capabilities design help and offer comprehensive US 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.



#### **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.



- Flagship Facility
- Integrated Facilities
- Satellite Facilities
- **Under Development**

Craftsman Export Markets

**Manufacturing Locations** 

Manufacturing Units

Million Sq Feet Total Manufacturing Space

We own and operate 12 strategically located manufacturing facilities across seven cities in India, with a total built up area of over 1,739,960 sq. ft. Our facilities are equipped with advanced machinery, including imported state-of-the-art computer numerical control ("CNC") machine tools and die casting machines and certain of our facilities are located close to our key customers to enable meeting our customers' just-in-time delivery schedules, allow economies of scale and logistical advantages for each of our customers, and to insulate them from local supply or other disruptions. Three of our facilities, including our flagship integrated facility, are located at Arasur in the outskirts of Coimbatore in the State of Tamil Nadu. We also have an integrated facility for manufacturing machined aluminum auto components and SPM at Bengaluru in the State of Karnataka. Our other manufacturing facilities are satellite facilities located across automotive and engineering hubs in India, including two manufacturing facilities located at Pune in the State of Maharashtra, two manufacturing facilities located at Ballabgarh near Faridabad in the State of Haryana, and one manufacturing facility each located at Sriperumbudur, near Chennai in the State of Tamil Nadu, Jamshedpur in the State of Jharkhand, and Pithampur near Indore in the State of Madhya Pradesh. Our 12th manufacturing facility dedicated for manufacturing storage solutions was commissioned in FY19 at Pune in the State of Maharashtra.



100

#### **REVIEW BY CHAIRMAN & MANAGING DIRECTOR**



#### **PERFORMANCE**

Yet another year of remarkable performance has been a consequence of our superior process and domain knowledge, product diversity coupled with our operational agility.

At the outset I would like to congratulate team Craftsman as without their dedicated effort this performance wouldn't have been possible.

Despite the Indian automotive sector witnessing a sluggish period during the second half of the year our revenue on a consolidated basis in FY19 increased 20%. From Rs.1512 Cr in FY18 the revenue increased to Rs.1818 Cr in FY19. Profit after tax for the year is Rs.99.52 Cr as against 33.15 Cr in FY 18 — an increase of 200% year on year basis. Increasing export revenue is an indication of our products gaining global quality acceptance. During the year our export revenue increased Rs.170 Cr as against Rs.134 Cr in the previous year.

All our three business segments displayed admirable revenue growth. Among the segments the growth in automotive aluminium segment was highest at 31% on year on year basis. While the automotive sector is facing headwinds in the form of slowdown in demand I am confident that we would be able to overcome the challenges with our Industrial and Engineering segment putting up encouraging performance.

#### **OPERATIONS**

During the year besides auto aluminum railway products played an significant role in increasing the overall domestic sales volume.

We have significantly ramped up over sales of cylinder liners in FY 19. Further we successfully developed and delivered power pack assembly to Railways being first Indian Company to do so..

#### DIVIDEND

The Board of Directors are pleased to recommend the payment of dividend at Rs.2.50 per share having a face value of Rs 5 each for the year ended 31st March, 2019.

During the year under review, the company has subdivided equity shares from the face value Rs 100 each into equity shares of face value Rs 5 each. The total dividend outlay including dividend distribution tax would be Rs 6.06 Crores as against Rs. 1.21 Crores in the previous year.

# IN FY19 ALL OUR THREE BUSINESS SEGMENTS DISPLAYED ADMIRABLE REVENUE GROWTH

#### SOCIAL&ENVIRONMENTRESPONSIBILITY

# At Craftsman we believe that empowering society and protecting environment is one of the key purpose of our existence.

During the year we supported social development initiatives in diverse areas such as education, road safety, environment and healthcare. Particulars of our CSR outlay with areas and purpose of the social intervention is detailed Annexure A of the Directors' Report on page No.31

The Company utilized 26.38 million Kwh of clean and green power which constituted 58% approximately of the Company's Arasur plant power requirements. To reduce energy consumption we are making sure that all our new constructions have a structural plan to get maximum day light inside the premise. We are also replacing the traditional lightings with solar power in our factory premises.

#### **GOING FORWARD**

# While the challenges set in during the second half of FY19 is continuing in FY20 we expect these opposing external factors to impact our performance in automotive segments.

While we will strive our best to overcome these challenges we also expect market to rebound with the stable government at the centre with focus on reforms especially infrastructure. During the year a significant investment has gone into upgrade our plants for producing BS VI compliant components and increasing its machining infrastructure. We are confident that our technologically upgraded facilities and a wide range of products and services will reap benefits from the emerging growth in the automotive, industrial and engineering sectors.

I take this opportunity to thank our management, employees, customers, banks and suppliers for their continued support and guidance. I am sure together with our stakeholders we will craft our future.

Yours truly

#### Srinivasan Ravi

Chairman and Managing Director

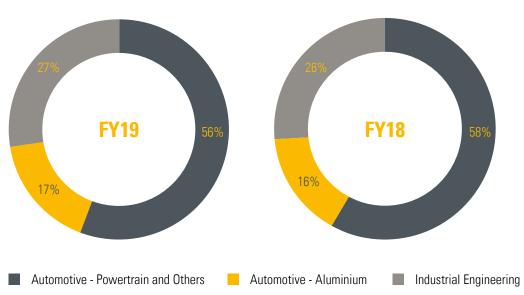
#### **HOW WE PERFORMED**

# IN FY19, THE COMPANY POSTED THE HIGHEST REVENUE IN ITS HISTORY DESPITE INSTABILITIES IN THE AUTOMOBILE SECTOR.

In FY19, The company posted its highest revenue in its history despite volatilities in the the automobile sector. This robust performance reflects the strength of the Company's integrated business model with a diversified mix of products, services and customers. It is also a testimony to the Company's excellent operational capabilities.

The Company also proactively took various measures to improve its productivity and control its costs. The ramp up of Bengaluru plant and the railway products volumes were mainly instrumental in domestic sales growing by 19% to Rs 932 Crores in the year under review from Rs 784 Crores in the previous year. The better order inflow from its overseas customers enabled the Company to post an export sales of Rs 170 Crores in FY 2018-19 as against Rs 134 Crores in the previous year. The machining income increased by 18% from Rs 453 Crores in FY 2017-18 to Rs 534 Crores in the year under review.

#### **SEGMENT WISE SALES (%)**



#### **HOW WE PERFORMED**

# **PRODUCT & SERVICES**

### POWERTRAIN & OTHERS

**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, Offhighway vehicles.

**SEGMENT REVENUE** 

₹1008 crores

Y-O-Y GROWTH

+16%



# ALUMINIUM PRODUCTS

**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

#### **SEGMENT REVENUE**

₹308 crores

Y-O-Y GROWTH

+31%





# INDUSTRIAL AND ENGINEERING PRODUCTS

Key Products: Material Handling, Storage Solutions, Aluminium Products for Power Transmission, High-End Precision Products and Sub-Assembly, Locomotive Components and Assembly, 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.

#### **SEGMENT REVENUE**

**₹494** Crores

Y-O-Y GROWTH

+24%



**REVIEW OF STRATEGY** 

AS A PART OF OUR GROWTH STRATEGY, WE ARE ACTIVELY PURSUING EMERGING OPPORTUNITIES, INCLUDING STORAGE SOLUTIONS AND MATERIAL HANDLING, WHICH ARE GROWING MARKET OPPORTUNITIES

#### **Strategy**

Expand aluminium business

Leverage on Design and Engineering Expertise

Streamline operation / cost optimization

Outcome	KPI	Goal
Ramped up Bengaluru plant. Developed and supplied lightweight aluminium part to a leading SUV manufacturer.  Installed high tonnage HDPC press at Arasur in Coimbatore to cater to CV and PV segments.	Aluminium automotive segment growth by 31%.	To grow the aluminium business in PV and CV segements further.  To Become a one stop solution provider to automotive customers to enable them to meet the CAFÉ norms.
Expanded own products portfolio and enhanced brand equity.	Increased geographical reach.  Material handling portfolio expaded  Our branded product "V- Store" is gaining more market acceptance.	To emerge as a leading material handling manufacturer. Further ramp up V- Store sales. Develop Automated Storage and Retrieval Systems (ASRS).
Manpower has been optimized. Conversion cost and Product portfolio optimization.	Improved EBIDTA margins.	To Maintain a healthy EBIDTA. RoCE.

#### **OUR LEADERSHIP TEAM**

### **BOARD OF DIRECTORS**



He holds a bachelor's degree in mechanical engineering from PSG College 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 οf Coimbatore Award" 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 Award" Entrepreneur bν 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 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. Chandramohar 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 four decades of experience in industrial markets and business development. Prior to joining our Company, he was associated with Juki Corporation, Kobian Electronics India Private Limited. Electronica Group and Lamtuf Plastics Limited.



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.



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.



holds a bachelor's degree in arts and law from University of Madras. 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. Periwal Bricks Limited and Akshav Avas Nirman Vitta Ltd in the past.



Independent Director

(DIN: 01252878)

He holds a bachelor's degree in mechanical engineering from University of Madras. He has attended advanced management program Indian Institute Management. 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" bv 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 global membership (a association dedicated advancing the practice, science and profession of project management).



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 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 Attornevs as a senior partner and with the Bharti Airtel Limited as group general counsel and company secretary in the past.

#### 2018-19

# **AWARDS**



Outstanding Performance in Supply of Materials 2015-16 & 2016-17



Certificate of Appreciation for Supplier Quality- Q3-FY19



SUPPLIER EXCELLENCE AWARDS-Casting & Forging Commodity Award - 2018 by Mahindra & Mahindra



Supplier Excellence Award for New Product Development-2018 by Faiveley India



Best Quality 2018 by Escorts



Annual Supplier Conference Quality Award 2018 by Tata Motors



Supplier Meet Award 2018-Recognition of Supply Chain Partnership by Royal Enfield

#### **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**

(formerly known as Craftsman Automation Private 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 33<sup>rd</sup> Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the  $33^{rd}$  Annual General Meeting of the company will be held on Tuesday, the  $25^{th}$  June, 2019 at 2.30 P.M. at the Registered Office of the Company at Senthel Towers, IV Floor,1078, Avanashi Road, Coimbatore – 641 018 to transact the following business:

#### **ORDINARY BUSINESS:**

- To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2019 including audited Balance Sheet as at 31<sup>st</sup> March, 2019 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 Statutory Auditors thereon.
- To declare dividend on equity shares for the financial year ended 31st March, 2019.
- To appoint a Director in place of Mr. Ravi Gauthamram (DIN: 06789004), who retires by rotation and being eligible, offers himself for re-appointment.

#### **SPECIAL BUSINESS:**

 To consider the ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2020.

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, 2020, be paid a remuneration of ₹ 5.25 lakhs (Rupees Five Lakhs and Twenty Five Thousands 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 15<sup>th</sup> May, 2019

Shainshad Aduvanni Company Secretary ACS No. 27895

#### Notes:

 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 the 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.

- 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.
- An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the item no.4 to be transacted at the Annual General Meeting is annexed hereto.
- 5. Details pursuant to Clause 1.2.5 of Secretarial Standards issued by the Institute of Company Secretaries of India in respect of the Director seeking reappointment at the 33<sup>rd</sup> Annual General Meeting is separately annexed hereto for the 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 33RD AGM OF THE COMPANY IN RESPECT OF ITEM NO.4 OF THE SAID NOTICE

# ITEM NO.4 - RATIFICATION OF THE REMUNERATION PAYABLE TO THE COST AUDITORS FOR THE FINANCIAL YEAR ENDING $31^{\rm ST}$ March, 2020

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, 2020. 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. 4 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 15<sup>th</sup> May, 2019 Shainshad Aduvanni Company Secretary ACS No. 27895

#### Details of director sought to be re-appointed as per the Notice pursuant to Para 1.2.5 of Secretarial Standards on General Meetings is provided hereunder:

N CA Di .	14 00 d
Name of the Director	Mr.R.Gauthamram
DIN	06789004
Age	31 years
Date of Appointment on Board	20 <sup>th</sup> February, 2014
Date of Last Reappointment as Director	01st October, 2016
Expertise in Specific Functional Areas	He is responsible for building the product strategy including product development of the Industrial & Engineering Segment.
Qualification	Bachelor Degree in Engineering (Mechanical) from PSG College of Technology and Master's Degree in Science in Production Systems Engineering from RWTH Aachen University, Germany.
No. Equity Shares held in Company	200
Number of Meetings of the Board attended during the year 2018-2019	All the Board Meetings. Six 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.R.Gauthamram is the Whole Time Director of the Company. He was appointed as Whole Time Director for a term of 5 years w.e.f 01st October, 2016 and his revision in terms of appointment was approved by members at their EGM held on 30th April, 2018 and the remuneration last drawn was ₹ 3,50,000 per month apart from the perquisites. The Board of Directors at their meeting held on 15th May, 2019 had approved the revision in remuneration from ₹ 3,50,000 per month to ₹ 4,00,000 per month w.e.f 01st June, 2019. Accordingly, the remuneration sought to be paid is ₹ 4,00,000 per month apart from the perquisites.
List of outside Directorships in Public/Private Companies	MC Craftsman Machinery Private Limited
Chairman/Member of the Committees of the Board of Directors of the Company	Member of the Management Committee
Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director	NIL
Relationship with other Directors/Managers/KMP	Son of Mr.S.Ravi, Chairman and Managing Director of the Company.

# DIRECTORS' REPORT

To,

The Members,

The Directors are pleased to present the Thirty Third (33<sup>rd</sup>) Annual Report of the Company together with the audited financial statements (consolidated and standalone) for the year ended 31<sup>st</sup> March, 2019. The Management Discussion and Analysis (MD&A) forms part of this Report.

#### 1. FINANCIAL HIGHLIGHTS & STATE OF AFFAIRS:

#### 1.1 Standalone Financial Results:

(₹ Crores)

Particulars	Year	ended
Particulars	31.03.2019	31.03.2018
Operating revenue	1809.63	1503.30
Other income	12.69	15.14
EBITDA	427.15	290.18
Less: Finance Cost	130.91	109.10
Less: Depreciation and Amortization	158.28	136.07
Profit before Tax (PBT)	137.96	45.01
Less: Provision for Current Tax (Net)	7.84	-
Less: Deferred Tax	35.94	12.88
Profit after Tax for the year (PAT)	94.18	32.13
Other Equity opening balance	606.98	584.45
Add: Profit for the year	94.18	32.13
Add/(Less) Other Comprehensive Income /(Loss)	(9.04)	(4.60)
Dividend paid on equity shares including dividend tax	(1.21)	(0.69)
Bonus Shares issued	-	(4.31)
Other Equity closing balance	690.91	606.98

During the Financial Year (FY) 2018-19, the Company achieved a strong revenue growth of 20% with the operating income growing to ₹1809.63 Crores as compared to ₹1503.30 Crores in FY 2017-18. The profit before tax for FY 2018-19 crossed the ₹100 Crores mark and at ₹137.95 Crores is a 206% increase over the ₹45.01 Crores achieved in FY 2017-18. The profit after tax grew by 193% to ₹94.18 Crores for FY 2018-19 as compared to ₹32.13 Crores for the previous year.

#### 1.2 Consolidated Financial Results:

The Company's consolidated revenue for FY 2018-19 was ₹ 1818.00 Crores as compared to ₹ 1511.53 Crores for the previous year. During the year under review, the consolidated profit after tax stood at ₹ 99.52 Crores a threefold jump over ₹ 33.15 Crores for the previous year.

#### 2.DIVIDEND:

The Board of Directors recommend the payment of dividend of ₹ 2.50 per share of a face value of ₹ 5 each for the year ended  $31^{st}$  March, 2019 (previous year ₹ 0.50 per share having a face value of ₹ 5 each). During the year under review, the Company has sub-divided equity shares from the face value ₹ 100 each into equity shares of face value ₹ 5 each.

The total dividend outlay including dividend distribution tax would be  $\ref{total}$  6.06 Crores as against  $\ref{total}$  1.21 Crores in the previous year.

#### 3. RESERVES:

Your directors does not propose to transfer any amount to the General Reserve Account.

#### 4. CHANGE OF NAME OF THE COMPANY:

The Company was converted from a Private Company to a Public Company vide the fresh Certificate of Incorporation received from Registrar of Companies, Coimbatore with effect from 4<sup>th</sup> May, 2018. The name of the Company was changed from "Craftsman Automation Private Limited" to "Craftsman Automation Limited".

#### 5. DEMATERIALISATION:

During year under review, the Company has availed facility for dematerialization of its equity shares and entire shareholding are now in demat. The International Securities Identification Number (ISIN) for the equity shares of the Company is INEODLO01017.

#### 6. MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Similar to the previous years, the Directors' Report and Management Discussion & Analysis Report have been combined and a composite report is being given below:

#### 6.1 Global and Indian Economy

The International Monetary Fund (IMF) in its latest report released in April 2019 has estimated that despite the promise shown in early part of the year, the global growth for 2018 has fallen to 3.6%. The drop in growth rate particularly in the second half is the result of confluence of various factors mainly affecting major economies. The increased trade tensions between the large economies of the world, the regulatory tightening and the weakening of business / consumer confidence were main contributing factors. While the conditions have since eased IMF expects a further moderation of global growth to 3.3% in 2019.

In fiscal 2019, the Indian economy in the first half recovered from the effects of de-monetization and the initial disruption due to the GST implementation. In this fiscal, the economy was primarily driven by the public investment spending. Both agriculture and manufacturing sectors witnessed sharp fall in their growth in the second half of fiscal 2019. As per the latest estimates of the Central Statistical Organisation, the GDP growth in 2018-19 is pegged at 7%. The GDP growth for fiscal 2019-20 is expected to be 7.3%. With a weak global environment our country's growth has to depend on domestic stimulants in the form of pro-growth fiscal and monetary policies and supported by benign inflation and normal monsoons.

#### **6.2 Automotive Industry Structure and Developments**

The year under review was an eventful one for the automotive industry. While in the first seven months almost all the segments of the industry experienced heady double digit growth the industry witnessed perceptible slowdown in the later part of the year. A number of factors adversely impacted the industry growth and the following are the salient ones:

- The relaxation of axle load norms by the Government meant that existing trucks could load more and therefore negatively impacted the commercial vehicles (CV) sales;
- The crisis that gripped the non-banking financial companies lead to a liquidity squeeze besides a hike in the interest rates. This impacted all the segments viz. passenger vehicles, commercial vehicles, farm & construction equipment and two wheelers;
- The slowdown in industrial output impacted commercial vehicles sales.

The commercial vehicle segment thanks to the high growth in excess of 40% in the first half saw contraction in volumes in the second half and ultimately posted a growth of 17.6% for the fiscal year against 19% in the previous year. The MH&CV sub-segment grew by 14.7% whereas the LCV segment registered as 19.4% growth.

The passenger vehicles segment bore the brunt of the various adverse factors like high cost of ownership, increasing fuel prices and higher interest costs therefore could muster only a 2.7% growth in 2018-19. The offtake of utility vehicles which had posted healthy growth in the previous years was tepid and it grew by 2.08% in the year under review.

The two wheeler segment growth also suffered due to lack of access to easy credit, high cost of insurance and could manage to post a low 4.9% growth in 2018-19. The scooter sub-segment witnessed a negative growth while motorcycle sub-segment showed a growth of 7.8% during the year.

The farm equipment segment posted strong volumes in the first eight months of the financial year and thereafter the sales moderated. In the first eleven months of FY 2018-19 the industry grew by 13.5%. The industry is expected to post 4-5% growth in FY 2019-20.

#### **6.3 Company Performance**

The Company posted its best ever performance in the fiscal under review despite the headwinds faced by the automobile sector. This resilient performance reflects the strength of the Company's integrated business model with a diversified mix of products, services and customers. It is also a testimony to the Company's excellent operational capabilities. The Company also proactively took various measures to improve its productivity and control its costs.

The ramp up of Bengaluru plant and the railway products volumes were mainly instrumental in domestic sales growing by 19% to ₹ 932 Crores in the year under review from ₹ 784 Crores in the previous year. The better order inflow from its overseas customers enabled the Company to post an export sales of ₹ 170 Crores in FY 2018-19 as against ₹ 134 Crores in the previous year. The machining income increased by 18% from ₹ 453 Crores in FY 2017-18 to ₹ 534 Crores in the year under review.

The segment wise sales is as follows:

(₹ Crores)

Segment Revenue	FY 2018-19	FY 2017-18	Growth %
Automotive - Powertrain & Others	1007.94	870.88	16%
Automotive - Aluminium Products	308.15	235.31	31%
Industrial & Engineering	493.53	397.11	24%
Total	1809.63	1503.30	20%

#### **6.4 Financial Performance:**

#### Sales:

The robust growth exhibited by the automobile industry in the first half of the year and the initiatives taken by the Company in broadening and deepening of its product range in the Industrial & Engineering Segment enabled the Company to post sales of ₹ 1809.63 Crores during the year under review, a 20% growth over the ₹ 1503.30 Crores notched up in the previous year.

#### Material and other costs:

Despite the growing raw material intensity with the surge in the growth of the Automotive Aluminum products segment the sales growth of material costs was a shade higher at 23% against the 20% growth in the product sales business.

The various initiatives taken by the Company resulted in a lower growth of employee and other costs.

#### **EBITDA**:

The Earnings Before Interest Tax, Depreciation and Amortisation (EBITDA) grew by 47% to ₹ 427.15 Crores in FY 2018-19 from ₹ 290.18 Crores in FY 2017-18. The EBITDA margins also rebounded to 24% in the year under review from the 19% in the previous year.

#### **Finance Costs:**

The interest and finance charges increased by 20% on account of higher borrowing to ₹ 130.91 Crores in FY 2018-19 from ₹ 109.10 Crores in FY 2017-18.

#### **Depreciation and Amortisation:**

On account of higher block of fixed and intangible assets, the depreciation and amortization expenses increased by 16 % to ₹ 158.28 Crores in the fiscal year 2018-19 from ₹ 136.07 Crores in FY 2017-18.

#### **Profit:**

During FY 2018-19, the Company's profit before tax reached ₹ 137.96 Crores and registered a growth of 206 % over ₹ 45.01 Crores that the Company earned in the previous year. After setting apart ₹ 43.77 Crores towards current and deferred taxes, the Company in FY 2018-19 posted its highest ever profit after tax of ₹ 94.18 Crores against ₹ 32.13 Crores in the previous year, a jump of 193 %.

#### 6.5 Capacities and capital expenditure:

The Company incurred a capital expenditure of ₹ 420.89 Crores in FY 2018-19. The major capital investments were in expanding the die-casting and machining capacity of the Automotive – Aluminum plant in Bengaluru, setting up of the storage plant in Pune, upgrading its plants for producing BS VI compliant components and increasing its machining infrastructure.

#### 6.6 New projects & New Developments:

The new storage plant in Pune underwent trial production during the year under review and has commenced production in April 2019.

During the year, the Company successfully delivered the power assembly for diesel locomotive consisting of cylinder liner, cylinder head, piston, piston pin, piston carrier and connecting rod for the Indian Railways thus becoming the first Indian Company to successfully indigenize this vital product.

# 7. 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:

#### 7.1 Initial Public Offering (IPO):

The Company on the basis of approval accorded by the shareholders at the Extra Ordinary General Meeting held on  $30^{th}$  April 2018, for an Initial Public Offer (IPO) of equity shares of the Company filed its Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI) on  $08^{th}$  June, 2018. The DRHP was for an offer for sale up to 43,83,320 equity shares of ₹ 5 each of the existing shares by some selling shareholders and fresh issue of shares by the Company up to ₹ 400 Crores. The Company received the approval from SEBI on  $24^{th}$  August 2018 for the proposed IPO.

Taking into consideration of the volatile conditions prevailing in the stock market, the inputs from the Book Running Lead Manager (BRLM) and the advice of the Shareholders who had requisitioned the IPO, the IPO Committee has decided to wait for the markets to be more conducive to resume the activities relating to the IPO.

#### 7.2 Conversion to Public Limited Company:

As mentioned in the last year's report to enable the IPO, the Company converted itself into a public limited Company which culminated with the Registrar of Companies, Coimbatore issuing a fresh certificate of incorporation dated 04<sup>th</sup> May, 2018.

#### 7.3 Share Capital and Sub-Division:

In connection with the preparation for IPO, the members at the extra ordinary general meeting held on  $30^{\text{th}}$  April, 2018 approved the subdivision of the equity shares of face value ₹ 100 each into equity shares of face value ₹ 5 each.

Consequently, the present authorized share capital of the Company is  $\stackrel{?}{\underset{?}{?}}$  20,00,00,000 consisting of 4,00,00,000 equity shares of  $\stackrel{?}{\underset{?}{?}}$  5 each and paid up share capital of the Company is  $\stackrel{?}{\underset{?}{?}}$  10,06,08,000 consisting of 2,01,21,600 equity shares of  $\stackrel{?}{\underset{?}{?}}$  5 each.

#### 8. CREDIT RATING:

During the year under review, CARE upgraded the Company's credit rating by a notch to BBB+ and A2 from BBB and A3 respectively. CRISIL retained its credit rating at BBB+ and A2.

#### 9. DEPOSITS:

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

#### 10. AWARDS AND RECOGNITIONS:

The Company has always been singled out by its customers as a supplier partner known for its reliability and quality. During the year, the company continued to be recognized and received the following awards:

#### 11. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your company under the directions of its CSR Committee and in line with its CSR policy spent ₹ 82.04 Lakhs towards CSR activities during the year under review. The salient features of the policy, the web-address of the CSR policy and CSR activities undertaken during the year 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 would continue to identify more suitable CSR activities which germane to the area of its operation.

Members of CSR Committee met two times during the year under review on 03<sup>rd</sup> July, 2018 and 27<sup>th</sup> February, 2019 respectively.

#### 12. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE:

#### 12.1 Details of Foreign wholly owned subsidiaries:

- a. Craftsman Marine B.V., the Netherlands based wholly owned subsidiary company posted a turnover of ₹ 1708.14 Lakhs (Euro 21.98 Lakhs). The profit for the year amounted to ₹ 525.86 Lakhs (Euro 663 Thousands) up from ₹ 19.27 Lakhs (Euro 23.90 Thousands).
- b. Craftsman Automation Singapore Pte. Limited, the Singapore a wholly owned subsidiary company posted a profit of ₹ 6.37 Lakhs in FY 2018-19 (Previous year ₹ 1.33 Lakhs).

#### 12.2 Details of Joint Venture Companies:

Carl Stahl Craftsman Enterprises Private Limited which is an associate company in which your company is holding 30% of equity shares notched a turnover of ₹ 30.95 Crores in FY 2018-19 as against the ₹ 21.40 Crores of FY 2017-18. The profit for the year was ₹ 1.34 Crores as against ₹ 0.57 Crores in FY 2017-18.

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 Associate Company in Form No. AOC-1 is attached to this report as **Annexure – B.** 

SI. No.	Description of the award / recognition	Given by Customer / Institution	Year of receipt
1	Outstanding Performance in supply of materials 2015-16 & 2016-17	BEML Limited	2018
2	BEST QUALITY 2018	Escorts	2018
3	MAHINDRA SUPPLIER EXCELLENCE AWARDS- Casting & Forging Commodity Award	Mahindra & Mahindra	2018
4	Certificate of Appreciation for Supplier Quality- Q2-FY19	Ashok Leyland	2018
5	Supplier Excellence Award for New Product Development-2018	Faiveley India	2018
6	Supplier Quality Award-2018	Tata Motors	2018
7	Certificate of Appreciation for Supplier Quality- Q3-FY19	Ashok Leyland	2018
8	Supplier Meet Award 2018-recognition of Supply chain partnership	Royal Enfield	2019

#### 13. CHANGE IN NATURE OF BUSINESS:

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

#### 14. 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.

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

The Company has in place a policy on prevention, prohibition and redressal of Sexual Harassment at workplace in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee has been setup to redress the complaints received on

the sexual harassment. All employees of the Company are covered under this policy.

The details of complaints received and disposed off during the financial year 2018-19 is as follows:

S.No.	Particulars	Remarks
(a)	Number of complaints received during the year	Nil
(b)	Number of complaints disposed off during the year	Nil

#### **16. CHANGES IN DIRECTORS:**

Mrs.Vijaya Sampath (DIN:00641110) was initially appointed as an additional director on the Board w.e.f. 03<sup>rd</sup> April, 2018. Subsequently, the members at the Extra Ordinary General Meeting held on 30<sup>th</sup> April, 2018 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.Chandrashekhar Madhukar Bhide (DIN:00027967) Mr.Kallakurichi Kanniah Balu (DIN:03640304) and Mr.Sundararaman Kalyanaraman (DIN:01252878) as Independent Directors of the Company. They were earlier holding the position of Non-Executive Directors.

#### 17. KEY MANAGERIAL PERSONNEL:

Pursuant to Section 203 of the Companies Act, 2013, the following persons have been 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;
- 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 these Key Managerial Personnel for FY 2018-19 are provided in the extract of the Annual Return (MGT 9) which forms part of this Directors' Report.

#### 18. COMMITTEES:

As per the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for a proposed to be listed Company, the following committees were constituted to enable the Company to proceed with its IPO:

#### 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:

- Mr.Chandrashekhar Madhukar Bhide, Independent Director (Chairman);
- 2. Mr.Sundararaman Kalyanaraman, Independent Director (Member);

- 3. Mr. Udai Dhawan, Nominee Director (Member) and
- 4. Mr.Kallakurichi Kanniah Balu, Independent Director (Member).

The Audit Committee met four times during the year on 03<sup>rd</sup> July, 2018, 31<sup>st</sup> August, 2018, 26<sup>th</sup> November, 2018 and 27<sup>th</sup> February, 2019.

#### ii. Nomination and Remuneration Committee:

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

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

There were no meetings of the Nomination and Remuneration Committee convened during the year. The Committee passed five resolutions by circulation on 02<sup>nd</sup> July, 2018.

#### iii. Stakeholders Relationship Committee:

The Composition of the Stakeholders Relationship Committee is as follows:

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

The Stakeholders Relationship Committee did not meet during the year.

#### iv. CSR Committee:

The Committee was constituted as per the requirements of the Companies Act, 2013 and the following are the members:

- 1. Mr.Srinivasan Ravi, Chairman and Managing Director (Chairman);
- 2. Mr. Udai Dhawan, Nominee Director (Member) and
- Mr.Chandrashekhar Madhukar Bhide, Independent Director (Member).

#### v. IPO Committee:

This Committee was constituted to oversee the IPO process and to grant approvals on routine matters relating to IPO.

The following are the members of the Committee:

- 1. Mr. Srinivasan Ravi, Chairman and Managing Director (Chairman);
- 2. Mr. Chandramohan Natarajan, Whole Time Director (Member);
- 3. Mr. Kallakurichi Kanniah Balu, Independent Director (Member) and
- 4. Mr. Udai Dhawan, Nominee Director (Member).

The Committee met three times during the year on 08<sup>th</sup> June, 2018, 17<sup>th</sup> October, 2018 and 27<sup>th</sup> February, 2019.

#### vi. Management Committee:

During the year under review, this Committee was constituted to consider and approve routine operational matters, oversee routine compliances and monitor Company's operational performance.

The following are the members of the Committee:

- 1. Mr. Srinivasan Ravi, Chairman and Managing Director (Chairman);
- 2. Mr. Ravi Gauthamram, Whole Time Director (Member) and
- 3. Mr. Chandramohan Natarajan, Whole Time Director (Member).

The Committee met one time during the FY 2018-19 on 30th January, 2019.

#### 19. INTERNAL FINANCIAL CONTROLS AND AUDIT:

#### 19.1 Internal Financial Controls and their Adequacy

During the year under review, the company further strengthened its IT Governance Controls and IT access controls thus making its internal control systems more robust to mitigate risks that are inherent in the daily functioning and covers all functions and operations. The Company also strengthened its P2P processes in the year under review.

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.

#### 19.2 Internal Audit

M/s MC Ranganathan & Co., Chartered Accountants, Chennai, who are our internal auditors have carried out internal audit for the FY 2018-19. Their reports were reviewed by the Audit Committee.

#### **19.3 Statutory Auditors**

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. The requirement of seeking ratification for continuance of their appointment at the Annual General Meeting has been done away with by the Ministry of Corporate Affairs vide notification dated 07<sup>th</sup> May, 2018.

#### 19.4 Statutory Audit Report

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 31st March, 2019.

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 Committee or Central Government during the year under review.

#### 19.5 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 2019-20, for auditing the cost accounting records maintained by the Company for the applicable products for the year ending 31st March 2020. The remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to M/s S.Mahadevan & Co, Cost Auditor is included at item No.4 of the Notice convening the Annual General Meeting.

The Company is required to maintain the cost records as pecified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, and accordingly such accounts and records are being maintained.

#### 19.6 Secretarial Auditor

KSR & Co. LLP, Company Secretaries, Coimbatore were appointed by the Board of Directors as the Secretarial Auditors of the Company for the FY 2018-19. The Secretarial Audit Report in form MR-3 forms part of the annexures to this Directors' Report as **Annexure-C**.

#### 20. 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 15<sup>th</sup> May, 2019.

#### 21. EXTRACT OF ANNUAL RETURN:

An extract of Annual Return in Form MGT-9 as on 31st March, 2019 is attached to this Report as **Annexure-D**.

#### 22. MEETINGS OF THE BOARD:

During the FY 2018-19, the Board of Directors met six (6) times on  $30^{th}$  April, 2018,  $24^{th}$  May, 2018,  $03^{rd}$  July, 2018,  $31^{st}$  August, 2018,  $26^{th}$  November, 2018 and  $27^{th}$  February, 2019.

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

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

SI. No.	Name of the Director & Designation	No. of Board Meeting attended during 2018-19
1.	Mr.Srinivasan Ravi, Chairman and Managing Director	6
2.	Mr.Ravi Gauthamram, Whole Time Director	6
3.	Mr.Chandramohan Natarajan, Whole Time Director	5
4.	Mr.Chandrashekhar Madhukar Bhide, Independent Director*	6
5.	Mr.Kallakurichi Kanniah Balu, Independent Director*	6
6.	Mr.Sundararaman Kalyanaraman, Independent Director*	5
7.	Mrs.Vijaya Sampath, Independent Director**	4
8.	Mr.Udai Dhawan, Nominee Director	3

- \* Mr.Chandrashekhar Madhukar Bhide, Mr.Kallakurichi Kanniah Balu and Mr.Sundararaman Kalyanraman were appointed as Independent Directors of the Company w.e.f 24th May, 2018.
- \*\*\* Mrs. Vijaya Sampath was appointed as Additional Director on 03rd April, 2018 and subsequently appointed as Independent Director w.e.f. 30th April, 2018.

#### 23. MEETING OF INDEPENDENT DIRECTORS:

A Separate meeting of Independent Directors of the Company was held on 27th February, 2019.

# 24. DIRECTORS' REMUNERATION POLICY AND CRITERIA FOR MATTERS UNDER SECTION 178 OF THE ACT

The Company has framed and adopted a Nomination and Remuneration Policy in terms of the Section 178 of the Act. The policy was effective from 02<sup>nd</sup> July, 2018. In terms of the said Section, the scope of the policy covers directors, key managerial personnel and senior management personnel of the Company. The policy, inter alia, lays down the principles relating to appointment, cessation, remuneration and evaluation of directors, key managerial personnel and senior management personnel of the Company

Details of the Company's policy on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub-section (3) of Section 178 of the Act, adopted by the Board, can be assessed from weblink https://www.craftsmanautomation.com/wp-content/uploads/2019/05/Nomination-and-Remuneration-Policy.pdf

#### 25. PARTICULARS OF EMPLOYEES:

The statement of particulars of employees who are drawing remuneration as per Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year 2018-19 is given below:

i) The name of the top ten employees in terms of remuneration drawn:

Name and Age	Remuneration including commission (₹ Lakhs)	Designation	Date of Commencement of Employment	Previous Employment	Nature of Employment, contractual or otherwise	Qualification and experience
Srinivasan Ravi, & 56 Years	1122.28	Chairman and Managing Director	18.07.1986	Nil	Contractual	B.E & 34 years
G. Sivakumar & 60 Years	92.58	Chief Financial Officer	10.03.2016	Dangote Cement Plc, Lagos Nigeria	Contractual	B.Com, ACA & 36 years
D. Thiyagaraj & 46 Years	66.70	Chief Operating Officer	01.01.2002	Rieter LMW Machinery Limited	Regular	B.E. & 25 years
A.Manisekaran & 55 years	66.09	Vice President  – Information Technology	01.04.1995	Abacus Computer Centre	Regular	B.Sc., B.Ed., P.G.D.C.A., M.C.A, & 31 years
R. Vinod Shankar & 51 years	62.46	President – Business Development	03.07.2017	SE Forge Limited	Regular	B.E. & 28 years
S.Balachandran & 62 years	52.12	Vice President – Gear Division	02.05.2015	Shanti Gears Limited	Contractual	D.M.E & 42 years
S.Jayagopal & 58 years	51.35	Vice President  – Business Development	01.01.2002	Proteck Circuits & Systems Pvt Ltd	Resigned w.e.f. 09.04.2019	M.E & 37 years
Deepak Bhoi & 35 years	50.43	General Manager – Foundry	08.09.2016	Shipping Corporation of India Limited	Regular	B.E. & 12 years
R. Mohanakrishnan & 55 years	48.96	VP – Admn and HRD	07.12.2001	CG-VAK Software & Exports Ltd	Regular	M.C.A, M.A, PGDPM, B.Sc & 30 years
M. Maria Sagayaraj & 57 years	47.65	Vice President - Operations & Manufacturing Excellence	22.09.2016	Bharat Fritz Werner Limited	Regular	M.S (Mfg Management) & 33 years

ii) Employees employed throughout the year and receiving remuneration at the rate not less than ₹ 1,02,00,000/- per annum:

Name and Age	Remuneration including commission (₹ Lakhs)	Designation	Date of Commencement of Employment	Previous Employment	Nature of Employment, contractual or otherwise	Qualification and experience
Srinivasan Ravi, & 56 years	1122.28	Chairman and Managing Director	18.07.1986	Nil	Contractual	B.E & 34 years

#### 26. 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 in note no. 1.4 and 1.5 of Standalone Financial Statements.

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

During FY 2018-19, 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 E**.

# 28. 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 lighting energy savers for entire factory lighting system;
- Removal of voltage stabilizers from the system after Installation of LIPS:
- Elimination of air conditioners from UPS room by providing hot exhaust duct;
- Installed compressors with high energy efficient IE3 motors;
- Installed high energy efficient 5 star rated transformers;
- Compressor pressure optimization done by eliminating cleaning air guns and provided flow control unit for air gauges;
- Applied heat reflecting paint in all plant roofing to reduce shop floor temperature;
- Maintained total harmonics level within limit;
- Converted electric melting furnace to LPG furnace.

#### 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. During the year under review, the Company utilized 26.38 million Kwh of clean and green power which constituted 58% approximately of the Company's Arasur plant power requirements.

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 is 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 equipment's

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 Exchan	ge Earnings	₹ 171.86 Crores
Foreign Exchange	ge Outgo	₹ 528.45 Crores

#### 29. RISK MANAGEMENT POLICY:

The Company has a Risk Management Policy in place. The company has been consciously following a policy of risk mitigation by diversifying its products, services, markets and customers The key risk of exposure to the cyclicality of automobile business is being mitigated by increasing the share of the Industrial & Engineering segment. Further, within the Industrial & Engineering segment, the risk of excessive reliance on contract manufacturing is being addressed by strengthening and growing the Company's own product portfolio and creating brand equity.

#### Following are the major risk concerns:

#### **Competition:**

Some of the Company's business segments operates in a 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 closely monitors the market and devises the various strategies to stay ahead of the competition.

#### **Economy:**

The economy is still susceptible to the challenging global economic environment of increased trade tensions, protectionism and slow down. It is also constrained by fiscal profligacy and implementation delays, weak financial sector.

#### **Automobile Industry:**

The fortunes of the automobile industry are cyclical and the demand for vehicles are vulnerable to the interest rates and liquidity.

#### **Risk Mitigation Measures:**

As already mentioned the Company adopts the policy of risk diversification by broadening its products, services, market and customer base. The Company over the years built a good design, engineering and product development team. This has enabled the Company to come out with new products and services and in the contract manufacturing space, the company is able to position 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.

#### 30. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors' Responsibility Statement referred to in Section 134 (3) (c) 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.

# 31.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 enable the stakeholders, including directors, individual employees and their representative bodies to freely communicate their consents 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 https://www.craftsmanautomation.com/wp-content/uploads/2018/09/cal-whistle blower-policy.pdf

#### 32. CAUTIONARY STATEMENT:

The Directors' Report and the MD&A may contain certain statements on the Company's intent expectations or forecasts that appear to be forward-looking within the meaning of applicable securities laws and regulations while actual outcomes may differ materially from what is expressed herein. The Company bears no obligations to update any such forward looking statement. Some of the factors that could affect the Company's performance could be the demand and supply for Company's product and services, changes in Government regulations, tax laws, forex volatility etc.

#### 33. 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 other business associates 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 15<sup>th</sup> May, 2019

Srinivasan Ravi Chairman and Managing Director DIN:01257716

#### **ANNEXURE - A**

#### Annual Report on Corporate Social Responsibilities (CSR) Activities

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 polices towards promoting education, healthcare, protect environment and other activities of social welfare and has made contribution towards CSR objectives. The web-link to the CSR Policy and projects / programs can be accessed through https://www.craftsmanautomation.com/wp-content/uploads/2017/07/CAL-Corporate-Social-Responsibility-Policy.pdf and https://www.craftsmanautomation.com / social-responsibility/
2	The Composition of the CSR Committee	Mr.Srinivasan Ravi, Chairman and Managing Director as Chairman of the Committee     Mr.Chandrashekhar Madhukar Bhide, Independent Director as a Member of the Committee     Mr.Udai Dhawan, Nominee Director as a Member of the Committee
3	Average Net Profit of the Company for last three financial years	₹ 4015 Lakhs
4	Prescribed CSR expenditure (Two percent of the amount as in item 3 above)	₹ 80.30 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:	₹ 80.30 Lakhs NIL Refer Annexure - A given below

#### **CSR ACTIVITIES – MANNER IN WHICH THE AMOUNTS WERE SPENT:**

SI No.	Projects/ Activities	Sector	Locations	Amount outlay (₹ Lakhs)	Amount spent (₹ Lakhs)	Cumulative Expenditure up to the reporting period (₹ Lakhs)	Amount spent: Direct or through implementing agency
1	Conservation of water bodies.	Environment	Bangalore	20,00,000	3,00,000	3,00,000	Agency
2	Promoting Road safety education / awareness and providing learning materials to Govt. and Corporation schools	Safety & Welfare	Coimbatore	50,000	20,50,000	23,50,000	World People Welfare Trust / Uyir
3	Sponsorship for ICARRS 2018 – Conference on Advancement in Automation Robotics & Sensing	Promotion of Education	Coimbatore	3,00,000	50,000	24,00,000	Through PSG College of Technology
	Donation for children education	Promotion of Education and Technology	Coimbatore		50,000	24,50,000	Through Swami Vivekananda Rural Development Society
	Articles Gifted to School	Promotion of Education	Raibasa and Uperbera Jamshedpur Unit		1,45,552	25,95,552	Direct
4	Productivity Conclave and Productivity week celebrations	Promotion of education	(Coimbatore Productivity Council)	50,000	60,000	26,55,552	Direct
5	Construction of Class room	Promotion of Education	Sangothipalayam, Arasur, Coimbatore	22,00,000	7,10,190	33,65,742	Direct
6	Distribution function of Note Books, Pencil Box with Pen, Pencil, Scale, Eraser & Sharpener, Geometry Box was conducted on 24-07-2018 (Kamarajar birthday celebrated as Education Day)	Promotion of Education	Mambakkam Village, Sriperumbudur	2,50,000	1,55,742	35,21,484	Direct
7	Construction of Boundary wall, Gates, Water Tank with bore well pump	Promotion of Education	Srirampur, Padampur, Raibasa and Uperbera villages, Jamshedpur	27,00,000	27,57,949	62,79,433	Direct
8	Eye check up / eye surgery for needy people, preventive medical assistance	Health care	Jamshedpur	1,00,000	1,85,564	64,64,997	Direct
9	Construction of class room, providing note books, Donating Computers, tables and chairs for the school	Promotion of Education	Pune	5,00,000	1,87,209	66,52,206	Direct
10	Distribution of Note Books, Pencil Box with Pen,Pencil, Scale, Eraser to school children.	Promotion of Education	Bangalore	2,00,000	-	-	-

SI No.	Projects/ Activities	Sector	Locations	Amount outlay (₹ Lakhs)	Amount spent (₹ Lakhs)	Cumulative Expenditure up to the reporting period (₹ Lakhs)	Amount spent: Direct or through implementing agency
11	Distribution of Note Books, Pencil Box with Pen, Pencil, Scale, Eraser to school children.	Promotion of Education	Pithampur	1,50,000	-	-	
12	Distribution of Note Books, Pencil Box with Pen,Pencil, Scale, Eraser to school children.	Promotion of Education	Faridabad	3,00,000	-	-	-
13	Donated T-shirts & track suits to the players of the Jharkhand State KHO KHO Association	Sports	All Units - Jamshedpur & Coimbatore	20,000	12,900	66,65,106	Direct
14	Donated to Gaja Cyclone	Safety & Welfare		50,000	38,800	67,03,906	Direct
15	Donated to Coimbatore District Cricket Association	Sports		15,00,000	15,00,000	82,03,906	Direct
		TOTAL		1,03,70,000	82,03,906		

In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report — **Not Applicable**.

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.

For and on behalf of the Board of Directors

Coimbatore 15<sup>th</sup> May, 2019 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 ₹.)

SI.No	Particulars 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	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019
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 31-03-2019 ₹ 77.70 per EUR)	SGD (Exchange Rate as on 31-03-2019 ₹ 50.72 per SGD)
5	Share Capital	5,747,848	3,134,851
6	Reserves and Surplus	(85,411,016)	(34,836,654)
7	Total Assets	182,041,943	3,837,321
8	Total Liabilities	182,041,943	3,837,321
9	Investments	-	-
10	Turnover	170,813,507	12,358,734
11	Profit before taxation	52,585,794	636,587
12	Provision for taxation	-	-
13	Profit after taxation	52,585,794	636,587
14	Proposed Dividend	-	-
15	Extent of shareholding (in percentage)	100%	100%

- 1. Names of subsidiaries which are yet to commence operations Not Applicable
- 2. Names of subsidiaries which have been liquidated or sold during the year Not Applicable

For and on behalf of the Board of Directors

Coimbatore 15<sup>th</sup> May, 2019 Srinivasan Ravi Chairman and Managing Director DIN:01257716

#### Statement pursuant to section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

#### Part "B" Associates and Joint Ventures

SI No	Name of Associates/Joint Ventures	Carl Stahl Craftsman Enterprises Private Limited
1	Latest audited Balance Sheet Date	31.03.2019
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	
4	i. No. of shares	6,00,000
	ii. Amount of Investment in Associates / Joint Venture	₹ 60,00,000
	iii. Extend of Holding (in %)	30%
5	Description of how there is significant influence	Joint Venture - Associate Company
6	Reason why the Associate/ Joint Venture is not consolidated	Not Applicable
7	Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 18,058,589
8	Profit /Loss for the year	
	i. Considered in Consolidation	₹ 4,026,503
	ii. Not Considered in Consolidation	₹ 9,397,175

For and on behalf of the Board of Directors

Coimbatore 15<sup>th</sup> May, 2019 **Srinivasan Ravi** Chairman and Managing Director DIN:01257716

#### **ANNEXURE - C**

#### **SECRETARIAL AUDIT REPORT**

#### For the Financial Year ended 31st March, 2019

(Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To, The Members, Craftsman Automation Limited, "Senthel Towers" IV floor, 1078, Avanashi Road, Coimbatore - 641018 Tamilnadu India

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Craftsman Automation Limited** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2019 in a manner that provided us reasonable basis for evaluating the corporate conduct/ statutory compliances and expressing our opinion thereon.

On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, we hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made there under to the extent applicable.
- (ii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
- (iii) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB).
- (iv) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992:
  - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

The Company being an unlisted public company, other than abovementioned Regulations none of the Regulations or Guidelines issued by Securities and Exchange Board of India Act, 1992 apply to the Company. Further, the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made there under do not apply.

On consideration of the business undertaken by the Company, in our opinion, we do not find any specific Law, Rule or Regulation that specifically governs or regulates the business of the Company. Hence the question of an audit of the compliance of the same and reporting thereto, does not arise.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of applicable provisions of the Act / Regulations / Directions as mentioned above in respect of:

- a) Delisting of equity shares.
- b) Buy-back of securities.

We further report that the Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes to the composition of the Board of Directors during the period covered under the Audit.

Adequate notice and detailed notes on Agenda were given to all Directors at least seven days in advance to schedule the Board Meetings. There exists a system for seeking and obtaining further information and clarifications on the Agenda items before the Meeting and for meaningful participation at the Meeting.

Majority decision is carried through and recorded as part of the minutes. We did not find any dissenting directors' views in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and quidelines.

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and guidelines.

- a. The Company was converted from a Private Company to a Public Company vide the fresh Certificate of Incorporation received from Registrar of Companies with effect from 4<sup>th</sup> May 2018. The name of the Company was changed from "Craftsman Automation Private Limited" to "Craftsman Automation Limited".
- b. The Members had approved Borrowing powers for the Company for an amount not exceeding ₹ 1,500 crores (apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business), which is over and above the aggregate paid-up share capital, free reserves and securities premium pursuant to Section 180[1(c)] of the Companies Act, 2013, through an Extraordinary General Meeting held on 30th April 2018.
- c. The Company had proposed to get its equity shares listed on the National Stock Exchange of India Limited and BSE Limited, and in this regard had filed the Draft Red Herring Prospectus for a fresh issue of equity shares of upto ₹ 400 crores and Offer for sale by Marina, IFC and other shareholders upto 43,83,320 equity shares of ₹ 5 each to Securities Exchange Board of India (SEBI) on 8<sup>th</sup> June 2018 and received final observations and clearance for proceeding with the Initial Public Offer from SEBI on 24<sup>th</sup> August 2018. The Company could open the issue any time before the expiry of 12 months from the date of the abovementioned letter issued by SEBI.

For KSR & Co Company Secretaries LLP

Date: May 15, 2019 Place: Coimbatore

Shilpa Vishwanathan

Partner (ACS: 19424; CP: 18138)

#### **ANNEXURE - D**

#### Form No. MGT-9

#### **EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019**

[Pursuant to rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

	OIN	LI00004T74000DI 0004040
I.	CIN	U28991TZ1986PLC001816
ii.	Registration Date	18/07/1986
iii.	Name of the Company	CRAFTSMAN AUTOMATION LIMITED
iv	Category	PUBLIC COMPANY
IV	Sub-Category of the Company	INDIAN NON-GOVERNMENT COMPANY
	Address of the Registered office and contact details	
V	Address	SENTHEL TOWERS, IV FLOOR, 1078, AVANASHI ROAD, COIMBATORE-641018
	Phone No.	0422 - 7165000
	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)

SI	. 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	29.19%
	2.	Sale of parts and accessories to motor vehicles	2930 of 2008	28.09%

#### **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, IV 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

		hares held a /ear [As on (	at the begin 01st April, 20	ning of the 18]	No. of Si	No. of Shares* held at the end of the year [As on 31st March, 2019]			
Category of Shareholders	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	during the year
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	531532	531532	52.83	10630640	-	10630640	52.83	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / Fl	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub- total (A) (1) :-		531532	531532	52.83	10630640	-	10630640	52.83	-
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other — Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub- total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	-	531532	531532	52.83	10630640	-	10630640	52.83	-
B. Promoter Group									
(1) Indian									
a) Individual/ HUF	-	106343	106343	10.57	2126860	-	2126860	10.57	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / Fl	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub- total (B) (1) :-		106343	106343	10.57	2126860	-	2126860	10.57	-
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub- total (B) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter(includes Promoter Droup) (B) =(B)(1)+(B)(2)	-	106343	106343	10.57	2126860	-	2126860	10.57	-

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

		hares held a /ear [As on (			No. of S	hares* held a [As on 31st N			% Change during the year
Category of Shareholders	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
International Finance Corporation	-	141405	141405	14.06	2828100	-	2828100	14.06	-
Sub-total (C)(1):-	-	141405	141405	14.06	2828100	-	2828100	14.06	-
2. Non-Institutions					-				
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	70875	70875	7.04	1417500	-	1417500	7.04	-
c) Others (specify)									
Marina III (Singapore) Pte Ltd	-	155925	155925	15.50	3118500	-	3118500	15.50	-
Sub – total (C) (2):-		226800	226800	22.54	4536000	-	4536000	22.54	-
Total Public Shareholding (C) = $(C)(1) + (C)(2)$	-	368205	368205	36.6	7364100	-	7364100	36.6	-
D. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C+D)	-	1006080	1006080	100	20121600	-	20121600	100	-

### (ii) Shareholding of Promoter

			Shareholding at the beginning of the year		S	% change in			
SI.	.No	Shareholder's Name	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares of the company %of Shares Pledged / encumbered to total shares		share holding during the year	
	1	Srinivasan Ravi	531532	52.83	NIL	10630640	52.83	NIL	NIL

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

		Shareholding at the beginning of the year			Cumulative Shareholding during the year		
SI.No	Name of Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company	
1.	Srinivasan Ravi						
	At the beginning of the year		531532	52.83	-	-	
	Date wise Increase/ Decrease in Promoters Shareholding during the year	Value of each Share Subdivided from ₹ 100 to 10630640 ₹ 5 each on 24.05.2018		52.83	10630640	52.83	
	At the End of the year		10630640	52.83	-	-	

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

SI.No	For Each of the Top 10 Shareholders	beginn	holding at the ing of the year April 2018	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	International Finance Corporation, USA				
	At the beginning of the year	141405	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) Sub division of shares 30.04.2018*	2828100	14.06	2828100	14.06
	At the end of the year			2828100	14.06
2	Marina III (Singapore) Pte Limited				
	At the beginning of the year	155925	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) Sub division of shares 30.04.2018*	3118500	15.50	3118500	15.50
	At the end of the year			3118500	15.50
3	Mr.S.Murali				
	At the beginning of the year	106313	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) Sub division of shares 30.04.2018*	2126260	10.57	2126260	10.57
	At the end of the year			2126260	10.57
4	Mr.K.Gomatheswaran				
	At the beginning of the year	70875	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) Sub division of shares 30.04.2018*	1417500	7.04	1417500	7.04
	At the end of the year			1417500	7.04
5	Mrs.Chithra Ravi				
	At the beginning of the year	10	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) Sub division of shares 30.04.2018*	200	0.00	200	0.00
	At the end of the year			200	0.00
6	Ms.R.Mirthula				
	At the beginning of the year	10	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) Sub division of shares 30.04.2018*	200	0.00	200	0.00
	At the end of the year			200	0.00

<sup>\*</sup> The Company sub-divided its equity shares of ₹ 100 each into equity share of face value ₹ 5 each. Consequently, one equity share of face value ₹ 100 became twenty equity shares of face value ₹ 5 each.

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

SI. No	For Each of the Directors and KMP		at the beginning of e year	Cumulative Shareholding during the year	
31. NO	FOR EACH OF THE DIRECTORS AND KIMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Srinivasan Ravi, Chairman and Managing Director				
	At the beginning of the year	531532	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) Sub division of shares 30.04.2018*	10630640	52.83	-	-
	At the end of the year	-	-	10630640	52.83
2.	Ravi Gauthamram, Whole Time Director				
	At the beginning of the year	10	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) Sub division of shares 30.04.2018*	200	0.00		
	At the end of the year	-	-	200	0.00

### V. INDEBTEDNESS

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

(Rupees in Crores)

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
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
Total (i+ii+iii)	850.43	0.68	Nil	851.11
Change in Indebtedness during the financial year				
Add: Addition	449.45	Nil	Nil	449.45
Less: Reduction	(322.98)	(0.49)	Nil	(323.45)
Add: Restatement loss	12.59	Nil	Nil	12.59
Net Change	139.06	(0.49)	Nil	138.59
Indebtedness at the end of the financial year				
i) Principal Amount	985.07	0.19	Nil	985.26
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	8.77	Nil	Nil	8.77
Total (i+ii+iii)	993.84	0.19	Nil	994.04

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

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

(Rupees in Lakhs)

SI. No	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				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	403.39	47.04	44.76	495.19
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Incometax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as 7.5 % on profit after tax	718.88	-	-	718.88
	- others, specify	-	-	-	-
5	Others, please specify — Bonus	-	0.45	0.45	0.90
	Leave Salary	-	1.46	1.77	3.23
	Total (A)	1122.28	48.95	46.98	1218.21
	Ceiling as per the Act	Within the prescribed limits of	alculated as per the Companie	es Act, 2013.	

### B. Remuneration to other directors

1	Particulars of Remuneration	Na					
	Independent Directors	Mr. Kallakurichi Kanniah Balu *	Mr. Chandrashekhar Madhukar Bhide *	Mr. Sundararaman Kalyanaraman *	Mrs. Vijaya Sampath **	Total Amount	
	Fee for attending board and committee meetings	3.75	4.8	3.25	2.00	13.80	
1	Commission	6.00	6.00	6.00	6.00	24.00	
	Others, please specify	NIL	NIL	NIL		NIL	
	Total (1)	9.75	10.80	9.25	8.00	37.80	
	Other Non-Executive Directors	Mr.Udai Dhawan, Nominee Director					
2	Fee for attending board and Committee meetings	2.55				2.55	
	Commission	6.00				6.00	
	Others, please specify	NIL				NIL	
	Total (2)	8.55				8.55	
	Total (B)=(1+2)	-				46.35	
	Total Managerial Remuneration (A) + (B)						
	Overall Ceiling as per the Act	Within the prescribed limits calculated as per the Companies Act, 2013.					

<sup>\*</sup> Appointed as Independent Director on 24th May, 2018 \*\* Appointed as Additional Director on 3rd April, 2018 and as an Independent Director on 30th April 2018

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

(Rupees in Lakhs)

Key Managerial Personnel					
SN	Particulars of Remuneration	Mr. Sivakumar Gopalan, Chief Financial Officer	Mr. Thiyagaraj Damodharaswamy, Chief Operating Officer- Automotive*	Mr.Shainshad Aduvanni, Company Secretary	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	90.84	63.21	13.91	167.96
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission	-	-	-	
	- as % of profit	-	-	-	
	Others, specify	-	-	-	
5	Others, please specify – Bonus	0.45	0.45	0.45	1.35
	Leave Salary	1.29	3.04	0.25	4.58
	Total	92.58	66.70	14.61	173.89

<sup>\*</sup> 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. 24th May, 2018.

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

Туре	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					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment NIL					
Compounding					

For and on behalf of the Board of Directors

Coimbatore 15<sup>th</sup> May, 2019 **Srinivasan Ravi** Chairman and Managing Director DIN:01257716

### **ANNEXURE – E**

### 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 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.

SI. 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		
		Sales of Goods and Services	Sales of Goods and Services	-	Sales of Goods and Services		
c)	Nature of contracts/arrangements/transactions	Purchase of Goods and Services	Purchase of Goods and Services	Purchase of Goods and Services	Purchase of Goods and Services		
		Rental Services	Rental Service	Reimbursement of expenses	Reimbursement of expenses		
d)	Duration of the contracts/arrangements/transactions	Approval upto 31/03/2020	Approval upto 31/03/2020	Approval upto 31/03/2020	Approval upto 31/03/2020		
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	15.05.2019	15.05.2019	15.05.2019	15.05.2019		
g)	Amount paid as advances, if any	NIL	NIL	NIL	NIL		

For and on behalf of the Board of Directors

Coimbatore 15<sup>th</sup> May, 2019 **Srinivasan Ravi**Chairman and Managing Director
DIN:01257716

# INDEPENDENT AUDITORS' REPORT

To the Members of Craftsman Automation Limited

## Report on the Audit of the Standalone Ind AS Financial Statements

### **Opinion**

We have audited the Standalone financial statements of Craftsman Automation Limited ("the Company"), which comprise the Balance sheet as at 31 March 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

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

### **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.

## Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Management and Those Charged with Governance for 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards specified 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 IndAS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

 Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit
  in order to design audit procedures that are appropriate in the
  circumstances. Under section 143(3)(i) of the Companies Act, 2013,
  we are also responsible for expressing our opinion on whether the
  company has adequate internal financial controls system in place
  and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

- As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2. As required by Section 143(3) of the Act, 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, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under

- Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
  - In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditors' 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 tous:
  - 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.
  - 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

Signature Narasimhan S Partner Membership No. 206047 Place of Signature: Coimbatore Date: May 15, 2019

### **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 ("the Company") on the Ind AS financial statements as of and for the year ended March 31, 2019

- (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 every year 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. Certain discrepancies were identified by the management and which are in the process of reconciliation 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 sheetdate.
- The Company has conducted physical verification of inventories at reasonable intervals. The discrepancies noticed on such verification were not material and these have been properly dealt with in the books of account.
- Based on our audit procedure & 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 have 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 ₹ 346 Lakhs and ₹ 3 Lakhs respectively has been provided for, in respect of one subsidiary.
- Based on our audit procedure & 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.
- 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 prima facie 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 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, 2019 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:

SI. No	Name of the statute	Period	Forum where the dispute is pending	Amount (Rs in Lakhs)
1		AY 2005-06	High court	17.08
2		AY 2006-07	High court	73.65
3		AY 2007-08	High court	51.27
4		AY 2008-09	High Court	96.60
5		AY 2010-11	High Court	10.60
6	Income tax	AY 2011-12	Income Tax Appellate Tribunal (ITAT)	118.44
7		AY 2012-13	ITAT	235.33
8		AY 2013-14	CIT (A)	288.50
9		AY 2014-15	CIT (A)	239.32
10		AY 2015-16	Assessing officer	390.98
11		AY 2016-17	Assessing officer	210.36
12		Nov 2008 to March 2013	CESTAT	34.23
13	Excise	April 2013 to Aug 2013	CESTAT	4.38
14		Sept 2013 to Feb 2014	CESTAT	1.99
15	Service tax	April 2016 to June 2017	Joint commissioner	67.17

- 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.
- The Company has not raised moneys from the public during the year and hence clause (ix) of the Order is not applicable. According to the information and explanations given to us, moneys raised by way of term loans were applied for the purpose for which those were raised.
- 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 nor we have been informed of such case by the management.
- 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.
- 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 during the year 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.
- 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: May 15, 2019

### **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,March 2019

# 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, 2019 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, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### For PKF Sridhar & Santhanam LLP

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

S Narasimhan Partner Membership No. 206047 Place: Coimbatore Date: May 15, 2019

# **STANDALONE** BALANCE SHEET

as at March 31, 2019

(Rupees in Lakhs)

	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	1.1	147,632	124,450
Capital Work in progress	1.2	9,062	2,432
Other Intangible assets	1.3	1,434	1,492
Financial assets			
Investments	1.4	910	1,097
Loans	1.5	2,087	2,272
Security Deposits	1.6	2,161	1,799
Other Financial assets - NC	1.7	58	141
Current tax assets (Net)	1.8	-	444
Other non-current assets	1.9	1,939	3,514
Carlot Hori Carlotte Goode	1.0	165,283	137,641
Current assets		.53,255	,
Inventories	1.10	31,200	29,066
Financial assets	_	2.,250	_5,555
Trade receivables	1.11	21,085	20,446
Cash and cash equivalents	1.12	1,824	3,369
Other bank balances	1.13	708	1,196
Security Deposits	1.14	80	54
Other Financial assets - C	1.15	33	13
Other Current assets	1.16	4,710	4,515
Other Current assets	1.10	59,640	58,659
Total Assets		224,923	196,300
EQUITY AND LIABILITIES		224,020	130,000
EQUITY			
Equity Share capital	1.17	1,006	1,006
Other Equity	1.18	69,091	60,698
Other Equity	1.10	70,097	61,704
LIABILITIES		70,037	01,704
Non-current liabilities			
Financial liabilities			
Borrowings	1.19	69,320	43,033
Other Non-Current Financial Liabilities	1.19	326	64
Provisions	1.21	20	21
Deferred tax liabilities (Net)	1.22	3,754	
Deferred tax fiabilities (Net)	1.22	73,420	3,283
Current liabilities		/3,420	46,401
Financial Liabilities			
	1 22	12 501	27 200
Borrowings Trade payables	1.23	13,501	27,209
(a) total substantian dues of misses automatical 9 and 11 automatical	1.04	2.410	400
(a) total outstanding dues of micro enterprises & small enterprises	1.24	2,419	495
(b) total outstanding dues of creditors other than micro enterprises & small enterprises	1.25	30,648	35,768
Other current Financial Liabilities	1.25	25,716	21,409
Current tax liabilities (Net)	1.26	501	
Other current liabilities	1.27	8,100	2,901
Provisions	1.28	521	413
		81,406	88,195
Total Equity and Liabilities		224,923	196,300

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 & Santhanam LLP

Chartered Accountants

Firm Registration No. 003990S / S200018

For and on behalf of the Board

S. Narasimhan

Partner Membership No. 206047

Place : Coimbatore Date : 15-May-2019 **R.Gauthamram**Whole Time Director
DIN: 06789004

Shainshad Aduvanni

Chairman and Managing Director

**G. Sivakumar** Chief Financial Officer

DIN: 01257716

S.Ravi

Company Secretary M.No.A27895

# **STANDALONE** STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

(Rupees in Lakhs)

	Note No.	Year Ended March 31, 2019	Year Ended March 31, 2018
INCOME			
Revenue From Operations	2.1	180,962	150,330
Other Income	2.2	1,269	1,514
Total Income		182,231	151,844
EXPENSES			
Cost of materials consumed	2.3	70,764	58,797
Changes in inventories of finished goods and work-in-progress	2.4	(552)	(1,645)
Excise duty on sale of goods		-	3,244
Employee benefits expense	2.5	21,454	19,625
Depreciation and amortization expense	2.6	15,828	13,607
Other expenses	2.7	47,850	42,805
Finance costs	2.8	13,091	10,910
Total expenses		168,435	147,343
Profit before tax		13,796	4,501
Tax expense:	3.1		
(1) Current tax for the year		3,239	1,178
Current tax pertaining to earlier years		191	-
Less:MAT Credit Entitlement for the year		(2,317)	(1,178)
MAT Credit Entitlement pertaining to earlier years		(329)	-
Net Current Tax		784	-
(2) Deferred tax		3,594	1,288
Profit for the year		9,418	3,213
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(80)	(116)
- Equity Instruments through OCI		(17)	(16)
(ii) Income tax relating to items that will not be reclassified to profit or loss		28	41
B (i) Items that will be reclassified to profit or loss			
<ul> <li>The effective portion of gains or loss on hedging instruments in a cash flow hedge</li> </ul>		(1,283)	(567)
(ii) Income tax relating to items that will be reclassified to profit or loss		448	198
Other Comprehensive Income for the year, net of tax		(904)	(460)
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		8,514	2,753
Earnings per equity share Basic & Diluted (Face value of ₹ 5/-)	3.3		
- for continuing operations		46.81	15.97
- for discountinued operations		-	-
- for continuing & discontinued operations		46.81	15.97

The accompanying notes form an integral part of the standalone 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: 15-May-2019 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, 2019

(Rupees in Lakhs)

Cash flows from operating activities  Profit before taxation  Adjustments for:  Depreciation  Gain on sale of assets  Exchange difference on transaction/translation (loss/(gain))  MTM Gain / (Loss) - Derivative -(Net)  Provision for:	13,796 15,828 (44) (202) 16	<b>4,501</b> 13,607 - (477)
Adjustments for:  Depreciation  Gain on sale of assets  Exchange difference on transaction/translation (loss/(gain))  MTM Gain / (Loss) - Derivative -(Net)	15,828 (44) (202)	13,607
Depreciation Gain on sale of assets Exchange difference on transaction/translation (loss/(gain)) MTM Gain / (Loss) - Derivative -(Net)	(44) (202) 16	-
Gain on sale of assets  Exchange difference on transaction/translation (loss/(gain))  MTM Gain / (Loss) - Derivative -(Net)	(44) (202) 16	-
Exchange difference on transaction/translation (loss/(gain)) MTM Gain / (Loss) - Derivative -(Net)	(202)	(477)
MTM Gain / (Loss) - Derivative -(Net)	16	(477)
, , , , , , , , , , , , , , , , , , , ,		
Provision for :	(0)	(452)
	(0)	
impairment of loan to and investment in WOS	(9)	24
Doubtful debts	(54)	-
Warranty & Rejection	99	95
Slow moving inventory	268	-
Interest receipt on loan to WOS	(1)	(1)
Interest received	(149)	(179)
Rental income	(29)	(23)
Interest expense	12,740	10,754
Operating cash flow before changes in working capital	42,259	27,849
Change in trade and other receivables	33	2,337
Increase in inventories	(2,402)	(7,267)
Change in Trade Payables and other Payables	2,389	5,667
Cash generated from operations	42,279	28,586
Income taxes paid	(2,486)	(1,459)
Net cash from operating activities - A	39,793	27,127
Cash flows from investing activities	33,733	
Purchase of property, plant and equipment	(41,562)	(21,508)
Purchase of Intangible	(527)	(826)
Proceeds from sale of equipment	60	29
Purchase of shares	(4)	(115)
Loans (given)/repaid	283	137
Interest received	149	179
Rent received	29	21
Net cash used in investing activities - B	(41,572)	(22,083)
Cash flows from financing activities	(11)	(==,000)
Proceeds from long-term borrowings	43,433	14,450
Repayment of long term borrowings	(16,671)	(12,339)
Net proceeds from short-term borrowings	(14,116)	4,787
Interest (paid) /received	(12,243)	(10,746)
Dividend Paid	(121)	(69)
Net cash used in financing activities- C	282	(3,917)
Net increase in cash and cash equivalents - (A+B+C)	(1,496)	1,127
Cash and cash equivalents at beginning of year	3,301	2,174
Cash and cash equivalents at end of year	1,805	3,301
Reconciliation of Cash & Cash equivalents as per Cash Flow Statement	1,003	3,301
Cash & cash equivalents consists of:		
Cash and cash equivalents (note : 1.12)	1,824	3,369
Overdraft (note : 1.23)	(19)	(68)
Total	1,805	3,301

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

Place : Coimbatore Date : 15-May-2019 R.Gauthamram

Whole Time Director DIN: 06789004

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

Chairman and Managing Director DIN: 01257716

**G. Sivakumar** Chief Financial Officer

# **STANDALONE** STATEMENT OF CHANGES IN EQUITY

(Rupees in Lakhs)

a. Equity Share Capital	Balance at the beginning of April 1,2018	Changes in equity share capital during the year	Balance as at March 31, 2019
	1,006	-	1,006

	R	eserves and Surplu	ıs	Other Reserves		
b. Other Equity	Securities Premium Reserve	General Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Cash Flow Hedging Reserve	Total
Balance as at April 1,2017	14,226	9,662	34,938	(62)	(319)	58,445
Profit for the year	-	-	3,213	-	-	3,213
Bonus Shares Issued	(431)	-	-	-	-	(431)
Other Comprehensive Income	-	-	-	(16)	(369)	(385)
- Defined Benefit Plan	-	-	(75)	-	-	(75)
Total Comprehensive Income for the year	(431)	-	3,138	(16)	(369)	2,322
Dividends	-	-	(69)	-	-	(69)
Balance as at March 31, 2018	13,795	9,662	38,007	(78)	(688)	60,698
Profit for the year	-	-	9,418	-	-	9,418
Other Comprehensive Income	-	-	-	(17)	(835)	(852)
- Defined Benefit Plan	-	-	(52)	-	-	(52)
Total Comprehensive Income for the year	-	-	9,366	(17)	(835)	8,514
Dividends	-	-	(121)	-	-	(121)
Balance as at March 31, 2019	13,795	9,662	47,252	(95)	(1,523)	69,091

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

For and on behalf of the Board

S. Narasimhan

Partner Membership No. 206047

Place : Coimbatore Date : 15-May-2019 **R.Gauthamram**Whole Time Director

Whole Time Director DIN : 06789004

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

Chairman and Managing Director DIN: 01257716

**G. Sivakumar** Chief Financial Officer

S.Ravi

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

### A CORPORATE INFORMATION

Craftsman Automation Limited was incorporated under the Companies Act, 1956 on 18th July 1986. The shareholders of the Company approved the conversion into a public limited company at the meeting held on 30th April 2018 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**

### **Statement of Compliance**

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.

### **Recent Accounting Developments:**

### 1) New standards notified and adopted by the Company

MCA on 29 March 2018 notified the new standard for revenue recognition – Ind AS 115 (effective from 1 April 2018) which overhauls the existing revenue recognition standards including Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five-step application principle to be followed for revenue recognition:

- a) Identification of the contracts with the customer
- b) Identification of the performance obligations in the contract
- c) Determination of the transaction price
- Allocation of transaction price to the performance obligations in the contract (as identified in step b)
- Recognition of revenue when the Company satisfies a performance obligation.

A number of other standards had 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 have any material effect on the Company's financial statements.

## 2) Note for Ind AS New Standards notified but not early adopted by the Company

### (i) New Accounting Standard on Lease

Ind AS 116 replaces existing standard Ind AS 17 "Leases". The standard is effective for annual periods beginning on or after April 1, 2019.

Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items.

Lessor accounting remains similar to the current standard.

The Company is assessing the impact on its financial statements from adopting Ind AS 116 and plans to adopt the standard as at April 1, 2019.

#### (ii) Other Amendments

A number of other accounting standards have been modified on miscellaneous issues with effect from 1<sup>st</sup> April 2019. Such changes include clarification/guidance on:

- business combination accounting in case of obtaining control of a joint operation;
- (ii) accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;
- (iii) income tax consequences in case of dividends;
- (iv) accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;
- (v) accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;
- (vi) accounting for prepayment features with negative compensation in case of debt instruments;
- (vii) accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;
- (viii)accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

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

## B.1 Basis of Preparation and Presentation of Financial Statements

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 Noncurrent 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 lnd 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.

### **B.2 Property Plant and Equipment**

### **Recognition and Measurement**

All Property Plant & Equipment (PPE) barring land as at transition date are stated at cost of acquisition / installation as adjusted for import duty waivers and foreign exchange losses / gains less accumulated depreciation and impairment losses.

Cost of acquisition / installation includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

The Company capitalizes the import duty waived in respect of capital equipment imported under the Export Promotion Capital Goods 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 7AA 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.

Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria

The import duty waived on capital assets which are purchased under the Export Promotion Capital Goods (EPCG) schemes and which are capitalized 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.

The Company in respect of all PPE barring land elected to continue with the carrying value of the relevant PPE as recognized in the financial statements as at transition date to Ind-AS measured as per the previous GAAP duly adjusting for the import duty waiver and used that as the deemed cost as at transition date pursuant to exemption under Ind –AS

101. The Company elected to fair value the land as at transition date and use that fair value as the deemed cost.

#### 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
Technical Know - Acquired	2.5 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 henefits
- 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 Itd- 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.

In respect of investment in equity share capital of group captive power companies which are made to comply with the provisions of Electricity Rules 2003, these investments are carried at cost.

#### 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 Wholly Owned Subsidiaries:

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 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 and options. 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**

### Sale of Goods & Rendering of Services

Revenue from the sale of goods & rendering of services are recognised when performance obligations are satisfied by transfer a promised good or service to a customer. The goods and services are transferred when the customer obtains control over the goods or services.

#### 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)

Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 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 - Powertrain & 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, 2019

### 1.1 PROPERTY, PLANT & EQUIPMENT

(Rupees in Lakhs)

Asset Category	Freehold land	Building *	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
Gross Block							
At April 1, 2017	7,649	14,936	117,034	1,006	287	181	141,093
Additions	-	712	15,024	192	41	-	15,969
Disposals	-	-	352	2	-	10	364
At March 31, 2018	7,649	15,648	131,706	1,196	328	171	156,698
Additions	16	1,751	36,434	205	35	-	38,441
Disposals	-	-	1,745	12	4	169	1,930
At March 31, 2019	7,665	17,399	166,395	1,389	359	2	193,209
Depreciation							
At April 1, 2017	-	826	18,185	294	66	75	19,446
Additions	-	759	12,047	260	38	33	13,137
Disposals	-	-	326	-	-	9	335
At March 31, 2018	-	1,585	29,906	554	104	99	32,248
Additions	-	846	14,077	259	39	22	15,243
Disposals	-	-	1,744	12	4	154	1,914
At March 31, 2019	-	2,431	42,239	801	139	(33)	45,577
At April 1, 2017	7,649	14,110	98,849	712	221	106	121,647
At March 31, 2018	7,649	14,063	101,800	642	224	72	124,450
At March 31, 2019	7,665	14,968	124,156	588	220	35	147,632

<sup>\*</sup> Includes WDV of improvements on leasehold buildings worth ₹ 1,285 lakhs (gross - ₹ 2,382 lakhs) as on 31.03.2019 (WDV of ₹ 1,224 lakhs (gross - ₹ 1,986 lakhs) as on 31.03.2018)

Note: The company fair valued land as on 01-Apr-15, transition date to Ind AS adoption. As required under Ind AS, the company has decided to fair value land once every 5 year. Hence the next fair valuation would be done on 31-Mar-20

### **1.2 CAPITAL WORK IN PROGRESS**

(Rupees in Lakhs)

Asset Category	TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
Gross Block			
At April 1, 2017	1,116	-	1,116
Additions	1,761	376	2,137
Disposals	821	-	821
At March 31, 2018	2,056	376	2,432
Additions	8,316	-	8,316
Disposals	1,310	376	1,686
At March 31, 2019	9,062	-	9,062
Depreciation			
At April 1, 2017	-	-	-
Additions	-	-	-
Disposals	-	-	-
At March 31, 2018	-	-	-
Additions	-	-	-
Disposals	-	-	-
At March 31, 2019		-	-
At April 1, 2017	1,116	-	1,116
At March 31, 2018	2,056	376	2,432
At March 31, 2019	9,062	-	9,062

### **1.3 INTANGIBLE ASSETS**

(Rupees in Lakhs)

Asset Category	Computer Software	Product Development	Technical know-how	Intangible Assets Total
Gross Block				
At April 1, 2017	943	636	-	1,579
Additions	826	-	-	826
Disposals	-	-	-	-
At March 31, 2018	1,769	636	-	2,405
Additions	97	-	430	527
Disposals	-	-	-	-
At March 31, 2019	1,866	636	430	2,932
Depreciation				
At April 1, 2017	322	121	-	443
Additions	258	212	-	470
Disposals	-	-	-	-
At March 31, 2018	580	333	-	913
Additions	316	212	57	585
Disposals	-	-	-	-
At March 31, 2019	896	545	57	1,498
At April 1, 2017	621	515	-	1,136
At March 31, 2018	1,189	303	-	1,492
At March 31, 2019	970	91	373	1,434

### Note:

<sup>1.</sup> Additions to PPE & CWIP include exchange gain or loss aggregating to ₹ 319.48 lakhs for the year 2018-19 (₹ 15.20 lakhs for the year 2017-18) capitalised under Plant & Machinery

<sup>2.</sup> All term loans both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Refer Note no. 3.7

### **FINANCIAL ASSETS**

### **NOTE No. 1.4**

### **NON CURRENT INVESTMENTS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	
Investment in Equity of Subsidiaries			
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 ₹ 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 ₹ 57,47,848)	57	57	
Investment in Equity of Joint Venture			
Carlstahl Craftsman Enterprises Private Ltd (30% stake) 600,000 equity shares of ₹ 10 each fully paid up	60	60	
Investment in Equity instruments (at Fair Value through OCI)			
Quoted			
Jain Irrigation Limited (546 shares of ₹ 2 each fully paid up (cost ₹ 1,00,000)) (Market Value as on 31-Mar-2019 is ₹ 32,159)	-	1	
Unquoted			
MC Craftsman Machinery Private Ltd (10% stake) 2,10,000 equity shares of ₹ 100 each fully paid up	116	132	
iEnergy wind farm (Theni) Private Ltd 2167 equity shares of ₹ 10 each fully paid up	-	-	
TAGMA Centre of Excellence and Training 15 equity shares of ₹ 10 each fully paid up	5	5	
Bhatia Coke & Energy Limited 34,810 equity shares of ₹ 10 each fully paid up	110	110	
Hurricane Windfarms Pvt Limited (26% stake)* 39,000 equity shares of ₹ 10 each fully paid up	4	-	
Other Investments at fair value			
Deemed Equity- Wholly Owned Subsidiary	558	732	
Craftsman Marine B.V Netherlands			
Total	910	1,097	

<sup>\*</sup> Note: The company holds 26% equity stake in Hurricane Windfarms Pvt Ltd. As the shareholders agreement entered into with the promoters of Hurricane Windfarms Pvt Ltd contains restrictive covenants, the company cannot exercise "Significant influence" in terms of Ind AS 28 and therefore is not classified under "Investments in Associates"

Aggregate amount of quoted investments and market value thereof	-	1
Aggregate amount of unquoted investments including deemed equity	941	1,127
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	Place of incorporation and	Proportion of ownership interest		
Name of the entity		As at March 31, 2019	As at March 31, 2018		
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, 2019	As at March 31, 2018
Loan to Wholly Owned Subsidiaries		
Craftsman Marine B.V. The Netherlands - Loan	2,087	2,272
Craftsman Automation Singapore Pte. Ltd. Singapore - Loan	346	356
Add: Interest Accrued	3	2
Less: Provision for Doubtful Advances	(349)	(358)
Total	2,087	2,272

Loans receivable considered good - Secured	-	-
Loans receivable considered good - Unsecured	2,087	2,272
Loans Receivables - significant increase in Credit Risk	-	-
Loans Receivables - credit impaired	349	358

### NOTE No. 1.6

### **SECURITY DEPOSITS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Rent Deposit - Non Current	959	787
Other Deposits	1,202	1,012
Total	2,161	1,799

### **NOTE No. 1.7**

### **OTHER NON-CURRENT FINANCIAL ASSETS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Currency swap & IRS Derivative	58	141

### **NOTE No. 1.8**

### **CURRENT TAX ASSETS (NET)**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance payment of income tax less provisions	-	444

### **NOTE No. 1.9**

### **OTHER NON CURRENT ASSETS**

### Unsecured, considered good unless otherwise stated

Particulars	As at March 31, 2019	As at March 31, 2018
Prepayments under lease	837	848
Capital Advances	1,131	2,695
Less: Provision for doubtful advances to supplier	(29)	(29)
Total	1,939	3,514

# NOTE No. 1.10 INVENTORIES

(Rupees in Lakhs)

As at March 31, 2019	As at March 31, 2018
9,633	9,015
10,140	9,588
3,908	3,691
2,728	2,785
4,443	3,293
227	148
121	546
31,200	29,066
169	227
	9,633 10,140 3,908 2,728 4,443 227 121 31,200

<sup>\*</sup> 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 Provision for slow moving inventory made in the current year is ₹ 268.49 lakhs (previous year is ₹ NiI)

### NOTE No. 1.11 TRADE RECEIVABLES

Amount written down to arrive at NRV\*

(Rupees in Lakhs)

89

Particulars	As at March 31, 2019	As at March 31, 2018
Considered good - Secured	-	-
Considered good - Unsecured	21,085	20,446
Significant increase in Credit Risk	450	695
Credit impaired	191	-
Less: Provision for doubtful debts	(641)	(695)
Total	21,085	20,446

Receivables from related parties - refer note 3.5

### Movement in Provision for doubtful debt is as follows (including under ECL model):

(Rupees in Lakhs)

Year ended	Opening	Allowance made during the year	write off / write back during the year	Closing
March 31, 2019	695	456	(510)	641
March 31, 2018	695	432	(432)	695

### **NOTE No. 1.12**

### **CASH AND CASH EQUIVALENTS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
a. Balances with banks	1,817	3,359
b. Cash on hand	7	10
Total	1,824	3,369

### **NOTE No. 1.13**

### OTHER BANK BALANCES

Particulars	As at March 31, 2019	As at March 31, 2018
Other Bank balances		
i) Margin money against LC	707	1,196
ii) Margin money against Guarantee	1	-
	708	1,196

### **NOTE No. 1.14**

### **SECURITY DEPOSIT-CURRENT**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits -Current	80	54

### **NOTE No. 1.15**

### **OTHER CURRENT FINANCIAL ASSETS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Currency swap, IRS & Forward cover derivative	33	13

### **NOTE No. 1.16**

### **OTHER CURRENT ASSETS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	923	2,349
Advance to Suppliers (Other than CG)	1,449	776
Prepaid Expenses	1,705	838
Advance to Employees	34	24
Contract assets - Unbilled Revenue	416	454
Others	183	74
Total	4,710	4,515

### **NOTE No. 1.17**

### **EQUITY SHARE CAPITAL**

(Rupees in Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos.	Amount	Nos.	Amount
Authorised				
Equity Shares of ₹ 100 each			2,000,000	2,000
Equity Shares of ₹ 5 each	40,000,000	2,000		
Issued, called, subscribed & Paid Up				
Equity Shares of ₹ 100 each			1,006,080	1,006
Equity Shares of ₹ 5 each	20,121,600	1,006		
Total	20,121,600	1,006	1,006,080	1,006

### The movement of equity shares is as below

(Rupees in Lakhs)

As at March 31, 2019		As at March 31, 2018		
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	1,006,080	1,006	574,903	575
Additions due to subdivision of shares	19,115,520	-		
Bonus shares issued during the year			431,177	431
Shares outstanding at the end of the year	20,121,600	1,006	1,006,080	1,006

### Rights, Preferences and Restrictions to equity shares

The company has only one class of equity shares having a par value of ₹ 5 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 secretary hands	As at March 31, 2019		As at March 31, 2018	
Name of the equity shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
S Ravi	10,630,640	52.83%	531,532	52.83%
International Finance Corporation-USA	2,828,100	14.06%	141,405	14.06%
S Murali	2,126,260	10.57%	106,313	10.57%
K Gomatheswaran	1,417,500	7.04%	70,875	7.04%
Marina III (Singapore) Pte Limited	3,118,500	15.50%	155,925	15.50%
Total	20,121,000	100.00%	1,006,050	100.00%

### 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:

- Based on the approval by the shareholders in the Extra ordinary General Meeting held on December 11, 2017, the Company had allotted 431,177 number of fully paid Bonus shares on December 21, 2017 in the ratio of three equity shares of ₹ 100 each fully paid up for every four existing equity shares of ₹ 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 shareholders of the company at the Extra ordinary General Meeting held on April 30, 2018 approved the subdivision of equity shares of  $\mathbf{\xi}$  100/- each into equity shares having a face value of  $\mathbf{\xi}$  5/- each. Consequently the total number of equity shareholding has changed to 20,121,600 equity shares of face value  $\mathbf{\xi}$  5/- each from that date.

### NOTE No. 1.18 OTHER EQUITY

(Rupees in Lakhs)

Particulars		As at March 31, 2019	As at March 31, 2018
Reserves & Surplus			
Securities Premium	A	13,795	13,795
General Reserves	В	9,662	9,662
Retained Earnings	С	47,252	38,007
Total Reserves & Surplus		70,709	61,464
Cash Flow Hedging Reserve	D	(1,523)	(688)
Equity instruments through Other Comprehensive Income		(95)	(78)
Total		69,091	60,698

### Additions and Deductions since the last balance sheet date:

### (i) Securities Premium Account

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	13,795	14,226
Issue of Bonus Shares	-	(431)
Closing balance	13,795	13,795

### (ii) Retained Earnings

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	38,007	34,938
Profit for the year	9,418	3,213
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of defined benefit obligation (net of tax)	(52)	(75)
Dividend (including dividend distribution tax)	(121)	(69)
Closing balance	47,252	38,007

### (iii) Cash Flow Hedging Reserve

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	(688)	(319)
Changes in fair value of hedging instruments	(1,283)	(567)
Deferred Tax	448	198
Closing Balance	(1,523)	(688)

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

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	(78)	(62)
Changes in fair value of FVOCI equity instruments	(17)	(16)
Closing Balance	(95)	(78)

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 ₹ 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, 2019, the Board of Directors has proposed a final dividend of ₹ 2.50 per share of face value ₹ 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 ₹ 503 lakhs and the dividend distribution tax thereon amounts to ₹ 103 lakhs."

### NOTE No. 1.19 LONG TERM BORROWINGS

(Rupees in Lakhs)

Particulars		As at March 31, 2019		s at 31, 2018
	Non-Current	Current *	Non-Current	Current *
Secured				
From Banks				
Rupee Term Loans - Banks	23,784	7,255	18,151	5,497
Foreign Currency Term Loans	36,141	6,360	20,852	8,305
	59,925	13,615	39,003	13,802
From NBFC				
Rupee Term Loans - NBFC	9,395	2,090	4,030	625
Total	69,320	15,705	43,033	14,427

#### 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 1.25)

### **Net Debt Reconciliation:**

### For the year ended 31 March 2019

(Rupees in Lakhs)

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability*	Current Borroning	Non. Current Borrowing plus current maturiy of long term debt*	Total Net Borrowing
Net (debt)/ Cash & Cash Equivalents as at 1st April 18	3,301	(623)	(27243)	(57,867)	(82,432)
CashFlows	(1496)	-	14,165	(26,762)	(14,093)
Fair Value changes	-	(680)	-	-	(680)
Foreign exchange adjustments	-	-	(457)	(803)	(1260)
Interest epense & other charges	-	-	(4216)	(7,660)	(11,876)
Interest &charges paid	-	-	4203	7,251	11,454
Net (debt)/ Cash & Cash Equivalents as at 31 Mar 19	1,805	(1,303)	(13,547)	(85,841)	(98,887)

### For the year ended 31 March 2018

(Rupees in Lakhs)

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borroning	Non. Current Borrowing plus current maturiy of long term debt*	Total Net Borrowing
Net (debt)/ Cash & Cash Equivalents as at 01 Apr 17	2,174	(698)	(22.)	(55,780)	(76659)
Cash Flows	1127	-	(4763)	(1,765)	(5,400)
Fair Value charges	-	75		-	75
Foreign exchgnge adjustments	-	-	(92)	(347)	(440)
Interest mq3ense & other charges	-	-	(5324)	(5,384)	(10,708)
Interest & chages paid	-	-	5,290	5,410	10,700
Net (debt)/ Cash & Cash Equivalents as at 31 Mar 18	3,301	(623)	(27,243)	(57,867)	(82,432)

<sup>\*</sup> Includes the portion of "interest accrued but not due" pertaining to borrowings.

#### **NOTE No. 1.20**

### **NON-CURRENT FINANCIAL LIABILITIES- OTHERS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Currency swap & IRS Derivative	324	62
Rent Advance	2	2
Total	326	64

#### 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, 2019	As at March 31, 2018
Other Provisions		
Provision for Warranty Cost - Non-current	20	21

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, 2019	21	6	5	20
As at March 31, 2018	20	4	5	21

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

<sup>\*\*</sup> does not include foreign currency forward contracts since they are used for hedging liabilities that are operating cash flows

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

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax Liabilities	15,578	14,610
Deferred Tax Assets	(1,822)	(3,971)
Deferred Tax Liabilities (net)	13,756	10,639
MAT Credit Entitlement- Unused tax credit	(10,002)	(7,356)
Total	3,754	3,283

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, 2019	As at March 31, 2018
Secured		
Loans repayable on demand from banks		
Rupee Loans - Secured	13,482	23,425
Foreign Currency Loans	-	3,716
Sub-total (A)	13,482	27,141
Unsecured		
Overdraft	19	68
Sub-total (B)	19	68
Total (A + B)	13,501	27,209

### **NOTE No. 1.24**

### **TRADE PAYABLES**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Due to Micro and Small Enterprises-(MSE)	2,419	495
Sub-total (A)	2,419	495
Due to Other Suppliers	29,541	34,980
Accrued Expenses and others	1,107	788
Sub-total (B)	30,648	35,768
Total (A + B)	33,067	36,263

### **NOTE No. 1.25**

### OTHER CURRENT FINANCIAL LIABILITIES

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of long-term debt (refer note 1.19)	15,705	14,427
Interest accrued but not due on borrowings	939	442
Currency swap, IRS & Forward cover derivative	1,088	702
Creditors for capital goods and services	4,219	2,593
Employee related liabilities	2,020	1,808
Dues to directors	18	329
Others	1,727	1,108
Total	25,716	21,409

### **NOTE No. 1.26**

### **CURRENT TAX LIABILITIES (NET)**

Particulars	As at March 31, 2019	As at March 31, 2018
Income tax provisions less advance payment	501	

### **NOTE No. 1.27**

### **OTHER CURRENT LIABILITIES**

(Rupees in Lakhs)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Advance from customers	2,797	1,994
Deferred Revenue- EPCG benefit	3,878	302
Statutory Dues	1,425	605
Total	8,100	2,901

### **NOTE No. 1.28**

### **SHORT TERM PROVISIONS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Gratuity	291	283
Other Provisions		
Provision for Warranty Cost	103	52
Provision for Rejection	127	78
Total	521	413

Note:

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

	Opening	Expired during the year	Warranty provided for current year	Closing
As at March 31, 2019	52	52	103	103
As at March 31, 2018	30	30	52	52

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:

	Opening	Expired during the year	Rejection provided for current year	Closing
As at March 31, 2019	78	78	127	127
As at March 31, 2018	39	39	78	78

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		As at March 31, 2019	As at March 31, 2018
Sale of products;			
Domestic Sales		93,170	78,394
Export Sales		17,024	13,397
	A.	110,194	91,791
Sale of services;			
Machining Charges		53,235	45,178
Service Charges		133	108
	B.	53,368	45,286
Other operating revenues;			
Sale of swarf & others		14,285	10,778
Duty Drawback		325	257
EPCG income on fulfilling obligation		2,406	1,954
Export Incentive under MEIS		384	264
	C.	17,400	13,253
Revenue from operations (Gross)(A+B+C)		180,962	150,330

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

### NOTE No. 2.2 OTHER INCOME

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Interest Income from deposits measured at amortised cost	149	179
Interest Income due to unwinding of fair valued assets		
- Rent Advance	61	46
- Deemed Equity	92	88
Net gain on sale of assets	44	-
Rental income	29	23
Interest on Loan to Wholly Owned Subsidiary	1	1
Exchange rate Gain/(Loss) on Transaction & Translation	553	633
MTM Gain / (Loss) - Derivative -(Net)	(16)	452
Unclaimed balances written back	356	89
Others - Other Income	-	3
Total	1,269	1,514

### NOTE No. 2.3

### **COST OF RAW MATERIALS AND COMPONENTS CONSUMED**

(Rupees in Lakhs)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Cost of goods sold	68,683	56,820
Carriage inward	1,495	1,548
Sub Contract Charges	586	429
Total	70,764	58,797

### NOTE No. 2.4

### **CHANGES IN INVENTORIES OF FG & WIP**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Inventory at the end of the year		
Work in Progress	10,140	9,588
Sub total	10,140	9,588
Inventory at the beginning of the year		
Work in Progress	9,588	7,943
Sub total	9,588	7,943
(Increase) / decrease in inventory	(552)	(1,645)

### **NOTE No. 2.5**

### **EMPLOYEE BENEFITS EXPENSE**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Salaries and wages	14,142	13,092
Contributions to PF & ESI	585	584
Contribution to Gratuity fund	211	167
Payment to contractors	3,669	2,879
Staff welfare expenses	2,847	2,903
Total	21,454	19,625

### **NOTE No. 2.6**

### **DEPRECIATION AND AMORTISATION EXPENSE**

Particulars	As at March 31, 2019	As at March 31, 2018
Depreciation on Property, Plant & Equipment	15,243	13,137
Amortisation of Intangible Assets (Software & Dev.Exp.)	585	470
Total	15,828	13,607

### NOTE No. 2.7 OTHER EXPENSES

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Manufacturing Expenses		
Stores, Spares & tool consumed	15,502	15,050
Power & Fuel	9,664	8,559
Repairs & Maintenance		
- Machinery - Repairs & Maintenance	6,433	4,867
- Building - Repairs & Maintenance	465	502
- Others - Repairs & Maintenance	1,909	1,832
Other manufacturing expenses	891	426
A	. 34,864	31,236
Administrative Expenses		
Professional and Consultancy charges	746	794
Insurance Charges	442	407
Rates & Taxes	196	179
Software Licenses	359	370
General Administrative Expenses	610	717
Printing & Stationary	196	181
Postage & Telegrams	69	55
Rent	2,268	2,032
Telephone Expenses	255	265
Travelling Expenses	1,065	1,052
Managerial Remuneration	1,227	656
Directors' Sitting Fees	16	7
Remuneration to auditors		
Statutory Audit (including quarterly audit during FY 18-19)	87	47
Taxation and Certification	19	14
CSR Expenses	82	92
Amounts written off		
Bad debts	510	432
Tender deposits	22	-
Doubtful advances - write off	45	39
Provisions for the year		
Doubtful advances	(9)	52
Warranty	50	56
Rejections	49	39
Doubtful debts	(54)	-
В	. 8,250	7,486
Selling expenses		
Packing material consumed	1,644	1,390
Carriage Outward	2,561	2,169
Sales Promotion Expenses	531	524
C	4,736	4,083
Total (A+B+C)	47,850	42,805

# NOTE No. 2.8 FINANCE COST

Particulars	As at March 31, 2019	As at March 31, 2018
Interest expenses		
On Short Term Borrowings	4,216	4,790
On Long Term Borrowings at Amortised Cost	7,503	5,305
Other Borrowing costs		
Unwinding of discounted Upfront fee on loans	157	79
Unwinding of Rent Advance	61	46
Other bank charges	803	534
Net (gain)/loss on foreign currency transactions and translation - Fin Cost	351	156
Total	13,091	10,910

### 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)

		Year Ended March 31, 2019	Year Ended March 31, 2018
Profit before tax	а	13,796	4,501
Income tax rate	b	34.944%	34.608%
Income tax expenses	a*b	4,821	1,558
Effect of			
i) EPCG Benefit Capitalisation not considered for Income Tax purpose		(264)	(224)
ii) Effect of expenses inadmissible for tax		18	155
iii) Difference due to change in tax rate		-	102
iv) Deferred tax asset now recognised		(93)	(401)
v) Effect due to land indexation		35	50
vi) Effect of other adjustments		(138)	48
Income tax expense recognised in Statement of Profit & loss		4,378	1,288

### Movement of deferred tax assets/ liabilities

(Rupees in Lakhs)

Movement during the year ended 31st March, 2019	As at March 31, 2018	Recognised in P&L	Recognised in OCI	As at March 31, 2019
Depreciation & Amortization	(13,823)	(706)	-	(14,529)
Unabsorbed Loss	2,341	(2,914)	-	(573)
Provision for doubtful debts	259	(19)	-	240
Provision for Loans & Advances and Others	137	(3)	-	134
Other Temporary Differences	447	48	476	972
MAT Credit Entitlement- Unused tax credit	7,356	2,646	-	10,002
	(3,283)	(948)	476	(3,755)

(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	116	21	-	137
Other Temporary Differences	148	61	239	447
MAT Credit Entitlement- Unused tax credit	6,178	1,178	-	7,356
	(3,412)	(110)	239	(3,283)

### 3.2 Employee Benefits

### **Defined Contribution Plan**

The employee provident fund is in the nature of Defined contribution plan. The contribution made to the scheme is 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 employee provident fund.

The total expenses recognised in statement of profit or loss of ₹ 363 lakhs (2017-18: ₹ 350 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 ₹ 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.

Investment risk	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.
Liquidity Risk	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.
Market Risk	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.
Legislative Risk	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, 2019	As at March 31, 2018
Discount rate	7.75%	7.59%
Expected rate of salary increase	7.00%	8.00%
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)

	As at March 31, 2019	As at March 31, 2018
Current Service Cost	187	163
Net interest expense/ (income)	24	4
Component of defined benefit cost recognised in P&L	211	167
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gain)/loss arising from changes in financial assumptions	(174)	216
Actuarial (Gain)/ Losses due to Experience on DBO	254	(98)
Actuarial (Gain)/Loss arising from changes in financial assumptions due to demographic assumption		
changes in DBO	(6)	-
Return on Plan Assets (Greater) / Less than Disount rate	6	(2)
Components of defined benefit costs recognised in other comprehensive income	80	116
Total Defined Benefit Cost	291	283

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, 2019	As at March 31, 2018
Present value of defined benefit obligation	1,696	1,424
Fair value of plan assets	1,405	1,141
Net liability arising from defined benefit obligation (funded)	(291)	(283)

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

(Rupees in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Opening defined benefit obligation	1,424	1,139
Current Service Cost	187	163
Interest Cost	124	84
Benefits paid	(113)	(80)
Actuarial (gain)/loss	74	118
Closing defined benefit obligation	1696	1424

### $\label{lem:movements} \mbox{Movements in fair value of plan assets in the current year were as follows:}$

	Year ended March 31, 2019	Year ended March 31, 2018
Opening fair value of plan assets	1,141	1,038
Interest income of the assets	100	79
Employer contribution	283	102
Benefits payout	(114)	(80)
Actuarial gain/(loss)	(5)	2
Closing fair value of plan assets	1405	1141

## 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 ₹ 94 lakhs (2017-18: ₹ 81 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 year.

(Rupees in Lakhs)

	As at March 31, 2019	As at March 31, 2018
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
Decrease by (Mar 19: (9.44%); Mar18: (10.04)%)	(160)	(143)
Increase by(Mar 19: 11.44%; Mar18 : 11.92%)	189	170
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would		
Increase by (Mar 19: 9.12%; Mar18 : 9.22%)	155	131
Decrease by(Mar 19: (8.18%); Mar18 : (8.42%))	(139)	(120)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		
Increase by Mar 19: 0.51%; Decrease in Mar18: (0.34%)	9	(5)
Decrease by Mar 19: (0.58%); Increase in Mar18 : 0.39%	(10)	6

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 year, which is the same as that applied in calculating the defined benefit obligation liability recognized 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 ₹ 50 lakhs (as at March 31, 2018: ₹ 189 lakhs) to the defined benefit plans for the next financial year.

Information on the maturity profile of the liabilities:

(Rupees in Lakhs)

Particulars	31st March 2019	31st March 2018
Weighted average duration of the DBO	13.48 years	14.49 years
Projected Benefit Obligation	1,696	1424
Accumulated Benefits Obligation	965	836

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

(Rupees in Lakhs)

FUTURE PAYOUTS	Present Value
Year (i)	115
Year (ii)	100
Year (iii)	116
Year (iv)	84
Year (v)	76
Next 5 year pay-outs(6-10yrs)	345
Pay-outs above ten years	858

### 3.3 Earnings per share

	Year Ended March 31, 2019 Year Ended March 31, 20
Earnings per share	
Basic earnings per share	46.81
Diluted earnings per share	46.81
Face value per share for EPS*	5
Face value per share at the end of the year	5
Basic and diluted earnings per share	
Profit for the year attributable to equity shareholders	9,418 3,

	Nos.	Nos.
Total number of equity shares outstanding at the end of the year	2,01,21,600	10,06,080
Weighted average number of equity shares		
used in the calculation of basic earnings per share	2,01,21,600	20,121,600*
after adjustment for effect of dilution	2,01,21,600	20,121,600*

<sup>\*</sup> due to sub division of shares as on 30th April 2018 from ₹ 100 per share to ₹ 5 per share, face value had been considered at ₹ 5 for computing EPS for the year ended 31-Mar-19. Number of shares prior to subdivision was 1,006,080 shares which became 20,121,600 post sub division

### 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, 2019	As at March 31, 2018
Debt (long-term and short-term borrowings including current maturities)	98,526	84,669
Equity	70,097	61,704
Debt Equity Ratio	1.41	1.37

### 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 year are as follows.

Assets	Currency	As at March 31, 2019		As at March 31, 2018	
		Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)
Receivables	USD	46	3,183	46	2,978
	EUR	16	1,204	21	1,651
Loans given in FC	EUR	35	2,645	38	3,004
Total Receivables (A)			7,032		7,633
Hedged by derivative contracts (B)		-	-	-	-
Unhedged receivables (C=A-B)			7,032		7,633

		As at Marc	ch 31, 2019	As at March 31, 2018	
Liabilities	Currency	Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)
	USD	4	311	72	4,774
	JPY	3,608	2,292	1,711	1,070
Payable (trade & other)	EUR	3	234	1	56
	SGD	8	397	1	28
	GBP	0	1	0	6
	CHF	0	22	0	0
Danis in a (FCD and Others)	USD	597	41,543	496	32,511
Borrowings (ECB and Others)	JPY	-	-	602	362
	EUR	12	958		
Total Payables (A)			45,757		38,808
Hedges by derivative contracts (B)	USD	559	38,900	145	19,772
Unhedged payables (C=A-B)			6,857		19,036

## 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 financials instruments. The following table details the Company's sensitivity movement in the unhedged foreign exposure:

Currency	1% Streng	1% Strengthening of FC		
	As at March 31, 2019	As at March 31, 2018		
USD	(387	(343)		
GBP	0)	(0)		
SGD	(4	(0)		
CHF	0)	(0)		
EUR	31	6 46		
JPY	23	3 (14)		
	(378	(312)		

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 year:

(Rupees in Lakhs)

Cash Flow	Foreign Currency		Equivalent value		Fair value o	of contracts
Hedges	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Sell USD	14	40	971	2,652	980	2,627

# Note:

The MTM of the above has been included in the balance sheet under 'Other Current Financial Liability'. [Refer Note 1.25] as on 31-03-2019 and under 'Other Current Financial Assets' [Refer Note 1.15] as on 31-03-2019

# 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 year. 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 year 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 below.

(Rupees in Lakhs)

Base Rate	Increase in Base rate	Effect of Change in interest rates		Outstanding as on	
Dase nate	Illicrease III Dase rate	2018-19	2017-18	As at March 31, 2019	As at March 31, 2018
USD Libor	25 bps	-	-	-	-
INR Baserate	50 bps	193	142	38,535	28,303
		193	142	38,535	28,303

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

The Company had 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. This contract matured in the month of July 2018. The marked to market loss as at June 30, 2018 was ₹ 127 lakhs (March 31, 2018: Loss of ₹ 105 lakhs). The amount of loss recognized in Statement of Profit and Loss for the year ended 31st March 2019 is ₹ 22 lakhs (31st March 2018 Gain of ₹ 162 lakhs)

In addition to the above contract, the company has taken interest rate swaps ('IRS') to hedge the interest rate risks. The marked-to-market loss as at March 31, 2019 is ₹ 387 lakhs (March 31, 2018: Gain of ₹ 139 lakhs). For the year ended 31 March 2019, the movement in certain hedge effective IRS deals were taken to Other Comprehensive Income (OCI). The amount of loss recognized in OCI for the year ended 31st March 2019 is ₹ 436 lakhs (31st March 2018 – NIL) and the amount of loss recognized in Statement of Profit and Loss for the ineffective portion of cash flow hedge for the year ended 31st March 2019 is ₹ 91 lakhs (31st March 2018: Gain of ₹ 211 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 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, 2019 is ₹ 497 lakhs (March 31, 2018: Loss of ₹ 657 lakhs). The amount of loss recognized in OCI for the year ended 31st March 2019 is ₹ 160 lakhs (31st March 2018: Loss of ₹ 297 lakhs). Also, the effect given to OCI on account of restatement loss of the underlying foreign currency loans for the year ended 31st March 2019 is ₹ 589 lakhs (31st March 2018: Loss of ₹ 270 lakhs).

During the year ended 31st March 2019, the Company has purchased call options for one of its foreign currency loan which is designated as a cash flow hedge. Accordingly, based on the marked to market valuation of the effective portion of hedge, a loss of ₹ 418 lakhs had been recognized in 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, 2019	As at March 31, 2018
Balance as at beginning of the year	695	695
Allowance for bad and doubtful debts during the year	456	432
Trade receivables written off during the year	(510)	(432)
Balance as at the end of the year	641	695

#### 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 31.03.2019 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 ₹ 797 lakhs as on March 31, 2019. 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, 2019	As at March 31, 2018
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, 2019	As at March 31, 2018
Balance as at beginning of the year	386	334
Allowance for doubtful advances made during the year	36	91
Advances written off during the year	(45)	(39)
Balance as at the end of the year	377	386

Refer Note 1.5 and 1.9 of the financial statements.

#### 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, 2019	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	29,206	57,929	11,391	98,526
Interest payments on borrowings	8,239	15,830	1,668	25,737
Trade Payables	33,067	-	-	33,004

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

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. The table includes both hedge effective & ineffective derivative instruments. Hedge effective instruments are fair valued through Other Comprehensive Income (OCI) & hedge ineffective derivative instruments are fair valued through statement of profit or loss.

(Rupees in Lakhs)

As at March 31, 2019	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate Swaps	(1,037)	(265)	-	(1,302)
Foreign exchange forwards	(17)	-	-	(17)
	(1,055)	(265)	-	(1,320)

(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
	(689)	79	-	(610)

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

	As at March 31, 2019	As at March 31, 2018
Financial Assets		
a. Measured at amortised cost:		
Investments (net)	117	117
Cash and cash equivalents	1,825	3,369
Other bank balances	708	1,196
Trade Receivables	21,086	20,446
Loans	2,087	2,272
Security Deposit	2,241	1,853

	As at March 31, 2019	As at March 31, 2018
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Investments	235	248
Currency swaps & IRS	43	
c. Deemed equity measured at fair value		
Investments	558	732
d. Mandatorily maintained at fair value through profit or loss (FVTPL)		
Currency swaps & IRS	48	141
Others	-	13

	As at March 31, 2019	As at March 31, 2018
Financial Liabilities		
a. Measured at amortised cost:		
Borrowings	98,526	89,683
Trade Payables	33,066	32,510
Other Financial Liabilities	8,925	6,199
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Currency Swaps & IRS	1,394	657
c. Mandatorily maintained at fair value through profit or loss (FVTPL)		
Currency Swaps & IRS	-	107
Others	17	-

#### 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 year:

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)

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	-	116	119	235
ii) fair value through P&L		558		558
Derivative Instruments measured at				
i) fair value through OCI	-	43	-	43
ii) fair value through P&L	-	48	-	48
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	1,394	-	1,394
ii) fair value through P&L	-	17	-	17

As at March 31, 2018	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	1	132	115	248
ii) fair value through P&L		732		732
Derivative Instruments measured at				
i) fair value through P&L	-	154	-	154
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	657	-	657
ii) fair value through P&L	-	107	-	107

#### **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. Thiyagaraj Damodharaswamy, Chief Operating Officer- Automotive (w.e.f. 24.05.2018)
	Mr. Shainshad Aduvanni, Company Secretary (From Nov 16'2017)
	Mr. Rajamanickam s, Company Secretary (upto Apr-17)
	Mr. N.v.s. Pavankumar, Company Secretary (Aug 12'2017 to Nov 16'2017)

# c) Related Party Transactions – Summary:

	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
Purchase of Goods & Services	244	208	189	314	148	103		
Sale of Goods & Services	828	646	2,077	1,879	2	12		
Reimbursement of Expenditure	89	28						
Unwinding effect of deemed equity	92	88						
Dividend payments							53	30
Remuneration to key management personnel							663	524
Commission							728	228
Sitting Fee							16	7
Interest Income	1	1						
Loans recovered	282	137						
Rental Income			2	2	27	25		

Balances as on	Subsid	iaries	Joint Ventures		Common direc	tor - company	Key Manager	ial Personnel
Dalalices as oil	Mar-19	Mar-18	Mar-19 Mar-18 Mar-19 Mar-18		Mar-18	Mar-19	Mar-18	
Trade Receivables	409	593	669	843	0	0		
Trade Payables	24	34	16	76	54	22		
Loans - Receivable*	2,433	2,628						
Interest receivable*	3	2						
Remuneration payable							18	329
Rent advance received					2	2		

# e) Significant Related party transactions:

(Rupees in Lakhs)

	Year Ended March 31, 2019	Year Ended March 31, 2018
Purchase of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	189	314
Craftsman Automation Singapore Pte Limited	126	133
Craftsman Marine BV - Netherlands	118	75
MC Craftsman Machinery Private Limited	148	103
Sale of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	2,077	1,879
Craftsman Marine BV - Netherlands	828	646
MC Craftsman Machinery Private Limited	2	12
Reimbursement of Expenditure		
Craftsman Automation Singapore Pte Limited	0	0
Craftsman Marine BV - Netherlands	89	28
Unwinding effect of deemed equity		
Craftsman Marine BV - Netherlands	92	88
Dividend payments		
Executive Directors	53	30
Remuneration to key management personnel		
Executive Directors	495	428
Chief Financial Officer	91	71
Chief Operating Officer	63	0
Company Secretary	14	25
Commission		
Executive Directors	719	204
Non-Executive	10	25
Sitting Fee		
Non-Executive	16	7
Loans recovered		
Craftsman Marine BV - Netherlands	262	137
Craftsman Automation Singapore Pte Limited	20	0
Interest Income		
Craftsman Automation Singapore Pte Limited	1	1
Rent Income		
Carl Stahl Craftsman Enterprises Pvt Ltd	2	2
MC Craftsman Machinery Pvt Ltd	27	25

# e) Balances of Related Parties

	·
As at March 31, 2019	As at March 31, 2018
669	843
409	593
0	0
16	76
21	28
3	6
54	22
	669 409 0 16 21

(Rupees in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Loans - Receivable		
Craftsman Marine B.V. Netherlands	2,087	2,272
Craftsman Automation Singapore Pte Limited*	346	356
Interest Receivable		
Craftsman Automation Singapore Pte Limited*	3	2
Rent advance received		
MC Craftsman Machinery Private Limited	2	2
Remuneration payable		
Mr. S Ravi	18	329

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

(Rupees in Lakhs)

	Year Ended March 31, 2019					Year Ended March 31, 2018			
Name of the Company	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	2,087	2,087	57	Subsidiary	2,272	2,272	57	
Craftsman Automation Singapore Pte Limited	Subsidiary				Subsidiary				
Loan Receivable*		346	356	31		356	356	31	
Interest receivable*		3				2			

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

(Rupees in Lakhs)

	As at March 31, 2019	As at March 31, 2018	Purpose
Loan Outstanding			
Craftsman Marine B.V	2,087	2,272	Funding for operations
Craftsman Automation Singapore Private Limited*	346	356	Funding for operations
Investments			
Craftsman Marine B.V	57	57	
Craftsman Singapore Private Limited*	31	31	
Deemed Equity- Craftsman Marine B.V	558	732	

<sup>\*</sup> Provisions of ₹31 lakhs & ₹346 lakhs have been made as on March 31, 2019 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, 2019	As at March 31, 2018
a. Claims against the company not acknowledged as debt		
Excise	73	126
VAT	52	68
Service tax	71	63
Income tax	1,732	694
Stamp duty	56	-
b. Bank Guarantee (Net of Margin)	842	890
c. Sales Bills discounted	3,764	4,598
d. Export Obligation under EPCG Scheme		
Proportionate customs duty on imports related to pending obligations	3,878	3,354

# **Note on Export Obligation**

The obligation of deferred income amounting to ₹ 3878 lakhs for which license was obtained, shipment was made and duty portion was capitalized, the same is yet to be fulfilled.

#### **Commitments**

Commitment on Capital Account not provided as on 31.03.2019: ₹ 9281 lakhs 31.03.2018: ₹ 11,200 lakhs

# 3.7 Non-Current Borrowings:

(Rupees in Lakhs)

	As	at March 31, 201	9	Particulars of Repayment		As at	March 31, 2018	
	Non-Current	Current Maturity	Total	Instalments	Non-Current Amount/Inst nos.	Current Maturity	Total	
ECB-2	-	390	390	Quarterly	USD2.79/24	366	611	977
ECB-3	1,169	668	1,837	Quarterly	USD2.39/24	1,725	627	2,353
ECB-4	1,095	291	1,386	Quarterly	USD0.63/8,0.93	1,300	206	1,506
ECB-5	-	-	-	HalfYearly	JPY300.94/16	-	362	362
ECB-6	-	-	-	HalfYearly	USD0.6/5,2/5	-	2,632	2,632
ECB-8	-	-	-	Quarterly	USD2.46/16	-	323	323
ECB-9	526	701	1,227	Quarterly	USD2.50/16	1,152	658	1,810
ECB-10	1,892	840	2,732	Quarterly	USD3.00/20	2,564	790	3,354
ECB-11	4,201	1,119	5,320	Quarterly	USD4.00/20	4,992	263	5,255
50D 40	0.004	000	0.000	0	INR0.5/2,1.0/	0.500	450	0.004
ECB-12	3,061	806	3,868	Quarterly	42.18/15,2.3/1	3,538	456	3,994
ECB-13	20,822	-	20,822		USD11.54/13	-	-	-
ECB-14	840	118	958		Euro0.76/16	-	-	-
FCNRB-2	2,535	1,426	3,961	Quarterly	USD3.33/15	3,660	1,376	5,036
FC-1	-	-	-		USD10.56inApr2018	1,554	-	1,554
TL-1	9,395	2,090	11,485	Quarterly	INR208.33/24	4,030	625	4,655
TL-2	-	42	42	Quarterly	INR13.93/24	42	56	98
TL-3	244	250	494	Quarterly	INR62.50/24	494	250	744
TL-4	1,044	278	1,322	Quarterly	INR41.87/24	1,321	279	1,600
TL-5	1,598	639	2,237	Quarterly	INR160.00/20	2,075	800	2,875
TL-6	560	424	984	Monthly	INR104.20/72	988	424	1,412
TL-7*	2,059	697	2,756	Monthly	INR25.00/60	1,492	350	1,842
TL-8	1,489	592	2,081	Quarterly	INR160.00/20	2,074	598	2,671
TL-9	-	939	939	Monthly	INR60.00/72	955	840	1,795
TL-10	-	300	300	Monthly	INR50.00/60	310	600	910
TL-11	4,491	1,194	5,685	Monthly	INR100.00/72	5,749	1,200	6,949
TL-12	1,874	375	2,249	Quarterly	INR100.00/25	1,815	100	1,915
TL-13	2,717	299	3,016	Quarterly	INR66.87/20	837	-	837
TL-14	4,224	736	4,960	Quarterly	INR250.00/20	-	-	-
TL-15	3,484	490	3,974	Quarterly	INR250.00/16	-	-	-
Total	69,320	15,705	85,025			43,033	14,427	57,460

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

# 3.8 Operating Lease arrangements

# 3.8a Company as lessee

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Rent	2,268	2,032

Non-cancellable operating lease commitments	As at March 31, 2019	As at March 31, 2018
Not later than 1year	2,298	1,264
Later than 1 year but not later than 5 years	6,688	3,723
Later than 5 years	4,509	2,451

#### 3.8b Company as lessor

Company has provided a portion of its building on operating lease to MC Craftsman Machinery Private Itd & Carlstahl Craftsman Enterprises Private Limited for a period of 3 years.

(Rupees in Lakhs)

Non-cancellable operating lease commitments	As at March 31, 2019	As at March 31, 2018
Not later than 1year	27	13
Later than 1 year but not later than 5 years	43	-
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, 2019	As at March 31, 2018
The principal amount due to Micro and Small Suppliers	2,419	495
under this Act		
Interest accrued and due to suppliers on the above amount	63	Nil
Interest paid to suppliers under this Act (Section 16)	Nil	Nil
Interest due and payable for the delay (for payment during the year	Nil	Nil
beyond due date)		
Payment made to suppliers (other than interest) beyond the	Nil	Nil
appointed date, during the year		
Interest accrued and remaining unpaid at the end of year to suppliers	63	Nil
under this Act		
Interest due and payable to suppliers under this Act for payment	Nil	Nil
already made		

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

# 3.10 CSR Expenditure:

		Year Ended March 31, 2019	Year Ended March 31, 2018
(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	80	94
(b)	Amount spent during the year	82	92

(Rupees in Lakhs)

(Rupees in Lakhs)

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	28	7	35
(ii) On purposes other than (i) above	47	-	47

# 3.11 Segment Reporting:

(Rupees in Lakhs)

Segment Revenue	Year Ended March 31, 2019	Year Ended March 31, 2018
Automotive - Powertrain & Others	1,00,794	87,088
Automotive - Aluminium Components	30,815	23,531
Industrial & Engineering	49,353	39,711
Total revenue as per Statement of Profit and Loss	1,80,962	1,50,330

	·	/
Segment Profit or Loss	Year Ended March 31, 2019 Year Ended March 31, 2	2018
Automotive - Powertrain & Others	24,150	5,641
Automotive - Aluminium Products	2,288	800
Industrial & Engineering	5,656	2,284
Total Segments	32,094	8,725
Less: Unallocable Expenditure	(6,476)	1,828)
Add: Other Income	1,269	1,514
Earnings Before Interest & Tax	26,887	5,411
Less: Finance Costs	(13,091)	),910)
Profit Before Tax as per Statement of Profit and Loss	13,796	4,501

(Rupees in Lakhs)

Segment Assets	As at March 31, 2019	As at March 31, 2018
Automotive - Powertrain & Others	95,140	84,662
Automotive - Aluminium Products	45,528	22,150
Industrial & Engineering	59,845	54,852
Total Segments	2,00,512	1,61,664
Unallocable Assets	24,411	34,636
Total Assets as per Balance Sheet	2,24,923	1,96,300

(Rupees in Lakhs)

S.Ravi

DIN: 01257716

Segment Liabilities	As at March 31, 2019	As at March 31, 2018
Automotive - Powertrain & Others	65,651	57,133
Automotive - Aluminium Products	29,710	18,325
Industrial & Engineering	37,875	39,568
Total Segments	1,33,236	1,15,026
Unallocable Liabilities	21,590	19,570
Total Liabilities as per Balance Sheet	1,54,826	1,34,596

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

For and on behalf of the Board

Chairman and Managing Director

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

Place : Coimbatore
Date : 15-May-2019

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

Shainshad AduvanniG. SivakumarCompany Secretary M.No.A27895Chief Financial Officer

# **INDEPENDENT AUDITORS' REPORT**

To the Members of Craftsman Automation Limited

# Report on the Audit of the Consolidated Ind AS Financial Statements Opinion

We have audited the accompanying consolidated financial statements of Craftsman Automation Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries and its joint venture (together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31 March 2019, and the consolidated statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on consolidated financial statements and on the other financial information of the subsidiaries, its joint venture, the aforesaid consolidated 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 31 March 2019, and their consolidated profit, their consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

# Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to
  design audit procedures that are appropriate in the circumstances. Under
  section 143(3)(i) of the Companies Act, 2013, we are also responsible for
  expressing our opinion on whether the Holding Company, its subsidiary
  companies, and its joint venture, which are companies incorporated in India
  have adequate internal financial controls system in place and the operating
  effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial
  information of the entities or business activities within the Group to express
  an opinion on the consolidated financial statements. We are responsible
  for the direction, supervision and performance of the audit of the financial
  statements of such entities included in the consolidated financial
  statements of which we are the independent auditors. For the other entities
  included in the consolidated financial statements, which have been audited
  by other auditors, such other auditors remain responsible for the direction,
  supervision and performance of the audits carried out by them.

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

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

#### **Other Matters**

We did not audit the financial statements / financial information of the subsidiaries, whose financial statements / financial information reflect total assets, net assets, total revenues and net cash flows for the year ended 31 March 2019 is tabulated below:

(in INR Lakhs)

Particulars	Craftsman Automation Singapore Pte Ltd.	Craftsman Marine BV, Netherlands
Total assets	38.37	1,820.42
Net assets	-317.0	-796.6
Total revenue	124.22	1954.74
Net cash inflows/ (outflows)	-5.3	-172.9

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

The subsidiaries mentioned above are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management 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. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect 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, based on our audit and on the consideration of report of other auditors on separate financial statements and other financial information of subsidiaries as noted in the 'Other matters' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditors' 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 and based on the consideration of the report of the other auditors on consolidated financial statements as also the other financial information of the subsidiaries and its joint venture, as noted in the 'Other Matters' paragraph:
  - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group

    Refer Note 3.8 to the consolidated financial statements.
  - Provision has been made in the consolidated financial statements, 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 Group

#### For PKF Sridhar & Santhanam LLP

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

#### S Narasimhan

Partner Membership No. 206047

Place: Coimbatore Date: 15 May 2019

#### **ANNEXURE A**

Referred to in paragraph (f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date on the consolidated financial statements of 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 financial statements of Craftsman Automation Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of the Holding Company 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 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Holding 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 ICAI. 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 auditors' 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 internal financial controls system over financial reporting of the Holding Company.

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

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 and to the best of our information and according to the explanations given to us and based on consideration of reporting of the other auditors as mentioned in the Other Matter paragraph below, the Holding Company, have, 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 31 March 2019, based on the internal control over financial reporting criteria established by the companies 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: 15 May 2019

# **CONSOLIDATED** BALANCE SHEET

as at March 31, 2019

(Rupees in Lakhs)

	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	1.1	147,646	124,475
Capital Work in progress	1.2	9,061	2,431
Other Intangible assets	1.3	1,434	1,496
Investments accounted for using equity method	1.4	181	139
Financial assets			
Investments	1.5	235	248
Security Deposits	1.6	2,170	1,809
Other Financial assets - NC	1.7	58	141
Current tax assets (Net)	1.8	-	444
Other non-current assets	1.9	1,939	3,514
		162,724	134,697
Current assets		·	,
Inventories	1.10	32,330	30,046
Financial assets		33,333	
Trade receivables	1.11	21,003	20,169
Cash and cash equivalents	1.12	1,950	3,672
Other bank balances	1.13	708	1,196
Security Deposits	1.14	82	56
Other Financial assets - C	1.15	33	13
Other Current assets	1.16	4,770	4,569
Other dancer dasots	1.10	60,876	59,721
Total Assets		223,600	194,418
EQUITY AND LIABILITIES		223,000	137,710
EQUITY			
Equity Share capital	1.17	1,006	1,006
Other Equity	1.17	67,696	58,821
Other Equity	1.10	68,702	59,827
LIABILITIES		00,702	33,027
Non-current liabilities			
Financial liabilities			
Borrowings	1.19	69,320	43,033
Other Non-Current Financial Liabilities	1.19	326	43,033
	1.21	3,755	
Deferred tax liabilities (Net)	1.21		3,283
Current liabilities		73,401	46,380
Financial Liabilities			
	1.00	12 501	27.200
Borrowings	1.22	13,501	27,209
Trade payables	4.00	0.440	405
(a) total outstanding dues of micro enterprises & small enterprises	1.23	2,419	495
(b) total outstanding dues of creditors other than micro enterprises & small enterprises	101	30,702	35,779
Other current Financial Liabilities	1.24	25,752	21,415
Current tax liabilities (Net)	1.25	501	-
Other current liabilities	1.26	8,107	2,904
Provisions	1.27	515	409
		81,497	88,211
Total Equity and Liabilities		223,600	194,418

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

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

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Place : Coimbatore Date : 15-May-2019 R.Gauthamram

Whole Time Director DIN: 06789004

Shainshad Aduvanni

Company Secretary M.No.A27895

or and on benan or the board

S.Ravi

Chairman and Managing Director DIN: 01257716

G. Sivakumar

Chief Financial Officer

# **CONSOLIDATED** STATEMENT OF PROFIT AND LOSS

for the Year ended March 31, 2019

(Rupees in Lakhs)

	Note No.	Year Ended March 31, 2019	Year Ended March 31, 2018
INCOME			
Revenue From Operations	2.1	181,800	<mark>151,153</mark>
Other Income	2.2	1,351	1,506
Total Income		183,151	152,659
EXPENSES			
Cost of materials consumed	2.3	71,049	59,170
Changes in inventories of finished goods and work-in-progress	2.4	(701)	(1,592)
Excise duty on sale of goods		-	3,244
Employee benefits expense	2.5	21,683	19,863
Depreciation and amortization expense	2.6	15,842	13,645
Other expenses	2.7	47,897	42,841
Finance costs	2.8	13,091	10,910
Total expenses		168,861	148,081
Profit before share of profit from joint venture & tax		14,290	4,578
Share of profit from Joint Venture		40	25
Profit before tax		14,330	4,603
Tax expense:	3.3		
(1) Current tax for the year		3,239	1,178
Current tax pertaining to earlier years		191	-
Less:MAT Credit Entitlement for the year		(2,317)	(1,178)
MAT Credit Entitlement pertaining to earlier years		(329)	-
Net Current Tax		784	-
(2) Deferred tax		3,594	1,288
Profit for the year		9,952	3,315
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(80)	(116)
- Equity Instruments through OCI		(17)	(16)
- Share of OCI of Joint Venture accounted for using equity method		1	1
(ii) Income tax relating to items that will not be reclassified to profit or loss		28	41
B (i) Items that will be reclassified to profit or loss			
<ul> <li>Exchange differences in translating the financial statements of foreign operations</li> </ul>		(53)	(133)
<ul> <li>The effective portion of gains or loss on hedging instruments in a cash flow hedge</li> </ul>		(1,283)	(566)
(ii) Income tax relating to items that will be reclassified to profit or loss		448	198
Other Comprehensive Income for the year, net of tax		(956)	(591)
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		8,996	<mark>2,724</mark>
Earnings per equity share Basic & Diluted (Face value of ₹ 5/-)	3.5		
- for continuing operations		49.46	16.47
- for discountinued operations		_	-
- for continuing & discontinued operations		49.46	16.47

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

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

Place : Coimbatore Date : 15-May-2019 **R.Gauthamram**Whole Time Director
DIN: 06789004

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

Chairman and Managing Director DIN: 01257716

> **G. Sivakumar** Chief Financial Officer

# **CONSOLIDATED** CASHFLOW STATEMENT

for the Year ended March 31, 2019

(Rupees in Lakhs)

	Year Ended March 31, 2019	Year Ended March 31, 2018
Cash flows from operating activities		
Profit before taxation	14,330	4,603
Adjustments for:		
Depreciation	15,842	13,645
Gain on sale of assets	(44)	-
Exchange difference on transaction/translation (loss/(gain))	(376)	(556)
MTM Gain / (Loss) - Derivative -(Net)	16	(452)
Share of Profit of Joint Venture	(39)	(25)
Provision for :		
Doubtful debts	(54)	-
Warranty & Rejection	98	70
Slow moving inventory	268	-
Interest received	(149)	(179)
Rental income	(29)	(23)
Interest expense	12,740	10,754
Operating cash flow before changes in working capital	42,603	27,837
Change in trade and other receivables	(79)	2,421
Increase in inventories	(2,552)	(7,213)
Change in Trade Payables and other Payables	2,422	5,702
Cash generated from operations	42,394	28,747
Income taxes paid	(2,485)	(1,438)
Net cash from operating activities - A	39,909	27,309
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,563)	(21,513)
Purchase of Intangible	(527)	(829)
Proceeds from sale of equipment	61	28
Purchase of shares	(4)	(114)
Interest received	149	179
Rent received	29	21
Net cash used in investing activities - B	(41,855)	(22,228)
Cash flows from financing activities	(11,7000)	(==,===)
Proceeds from long-term borrowings	43,433	14,450
Repayment of long term borrowings	(16,671)	(12,339)
Net proceeds from short-term borrowings	(14,116)	4,787
Interest (paid) /received	(12,243)	(10,746)
Dividend Paid	(121)	(69)
Net cash used in financing activities- C	282	(3,917)
Net increase in cash and cash equivalents - (A+B+C)	(1,663)	1,164
Cash and cash equivalents at beginning of year	3,604	2,403
Effect of exchange rate changes on cash and cash equivalents	(10)	2,403
Cash and cash equivalents at end of year	1,931	3,604
Reconciliation of Cash & Cash equivalents as per Cash Flow Statement	1,551	3,004
Cash & cash equivalents consists of:		
Cash and cash equivalents (note : 1.12)	1,950	3,672
Overdraft (note : 1.22)	(19)	(68)
Total	1,931	3,604

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

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

For and on behalf of the Board

S. Narasimhan

Membership No. 206047

Place : Coimbatore Date: 15-May-2019 **R.Gauthamram** Whole Time Director

DIN: 06789004

**Shainshad Aduvanni** 

S.Ravi Chairman and Managing Director DIN: 01257716

G. Sivakumar Chief Financial Officer Company Secretary M.No.A27895

# **CONSOLIDATED** STATEMENT OF CHANGES IN EQUITY

(Rupees in Lakhs)

a. Equity Share Capital	Balance at the beginning of April 1, 2018	Changes in equity share capital during the period	Balance as at March 31, 2019
	1,006	0	1,006

	Res	serves and Surpl	us					
b. Other Equity	Securities premium	General Reserve	Retained Earnings	Share in Networth of Joint Venture	Equity Instruments through Other Comprehensive Income	Cash Flow Hedging Reserve	Foreign Currency Translation Reserve	Total
Balance as at April 1,2017	14,226	9,662	32,754	54	(62)	(320)	283	56,597
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)
Total Comprehensive Income for the year	(431)	-	3,215	26	(16)	(368)	(133)	2,293
Dividends	-	-	(69)		-	-	-	(69)
Balance as at March 31, 2018	13,795	9,662	35,900	80	(78)	(688)	150	58,821
Profit for the year	-	-	9,912	40	-	-	-	9,952
Other Comprehensive Income	-	-	-	1	(17)	(835)	(53)	(904)
- Defined Benefit Plan	-	-	(52)	-	-	-	-	(52)
Total Comprehensive Income for the period	-	•	9,860	41	(17)	(835)	(53)	8,996
Dividends	-	-	(121)	-	-	-	-	(121)
Balance as at March 31, 2019	13,795	9,662	45,639	121	(95)	(1,523)	97	67,696

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

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

Place : Coimbatore Date : 15-May-2019 **R.Gauthamram** Whole Time Director

DIN : 06789004

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

Chairman and Managing Director DIN: 01257716

**G. Sivakumar** Chief Financial Officer

S.Ravi

# 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 period ended 31st March 2019. Craftsman Automation Private Limited was incorporated under the Companies Act, 1956 on 18th July 1986. Craftsman Automation Limited was incorporated under the Companies Act, 1956 on 18th July 1986. The shareholders of the Company approved the conversion into a public limited company at the meeting held on 30th April 2018 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

#### SIGNIFICANT ACCOUNTING POLICIES

#### **Statement of Compliance**

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.

#### **Recent Accounting Developments:**

#### 1) New standards notified and adopted by the Company

MCA on 29 March 2018 notified the new standard for revenue recognition — Ind AS 115 (effective from 1 April 2018) which overhauls the existing revenue recognition standards including Ind AS 18 — Revenue and Ind AS 11 — Construction contracts. The new standard provides a control-based revenue recognition model and provides a five-step application principle to be followed for revenue recognition:

- a) Identification of the contracts with the customer
- b) Identification of the performance obligations in the contract
- c) Determination of the transaction price
- d) Allocation of transaction price to the performance obligations in the contract (as identified in step b)
- Recognition of revenue when the Company satisfies a performance obligation.

A number of other standards had 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 have any material effect on the Group's financial statements.

# Note for Ind AS New Standards notified but not early adopted by the Company

#### (i) New Accounting Standard on Lease

Ind AS 116 replaces existing standard Ind AS 17 "Leases". The standard is effective for annual periods beginning on or after April 1, 2019.

Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items.

Lessor accounting remains similar to the current standard.

The Group is assessing the impact on its financial statements from adopting Ind AS 116 and plans to adopt the standard as at April 1, 2019.

#### (ii) Other Amendments

A number of other accounting standards have been modified on miscellaneous issues with effect from 1st April 2019. Such changes include clarification/guidance on:

- business combination accounting in case of obtaining control of a joint operation;
- accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;
- (iii) income tax consequences in case of dividends;
- (iv) accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;
- accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;
- (vi) accounting for prepayment features with negative compensation in case of debt instruments;
- (vii) accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;
- (viii) accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

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

# **B1. BASIS OF PREPARATION**

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 lnd AS accounting policies provided below:

#### 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.

#### **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**

#### **Recognition and Measurement**

All Property Plant & Equipment (PPE) barring land as at transition date are stated at cost of acquisition / installation as adjusted for import duty waivers and foreign exchange losses / gains less accumulated depreciation and impairment losses.

Cost of acquisition / installation includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly

attributable costs of bringing the asset to working condition for its intended use (inclusive of non-refundable purchase taxes and duties).

The Company capitalizes the import duty waived in respect of capital equipment imported under the Export Promotion Capital Goods 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 7AA 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.

Subsequent expenditure relating to an item of PPE is capitalised if it meets the recognition criteria

The import duty waived on capital assets which are purchased under the Export Promotion Capital Goods (EPCG) schemes and which are capitalized 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.

The Company in respect of all PPE barring land elected to continue with the carrying value of the relevant PPE as recognized in the financial statements as at transition date to Ind-AS measured as per the previous GAAP duly adjusting for the import duty waiver and used that as the deemed cost as at transition date pursuant to exemption under Ind —AS 101. The Company elected to fair value the land as at transition date and use that fair value as the deemed cost.

#### **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 2years 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
Technical Know - Acquired	2.5 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:

- 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 remeasurement 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 Itd- 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 other than subsidiaries and joint ventures 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.

#### 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**

#### Sale of Goods & Rendering of Services

Revenue from the sale of goods & rendering of services are recognised when performance obligations are satisfied by transfer a promised good or service to a customer. The goods and services are transferred when the customer obtains control over the goods or services.

#### 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)

Contribution towards PF is determined under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 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.

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 (\$\$) 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.

#### **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

#### **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 & other products to manufacturers of commercial / passenger vehicles, farm equipment, construction / mining occurrences.

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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

#### 1.1 PROPERTY, PLANT & EQUIPMENT

(Rupees in Lakhs)

Asset Category	Freehold land	Building *	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
Gross Block							
At April 1, 2017	7,648	14,939	117,108	1,041	291	181	141,208
Additions	-	712	15,024	194	41	-	15,971
Disposals	-	-	385	5	3	10	403
Translation reserve	-	1	10	6	-	-	17
At March 31, 2018	7,648	15,652	131,757	1,236	329	171	156,793
Additions	16	1,751	36,434	206	35	-	38,442
Disposals	-	-	1,787	18	4	169	1,978
Translation reserve	-	-	-	(1)	-	-	(2)
At March 31, 2019	7,664	17,403	166,404	1,423	360	2	193,255
Depreciation							
At April 1, 2017	-	827	18,244	316	69	76	19,532
Additions	-	760	12,058	260	38	33	13,149
Disposals	-	-	360	3	3	9	375
Translation reserve	-	-	8	3	-	-	12
At March 31, 2018	-	1,587	29,951	576	105	99	32,318
Additions	-	846	14,079	267	39	22	15,253
Disposals	-	-	1,785	18	4	154	1,961
Translation reserve	-	-	-	(1)	-	-	(1)
At March 31, 2019	-	2,433	42,245	824	140	(33)	45,609
At April 1, 2017	7,648	14,112	98,864	725	222	105	121,676
At March 31, 2018	7,648	14,065	101,806	660	224	72	124,475
At March 31, 2019	7,664	14,970	124,159	599	220	35	147,646

<sup>\*</sup> Includes WDV of improvements on leasehold buildings worth ₹ 1193 lakhs (gross - ₹ 2,200 lakhs) as on 31.12.2018 (WDV of ₹ 1224 lakhs (gross - ₹ 1986 lakhs) as on 31.03.2018)

Note: The company fair valued land as on 01-Apr-15, transition date to Ind AS adoption. As required under Ind AS, the company has decided to fair value land once every 5 year. Hence the next fair valuation would be done on 31-Mar-20

# 1.2 CAPITAL WORK IN PROGRESS

(Rupees in Lakhs)

Asset Category	TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
Gross Block			
At April 1, 2017	1,116	-	1,116
Additions	1,761	376	2,137
Disposals	821	-	821
Translation reserve	-	-	-
At March 31, 2018	2,055	376	2,431
Additions	8,316	-	8,316
Disposals	1,310	376	1,686
Translation reserve	-	-	-
At March 31, 2019	9,061	-	9,061
Depreciation	-	-	-
At April 1, 2017	-	-	-
Additions	-	-	-
Disposals	-	-	-
Translation reserve	-	-	-
At March 31, 2018	-	-	-
Additions	-	-	-
Disposals	-	-	-
Translation reserve		-	-
At March 31, 2019			
At April 1, 2017	1,116	-	1,116
At March 31, 2018	2,055	376	2,431
At March 31, 2019	9,061	-	9,061

# **1.3 INTANGIBLE ASSETS**

(Rupees in Lakhs)

Asset Category	Computer Software	Product Development	Technical know-how	Intangible Assets Total
Gross Block				
At April 1, 2017	1,027	706	-	1,733
Additions	826	-	-	826
Disposals	48	55	-	102
Translation reserve	11	8	-	19
At March 31, 2018	1,816	659	-	2,475
Additions	97	-	430	527
Disposals	46	24	-	70
Translation reserve	-	-	-	-
At March 31, 2019	1,867	635	430	2,932
Depreciation				
At April 1, 2017	386	184	-	569
Additions	277	219	-	496
Disposals	48	55	-	102
Translation reserve	9	7	-	16
At March 31, 2018	624	355	-	979
Additions	319	213	57	589
Disposals	46	24	-	70
Translation reserve	-	-	-	-
At March 31, 2019	897	544	57	1,498
At April 1, 2017	641	522	-	1,164
At March 31, 2018	1,192	304	-	1,496
At March 31, 2019	970	91	373	1,434

#### Note:

<sup>1.</sup> Additions to PPE & CWIP include exchange gain or loss aggregating to Rs.339.93 lakhs for the period ended Dec18 (Rs.15.20 lakhs for the year 2017-18) capitalised under Plant & Machinery

<sup>2.</sup> 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

# **NOTE No. 1.4**

# INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Investment in Equity of Joint Venture		
Carlstahl Craftsman Enterprises Private Ltd (30% stake) 600,000 equity shares of ₹ 10 each fully paid up	60	60
Recognition of opening value of investment in Joint venture	80	54
Share of current year profits in Joint Venture	41	25
	181	139

#### **FINANCIAL ASSETS**

**NOTE No. 1.5** 

# **NON CURRENT INVESTMENTS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Investment in Equity instruments (at Fair Value through OCI)		
Quoted		
Jain Irrigation Limited (546 shares of ₹ 2 each fully paid up (cost ₹ 1,00,000)) (Market Value as on 31-Mar-2019 is ₹ 32,159)	-	1
Unquoted		
MC Craftsman Machinery Private Ltd (10% stake) 2,10,000 equity shares of ₹ 100 each fully paid up	116	132
iEnergy wind farm (Theni) Private Ltd 2167 equity shares of ₹ 10 each fully paid up	-	-
TAGMA Centre of Excellence and Training 15 equity shares of ₹ 10 each fully paid up	5	5
Bhatia Coke & Energy Limited 34,810 equity shares of ₹ 10 each fully paid up	110	110
Hurricane Windfarms Pvt Limited (26% stake)* 39,000 equity shares of ₹ 10 each fully paid up	4	-
Total	235	248

<sup>\*</sup>Note: The company holds 26% equity stake in Hurricane Windfarms Pvt Ltd. As the shareholders agreement entered into with the promoters of Hurricane Windfarms Pvt Ltd contains restrictive covenants, the company cannot exercise "Significant influence" in terms of Ind AS 28 and therefore is not classified under "Investments in Associates" and not considered for consolidation.

Aggregate amount of quoted investments and market value thereof	-	1
Aggregate amount of unquoted investments including deemed equity	235	247
Aggregate amount of impairment in value of investments	-	-

# **NOTE No. 1.6**

# **SECURITY DEPOSITS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Rent Deposit - Non Current	968	799
Other Deposits	1,202	1,010
Total	2,170	1,809

#### **NOTE No. 1.7**

# **OTHER NON-CURRENT FINANCIAL ASSETS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Currency swap & IRS Derivative	58	141

# NOTE No. 1.8

# **CURRENT TAX ASSETS (NET)**

Particulars	As at March 31, 2019	As at March 31, 2018
Advance payment of income tax less provisions	-	444

## NOTE No. 1.9 OTHER NON CURRENT ASSETS

# Unsecured, considered good unless otherwise stated

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Prepayments under lease	837	848
Capital Advances	1,131	2,695
Less: Provision for doubtful advances to supplier	(29)	(29)
Total	1,939	3,514

# NOTE No. 1.10 INVENTORIES

(Rupees in Lakhs)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Raw Materials, Components and Consumables	9,633	9,015
Work-in-progress	10,140	9,588
Finished goods	1,130	981
Consumable Stores	3,908	3,691
Tools in use	2,728	2,785
Machinery Spares	4,443	3,293
Packing Materials	227	147
Stock in transit	121	546
Total	32,330	30,046
Inventory valued at NRV	169	227
Amount written down to arrive at NRV*	97	89

<sup>\*</sup> 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 Provision for slow moving inventory made in the current year is ₹ 268.49 lakhs (previous year is ₹ NiI)

# NOTE No. 1.11 TRADE RECEIVABLES

(Rupees in Lakhs)

Particulars	As at	As at
	March 31, 2019	March 31, 2018
Considered good - Secured	-	-
Considered good - Unsecured	21,003	20,169
Significant increase in Credit Risk	457	703
Credit impaired	191	-
Less: Provision for doubtful debts	(648)	(703)
Total	21,003	20,169

Receivables from related parties (refer note 3.7)

# Movement in Provision for doubtful debt is as follows (including under ECL model):

(Rupees in Lakhs)

Year ended	Opening	Allowance made during the year	Write off / write back during the year	Closing
March 31, 2019	709	455	(510)	648
March 31, 2018	709	426	432	703

# **NOTE No. 1.12**

# **CASH AND CASH EQUIVALENTS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
a. Balances with banks	1,942	3,662
b. Cash on hand	8	10
Total	1,950	3,672

### **NOTE No. 1.13**

#### **OTHER BANK BALANCES**

Particulars	As at March 31, 2019	As at March 31, 2018
Other Bank balances		
i) Margin money against LC	707	1,196
ii) Margin money against Guarantee	1	-
	708	1,196

# **NOTE No. 1.14**

# **SECURITY DEPOSIT-CURRENT**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits -Current	82	56

# **NOTE No. 1.15**

# **OTHER CURRENT FINANCIAL ASSETS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Currency swap, IRS & Forward cover derivative	33	13

#### **NOTE No. 1.16**

#### OTHER CURRENT ASSETS

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	923	2,349
Advance to Suppliers (Other than CG)	1,463	776
Prepaid Expenses	1,721	872
Advance to Employees	64	24
Contract assets - Unbilled Revenue	416	454
Others	183	94
Total	4,770	4,569

## **NOTE No. 1.17**

# **EQUITY SHARE CAPITAL**

(Rupees in Lakhs)

Particulars	-	As at March 31, 2019		As at March 31, 2018	
	Nos.	Amount	Nos.	Amount	
Authorised					
Equity Shares of ₹ 100 each			2,000,000	2,000	
Equity Shares of ₹ 5 each	40,000,000	2,000			
Issued, called, subscribed & Paid Up					
Equity Shares of ₹ 100 each			1,006,080	1,006	
Equity Shares of ₹ 5 each	20,121,600	1,006			
Total	20,121,600	1,006	1,006,080	1,006	

The movement of equity shares is as below

(Rupees in Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
raruculars	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	1,006,080	1,006	574,903	575
Additions due to subdivision of shares	19,115,520	-		
Bonus shares issued during the year			431,177	431
Shares outstanding at the end of the year	20,121,600	1,006	1,006,080	1,006

# Rights, Preferences and Restrictions to equity shares

The company has only one class of equity shares having a par value of ₹ 5 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

No. of the construction by the lates		As at March 31, 2019		As at March 31, 2018	
Name of the equity shareholder	No. of Shares	% of Holding	No. of Shares held	% of Holding	
S Ravi	10,630,640	52.83%	531,532	52.83%	
International Finance Corporation-USA	2,828,10	14.06%	141,405	14.06%	
S Murali	2,126,260	10.57%	106,313	10.57%	
K Gomatheswaran	1,417,500	7.04%	70,875	7.04%	
Marina III (Singapore) Pte Limited	3,118,500	15.50%	155,925	15.50%	
Total	20,121,00	100.00%	1,006,050	100.00%	

### 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:

- ased on the approval by the shareholders in the Extra ordinary General Meeting held on December 11, 2017, the Company had allotted 431,177 number of fully paid Bonus shares on December 21, 2017 in the ratio of three equity shares of ₹ 100 each fully paid up for every four existing equity shares of ₹ 100 each fully paid up.

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

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

#### **Sub-division of shares:**

The shareholders of the company at the Extra ordinary General Meeting held on April 30, 2018 approved the subdivision of equity shares of ₹ 100/- each into equity shares having a face value of ₹ 5/- each. Consequently the total number of equity shareholding has changed to 20,121,600 equity shares of face value ₹ 5/- each from that date.

# NOTE No. 1.18 OTHER EQUITY

(Rupees in Lakhs)

Particulars		As at March 31, 2019	As at March 31, 2018
Reserves & Surplus			
Securities Premium	А	13,795	13,795
General Reserves	В	9,662	9,662
Retained Earnings	С	45,639	35,900
Total Reserves & Surplus		69,096	59,357
Cash Flow Hedging Reserve	D	(1,523)	(688)
Equity instruments through Other Comprehensive Income		(95)	(78)
Foreign currency translation reserve		97	150
Share of Networth in JV		121	80
Total		67,696	58,821

## Additions and Deductions since the last balance sheet date:

## (i) Securities Premium Account

(Rupees in Lakhs)

	As at	As at
	March 31, 2019	March 31, 2018
Opening balance	13,795	14,226
Issue of Bonus Shares	-	(431)
Closing balance	13,795	13,795

#### (ii) Retained Earnings

	As at March 31, 2019	As at March 31, 2018
Opening balance	35,900	32,754
Profit for the year	9,912	3,290
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of defined benefit obligation (net of tax)	(52)	(75)
Dividend (including dividend distribution tax)	(121)	(69)
Closing balance	45,639	35,900

#### (iii) Cash Flow Hedging Reserve

(Rupees in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Opening balance	(688)	(320)
Changes in fair value of hedging instruments	(1,283)	(566)
Deferred Tax	448	198
Closing Balance	(1,523)	(688)

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

(Rupees in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Opening balance	(78)	(62)
Changes in fair value of FVOCI equity instruments	(17)	(16)
Closing Balance	(95)	(78)

#### (v) Share of networth in Joint Venture

(Rupees in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Opening balance	80	54
Share of current year profits in Joint Venture	40	25
Share of other comprehensive income in Joint Venture	1	1
Closing Balance	121	80

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 ₹ 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, 2019, the Board of Directors has proposed a final dividend of  $\mathfrak{T}$  2.50 per share of face value  $\mathfrak{T}$  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  $\mathfrak{T}$  503 lakhs and the dividend distribution tax thereon amounts to  $\mathfrak{T}$ 103 lakhs.

# NOTE No. 1.19 LONG TERM BORROWINGS

(Rupees in Lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non-Current	Current*	Non-Current	Current *
Secured				
From Banks				
Rupee Term Loans - Banks	23,784	7,255	18,151	5,497
Foreign Currency Term Loans	36,141	6,360	20,852	8,305
	59,925	13,615	39,003	13,802
From NBFC				
Rupee Term Loans - NBFC	9,395	2,090	4,030	625
Total	69,320	15,705	43,033	14,427

#### 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 1.24)

#### **Net Debt Reconciliation:**

# For the year ended 31 March 2019

(Rupees in Lakhs)

Particulars	Cash and cash equivalents	Instrument to hedge the liability**	Current Borrowing current	Non-Current Borrowing plus matunty of long term debt*	Total Net Borrowing
Net (debt)/ Cash & Cash Equivalents as at 1st April 18	3,604	(623)	(27,243)	(57,867)	(82,129)
Cash Flows	(1,663)	-	14,165	(26,762)	(14,261)
Fair Value changes	-	(680)		-	(680)
Foreign exchange adjustments	(10)	-	(457)	(803)	(1,269)
Interest expense & other charges	-	-	(4,216)	(7,660)	(11,876)
Interest & charges paid	-	-	4,203	7,251	11,454
Balance as at 31 March 2019	1,931	(1,303)	(13,547)	(85,841)	(98,761)

# For the year ended 31 March 2018

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	non-Current Borrowing plus current maturity of longterm debt*	Total Net Borrowing
Net (debt)/ Cash & Cash Equivalent as at 01 Apr 17	2,403	(698)	(22,354)	(55,780)	(76,430)
Cash Flows	1,164	-	(4,763)	(1,765)	(5,363)
Fair Value changes		75	-		75
Foreign exchange adjustments	36	-	(92)	(347)	(403)
Interest expense & other charges		-	(5,324)	(5,384)	(10,708)
Interest & charges paid		-	5,290	5,410	10,700
Net (debt)/ Cash & Cash Equivalent as at 31 Mar 18	3,604	(623)	(27,243)	(57,867)	(82,129)

<sup>\*</sup>Includes the portion of "interest accrued but not due" pertaining to borrowings

#### **NOTE No. 1.20**

#### **NON-CURRENT FINANCIAL LIABILITIES- OTHERS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Currency swap & IRS Derivative	324	62
Rent Advance	2	2
Total	326	64

#### 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**

# **DEFERRED TAX LIABILITIES (NET)**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax Liabilities	15,579	14,610
Deferred Tax Assets	(1,822)	(3,971)
Deferred Tax Liabilities (net)	13,757	10,639
MAT Credit Entitlement- Unused tax credit	(10,002)	(7,356)
Total	3,755	3,283

 $Note: Refer\ Note\ No\ 3.3\ for\ detailed\ deferred\ tax\ working\ and\ effective\ tax\ rate\ reconciliation$ 

<sup>\*\*</sup> does not include foreign currency forward contracts since they are used for hedging liabilities that are operating cash flows

# **NOTE No. 1.22**

# **SHORT TERM BORROWINGS**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Secured		
Loans repayable on demand from banks		
Rupee Loans - Secured	13,482	23,425
Foreign Currency Loans	-	3,716
Sub-total (A)	13,482	27,141
Unsecured		
Overdraft	19	68
Sub-total (B)	19	68
Total (A + B)	13,501	27,209

Short Term Borrowings from banks are secured by

- a. 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. 1.23**

**TRADE PAYABLES** (Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Due to Micro and Small Enterprises-(MSE)	2,419	495
Sub-total (A)	2,419	495
Due to Other Suppliers	29,570	34,961
Accrued Expenses and others	1,132	818
Sub-total (B)	30,702	35,779
Total (A + B)	33,121	36,274

# **NOTE No. 1.24**

# **OTHER CURRENT FINANCIAL LIABILITIES**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of long-term debt (refer note 1.19)	15,705	14,427
Interest accrued but not due on borrowings	939	442
Currency swap, IRS & Forward cover derivative	1,088	702
Creditors for capital goods and services	4,219	2,593
Employee related liabilities	2,056	1,814
Dues to directors	18	329
Others	1,727	1,108
Total	25,752	21,415

## **NOTE No. 1.25**

# **CURRENT TAX LIABILITIES (NET)**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Income tax provisions less advance payment	501	-

### **NOTE No. 1.26**

# **OTHER CURRENT LIABILITIES**

Particulars	As at March 31, 2019	As at March 31, 2018
Advance from customers	2,799	1,994
Deferred Revenue- EPCG benefit	3,878	302
Statutory Dues	1,430	608
Total	8,107	2,904

# NOTE No. 1.27 SHORT TERM PROVISIONS

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Gratuity	291	283
Other Provisions		
Provision for Warranty Cost	97	48
Provision for Rejection	127	78
Total	515	409

Note:

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

	Opening	Expired during the year	Warranty provided for current year	Closing
As at March 31, 2019	48	48	97	97
As at March 31, 2018	30	30	48	48

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:

	Opening	Expired during the year	Rejection provided for current year	Closing
As at March 31, 2019	78	78	127	127
As at March 31, 2018	39	39	78	78

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

Particulars		As at March 31, 2019	As at March 31, 2018
Sale of products;			
Domestic Sales		94,837	79,864
Export Sales		16,196	12,751
	A.	111,033	92,615
Sale of services;			
Machining Charges		53,234	45,178
Service Charges		133	108
	B.	53,367	45,286
Other operating revenues;			
Sale of swarf & others		14,285	10,777
Duty Drawback		325	257
EPCG income on fulfilling obligation		2,406	1,954
Export Incentive under MEIS		384	264
	C.	17,400	13,252
Revenue from operations (Gross)(A+B+C)		181,800	151,153
Refer Note no: 3.13 "Segment Reporting" for breakup of revenue from operations.			

# NOTE No. 2.2 **OTHER INCOME**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Interest Income from deposits measured at amortised cost	149	179
Interest Income due to unwinding of fair valued assets		
- Rent Advance	61	46
Net gain on sale of assets	44	-
Rental income	29	23
Exchange rate Gain/(Loss) on Transaction & Translation	727	712
MTM Gain / (Loss) - Derivative - (Net)	(16)	452
Unclaimed balances written back	356	89
Others - Other Income	1	5
Total	1,351	1,506

# NOTE No. 2.3

# **COST OF RAW MATERIALS AND COMPONENTS CONSUMED**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Cost of goods sold	68,968	57,192
Carriage inward	1,495	1,549
Sub Contract Charges	586	429
Total	71,049	59,170

## NOTE No. 2.4

# **CHANGES IN INVENTORIES OF FG & WIP**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Inventory at the end of the year		
Work in Progress	10,140	9,588
Finished Goods	1,130	981
Sub total	11,270	10,569
Inventory at the beginning of the year		
Work in Progress	9,588	7,943
Finished Goods	981	1,034
Sub total	10,569	8,977
(Increase) / decrease in inventory	(701)	(1,592)

# **NOTE No. 2.5**

# **EMPLOYEE BENEFITS EXPENSE**

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Salaries and wages	14,370	13,329
Contributions to PF & ESI	585	584
Contribution to Gratuity fund	211	167
Payment to contractors	3,669	2,879
Staff welfare expenses	2,848	2,904
Total	21,683	19,863

# NOTE No. 2.6

# **DEPRECIATION AND AMORTISATION EXPENSE**

Particulars	As at March 31, 2019	As at March 31, 2018
Depreciation on Property, Plant & Equipment	15,253	13,149
Amortisation of Intangible Assets (Software & Dev.Exp.)	589	496
Total	15,842	13,645

# NOTE No. 2.7 OTHER EXPENSES

(Rupees in Lakhs)

Particulars		As at March 31, 2019	As at March 31, 2018
Manufacturing Expenses			
Stores, Spares & tool consumed		15,502	15,050
Power & Fuel		9,664	8,559
Repairs & Maintenance			
- Machinery		6,433	4,867
- Building		465	502
- Others		1,909	1,832
Other manufacturing expenses		891	425
	A.	34,864	31,235
Administrative Expenses			
Professional and Consultancy charges		755	809
Insurance Charges		442	407
Rates & Taxes		196	204
Software Licenses		360	370
General Administrative Expenses		694	813
Printing & Stationary		196	181
Postage & Telegrams		70	55
Rent		2,321	2,080
Telephone Expenses		257	267
Travelling Expenses		1,085	1,088
Managerial Remuneration		1,292	716
Directors' Sitting Fees		16	7
Remuneration to auditors			
Statutory Audit (including quarterly audit during FY 18-19)		92	50
Taxation and Certification		19	14
CSR Expenses		82	92
Amounts written off			
Bad debts		510	432
Tender deposits		22	-
Doubtful advances - write off		45	39
Provisions for the year			
Doubtful advances		-	29
Warranty		49	31
Rejections		49	39
Doubtful debts		(54)	-
Bodshar dobto	В.	8,498	7,723
Selling expenses		5,150	.,,,,,
Packing material consumed		1,644	1,390
Carriage Outward		2,561	2,169
Sales Promotion Expenses		330	324
	C.	4,535	3,883
Total (A+B+C)	0.	47.897	42,841

# NOTE No. 2.8 FINANCE COST

(Rupees in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Interest expenses		
On Short Term Borrowings	4,216	4,790
On Long Term Borrowings at Amortised Cost	7,503	5,305
Other Borrowing costs		
Unwinding of discounted Upfront fee on loans	157	79
Unwinding of Rent Advance	61	46
Other bank charges	803	534
Net (gain)/loss on foreign currency transactions and translation	351	156
Total	13,091	10,910

# 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	
3.140	walle of the Substituting		March 31, 2019	March 31, 2018
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 Incornaration		ship Interest	
	3.NU	Name of the Joint Venture	Country of Incorporation	March 31, 2019 March 31, 2018	
	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
Parent Company		
Craftsman Automation Limited	100.59%	224,923
Foreign Subsidiaries		
Craftsman Automation Singapore Pte Ltd	0.02%	38
Craftsman Marine B.V	0.81%	1,821
Sub Total	101.42%	226,783
Add/Less: Intragroup eliminations / adjustments	-1.42%	(3,184)
Total	100.00%	223,599

(Rupees in Lakhs)

Name of the entity	As a % of consolidated Profit or Loss	Amount
Parent Company		
Craftsman Automation Limited	94.63%	9,418
Foreign Subsidiaries		
Craftsman Automation Singapore Pte Ltd	0.06%	6
Craftsman Marine B.V	5.27%	525
Sub Total	99.97%	9,949
Add/Less: Intragroup eliminations / adjustments	0.03%	3
Total	100.00%	9,952

(Rupees in Lakhs)

Name of the entity	As a % of consolidated OCI	Amount
Parent Company		
Craftsman Automation Limited	94.48%	(903)
Foreign Subsidiaries		
Craftsman Automation Singapore Pte Ltd	1.00%	(10)
Craftsman Marine B.V	4.55%	(44)
Sub Total	100.06%	(957)
Add/Less: Intragroup eliminations / adjustments	-0.06%	1
Total	100.00%	(956)

Name of the entity	As a % of consolidated Total Comprehensive Income	Amount
Parent Company		
Craftsman Automation Limited	94.64%	8,514
Foreign Subsidiaries		
Craftsman Automation Singapore Pte Ltd	-0.04%	(3)
Craftsman Marine B.V	5.35%	481
Sub Total	99.96%	8,992
Add/Less: Intragroup eliminations / adjustments	0.04%	4
Total	100.00%	8,996

## 3.3 Income taxes

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

(Rupees in Lakhs)

		Year Ended March 31, 2019	Year Ended March 31, 2018
Profit before tax	а	14,290	4,578
Income tax rate	b	34.944%	34.608%
Income tax expenses	a*b	4,993	1,584
Effect of			
i) EPCG Benefit Capitalisation not considered for Income Tax purpose		(264)	(224)
ii) Effect of expenses inadmissible for tax		18	155
iii) Difference due to change in tax rate		-	102
iv) Deferred tax asset now recognised		(93)	(401)
v) Effect due to land indexation		35	50
vi) Effect of other adjustments		(138)	48
vii) Effect of tax free income of overseas subsidiaries		(173)	(27)
Income tax expense recognised in Statement of Profit & loss		4,378	1,288

## Movement of deferred tax assets/ liabilities

(Rupees in Lakhs)

Movement during the year ended 31st March, 2019	As at March 31, 2018	Recognised in P&L	Recognised in OCI	As at March 31, 2019
Depreciation & Amortization	(13,823)	(706)	-	(14,529)
Unabsorbed Loss	2,341	(2,914)	-	(573)
Provision for doubtful debts	259	(19)	-	240
Provision for Loans & Advances and Others	137	(3)	-	134
Other Temporary Differences	447	48	476	972
MAT Credit Entitlement- Unused tax credit	7,356	2,646	-	10,002
	(3,283)	(948)	476	(3,755)

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	116	21	-	137
Other Temporary Differences	148	61	239	447
MAT Credit Entitlement- Unused tax credit	6,178	1,178	-	7,356
	(3,412)	(110)	239	(3,283)

## 3.4 Employee Benefits

## **Defined Contribution Plan**

The employee provident fund is in the nature of Defined contribution plan. The contribution made to the scheme is 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 employee provident fund.

The total expenses recognised in statement of profit or loss of ₹ 363 lakhs (2017-18: ₹ 350 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 ₹ 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.

Investment risk	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.
Liquidity Risk	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.
Market Risk	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.
Legislative Risk	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, 2019	As at March 31, 2018
Discount rate	7.75%	7.59%
Expected rate of salary increase	7.00%	8.00%
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, 2019	As at March 31, 2018
Current Service Cost	187	163
Net interest expense/ (income)	24	4
Component of defined benefit cost recognised in P&L	211	167
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gain)/loss arising from changes in financial assumptions	(174)	216
Actuarial (Gain)/ Losses due to Experience on DBO	254 (6)	(98)
Return on Plan Assets (Greater) / Less than Disount rate	6	(2)
Components of defined benefit costs recognised in other comprehensive income	80	116
Total Defined Benefit Cost	291	283

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)

		(riapoco iii zaiiiio)
	As at March 31, 2019	As at March 31, 2018
Present value of defined benefit obligation	1,696	1424
Fair value of plan assets	1,405	1141
Net liability arising from defined benefit obligation (funded)	(291)	(283)

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

	Year ended March 31, 2019	Year ended March 31, 2018
Opening defined benefit obligation	1,424	1139
Current Service Cost	187	163
Interest Cost	124	83
Benefits paid	(113)	(80)
Actuarial (gain)/loss	74	118
Closing defined benefit obligation	1696	1424

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

(Rupees in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Opening fair value of plan assets	1,141	1038
Interest income of the assets	100	80
Employer contribution	283	102
Benefits payout	(114)	(80)
Actuarial gain/(loss)	(5)	2
Closing fair value of plan assets	1405	1141

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 ₹ 94 lakhs (2017-18: ₹ 81 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, 2019	As at March 31, 2018
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
Decrease by (Mar 19: (9.44%); Mar18: (10.04)%)	(160)	(143)
Increase by(Mar 19: 11.44%; Mar18 : 11.92%)	189	170
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would		
Increase by (Mar 19: 9.12%; Mar18 : 9.22%)	155	132
Decrease by(Mar 19: (8.18%); Mar18 : (8.42%))	(139)	(120)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		
Increase by Mar 19: 0.51%; Decrease in Mar18: (0.34%)	9	(5)
Decrease by Mar 19: (0.58%); Increase in Mar18 : 0.39%	(10)	6

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 ₹ 50 lakhs (as at March 31, 2018: ₹ 189 lakhs) to the defined benefit plans for the next financial year.

Information on the maturity profile of the liabilities:

(Rupees in Lakhs)

Particulars	31st March 2019	31 <sup>st</sup> March 2018
Weighted average duration of the DBO	13.48 years	14.49 years
Projected Benefit Obligation	1,696	1424
Accumulated Benefits Obligation	965	836

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

FUTURE PAYOUTS	Present Value
Year (i)	115
Year (ii)	100
Year (iii)	116
Year (iv)	84
Year (v)	76
Next 5 year pay-outs(6-10yrs)	345
Pay-outs above ten years	858

3.5 Earnings per share (Rupees in Lakhs)

	Year Ended March 31, 2019	Year Ended March 31, 2018
Earnings per share		
Basic earnings per share	49.46	16.47
Diluted earnings per share	49.46	16.47
Face value per share for EPS*	5	5
Face value per share at the end of the year	5	100
Basic and diluted earnings per share	₹Lakhs	₹ Lakhs
Profit for the year attributable to equity shareholders	9,952	3,315
	Nos.	Nos.
Total number of equity shares outstanding at the end of the year	20,121,600	1,006,080
Weighted average number of equity shares		
used in the calculation of basic earnings per share	20,121,600	20,121,600*
after adjustment for effect of dilution	20,121,600	20,121,600*

<sup>\*</sup> due to sub division of shares as on 30th April 2018 from ₹ 100 per share to ₹ 5 per share, face value had been considered at ₹ 5 for computing EPS for the year ended 31-Mar-19. Number of shares prior to subdivision was 1,006,080 shares which became 20,121,600 post sub division

### 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, 2019	As at March 31, 2018	
Debt (long-term and short-term borrowings including	98,526	84,669	
current maturities)	30,020	04,009	
Equity	68,702	59,827	
Debt Equity Ratio	1.43	1.42	

## 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.

## 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.

		As at Marc	ch 31, 2019	As at March 31, 2018		
Assets	Currency	Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)	
	USD	46	3,183	46	2,978	
Receivables	EUR	10	796	13	1,059	
Total Receivables (A)			3,979		4,037	
Hedged by derivative contracts (B)		-	-	-	-	
Unhedged receivables (C=A-B)			3,979		4,037	

		As at Mar	As at March 31, 2019		ch 31, 2018
Liabilities	Currency	Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in ₹ (Lakhs)
	USD	4	311	72	4,774
	JPY	3,608	2,292	1,711	1,070
Payable (trade & other)	EUR	3	231	1	50
	GBP	0	1	0	6
	SGD	7	376	-	-
	CHF	0	22	0	0
Borrowings (ECB and Others)					
borrowings (ECB and Others)	USD	597	41,543	496	32,511
	JPY	0	-	602	362
	EUR	12	958		
Total Payables (A)					
Hedges by derivative contracts (B)			45,733		38,774
Unhedged payables (C=A-B)	USD	559	38,900	145	19,772
			6,833		19,002

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 financials instruments. The following table details the Group's sensitivity movement in the unhedged foreign exposure:

Curranau	1% Strengt	1% Strengthening of FC			
Currency	As at March 31, 2019	As at March 31, 2018			
USD	(387)	(343)			
GBP	(0)	(0)			
SGD	(4)	-			
CHF	(0)	(0)			
EUR	(4)	10			
JPY	(23)	(14)			
	(418)	(347)			

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:

Cook Flow Hodges	Foreign Currency		Equivalent value		Fair value of contracts	
Cash Flow Hedges	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Sell USD	14	40	971	2,652	980	2,627

The MTM of the above has been included in the balance sheet under 'Other Current Financial Liability'. [Refer Note 1.24] as on 31-03-2019 and under 'Other Current Financial Assets" [Refer Note 1.15] as on 31-03-2018.

## 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)

Daga Data	Increase in Base rate	Effect of Change	in interest rates	Outstanding as on	
Base Rate	increase in base rate	As at March 31, 2019	2017-18	As at March 31, 2019	As at March 31, 2018
USD Libor	25bps	-	-	-	-
INR Baserate	50bps	193	142	38,535	28,303
		193	142	38,535	28,303

Foreign currency and interest rate sensitivity analysis for swap contracts:

The Company had 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-tomarket value is determined for both the risks together. This contract matured in the month of July 2018. The marked to market loss as at June 30, 2018 was ₹ 127 lakhs (March 31, 2018: Loss of ₹ 105 lakhs). The amount of loss recognized in Statement of Profit and Loss for the year ended 31st March 2019 is ₹ 22 lakhs (31st March 2018 Gain of ₹ 162 lakhs)

In addition to the above contract, the company has taken interest rate swaps ('IRS') to hedge the interest rate risks. The marked-to-market loss as at March 31, 2019 is ₹ 387 lakhs (March 31, 2018: Gain of ₹ 139 lakhs). For the year ended 31 March 2019, the movement in certain hedge effective IRS deals were taken to Other Comprehensive Income (OCI). The amount of loss recognized in OCI for the year ended 31st March 2019 is ₹ 436 lakhs (31st March 2018 -NIL) and the amount of loss recognized in Statement of Profit and Loss for the ineffective portion of cash flow hedge for the year ended 31st March 2019 is ₹91 lakhs (31st March 2018: Gain of ₹211 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 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, 2019 is ₹ 497 lakhs (March 31, 2018: Loss of ₹ 657 lakhs). The amount of loss recognized in OCI for the year ended 31st March 2019 is ₹ 160 lakhs (31st March 2018: Loss of ₹ 297 lakhs). Also, the effect given to OCI on account of restatement loss of the underlying foreign currency loans for the year ended 31st March 2019 is ₹589 lakhs (31st March 2018: Loss of ₹270 lakhs).

During the year ended 31st March 2019, the Company has purchased call options for one of its foreign currency loan which is designated as a cash flow hedge. Accordingly, based on the marked to market valuation of the effective portion of hedge, a loss of ₹ 418 lakhs had been recognized in 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, 2019	As at March 31, 2018
Balance as at beginning of the year	703	709
Allowance for bad and doubtful debts during the year	455	426
Trade receivables written off during the year	(510)	(432)
Balance as at the end of the year	648	703

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, 2019	As at March 31, 2018
Balance as at beginning of the year	29	-
Allowance for doubtful advances made during the year	45	68
Advances written off during the year	(45)	(39)
Balance as at the end of the year	29	29

Refer note: 1.9 of the financial statements.

## 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, 2019	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	29,206	57,929	11,391	98,526
Interest payments on borrowings	8,239	15,830	1,668	25,737
Trade Payables	33,121	-	-	33,121

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	0	0	36,274

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, 2019	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate Swaps	(1,038)	(265)	-	(1,303)
Foreign exchange forwards	(17)	-	-	(17)
	(1,055)	(265)	-	(1,320)

(Rupees in Lakhs)

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

## 3.6c Categories of Financial assets and liabilities:

	As at March 31, 2019	As at March 31, 2018
Financial Assets		
a. Measured at amortised cost:		
Cash and cash equivalents	1,950	3,672
Other bank balances	708	1,196
Trade Receivables	21,003	20,169
Security Deposit	2,252	1,865
b. Mandatorily maintained at fair value through other comprehensive income (FVTOCI)		
Investments	235	248
Currency swaps & IRS	43	
c. Mandatorily maintained at fair value through profit or loss (FVTPL)		
Currency swaps & IRS	48	141
Others	-	13

(Rupees in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Financial Liabilities		
a. Measured at amortised cost:		
Borrowings	98,526	84,669
Trade Payables	33,121	36,274
Other Financial Liabilities	8,962	6,288
b. Mandatorily maintained at fair value through other comprehensive		
income (FVTOCI)		
Currency Swaps & IRS	1,394	657
c Mandatorily maintained at fair value through profit or loss (FVTPL)		
Currency Swaps & IRS	-	107
Others	17	-

### 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 (Rupees in Lakhs)

				(Hapood III Eakilo)
As at March 31, 2019	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
i) fair value through OCI	-	116	119	235
Derivative Instruments measured at				
i) fair value through OCI	-	43	-	43
ii) fair value through P&L	-	48	-	48
Liabilities at fair value				
Derivative Instruments measured at				
i) fair value through OCI	-	1,394	-	1,394
ii) fair value through P&L	-	17	-	17

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

## **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
- 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. Thiyagaraj Damodharaswamy, Chief Operating Officer- Automotive (w.e.f. 24.05.2018)
	Mr. Shainshad Aduvanni, Company Secretary (From Nov 16'2017)
	Mr. Rajamanickam s, Company Secretary (upto Apr-17)
	Mr. N.V.S. Pavankumar, Company Secretary (Aug 12'2017 to Nov 16'2017)

## b) Related Party Transactions – Summary:

(Rupees in Lakhs)

Transactions during the year anded	Joint Ventures		Common director - company		Key Managerial Personnel	
Transactions during the year ended	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
Purchase of Goods & Services	189	314	148	103		
Sale of Goods & Services	2,077	1,879	2	12		
Dividend payments					53	30
Remuneration to key management personnel					663	524
Commission					728	228
Sitting Fee					16	7
Rental Income	2	2	27	25		

(Rupees in Lakhs)

Balances as on	Joint Ventures		Common director - company		Key Managerial Personnel	
Dalalices as oil	Mar-19 Mar-		Mar-19	Mar-18	Mar-19	Mar-18
Trade Receivables	669	843	0	0		
Trade Payables	16	76	54	22		
Remuneration payable					18	329
Rent advance received			2	2		

## c) Significant Related Party Transactions:

	Year Ended March 31, 2019	Year Ended March 31, 2018
Purchase of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	189	314
MC Craftsman Machinery Private Limited	148	103
Sale of Goods & Services		
Carl Stahl Craftsman Enterprises Private Limited	2,077	1,879
MC Craftsman Machinery Private Limited	2	12
Dividend payments		
Executive Directors	53	30
Remuneration to key management personnel		
Executive Directors	495	428
Chief Financial Officer	91	71
Chief Operating Officer	63	0
Company Secretary	14	25
Commission		
Executive Directors	719	204
Non-Executive	10	25
Sitting Fee		
Non-Executive	16	7
Rent Income		
Carl Stahl Craftsman Enterprises Pvt Ltd	2	2
MC Craftsman Machinery Pvt Ltd	27	25

## d) Balances of Related Parties as on 31st March 2019

(Rupees in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Trade Receivable		
Carl Stahl Craftsman Enterprises Private Limited	669	843
MC Craftsman Machinery Private Limited	0	0
Trade Payable		
Carl Stahl Craftsman Enterprises Private Limited	16	76
MC Craftsman Machinery Private Limited	54	22
Rent advance received		
MC Craftsman Machinery Private Limited	2	2
Remuneration payable		
Mr. S Ravi	18	329

## 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.

Contingent Liabilities	As at March 31, 2019	As at March 31, 2018
a. Claims against the company not acknowledged as debt		
Excise	73	126
VAT	52	68
Service tax	624	616
Income tax	1,799	761
Stamp duty	56	-
b. Bank Guarantee (Net of Margin)	842	890
c. Sales Bills discounted	3,764	4,598
d. Export Obligation under EPCG Scheme		
Proportionate customs duty on imports related to pending obligations	3,878	3,354

## **Note on Export Obligation**

The obligation of deferred income amounting to ₹ 3878 lakhs for which license was obtained, shipment was made and duty portion was capitalized, the same is yet to be fulfilled.

## **Commitments**

Commitment on Capital Account not provided as on 31.03.2019: ₹ 9,281 lakhs (31.03.2018: ₹ 11,200 lakhs)

## 3.9 Non-Current Borrowings:

	As at March 31, 2019		Particulars of Repayment Non-Current		As at March 31, 2018				
	Non-Current	Current Maturity	Total	Instalments	Amount/Inst nos.	Non-Current	Current Maturity	Total	
ECB-2	-	390	390	Quarterly	USD 2.79/ 24	366	611	977	
ECB-3	1,169	668	1,837	Quarterly	USD 2.39/ 24	1,725	627	2,353	
ECB-4	1,095	291	1,386	Quarterly	USD 0.63/8	1,300	206	1,506	
ECB-5	-	-	-	Half Yearly	JPY 300.94/ 16	-	362	362	
ECB-6	-	-	-	Half Yearly	USD 0.6/5, 2/5	-	2,632	2,632	
ECB-8	-	-	-	Quarterly	USD 2.46/ 16	-	323	323	
ECB-9	526	701	1,227	Quarterly	USD 2.50/ 16	1,152	658	1,810	
ECB-10	1,892	840	2,732	Quarterly	USD 3.00/ 20	2,564	790	3,354	
ECB-11	4,201	1,119	5,320	Quarterly	USD 4.00/ 20	4,992	263	5,255	
ECB-12	3,061	806	3,868	Quarterly	INR 0.5/ 2, 1.0/	3,538	456	3,994	
ECD-12	3,001	000	3,000	Quarterry	42.18/ 15, 2.3/ 1	3,330	430	3,994	
ECB-13	20,822	-	20,822		USD 11.54 / 13	-	-	-	
ECB-14	840	118	958		Euro 0.76 / 16	-	-	-	
FCNRB-2	2,535	1,426	3,961	Quarterly	USD 3.33/ 15	3,660	1,376	5,036	
FC-1	_	_	_		USD 10.56 in	1,554	_	1,554	
10-1		_			Apr 2018	1,554	1,554	1,554	1,004
TL-1	9,395	2,090	11,485	Quarterly	INR 208.33/ 24	4,030	625	4,655	
TL-2	-	42	42	Quarterly	INR 13.93/ 24	42	56	98	
TL-3	244	250	494	Quarterly	INR 62.50/ 24	494	250	744	

(Rupees in Lakhs)

	A	As at March 31, 201	at March 31, 2019		Particulars of Repayment Non-Current		As at March 31, 2018	
	Non-Current	<b>Current Maturity</b>	Total	Instalments	Amount/Inst nos.	Non-Current	Current Maturity	Total
TL-4	1,044	278	1,322	Quarterly	INR 41.87/24	1,321	279	1,600
TL-5	1,598	639	2,237	Quarterly	INR 160.00/ 20	2,075	800	2,875
TL-6	560	424	984	Monthly	INR 104.20/72	988	424	1,412
TL-7*	2,059	697	2,756	Monthly	INR 25.00/60	1,492	350	1,842
TL-8	1,489	592	2,081	Quarterly	INR 160.00/ 20	2,074	598	2,671
TL-9	(0)	939	939	Monthly	INR 60.00/72	955	840	1,795
TL-10	-	300	300	Monthly	INR 50.00/60	310	600	910
TL-11	4,491	1,194	5,685	Monthly	INR 100.00/72	5,749	1,200	6,949
TL-12	1,874	375	2,249	Quarterly	INR 100.00/ 25	1,815	100	1,915
TL-13	2,717	299	3,016	Quarterly	INR 66.87 / 20	837	-	837
TL-14	4,224	736	4,960	Quarterly	INR 250.00/ 20	-	-	-
TL-15	3,484	490	3,974	Quarterly	INR 250.00/ 16	-	-	-
Total	69,320	15,705	85,025			43,033	14,427	57,460

All term loans, both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Also, a second pari passu charge on current assets of the company are created for all term loans except for loan from Kotak Mahindra Bank, In addition to the above, the loans 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, 2019	Year Ended March 31, 2018
Rent	2,321	2,080

(Rupees in Lakhs)

Non-cancellable operating lease commitments	As at March 31, 2019	As at March 31, 2018	
Not later than 1 year	2,309	1,277	
Later than 1 year but not later than 5 years	6,688	3,734	
Later than 5 years	4,509	2,451	

## 3.10b Group as lessor

Group has provided a portion of its building on operating lease to MC Craftsman Machinery Private Itd & Carlstahl Craftsman Enterprises Private Limited for a period of 3 years.

(Rupees in Lakhs)

Non-cancellable operating lease commitments	As at March 31, 2019	As at March 31, 2018
Not later than 1 year	27	13
Later than 1 year but not later than 5 years	43	-
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)

	As at March 31, 2019	As at March 31, 2018
The principal amount due to Micro and Small Suppliers under this Act	2,419	495
Interest accrued and due to suppliers on the above amount	63	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	63	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 and Small Enterprises" on the basis of information available with the Group.

## 3.12 CSR Expenditure:

	Year Ended March 31, 2019	Year Ended March 31, 2018
(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	80	94
(b) Amount spent during the year	82	92

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	28	7	35
(ii) On purposes other than (i) above	47	-	47

## 3.13 Segment Reporting:

(Rupees in Lakhs)

Segment Revenue	Year Ended March 31, 2019	Year Ended March 31, 2018
Automotive - Power Train & Others	100,794	87,088
Automotive - Aluminium Components	30,815	23,531
Industrial & Engineering	50,191	40,534
Total revenue as per Statement of Profit and Loss	181,800	151,153

Segment Profit or Loss	Year Ended March 31, 2019	Year Ended March 31, 2018
Automotive - Powertrain & Others	24,150	15,642
Automotive - Aluminium Products	2,288	800
Industrial & Engineering	6,063	2,368
Total Segments	32,501	18,810
Less: Unallocable Expenditure	(6,471)	(4,828)
Add: Other Income	1,391	1,531
Earnings Before Interest & Tax	27,421	15,513
Less: Finance Costs	(13,091)	(10,910)
Profit Before Tax as per Statement of Profit and Loss	14,330	4,603

Segment Assets	As at March 31, 2019	As at March 31, 2018
Automotive - Powertrain & Others	95,140	84,662
Automotive - Aluminium Products	45,528	22,150
Industrial & Engineering	58,482	52,918
Total Segments	199,150	159,730
Unallocable Assets	24,450	34,688
Total Assets as per Balance Sheet	223,600	194,418

Segment Liabilities	As at March 31, 2019	As at March 31, 2018
Automotive - Powertrain & Others	65,651	57,133
Automotive - Aluminium Products	29,710	18,325
Industrial & Engineering	37,945	39,557
Total Segments	133,306	115,015
Unallocable Liabilities	21,592	19,576
Total Liabilities as per Balance Sheet	154,898	134,591

3.14 The audited standalone 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 year 1st April 2018 to 31st March 2019 has been culled out from their financials for the purpose of consolidation.

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

Place : Coimbatore Date: 15-May-2019 **R.Gauthamram** Whole Time Director DIN: 06789004

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

S.Ravi Chairman and Managing Director DIN: 01257716

> G. Sivakumar Chief Financial Officer

## **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)

## 33RD ANNUAL GENERAL MEETING

Na	ame of the Member(s)	:				
Reg	gistered Address	:				
Em	nail Id	:				
Foli	lio No. / DP ID & Client ID No.	:				
I/W	/e, being the member(s) holding	Equ	uity shares of Craftsman Automation Limited, hereby appoint:			
1.	Name:		Address:			
	Email ld:		Signature:	or	failing	him/her
2.	Name:		Address:			
			Signature:		failing	him/her
3.	Name:		Address:			
	Email Id:		Signature:		failing	him/her

as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 33rd Annual General Meeting of the Company to be held on 25th June, 2019 at 2.30 p.m at Senthel Towers, IV 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:

Re	solutions	For	Against
1.	Adoption of Audited Financial Statements of the Company for the financial year ended 31st March, 2019.		
2.	Declaration of Dividend on Equity Shares of the Company for the year ended 31st March, 2019.		
3.	Re-appointment of Mr.Ravi Gauthamram (DIN: 06789004) who retires by rotation.		
4.	Ratification of the remuneration payable to the Cost Auditors for the financial year ending $31^{\rm st}$ March, 2020.		

4.	31 <sup>st</sup> March, 2020.	remuneration	payable to the Cos	t Auditors for the	e financiai year	enaing		
Sigr	ned:	day of		2019.				
								Affix
								Revenue
							Ĺ	Stamp of Re.1
Sigr	nature of the Sharehol	der:						
Sigr	nature of the Proxyholo	der(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 Floor, 1078, Avanashi Road, Coimbatore – 641 018, not less than 48 hours before the commencement of the Meeting. i.e. before 2.30 P.M on 23rd June, 2019.

## **CRAFTSMAN AUTOMATION LIMITED**

CIN: U28991TZ1986PLC001816,

Registered Office: Senthel Towers, IV<sup>th</sup> Floor, 1078, Avanashi Road, Coimbatore – 641 018 Web: www.craftsman automation.com, Email: investor@craftsman automation.com

## **Attendance Slip**

(To be handed over at the entrance of the Meeting Hall) 33RD ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the 33rd Annual General Meeting of the Company at "Senthel Towers" IV Floor, 1078, Avanashi Road, Coimbatore - 641 018 on Tuesday, the 25th June, 2019 at 2.30 P.M.

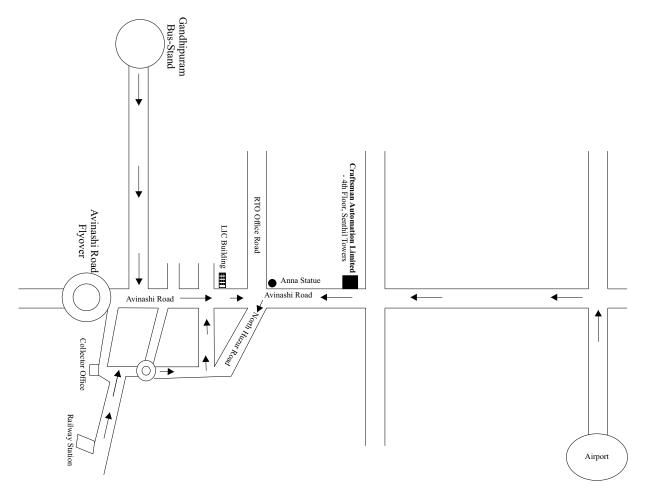
Member's Folio No./ DP ID / Client ID No.	
Member's/Proxy's Name (in Block Letters)	
No. of Shares held	
Member's/Proxy's Signature	

## 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  $33^{\rm rd}$  Annual General Meeting is as under:



Route Map to Registered Office of Craftsman Automation Limited

# **NOTES**


# **NOTES**



## **ENGINEERING ADVANTAGE**

Craftsman Automation Limited

Registered Office: Senthel Towers, IV Floor, 1078,

Avanashi Road, Coimbatore — 641 018

Web: www.craftsmanautomation.com

Email: investor@craftsmanautomation.com