



ANNUAL REPORT 2019-2020

CRAFTSMAN AUTOMATION LIMITED  
(formerly known as Craftsman Automation Private Limited)  
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 - Upto 3<sup>rd</sup> February 2020  
Mr.C.B.Chandrasekar - from 3<sup>rd</sup> February 2020

**Company Secretary and Compliance Officer**

Mr.Shainshad Aduvanni

**Committees of Directors**

**Audit Committee**

- Mr. Chandrashekhar Madhukar Bhide,  
(Chairman)
- Mr. Sundararaman Kalyanaraman
- Mr. Udai Dhawan
- Mrs.Vijaya Sampath, - from 03<sup>rd</sup> February 2020
- Mr. Kallakurichi Kanniah Balu -  
Upto 03<sup>rd</sup> February 2020

**Nomination and Remuneration Committee**

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

**Stakeholders Relationship Committee**

- Mr. Kallakurichi Kanniah Balu, (Chairman) Upto  
3<sup>rd</sup> February 2020
- Mrs.Vijaya Sampath (Chairperson) –  
From 3<sup>rd</sup> February 2020
- Mr. Srinivasan Ravi
- Mr. Chandrashekhar Madhukar Bhide -  
from 3<sup>rd</sup> February 2020



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# 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](http://www.craftsmanautomation.com), Email: [investor@craftsmanautomation.com](mailto:investor@craftsmanautomation.com)

## Notice of the 34<sup>th</sup> Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the 34<sup>th</sup> Annual General Meeting of the Company will be held on Wednesday, the 20<sup>th</sup> May, 2020 at 03.00 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:

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2020 including audited Balance Sheet as at 31<sup>st</sup> March, 2020 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.
2. To appoint a Director in place of Mr. Srinivasan Ravi (DIN 01257716), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and appoint M/s Sharp & Tannan, Statutory Auditors of the Company for a period of 5 (five) consecutive years and to fix their remuneration.

*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 sections 139 and 142 and other applicable provisions of the Companies Act, 2013, if any, read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to the recommendation of Audit Committee and Board of Directors of the Company M/s. Sharp & Tannan, Chartered Accountants, (Firm Registration No:003792S), be and are hereby appointed as Statutory Auditors of the Company in the place of the retiring Statutory Auditors M/s. PKF Sridhar & Santhanam LLP, (Firm Registration No:003990S/S200018), Chartered Accountants, and to hold office for a period of 5 years upto the financial year 2024-25 i.e. from the conclusion of this 34<sup>th</sup> Annual General Meeting till the conclusion of the 39<sup>th</sup> Annual General Meeting of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorized to fix such remuneration and the re-imbursement of out of pocket expenses, if any, as may be determined by the Audit Committee and the Board of Directors of the Company.”

“RESOLVED FURTHER THAT Mr.S.Ravi Chairman and Managing Director and Mr.Shainshad Aduvanni, Company Secretary of the Company, be and are hereby authorised to do all such necessary acts and take all such steps as may be necessary, proper or expedient give effect to this resolution.”

**SPECIAL BUSINESS:**

4. To consider the ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2021.

*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 31<sup>st</sup> March, 2021, be paid a remuneration of Rs 03.00 lakhs (Rupees Three Lakhs 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  
07<sup>th</sup> May, 2020

Shainshad Aduvanni  
Company Secretary  
ACS No. 27895

**Notes:**

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

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case 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.

2. Members/proxies/representatives should bring the Attendance Slip, duly filled in for attending the meeting.
3. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.
4. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the item no.3 and 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 34<sup>th</sup> Annual General Meeting is separately annexed hereto for the item no. 2.

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013 ANNEXED TO THE NOTICE OF THE 34<sup>TH</sup> AGM OF THE COMPANY IN RESPECT OF ITEM NO. 3 AND 4 OF THE SAID NOTICE**

**ITEM NO.3 : APPOINTMENT OF SHARP & TANNAN AS STATUTORY AUDITORS**

In view of the provisions of Section 139(2) of the Companies Act, 2013, M/s PKF Sridhar & Santhanam LPP, Chartered Accountants, has completed their term. Accordingly, it is proposed that the Company appoint M/s.Sharp & Tannan, Chartered Accountants, having registration No. 003792S, as Statutory Auditors in terms of Section 139(2) of the Companies Act, 2013 for a term of 5 years in place of M/s. M/s PKF Sridhar & Santhanam LPP, Chartered Accountants, the retiring Statutory Auditors. The Audit Committee has considered the qualifications and experience of the proposed Statutory Auditors and has recommended their appointment. The Board of Directors has also considered the matter and recommends the passing of the Ordinary Resolution for appointing M/s.Sharp & Tannan, Chartered Accountants, as Statutory Auditors in place of the retiring Auditor M/s PKF Sridhar & Santhanam LPP, Chartered Accountants. Written consent of the proposed auditors together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received.

The Board of the Directors accordingly recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval of the members

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

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

**ITEM NO.4 - RATIFICATION OF THE REMUNERATION PAYABLE TO THE COST AUDITORS FOR THE FINANCIAL YEAR ENDING 31<sup>ST</sup> MARCH, 2021**

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 31<sup>st</sup> March, 2021. 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. 5 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  
07<sup>th</sup> May, 2020

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:**

Name of the Director	Mr.Srinivasan Ravi
DIN	01257716
Age	57 years
Date of Appointment on Board	18 <sup>th</sup> July, 1986
Date of Last Reappointment as Director	30 <sup>th</sup> April, 2018
Expertise in Specific Functional Areas	He is an outstanding technocrat brings with him almost 34 years of experience in engineering sector.
Qualification	Bachelor of Engineering (Mechanical) from University of Madras
No. of Equity Shares held in Company	1,06,30,640
Number of Meetings of the Board attended during the year 2019-2020	All the Board Meetings. Five 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.S.Ravi is the promoter of the Company and also its Chairman and Managing Director. He was reappointed as Managing Director for a term of 5 years w.e.f 01 <sup>st</sup> October, 2016 and his revision in terms of appointment was approved by members at their EGM held on 30 <sup>th</sup> April, 2018. The remuneration last drawn is Rs 30,00,000 per month plus commission of such percentage such that the total remuneration does not exceed 7.5% of the net profits of the Company.
List of outside Directorships in Public/Private Companies	1. MC Craftsman Machinery Private Limited 2. Carl Stahl Craftsman Enterprises Private Limited 3. Craftsman Europe B.V., Netherlands (Formerly known as Craftsman Marine B.V.) 4. Craftsman Automation Singapore Pte Limited
Chairman/Member of the Committees of the Board of Directors of the Company	1. Chairman of Corporate Social Responsibility Committee of the Company 2. Chairman of the IPO Committee of the Company 3. Chairman of the Management Committee
Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director	Not Applicable
Relationship with other Directors/Managers/KMP	Father of Mr.R.Gauthamram, Whole Time Director of the Company.

## Directors' Report

To,

The Members,

The Directors are pleased to present the Thirty Fourth (34<sup>th</sup>) Annual Report of the Company together with the audited financial statements (consolidated and standalone) for the year ended 31<sup>st</sup> March, 2020. The Management Discussion and Analysis (MD&A) forms part of this Report.

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

#### 1.1 Standalone Financial Results:

(Rs. in Crores)

Particulars	Year ended	
	31.03.2020	31.03.2019
Operating revenue	1483.38	1809.63
Other income	9.15	12.83
EBITDA	404.14	427.29
Less: Finance Cost	148.60	131.05
Less: Depreciation and Amortization	196.22	158.28
Less: Exceptional items	5.77	0.00
Profit before Tax (PBT)	53.55	137.96
Less: Provision for Current Tax (Net)	16.83	7.84
Less: Deferred Tax	0.07	35.94
Profit after Tax for the year (PAT)	36.65	94.18
Other Equity opening balance	690.91	606.98
Add: Profit for the year	36.65	94.18
Add/(Less) Other Comprehensive Income /(Loss)	0.15	(9.04)
Dividend paid on equity shares including dividend tax	(6.07)	(1.21)
Other Equity closing balance	721.64	690.91

During the Financial Year (FY) 2019-20, the Company has achieved an operating income of Rs.1483.38 Crores as compared to Rs.1809.63 Crores in FY 2018-19. The profit before tax for FY 2019-20 stood at Rs.53.55 Crores compared to Rs.137.96 Crores achieved in FY 2018-19. The profit after tax stood at Rs.36.65 Crores for FY 2019-20 as compared to Rs.94.18 Crores for the previous year.

## **1.2 Consolidated Financial Results:**

The Company's consolidated revenue for FY 2019-20 was Rs.1492.46 Crores as compared to Rs.1818.00 Crores for the previous year. During the year under review, the consolidated profit after tax stood at Rs.40.01 Crores as compared to Rs.99.52 Crores for the previous year.

## **2. DIVIDEND:**

The Board of Directors do not recommend any dividend for the financial year 2019-20.

## **3. RESERVES:**

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

## **4. 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:

### **4.1 Global and Indian Economy**

Global growth this year recorded its weakest pace since the global financial crisis a decade ago, reflecting common influences across countries and country-specific factors, rising trade barriers and associated uncertainty weighed on business sentiment and activity globally. In some cases (advanced economies and China), these developments magnified cyclical and structural slowdowns already under way. Further pressures came from country-specific weakness in large emerging market economies such as Brazil, India, Mexico, and Russia. Worsening macroeconomic stress related to tighter financial conditions (Argentina), geopolitical tensions (Iran), and social unrest (Venezuela, Libya, Yemen) rounded out the difficult picture.

With the economic environment becoming more uncertain, firms turned cautious on long-range spending and global purchases of machinery and equipment decelerated. Household demand for durable goods also weakened, although there was a pick up in the second quarter of 2019. This was particularly evident with automobiles, where regulatory changes, new emission standards, and possibly the shift to ride-shares weighed on sales in several countries.

Central banks reacted aggressively to the weaker activity. Over the course of the year, several including the US Federal Reserve, the European Central Bank (ECB), and large emerging market central banks cut interest rates, while the ECB also restarted asset purchases

## **Indian Economy in 2019**

Year 2019 was a difficult year for the global economy with world output growth growing at its slowest pace of 2.9% since the global financial crisis in 2009. A weak environment for global manufacturing, trade, and demand adversely impacted the Indian economy.

On the industry side, several core sectors including auto, real estate, and manufacturing are in deep waters. Domestic auto sales in India continue to slump, with the overall auto industry reporting a decline of 17.96 percent Compared to previous year.

The real estate sector is grappling with the worst-ever slowdown in many decades over 1.3 million houses worth about 5 percent of GDP are lying unsold across India. The slowdown indicates that domestic demand has taken a breather. Several factors such as stagnating rural wages, tightening lending conditions (because of the ailing health of the financial institutions) and rising unemployment are contributing to low demand for goods and services. Additionally, structural factors are contributing to the sluggishness. These include changing consumer preferences due to a rising proportion of millennials among consumers and technology innovations, both of which are transforming demand patterns.

On the supply side, excess idle production capacity, weakening corporate profits, and infrastructure bottlenecks have slowed down investment in production facilities and hiring.

## **4.2 Automotive Industry Structure and Developments**

Automobile industry witnessed one of its sharpest decline in domestic sales in 2019-20 as sales dived 17.96 per cent to 21546390 units due to subdued demand and consumer sentiments which was further aggravated by the COVID-19 outbreak in the country.

### **Production:**

The industry produced a total 26,362,282 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycles in FY 2019-20 as against 30,914,874 in FY 2018-19, registering a de-growth of (14.73) percent over the same period last year.

### **Domestic Sales:**

The sale of passenger vehicles declined by (17.88) percent in FY 2019-20 over the same period last year. Within the passenger vehicles, the sales of passenger cars and vans declined by (23.58), percent and (39.23) percent respectively while sales of utility vehicles marginally increased by 0.48 percent in FY 2019-20 over the same period last year.

The overall commercial vehicles segment registered a de-growth of (28.75) percent in FY 2019-20 as compared to the same period last year. Within the commercial vehicles, Medium & Heavy Commercial Vehicles (M&HCVs) and Light Commercial Vehicles (LCV) declined by (42.47) percent and (20.06) percent respectively in FY 2019-20 over the same period last year.

Sale of three wheelers declined by (9.19) percent in FY 2019-20 over the same period last year. Within the three wheelers, passenger carrier and goods carrier declined by (8.28) percent and (13.27) percent respectively in FY 2019-20 over FY 2018-19.

Two wheelers sales registered a de-growth of (17.76) percent in FY 2019-20 over FY 2018-19. Within the two wheelers segment, scooters, motorcycles and mopeds declined by (16.94) percent, (17.53) percent and (27.64) percent respectively in FY 2019-20 over FY 2018-19.

### **Tractor Segment:**

Amidst a decline in tractor volumes in FY 2019-20, the market trend of shifting towards higher HP tractors was intact, with the growing share of the segment in overall domestic sales.

The domestic tractor industry reported a fall of about 10 percent in total volumes at 7.09 lakh units for FY20, as against 7.87 lakh units in FY 2018-19. After recording growth of 21 percent, 22 percent and 8 percent in FY 2016-17, 2017-18 and FY 2018-19 respectively, volumes moved southwards in FY 2019-20.

### **Exports:**

In FY 2019-20, overall automobile exports registered a growth of 2.95 percent. While commercial vehicles and three wheelers exports declined by (39.25) percent and (11.54) percent, respectively. However, passenger vehicles exports marginally increased by 0.17 percent and two wheelers exports registered a growth of 7.30 percent in FY 2019-20 over the same period last year.

### 4.3 **Company Performance**

The Company performance in the year under review was down by 18% due to economic slowdown especially in the automotive sector further aggravated by the COVID-19 outbreak in the Country. The domestic sales for the year was Rs.1308.06 Crores as against Rs.1608.23 Crores in the previous year.

The strategic focus on Industrial segment in the year under review has to a great extent compensated the degrowth in Automotive Segment. The Industrial Engineering segment posted a turnover of Rs.516.40 Crores as against Rs.492.97 Crores previous year.

The Company continued its performance in exports in spite of weak global economy and registered a turnover of Rs.146.88 Crores against Rs.170.24 Crores in previous year.

The Company continued its various initiatives to control the cost which has resulted in better bottomline despite decline in turnover. EBITDA for the year under review is Rs. 404.14 Crores as against Rs.427.29 Crores last year.

The segment wise sales are as follows:

<b>(Rs.in Crores)</b>			
<b>Segment Revenue</b>	<b>FY 2019-20</b>	<b>FY 2018-19</b>	<b>Growth %</b>
Automotive - Powertrain & Others	709.29	1008.50	-30%
Automotive - Aluminium Products	257.69	308.15	-16%
Industrial & Engineering	516.40	492.97	5%
<b>Total</b>	<b>1483.38</b>	<b>1809.63</b>	<b>-18%</b>

### 4.4 **Financial Performance:**

#### **Sales:**

The Company's continued efforts and marketing initiatives on Industrial and Engineering segment has enabled it to achieve a 5% growth in sales, Rs.516.40 Crores in the current year as compared to Rs.492.97 Crores last year. Due to the downfall in Automobile Industry, the performance of the Automotive segment has reduced only by 26% as compared to previous year.

### **Material and other costs:**

The Company has undertaken rigorous cost cutting measures during the financial year which has resulted in decrease in the following expenditure:

- 17% in Material Costs and 21% in Selling Expenses as against a decline in the product sales of 11%
- 21% in Employee Costs
- 27% in Manufacturing Expenses
- 47% in Administrative Expenses

Thus the overall decrease in total expenditure is 22% for the year.

### **EBITDA:**

Though Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) dropped by 5% for the year compared to Previous year, the EBITDA Margins on Turnover rebounded to 27% as compared to 24% in the previous year.

### **Finance Costs:**

The major increase in finance cost is due to Interest on Lease Liability of Rs.10.60 Crores, recognized as per new Indian Accounting Standard 116. Apart from this, there is a marginal increase of 5% in interest cost, due to utilization of borrowings.

### **Depreciation and Amortization:**

On account of higher block of fixed and intangible assets, the depreciation and amortization expense increased by 10% (exclusive of amortization of right to use asset) to Rs.174.39 Crores in current year from Rs.158.28 Crores in previous year. The Company has recognized right to use asset pursuant to the new Indian Accounting Standard on leases – 116 and consequently recognized the amortization of right to use asset, equal to Rs.21.83 Crores in the current year.

### **Profit:**

The Company's profit before tax and profit after tax has shown a drastic decline of 61% as compared to previous year from Rs.137.96 Crores to Rs.53.55 Crores and from Rs.94.18 Crores to Rs.36.65 Crores respectively.

#### **4.5 Capacities and capital expenditure:**

The Company incurred a capital expenditure of Rs.123.87 Crores in FY 2019-20. The major additions to the fixed assets were the 3200 ton HPDC press for manufacture of four wheeler components for Rs.33.85 crores, the HPDC building extension of Rs.7.71 crores and melting furnace of Rs.4.18 crores

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

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

#### **5.1 Initial Public Offering (IPO):**

The Company on the basis of approval accorded by the shareholders at the extraordinary general meeting held on 30<sup>th</sup> 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<sup>th</sup> June, 2018. The DRHP was for an offer for sale up to 43,83,320 equity shares of Rs.5 each of the existing shares by some selling shareholders and fresh issue of shares by the Company up to Rs.400 Crores. The Company received the approval from SEBI on 24<sup>th</sup> August 2018 for the proposed IPO. As the SEBI approval expired on 23<sup>rd</sup> August, 2019 and the market conditions were not conducive for listing, the same was not pursued

#### **5.2 Covid-19**

The Coronavirus Pandemic is having a deep Impact on Indian businesses and has already caused an unprecedented collapse in economic activities over the last few weeks due to lockdown. Due to weak domestic consumption and consumer sentiment, there can be delay in Investment which further add pressure on growth. The substantive economic package announced by Prime Minister recently could revive the downturn to a great extent. Your Company also has taken various Initiatives focusing on safeguarding workforce health. Further Company is also taking effective steps to control cost in all quarters and assess how profitability, loans, revolving credit and cash flows can support ongoing operations in a low revenue environment.

### **6. CREDIT RATING:**

During the year under review, CRISIL retained its credit rating at BBB+ and A2.



## 7. DEPOSITS:

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

## 8. 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:

Si. No.	Description of the award / recognition	Given by Customer / Institution	Year of receipt
1	Daimler India Supplier Award 2019 “ Excellence in Partnership”	Daimler India Commercial Vehicles Private Limited	2019
2	Mahindra Supplier Excellence Award 2019 Best Product Development performance “FURIO”	Mahindra & Mahindra	2019
3	Mahindra Supplier Excellence Award 2019 Best Product Development performance “MARAZZO”	Mahindra & Mahindra	2019
4	"Self-Certified Supplier"- for the component being supplied “COVER ROCKER”	Mitsubishi Heavy Industries – VST Diesel Engines Private Limited	2019
5	GST-2019 Best Tax Payer Award	Government of India	2019
6	Quality Excellence Award - Annual supplier Conference meet 2019	Tata Motors	2019
7	Quality Excellence Award - Annual supplier Conference meet 2019	GE T&D India Limited	2019
8	Annual Supplier Conference Award – 2019	JCB	2019
9	Star Performance Award - for Export House Certification – FY 2017-2018.	EEPC India	2020

## 9. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company under the directions of its CSR Committee and in line with its CSR policy need to mandatorily spend Rs. 1.34 Crores in financial year 2019-20 towards CSR activities. However, the Company had voluntarily allocated a sum of Rs. 1.48 Crores towards CSR activities for the financial year 2019-20. Out of mandated spend of Rs. 1.34 Crores the Company has spent 0.89 Crores for the financial year 2019-20.

The difference amount of Rs. 0.45 Crores could not be spent as these amounts were budgeted for Promotion of Education & Preventive Health Care activates, Construction of class rooms in the Schools, etc. and as the schools were closed due to Covid-19 lockdown in the country. 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 15<sup>th</sup> May 2019, and 03<sup>rd</sup> February, 2020 respectively.

## **10. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE:**

### **10.1 Details of Foreign wholly owned subsidiaries:**

#### **A. CRAFTSMAN EUROPE B.V. (FORMERLY KNOWN AS CRAFTSMAN MARINE B.V):**

- i. During the year under review, our Wholly Owned Subsidiary has changed its name from Craftsman Marine B.V., the Netherlands to Craftsman Europe BV., the Netherlands on 28<sup>th</sup> October, 2019 and the Company has posted a turnover of Rs.1679 Lakhs (Euro 21.28 Lakhs). The profit for the year amounted to Rs.361 Lakhs (Euro 5.29 Lakhs) dropped from Rs.525.86 Lakhs (Euro 6.63 Lakhs).
- ii. The Board of Directors at their meeting held on 20<sup>th</sup> August 2019, had approved the financial restructuring of Wholly owned subsidiary Company by converting the loan into equity share capital of the Company. The Loan to tune of € 28,00,000 (Euro Twenty-Eight Lakhs Only) has been converted into equity shares.

#### **B. CRAFTSMAN AUTOMATION SINGAPORE PTE LIMITED:**

- i. Craftsman Automation Singapore Pte. Limited, the Singapore a wholly owned subsidiary company posted a loss of Rs.14 Lakhs in FY 2019-20 (Previous year profit of Rs.6.37 Lakhs).
- ii. The Board of Directors at their meeting held on 24<sup>th</sup> October, 2019, had approved the financial restructuring of Wholly owned subsidiary company by converting the loan into equity share capital of the Company. The Loan to tune of SGD 667000 has been converted into equity shares.

The Company has opted for Voluntary Liquidation of this Subsidiary and the liquidation process is progressing and expected to be over in Q2 of 2020.

## 10.2 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 Rs.25.75 Crores in FY 2019-20 as against the Rs.30.95 Crores of FY 2018-19. The Loss for the year was Rs.0.05 Crores as against profit of Rs.1.34 Crores in FY 2018-19.

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.**

## 11. CHANGE IN NATURE OF BUSINESS:

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

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

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

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

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 2019-20 is as follows:

S. No.	Particulars	Remarks
(a)	Number of complaints of sexual harassment received in the year	Nil
(b)	Number of complaints disposed off during the year	Nil
(c)	Number of cases pending for more than ninety days	Nil
(d)	Number of workshops or awareness programme against sexual harassment carried out	Nil
(e)	Nature of action taken by the employer or District Officer	Nil

#### 14. DIRECTORS:

1. During the financial year 2019-20, there has been no change occurred in the composition of Directors as compared to the previous year.
2. Re-Appointment of Directors Retiring by Rotation:

In accordance with the provisions of the Companies Act, 2013, Mr. Srinivasan Ravi (DIN 01257716 ) Director, retires by rotation and being eligible, offer himself for reappointment at the ensuing Annual General Meeting. His appointment will be placed for approval by the members at the Annual General Meeting and forms part of the notice of the ensuing Annual General Meeting. The information about the Director seeking his reappointment as per Para 1.2.5 of Secretarial Standards on General Meetings has been given in the notice convening the ensuing Annual General Meeting.

#### 15. KEY MANAGERIAL PERSONNEL:

##### APPOINTMENTS:

During the financial year 2019-2020, under review Mr.C.B.Chandrasekar, was appointed as the Chief Financial Officer of the Company with effective from 03<sup>rd</sup> February 2020, based on the recommendation of the Nomination & Remuneration Committee and Audit Committee meeting was held on 03<sup>rd</sup> February 2020.

##### CESSATIONS:

During the financial year 2019-2020, under review Mr. Sivakumar Gopalan, Chief Financial Officer has resigned from the Company on 03<sup>rd</sup> February 2020. The Board places on record its appreciation for the assistance and guidance provided by Mr. Sivakumar Gopalan during his tenure as a Chief Financial Officer of the Company.

There are no other resignations or retirements occurred during the year under review.

##### KEY MANAGERIAL PERSONS:

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 Gautharam, Whole Time Director – Industrial and Engineering Products;
- iii. Mr.Chandramohan Natarajan, Whole Time Director – Business Developments, Industrial and Engineering Products;
- iv. Mr. C.B.Chandrasekar, Chief Financial Officer (w.e.f 03<sup>rd</sup> February 2020);

- v. Mr. Sivakumar Gopalan, Chief Financial Officer; (upto 03<sup>rd</sup> February 2020);
- vi. Mr. Thiyagaraj Damodharaswamy, Chief Operating Officer – Automotive;
- vii. Mr. Shainshad Aduvanni, Company Secretary.

The remuneration and other details of these Key Managerial Personnel for FY 2019-20 are provided in the extract of the Annual Return (MGT 9) which forms part of this Directors' Report.

## **16. COMMITTEES:**

As per the requirements of the Companies Act, 2013 the following committees were constituted and the composition, meeting of committees held during the year are as follows.

### **i. Audit Committee:**

The Company has reconstituted the Composition of the Audit Committee at the Board meeting held on 03<sup>rd</sup> February 2020 and the members of the Committee are as follows:

- 1. Mr.Chandrashekhar Madhukar Bhide, Independent Director (Chairman);
- 2. Mr.Sundararaman Kalyanaraman, Independent Director (Member);
- 3. Mrs.Vijaya Sampath, Independent Director (Member) from 3<sup>rd</sup> February, 2020
- 4. Mr. Udai Dhawan, Nominee Director (Member) and
- 5. Mr. Kallakurichi Kanniah Balu, Independent Director (Member) – Upto 3<sup>rd</sup> February 2020

The Audit Committee met four times during the year on 15<sup>th</sup> May, 2019, 20<sup>th</sup> August, 2019, 24<sup>th</sup> October, 2019 and 03<sup>rd</sup> February, 2020.

### **ii. Nomination and Remuneration Committee:**

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

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

The Nomination and Remuneration Committee met three times during the year on 15<sup>th</sup> May 2019, 20<sup>th</sup> August 2019 and 03<sup>rd</sup> February 2020.

### **iii. Stakeholders Relationship Committee:**

The Company has reconstituted the Composition of the Stakeholders Relationship Committee at the Board meeting held on 03<sup>rd</sup> February 2020 and the members of the Committee is as follows:

1. Mrs.Vijaya Sampath, Independent Director (Chairperson) – w.e.f.03<sup>rd</sup> February 2020
2. Mr.Kallakurichi Kanniah Balu, Independent Director (Chairman) – upto 03<sup>rd</sup> February 2020
3. Mr.Srinivasan Ravi, Chairman and Managing Director (Member) and
4. Mr.Chandrashekar Madhukar Bhide, Independent 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 members are as follows:

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

The CSR Committee met two times during the year on 15<sup>th</sup> May 2019 and 03<sup>rd</sup> February 2020.

**v. IPO Committee:**

This Committee has reconstituted the Composition of the IPO Committee at the Board meeting held on 03<sup>rd</sup> February 2020 and the members is as follows.

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. Mrs.Vijaya Sampath, Independent Director (Member) – w.e.f 03<sup>rd</sup> February 2020
4. Mr. Kallakurichi Kanniah Balu, Independent Director (Member) – upto 03<sup>rd</sup> February 2020 and
5. Mr. Udai Dhawan, Nominee Director (Member).

The IPO Committee members met one time during the year on 20<sup>th</sup> August 2019.

**vi. Management Committee:**

The 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 five times during the FY 2019-20 on 26<sup>th</sup> April 2019, 22<sup>nd</sup> August 2019, 05<sup>th</sup> December 2019, 29<sup>th</sup> January, 2020 and 31<sup>st</sup> January 2020.

## **17. INTERNAL FINANCIAL CONTROLS AND AUDIT:**

### **a. Internal Financial Controls and their Adequacy**

Internal Control Over Financial Reporting (ICFR) remains an important component to fostering confidence in a company's financial reporting, and ultimately, streamlining the process to adopt best practices. Your Company through Internal Audit Program is regularly conducting test of effectiveness of various controls. The ineffective and unsatisfactory controls are reviewed and remedial actions are taken immediately.

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.

### **b. Internal Auditor**

M/s MC Ranganathan & Co., Chartered Accountants, Chennai, who are our internal auditors have carried out internal audit for the FY 2019-20. Their reports were reviewed by the Audit Committee.

### **c. 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, in terms of Section 139 of the Companies Act, 2013. M/s, PKF Sridhar and Santhanam LLP, Chartered Accountants had completed their term of office as per Section 139(2) of the Companies Act, 2013 and hence they do not seek re-appointment.

The Board appreciates the guidance and support received from PKF Sridhar and Santhanam LLP, Chartered Accountants during their association as the Statutory Auditor with the Company.

In view of the mandatory requirement of Companies Act, 2013 and the rules thereof, the Audit Committee of the Company at its meeting held on 20<sup>th</sup> August 2019 had in-principally approved the appointment of M/s. Sharp & Tannan, Chartered Accountants, A-Wing, 602, Anna Salai, Chennai – 600 006 holding (Firm Registration No:003792S), as Statutory Auditors of the Company. Board of Directors at its Meeting held on 03<sup>rd</sup> February 2020 have recommended appointment of M/s. Sharp & Tannan, Chartered Accountants, as Statutory Auditors for a term of 5 (five) consecutive years from the conclusion of 34<sup>th</sup> Annual General Meeting till the conclusion of 39<sup>th</sup> Annual General Meeting, subject to the approval of the shareholders at the ensuing Annual General Meeting.

**d. 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 31<sup>st</sup> March, 2020.

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.

**e. Cost Auditor**

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 2020-21, for auditing the cost accounting records maintained by the Company for the applicable products for the year ending 31<sup>st</sup> March 2021. 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 specified 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.



**f. 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 2019-20. The Secretarial Audit Report in form MR-3 forms part of the annexures to this Directors' Report as **Annexure- C**.

**18. DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received declarations from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that, they meet the criteria of independence as laid down in section 149(6) of the Companies Act, 2013 and subsequently the same was placed at the Board Meeting held on 07<sup>th</sup> May, 2020.

**19. EXTRACT OF ANNUAL RETURN:**

An extract of Annual Return in Form MGT-9 as on 31<sup>st</sup> March, 2020 is attached to this Report as **Annexure-D**.

**20. MEETINGS OF THE BOARD:**

During the FY 2019-20, the Board of Directors met five (5) times on 15<sup>th</sup> May, 2019, 20<sup>th</sup> August, 2019, 24<sup>th</sup> October 2019, 03<sup>rd</sup> February, 2020 and 27<sup>th</sup> March, 2020.

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:

Sl. No.	Name of the Director & Designation	No. of Board Meetings attended during 2019-20
1.	Mr. Srinivasan Ravi, Chairman and Managing Director	5
2.	Mr. Ravi Gauthamram, Whole Time Director	5
3.	Mr. Chandramohan Natarajan, Whole Time Director	5
4.	Mr. Chandrashekar Madhukar Bhide, Independent Director	5
5.	Mr. Kallakurichi Kanniah Balu, Independent Director	5
6.	Mr. Sundararaman Kalyanaraman, Independent Director	5
7.	Mrs. Vijaya Sampath, Independent Director	5
8.	Mr. Udai Dhawan, Nominee Director	5

## **21. MEETING OF INDEPENDENT DIRECTORS:**

A Separate meeting of independent Directors of the Company was held on 03<sup>th</sup> February, 2020.

## **22. 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 web-link <https://www.craftsmanautomation.com/wp-content/uploads/2019/05/Nomination-and-Remuneration-Policy.pdf>

## **23. 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 2019-20 is given below:

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

Name and Age	Remuneration including commission (Rs. in Lakhs)	Designation	Date of Commencement of Employment	Previous Employment	Nature of Employment, contractual or otherwise	Qualification and experience
Srinivasan Ravi, & 57 years	472.75	Chairman and Managing Director	18.07.1986	Nil	Contractual	B.E & 35 years
G. Sivakumar & 61 years	90.34	Chief Financial Officer	10.03.2016	Dangote Cement Plc, Lagos Nigeria	Resigned w.e.f 03.02.2020	B.Com, ACA & 37 years
Sampath Kumar. M. & 61 years	67.80	Plant Director	03.07.2019	TATA MOTORS	Contractual	M. Tech & 37 years
D. Thiyagaraj & 47 Years	67.02	Chief Operating Officer	01.01.2002	Rieter LMW Machinery Limited	Regular	B.E. & 26 years
A.Manisekaran & 56 years	62.79	Vice President – Information Technology	01.04.1995	Abacus Computer Centre	Regular	B.Sc., B.Ed., P.G.D.C.A., M.C.A, & 32 years
R. Vinod Shankar & 52 years	60.11	President – Business Development	03.07.2017	SE Forge Limited	Regular	B.E. & 29 years
Gautham Ram. R & 32 years	53.04	Whole Time Director	20.02.2014	Caterpillar India Limited	Board Member	B.E(Mech), M.Sc ( Prod. Sys. Engg), Germany & 7 years

Name and Age	Remuneration including commission (Rs. in Lakhs)	Designation	Date of Commencement of Employment	Previous Employment	Nature of Employment, contractual or otherwise	Qualification and experience
Chandramohan. N & 68 years	49.36	Whole Time Director	02.12.2013	Juki India Private Limited	Board Member	B.E (Mech) & 44 years
S.Balachandran & 63 years	49.32	Vice President – Gear Division	02.05.2015	Shanthi Gears Limited	Superannuated w.e.f. 31.03.2020	D.M.E & 43 years
Girish Kumar. J & 44 years	48.92	National Head	11.04.2018	Godrej & Boyce	Regular	B.E (Mech) & 22 years

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

Name and Age	Remuneration including commission (Rs. in Lakhs)	Designation	Date of Commencement of Employment	Previous Employment	Nature of Employment, contractual or otherwise	Qualification and experience
Srinivasan Ravi, & 57 years	472.75	Chairman and Managing Director	18.07.1986	Nil	Contractual	B.E & 35 years

## 24. 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. 1.6 and 1.5 of Standalone Financial Statements.

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

During FY 2019-20, 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**.

## 26. 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**

- For Increasing UPS Battery Life - Automatic Changeover Main Voltage panel has been installed for quick changeover of power from EB to DG and DG to EB.
- For Compressor Energy Saving - VFD Connected Compressors has been installed for better energy saving during Loading and Unloading.
- EB Power demand fixed cost Reduction - Across plants, reduced the sanctioned demand up to actual requirement, (Estimated cost reduction 32% from Total Fixed Demand Charge).
- In Unit3 & ED - Now 65% power utilized from IEX (Average cost of 2.9 to 3.3 per unit) and balance 25% to 30% From Wind Energy (Average cost of Rs.5.75/unit) and 5% to 10% from EB (Average cost of Rs.6.35/Unit).
- Diesel Purchased directly from manufacturer under CST billing instead of 25% local Tax. (Tax Saving).

- LPG Purchased in Jumbo cylinders (450Kgs) instead of Industrial Cylinders (49.5Kgs) for eliminate the wastage of the LPG.

## **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 Exchange Earnings	Rs. 144.55 Crores
Foreign Exchange Outgo	Rs. 279.06 Crores

## **27. 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 cyclical nature 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 operate 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. Further the COVID-19 has thrown open unprecedented challenges to all Companies. In the wake of pandemic, external risks have risen significantly and pose a downside risk to global growth.

#### **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.

## **28. 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.

## **29. 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-whistleblower-policy.pdf>



### **30. 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.

### **31. 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  
7<sup>th</sup> May, 2020

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 policies 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 <a href="https://www.craftsmanautomation.com/wp-content/uploads/2017/07/CAL-Corporate-Social-Responsibility-Policy.pdf">https://www.craftsmanautomation.com/wp-content/uploads/2017/07/CAL-Corporate-Social-Responsibility-Policy.pdf</a> and <a href="https://www.craftsmanautomation.com / social-responsibility/">https://www.craftsmanautomation.com / social-responsibility/</a>
2	Composition of CSR Committee	1. Mr.Srinivasan Ravi, Chairman and Managing Director as Chairman of the Committee 2. Mr.Chandrashekhar Madhukar Bhide, Independent Director as a Member of the Committee 3. Mr.Udai Dhawan, Nominee Director as a Member of the Committee
3	Average Net Profit of the Company for last three financial years:	Rs. 67,20,08,831
4	Prescribed CSR expenditure (Two percent of the amount as in item 3 above)	Rs.1,34,40,177
5	Details of CSR spent during the financial year: (a) Total amount to be spent for the Financial Year (b) Amount unspent, if any: (c) Manner in which the amount spent during the Financial Year:	Rs.1,34,40,177  Rs. 45,23,736  Refer table given below

CSR Activities – Manner in which the amount was spent.

Sl No.	Projects/ Activities	Sector	Locations	Amount outlay (Rs.lakhs)	Amount spent (Rs.lakhs)	Cumulative Expenditure up to the reporting period (Rs.lakhs)	Amount spent: Direct or through implementing agency
1	Conservation of water bodies.	Environment	Coimbatore	10,00,000	9,01,695	9,01,695	Direct
2	Promoting Road safety education / awareness and providing learning materials to Govt. and Corporation schools	Safety & Welfare	Coimbatore	50,000	50,000	9,51,695	Agency - World People Welfare trust
3	Construction of class room / library	Promotion of Education	Coimbatore	30,00,000	-	-	Could not be completed due to Covid 19
4	Promotion of education / technology	Promotion of Education	Coimbatore	3,00,000	-	-	Could not be executed due to Covid 19
5	Productivity week / conclave programs to be conducted by The Coimbatore Productivity Council	Promotion of Education	Coimbatore	50,000	50,000	10,01,695	Direct
6	Distribution of Note Books, Pencil Box with Pen, Pencil, Scale, Eraser & Sharpener, Geometry Box during Kamarajar birthday celebrated as Education Day	Promotion of Education	Sriperumbudur	2,00,000	1,92,647	11,94,342	Direct

SI No.	Projects/ Activities	Sector	Locations	Amount outlay (Rs.lakhs)	Amount spent (Rs.lakhs)	Cumulative Expenditure up to the reporting period (Rs.lakhs)	Amount spent: Direct or through implementing agency
7	Other CSR activities for drinking water, lighting, etc.	Health care	Sriperumbudur	4,00,000	Project not executed		
8	Drinking water arrangements with overhead tank and deep boring with pump and fittings and Construction of two toilets	Health care	Jamshedpur	6,00,000	4,53,709	16,48,051	Direct
8	Construction of one classroom 30x30 feet including stair case room and roof top boundary wall. Desk and bench for students and electrical work in the classroom.	Promotion of Education	Jamshedpur	18,00,000	15,03,094	31,51,145	Direct
10	Desk and bench(three seater each) for students 50 Nos.	Promotion of Education	Jamshedpur	3,00,000	2,72,462	34,23,607	Direct
11	Drinking water arrangements with overhead tank and deep boring with pump and fittings	Health care	Jamshedpur	3,00,000	2,74,003	36,97,610	Direct

SI No.	Projects/ Activities	Sector	Locations	Amount outlay (Rs.lakhs)	Amount spent (Rs.lakhs)	Cumulative Expenditure up to the reporting period (Rs.lakhs)	Amount spent: Direct or through implementing agency
12	Eye check up / eye surgery / spectacles for needy people, preventive medical assistance. Eye Surgery done for 27 persons & spectacles provided for 85 persons.	Health care	Jamshedpur	3,00,000	4,79,740	41,77,350	Direct
13	Construction of class room, providing note books, etc	Promotion of Education	Pune	10,00,000	18,29,000	60,06,350	Direct
14	Eye check up / eye surgery for needy people, preventive medical assistance.	Health care	Pune	5,00,000	-	-	Could not be executed due to Covid 19
15	Distribution of Note Books, Pencil Box with Pen, Pencil, Scale, Eraser to school children	Promotion of Education	Bangalore	3,00,000	-	-	Could not be executed due to Covid 19
16	Distribution of Note Books, Pencil Box with Pen, Pencil, Scale, Eraser to school children	Promotion of Education	Pithampur	2,00,000	Project not executed		

SI No.	Projects/ Activities	Sector	Locations	Amount outlay (Rs.lakhs)	Amount spent (Rs.lakhs)	Cumulative Expenditure up to the reporting period (Rs.lakhs)	Amount spent: Direct or through implementing agency
17	Distribution of Note Books, Pencil Box with Pen, Pencil, Scale, Eraser to school children	Promotion of Education	Faridabad	5,00,000	Project not executed		
18	Projects under consideration	-	Coimbatore	30,00,000	-	-	Could not be executed due to Covid 19
19	For any other requirement upto Mar-2020	-	All units	10,00,000	-	-	Could not be executed due to Covid 19
20	The Coimbatore Zoological Park & Conservation Centre	Environment	Coimbatore	-	10,00,000	70,06,350	Direct
21	Planting 300 saplings in and around Maharaj Sayajirao Gaikwad Vidyalyaya, Pimple Jagtap	Environment	Pune	-	14,230	70,20,580	Direct
22	Setting up of laboratory and library	Promotion of Education	Sriperumbudur	-	3,62,856	73,83,436	Direct

SI No.	Projects/ Activities	Sector	Locations	Amount outlay (Rs.lakhs)	Amount spent (Rs.lakhs)	Cumulative Expenditure up to the reporting period (Rs.lakhs)	Amount spent: Direct or through implementing agency
23	Construction of class room	Promotion of Education	Coimbatore	-	4,63,657	78,47,093	Direct
24	Fixing up of hand wash basin facilities. Fixing up of incinerator in Girls toilets.	Health care	Coimbatore	-	3,15,000	81,62,093	Agency – World People Welfare Trust
25	Renovation of School building at Rajkiyakrit Oriya Madhya Vidyalaya, Adityapur, Gamharia	Promotion of Education	Jamshedpur	-	1,89,848	83,51,941	Direct
26	Construction of toilets and fixing up of hand wash basins	Promotion of Education	Pithampur	-	-	-	Could not be executed due to Covid 19
27	Donating Computers and Water coolers to Govt. Girls School, Ballabgarh	Promotion of Education & Preventive Health Care	Faridabad	-	5,64,500	89,16,441	Direct
<b>TOTAL</b>				1,48,00,000	89,14,441	-	

The Company needs to mandatorily spend Rs. 1,34,40,177 in financial year 2019-20 towards CSR activities, however, the Company had voluntarily allocated a sum of Rs. 1,48,00,000 for CSR activities for the for financial year 2019-20. Out of mandated limit of Rs. 1,34,40,177, the Company has spent 89,14,441 for the financial year 2019-20.

The difference amount of Rs. 45,23,736 could not be spent as these amounts were budgeted for Promotion of Education & Preventive Health Care activities, Construction of class rooms in the Schools, etc. and as the schools were closed due to Covid-19 lockdown in the country.

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.

Place: Coimbatore  
Date: 07<sup>th</sup> May, 2020

Srinivasan Ravi  
**Chairman of CSR Committee**  
**DIN: 01257716**



## **ANNEXURE - B**

### **Form AOC-1**

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

### **Statement containing salient features of the financial statement of Subsidiaries or associate companies or joint ventures**

#### **Part - A Subsidiaries**

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

Sl.No	Particulars	1	2
1	Name of the subsidiary	Craftsman Europe B.V (Formerly known as 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	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020
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 31-03-2020 Rs.83.05 per EUR)	SGD (Exchange Rate as on 31-03-2020 Rs.52.99 per SGD)
5	Share Capital	226,415,848	37,881,075
6	Reserves and Surplus	(89,898,659)	(37,343,819)
7	Total Assets	200,744,949	1,016,828
8	Total Liabilities	64,227,760	479,572
9	Investments	Nil	Nil
10	Turnover	167,898,195	7,966,944
11	Profit before taxation	24,543,178	(1,386,719)
12	Provision for taxation	(11,582,039)	-
13	Profit after taxation	36,125,217	(1,386,719)
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  
07<sup>th</sup> May, 2020

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	31.03.2020
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	Rs. 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	Rs. 1,79,26,565
8	Profit /Loss for the year	
	i. Considered in Consolidation	Rs. (157,474)
	ii. Not Considered in Consolidation	Rs. (367,440)

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

Coimbatore  
07<sup>th</sup> May, 2020

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

## Annexure C

### SECRETARIAL AUDIT REPORT For the Financial Year ended 31<sup>st</sup> March, 2020

**(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 (CIN - U28991TZ1986PLC001816)** (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2020 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, 2020 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 was applicable until 23<sup>rd</sup> August 2019 being the date of expiry of validity of the 12 months period from the date of issue of observation letter for clearance to proceed with the Initial Public Offer by Securities Exchange Board of India (SEBI).
- b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 to the extent applicable;
- c) The securities and Exchange Board of India (Registrars to an Issue and share Transfer Agents) Regulations, 1993 to the extent applicable;

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 and 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 guidelines.

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

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 Rs. 400 crores and Offer for sale by Marina, IFC and other shareholders upto 43,83,320 equity shares of Rs. 5 each to Securities Exchange Board of India (SEBI) on 8th June 2018 and received final observations and clearance for proceeding with the Initial Public Offer from SEBI on 24<sup>th</sup> August 2018, which was valid for 12 months from the date 24<sup>th</sup> August, 2018. The Company has not opened the issue and the validity period expired on 23<sup>rd</sup> August, 2019 and thereby the company will no more come under the category of proposed to be listed.

**For KSR & Co Company Secretaries LLP**

Date: 07<sup>th</sup> May, 2020  
Place: Coimbatore

**V.R.Sankaranarayanan**  
**Partner**  
(ACS: 19450; CP: 11367)  
**UDIN:A019450B000238119**

## ANNEXURE – D

### Form No. MGT-9

### EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2020

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

#### I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U28991TZ1986PLC001816
ii.	Registration Date	18/07/1986
iii.	Name of the Company	CRAFTSMAN AUTOMATION LIMITED
iv	Category	PUBLIC COMPANY
	Sub-Category of the Company	INDIAN NON-GOVERNMENT COMPANY
v	Address of the Registered office and contact details	
	Address	SENTHIL 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)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Machining of Automotive Parts	2930 of 2008	25.66%
2.	Sale of parts and accessories to motor vehicles	2930 of 2008	27.26%

## 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 Europe B.V. Netherlands (Formerly known as Craftsman Marine B.V)	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

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01 <sup>st</sup> April, 2019]				No. of Shares* held at the end of the year [As on 31 <sup>st</sup> March, 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	10630640	-	10630640	52.83	10630640	-	10630640	52.83	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub- total (A) (1) :-</b>	<b>10630640</b>		<b>10630640</b>	<b>52.83</b>	<b>10630640</b>	-	<b>10630640</b>	<b>52.83</b>	-
(2) Foreign	-	-	-	-	-	-	-	-	-
a)NRIs- Individuals	-	-	-	-	-	-	-	-	-
b)Other – Individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corp.	-	-	-	-	-	-	-	-	-
d)Banks / FI	-	-	-	-	-	-	-	-	-
e)Any other	-	-	-	-	-	-	-	-	-
<b>Sub- total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) =(A)(1)+(A)(2)</b>	<b>10630640</b>		<b>10630640</b>	<b>52.83</b>	<b>10630640</b>	-	<b>10630640</b>	<b>52.83</b>	-



	No. of Shares held at the beginning of the year [As on 01 <sup>st</sup> April, 2019]				No. of Shares* held at the end of the year [As on 31 <sup>st</sup> March, 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	2126860		2126860	10.57	2126860	-	2126860	10.57	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub- total (B) (1) :-</b>	<b>2126860</b>		<b>2126860</b>	<b>10.57</b>	<b>2126860</b>	<b>-</b>	<b>2126860</b>	<b>10.57</b>	<b>-</b>
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
a)NRIs- Individuals	-	-	-	-	-	-	-	-	-
b)Other – Individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corp.	-	-	-	-	-	-	-	-	-
d)Banks / FI	-	-	-	-	-	-	-	-	-
e)Any other	-	-	-	-	-	-	-	-	-
<b>Sub- total (B) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter(includes Promoter Group) (B) = (B)(1)+(B)(2)</b>	<b>2126860</b>		<b>2126860</b>	<b>10.57</b>	<b>2126860</b>	<b>-</b>	<b>2126860</b>	<b>10.57</b>	<b>-</b>

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

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01 <sup>st</sup> April, 2019]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March, 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>C. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII's	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) International Finance Corporation	2828100	-	2828100	14.06	2828100	-	2828100	14.06	-
<b>Sub-total (C)(1):-</b>	<b>2828100</b>	<b>-</b>	<b>2828100</b>	<b>14.06</b>	<b>2828100</b>	<b>-</b>	<b>2828100</b>	<b>14.06</b>	<b>-</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1417500	-	1417500	7.04	1417500	-	1417500	7.04	-
c) Others (specify) Marina III (Singapore) Pte Ltd	3118500	-	3118500	15.50	3118500	-	3118500	15.50	-
<b>Sub – total (C) (2):-</b>	<b>4536000</b>	<b>-</b>	<b>4536000</b>	<b>22.54</b>	<b>4536000</b>	<b>-</b>	<b>4536000</b>	<b>22.54</b>	<b>-</b>
<b>Total Public Shareholding (C)=(C)(1)+ (C)(2)</b>	<b>7364100</b>	<b>-</b>	<b>7364100</b>	<b>36.60</b>	<b>7364100</b>	<b>-</b>	<b>7364100</b>	<b>36.60</b>	<b>-</b>
<b>D. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>			<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C+D)</b>	<b>20121600</b>		<b>20121600</b>	<b>100</b>	<b>20121600</b>	<b>-</b>	<b>20121600</b>	<b>100</b>	<b>-</b>

**(ii) Shareholding of Promoter**

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

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

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year 01 <sup>st</sup> April 2019		Cumulative Shareholding during the year ended 31 <sup>st</sup> March 2020	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	<b>Srinivasan Ravi</b>				
	At the beginning of the year	10630640	52.83	-	-
	Increase/ Decrease in during the year	-	-	-	-
	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):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01 <sup>st</sup> April 2019		Cumulative Shareholding during the year ended 31 <sup>st</sup> March 2020	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>International Finance Corporation, USA</b>				
	At the beginning of the year	2828100	14.06	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	<b>At the end of the year</b>	-	-	<b>2828100</b>	<b>14.06</b>

2	<b>Marina III (Singapore) Pte Limited</b>				
	At the beginning of the year	3118500	15.50	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	<b>At the end of the year</b>	-	-	<b>3118500</b>	<b>15.50</b>
3	<b>Mr.S.Murali</b>				
	At the beginning of the year	2126260	10.57	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	<b>At the end of the year</b>	-	-	<b>2126260</b>	<b>10.57</b>
4	<b>Mr.K.Gomatheswaran</b>				
	At the beginning of the year	1417500	7.04	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	<b>At the end of the year</b>			<b>1417500</b>	<b>7.04</b>
5	<b>Mrs.Chithra Ravi</b>				
	At the beginning of the year	200	0.00	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	<b>At the end of the year</b>	-	-	<b>200</b>	<b>0.00</b>
6	<b>Mrs.R.Mirthula</b>				
	At the beginning of the year	200	0.00	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	<b>At the end of the year</b>	-	-	<b>200</b>	<b>0.00</b>

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

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 01 <sup>st</sup> April 2019		Cumulative Shareholding during the year ended 31 <sup>st</sup> March 2020	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1.</b>	<b>Srinivasan Ravi, Chairman and Managing Director</b>				
	At the beginning of the year	10630640	52.83	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	<b>10630640</b>	<b>52.83</b>
<b>2.</b>	<b>Ravi Gauthamram, Whole Time Director</b>				
	At the beginning of the year	200	0.00	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	<b>200</b>	<b>0.00</b>

## V. INDEBTEDNESS

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

(Rs.in Crores)				
Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	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
<b>Total (i+ii+iii)</b>	<b>993.84</b>	<b>0.19</b>	<b>Nil</b>	<b>994.04</b>
<b>Change in Indebtedness during the financial year</b>				
Add: Addition	253.35	Nil	Nil	253.35
Less: Reduction	(218.14)	(0.19)	Nil	(218.33)
Add: Restatement loss	20.37	Nil	Nil	20.37
<b>Net Change</b>	<b>55.58</b>	<b>(0.19)</b>	<b>Nil</b>	<b>55.39</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1040.65	Nil	Nil	1040.65
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	7.06	Nil	Nil	7.06
<b>Total (i+ii+iii)</b>	<b>1047.71</b>	<b>Nil</b>	<b>Nil</b>	<b>1047.71</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. Lakhs)

SN.	Particulars of Remuneration	Mr. Srinivasan Ravi, Chairman and Managing Director	Mr. Ravi Gauthamram Whole Time Director	Mr. Chandramohan Natarajan Whole Time Director	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	396.74	52.30	48.31	497.35
	(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	65.98	-	-	65.98
	- as 7.5 % on profit after tax				
	- others, specify	-	-	-	-
5	Others, please specify – Bonus	-	-	-	-
	Leave Salary	10.04	0.74	1.05	11.83
	<b>Total (A)</b>	<b>472.76</b>	<b>53.04</b>	<b>49.36</b>	<b>575.16</b>
	Ceiling as per the Act	Within the prescribed limits calculated as per the Companies Act, 2013.			

B. Remuneration to other directors

						(Rs. Lakhs)
1	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Mr. Kallakurichi Kanniah Balu	Mr. Chandrashekhar Madhukar Bhide	Mr. Sundararaman Kalyanaraman	Mrs. Vijaya Sampath	
	Fee for attending board and committee meetings	3.90	5.65	4.95	3.55	18.05
	Commission	6.00	6.00	6.00	6.00	24.00
	Others, please specify	NIL	NIL	NIL		NIL
	Total (1)	9.90	11.65	10.95	9.55	42.05
2	Other Non-Executive Directors	Mr.Udai Dhawan, Nominee Director				
	Fee for attending board and Committee meetings	4.60				4.60
	Commission	6.00				6.00
	Others, please specify	NIL				NIL
	Total (2)	10.60				10.60
	Total (B)=(1+2)	-				52.65
	Total Managerial Remuneration (A) + (B)					
	Overall Ceiling as per the Act	Within the prescribed limits calculated as per the Companies Act, 2013.				



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

(Rs.in Lakhs)

SN	Particulars of Remuneration	Key Managerial Personnel				Total
		Mr.G Sivakumar, Chief Financial Officer*	Mr.C.B.Chandrasekar, Chief Financial Officer**	Mr. Thiyagaraj Damodharaswamy, Chief Operating Officer- Automotive	Mr.Shainshad Aduvanni, Company Secretary	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	88.86	12.22	64.66	15.16	180.93
	(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	-	-	-	-	-
	Leave Salary	1.48	0.87	2.36	0.12	4.83
	<b>Total</b>	<b>90.34</b>	<b>13.10</b>	<b>67.02</b>	<b>15.28</b>	<b>185.76</b>

\* Mr. Sivakumar Gopalan, Chief Financial Officer, resigned from the Company on 03<sup>rd</sup> February 2020.

\*\* Mr. C.B.Chandrasekar, was appointed as Chief Financial Officer and designated as Key Managerial Personnel of the Company as per Section 2(51) of the Companies Act, 2013 w.e.f. 03<sup>rd</sup> February 2020.

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

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

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

Coimbatore  
07<sup>th</sup> May, 2020

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 arm's length transaction under third proviso thereto.**

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

<b>SL. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transactions	NIL
c)	Duration of the contracts/arrangements/transactions	NIL
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	NIL
e)	Justification for entering into such contracts or arrangements or transactions'	NIL
f)	Date(s) of approval by the Board	NIL
g)	Amount paid as advances, if any:	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NIL

2. Details of contracts or arrangements or transactions at Arm's length basis.

Sl. No.	Particulars	Details			
a)	Name (s) of the related party & nature of relationship	Carl Stahl Craftsman Enterprises Private Limited	MC Craftsman Machinery Private Limited	Craftsman Automation Singapore Pte Limited, Singapore	Craftsman Europe B.V., The Netherlands (Formerly known as Craftsman Marine B.V)
b)	Nature of Relationship	Joint Venture	Group Company	Wholly Owned Overseas Subsidiary	Wholly Owned Overseas Subsidiary
c)	Nature of contracts/arrangements/transactions	Sales of Goods and Services	Sales of Goods and Services	Reimbursement of expenses	Reimbursement of expenses
		Purchase of Goods and Services	Purchase of Goods and Services	Purchase of Goods and Services	Sales of Goods and Services
		Sales Commission paid	Rent Received	-	Purchase of Goods and Services
		Re-imbursement of expenses			
		Rent Received			
d)	Duration of the contracts/arrangements/transactions	Approval upto 31/03/2021	Approval upto 31/03/2021	Approval upto 31/03/2021	Approval upto 31/03/2021
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	07.05.2020	07.05.2020	07.05.2020	07.05.2020
g)	Amount paid as advances, if any	NIL	NIL	NIL	NIL

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

Coimbatore  
07<sup>th</sup> May,2020

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<sup>st</sup> March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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<sup>st</sup> March 2020, 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**

- a. Attention is drawn to point (b) under Note no.3.5b to financial statement under other financial assets, regarding non-impairment of investments in and loans to the overseas subsidiary Craftsman Europe B.V. Netherlands (formerly called as Craftsman Marine BV) in view of its future business plan and profitability.
- b. Attention is drawn to Note no.B.2 to the financial statement, which describes the assessment made by the Company in respect of impact of outbreak of COVID - 19 pandemic on the financial statements. The actual impact may differ from that estimated as at the date of approval of these financial statements.

Our opinion is not modified in respect of these matters.

#### **Other Matters**

We have placed reliance on the Expert appointed by the Company in respect of Mark to market valuation of derivative instruments, namely, principal only swaps, call option, interest rate swaps and interest rate collar. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 is 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. We also:

- 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**

1. 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.

(e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to 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 to us:

i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 3.7 to the financial statements.

ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

**For PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

**Signature**

**Narasimhan S**

**Partner**

**Membership No. 206047**

**Place of Signature:**

**Date: 7<sup>th</sup> May 2020**

**UDIN: 20206047AAAABI5010**



## **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 31<sup>st</sup> March 2020**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) The Company has a regular program of verifying fixed assets 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 adjusted in the financial statement which however were not material.  
  
(c) According to the information and explanations given to us and the records examined by us and based on the examination of the relevant records provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
2. The Company has conducted physical verification of inventories at reasonable intervals. The discrepancies noticed on such verification were not material and these have been properly dealt with in the books of account. At year end no physical verification could be conducted by management due to Lockdown imposed. Refer 3.4 in notes to accounts for related disclosures
3. 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. During the year, the loan outstanding to the extent of Rs. 2,207 lakhs and Rs. 348 lakhs from the two subsidiaries has been converted to equity of the two subsidiaries respectively. With respect to one of the subsidiaries, amounts due towards principal and interest amounting to Rs. 3.40 Lakhs has been provided for.
4. 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.

5. Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause (v) is not applicable
6. In our opinion and according to the explanations given to us, the Company has 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, GST 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, GST, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues were in arrear, as at 31<sup>st</sup> March 2020 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 as stated in the table below:

S. No.	Name of the statute	Period	Forum where the dispute is pending	Amount (Rs in Lakhs)
1	Income Tax	AY 2008-09	High Court	8.84
2		AY 2010-11	High Court	92.52
3		AY 2011-12	CIT(A)	7.67
4		AY 2012-13	Income Tax Appellate Tribunal (ITAT)	1.23
5		AY 2013-14	CIT(A)	4.39
6		AY 2014-15	CIT(A)	0.38
7		AY 2015-16	CIT(A)	2.21
8		AY 2016-17	CIT(A)	42.22
9	Service tax	Apr 2016 to Jun 2017	CESTAT	60.47
11	GST	Jul-17	Deputy commissioner of state tax - Pune	19.60

8. Based on our audit procedure and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institutions, bank or government.
9. The Company has not raised moneys from the public during the year and hence clause (ix) of the Order is not applicable. 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.

11. According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.
13. Based on the audit procedures performed and according to information and explanations given to us, all the transactions with the related parties 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.
16. Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

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

**Signature**  
**Narasimhan S**  
**Partner**  
**Membership No. 206047**  
**Place of Signature:**  
**Date: 7<sup>th</sup> May 2020**  
**UDIN: 20206047AAAABI5010**

## **ANNEXURE B**

**Referred to in paragraph 2 (f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Craftsman Automation Limited for the year ended 31<sup>st</sup> March 2020**

**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 31<sup>st</sup> March 2020 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 31<sup>st</sup> March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Signature**  
**Narasimhan S**  
**Partner**  
**Membership No. 206047**  
**Place of Signature:**  
**Date: 7<sup>th</sup> May 2020**  
**UDIN: 20206047AAAABI5010**

**Craftsman Automation Limited**  
**CIN - U28991TZ1986PLC001816**  
**Standalone Balance Sheet as at March 31 2020**

(Rupees in Lakhs)			
	Note No.	As at March 31 2020	As at March 31 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	1.1	142,663	147,632
Capital Work in progress	1.2	8,883	9,062
Other Intangible assets	1.3	1,062	1,434
Right-of-use Asset	1.4	10,020	-
Financial assets			
Investments	1.5	2,556	910
Loans	1.6	433	2,087
Security Deposits	1.7	2,183	2,161
Other Financial assets	1.8	1,057	58
Current tax assets (Net)	1.9	110	-
Other non-current assets	1.10	1,758	1,939
		170,725	165,283
<b>Current assets</b>			
Inventories	1.11	31,424	31,200
Financial assets			
Trade receivables	1.12	19,370	21,085
Cash and cash equivalents	1.13	5,851	1,824
Other bank balances	1.14	1,188	708
Security Deposits	1.15	67	80
Other Financial assets	1.16	192	33
Other Current assets	1.17	3,183	4,710
		61,275	59,640
<b>Total Assets</b>		<b>232,000</b>	<b>224,923</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	1.18	1,006	1,006
Other Equity	1.19	72,164	69,091
		73,170	70,097
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	1.20	66,828	69,320
Other Non-Current Financial Liabilities	1.21	10,836	326
Provisions	1.22	87	20
Deferred tax liabilities (Net)	1.23	3,976	3,754
		81,727	73,420
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	1.24	24,427	13,501
Trade payables			
(a) total outstanding dues of micro enterprises & small enterprises		2,076	2,419
(b) total outstanding dues of creditors other than micro enterprises & small enterprises	1.25	26,254	30,648
Other current Financial Liabilities	1.26	17,914	25,716
Current tax liabilities (Net)	1.27	-	501
Other current liabilities	1.28	6,261	8,100
Provisions	1.29	171	521
		77,103	81,406
<b>Total Equity and Liabilities</b>		<b>232,000</b>	<b>224,923</b>

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

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

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm Registration No. 003990S / S200018

For and on behalf of the Board

Narasimhan S  
Partner  
Membership No. 206047

R.Gauthamram  
Whole Time Director  
DIN : 06789004

S.Ravi  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 07-May-2020

Shainshad Aduvanni  
Company Secretary M.No.A27895

C. B. Chandrasekar  
Chief Financial Officer

**Craftsman Automation Limited**  
**CIN - U28991TZ1986PLC001816**  
**Standalone Statement of Profit and loss for the year ended March 31 2020**

(Rupees in Lakhs)

	Note No.	Year ended March 31 2020	March 31 2019
<b>INCOME</b>			
Revenue From Operations	2.1	148,338	180,962
Other Income	2.2	915	1,283
<b>Total Income</b>		<b>149,253</b>	<b>182,245</b>
<b>EXPENSES</b>			
Cost of materials consumed	2.3	56,799	70,764
Changes in inventories of finished goods and work-in-progress	2.4	1,514	(552)
Employee benefits expense	2.5	16,909	21,454
Depreciation and amortization expense	2.6	19,622	15,828
Other expenses	2.7	33,617	47,850
Finance costs	2.8	14,860	13,105
<b>Total expenses</b>		<b>143,321</b>	<b>168,449</b>
<b>Profit before exceptional items</b>		<b>5,932</b>	<b>13,796</b>
Exceptional items (refer note.3.11)		(577)	-
<b>Profit before tax</b>		<b>5,355</b>	<b>13,796</b>
Tax expense:			
(1) Current tax for the year		1,536	3,239
Current tax pertaining to earlier years		3	191
Less: MAT Credit Entitlement for the year	3.1	-	(2,317)
MAT Credit Entitlement pertaining to earlier years		144	(329)
Net Current Tax		1,683	784
(2) Deferred tax		7	3,594
<b>Profit for the year</b>		<b>3,665</b>	<b>9,418</b>
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		413	(80)
- Equity Instruments through OCI		(116)	(17)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(144)	28
B (i) Items that will be reclassified to profit or loss			
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		(212)	(1,283)
(ii) Income tax relating to items that will be reclassified to profit or loss		74	448
<b>Other Comprehensive Income for the year, net of tax</b>		<b>15</b>	<b>(904)</b>
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>3,680</b>	<b>8,514</b>
Earnings per equity share Basic & Diluted (Face value of Rs. 5/-)	3.3	18.21	46.81
Earnings (before exceptional item) per equity share		20.08	46.81

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

For and on behalf of the Board

Narasimhan S  
Partner  
Membership No. 206047

R.Gauthamram  
Whole Time Director  
DIN : 06789004

S.Ravi  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 07-May-2020

Shainshad Aduvanni  
Company Secretary M.No.A27895

C. B. Chandrasekar  
Chief Financial Officer

**Craftsman Automation Limited**  
**CIN - U28991TZ1986PLC001816**  
**Standalone Cashflow Statement for the year ended March 31 2020**

	(Rupees in Lakhs)	
	Year ended March 31 2020	Year ended March 31 2019
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>5,355</b>	<b>13,796</b>
<u>Adjustments to reconcile PBT to net cash flows:</u>		
Depreciation	19,622	15,828
Gain on sale of assets	(3)	(44)
Exchange difference on transaction/translation (loss/(gain))	340	(202)
MTM Gain / (Loss) - Derivative -{ Net}	33	16
Provision for :		
impairment of loan to and investment in WOS	1	(9)
Doubtful debts	154	(54)
Warranty & Rejection	8	99
Slow moving inventory	81	268
Interest income (including fair value changes in financial instruments)	(272)	(303)
Government grant income	(2,844)	(3,115)
Liabilities no longer required written back	(62)	(356)
Assets no longer receivable written off (including exceptional item ref note.3.11)	697	577
Interest expense (including fair value changes in financial instruments)	13,979	12,740
<b>Operating cash flow before changes in working capital</b>	<b>37,089</b>	<b>39,241</b>
<b>Adjustments for:</b>		
Increase/ (Decrease) in provisions	122	(71)
Increase/ (Decrease) in other financial liabilities	(1,266)	457
Increase/ (Decrease) in other current liabilities	(761)	1,623
Increase/ (Decrease) in Trade Payables and other Payables	(3,647)	(2,840)
(Increase)/ Decrease in other non-current assets	(245)	11
(Increase)/ Decrease in other financial assets	(1,854)	165
(Increase)/ Decrease in other current assets	1,435	468
(Increase)/ Decrease in trade and other receivables	2,042	(542)
(Increase)/ Decrease in inventories	(305)	(2,402)
<b>Cash generated from operations</b>	<b>32,610</b>	<b>36,110</b>
Income taxes paid	(2,149)	(2,486)
<b>Net cash from operating activities - A</b>	<b>30,461</b>	<b>33,624</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(13,869)	(35,579)
Purchase of Intangible	(174)	(527)
Proceeds from sale of equipment	143	60
Purchase of shares	(20)	(4)
Loans (given)/repaid	29	283
Interest received	272	303
<b>Net cash used in investing activities - B</b>	<b>(13,619)</b>	<b>(35,464)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	14,390	42,159
Repayment of long term borrowings	(22,096)	(15,396)
Net proceeds from short-term borrowings	10,945	(14,116)
Principal payments towards lease liability	(1,654)	-
Interest paid	(13,774)	(12,182)
Dividend Paid	(607)	(121)
<b>Net cash used in financing activities- C</b>	<b>(12,796)</b>	<b>344</b>
<b>Net increase in cash and cash equivalents - (A+B+C)</b>	<b>4,046</b>	<b>(1,496)</b>
Cash and cash equivalents at beginning of year	1,805	3,301
Cash and cash equivalents at end of year	<b>5,851</b>	<b>1,805</b>
<b>Reconciliation of Cash &amp; Cash equivalents as per Cash Flow Statement</b>		
Cash & cash equivalents consists of:		
Cash and cash equivalents (note : 1.13)	<b>5,851</b>	<b>1,824</b>
Overdraft (note : 1.24)	-	<b>(19)</b>
Total	<b>5,851</b>	<b>1,805</b>
(Refer to note: 1.20 for Net Debt Reconciliation)		

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

Narasimhan S  
Partner  
Membership No. 206047

R.Gauthamram  
Whole Time Director  
DIN : 06789004

S.Ravi  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 07-May-2020

Shainshad Aduvanni  
Company Secretary M.No.A27895

C. B. Chandrasekar  
Chief Financial Officer



**Craftsman Automation Limited**  
**CIN - U28991TZ1986PLC001816**  
**Standalone Statement of Changes in Equity**

(Rupees in Lakhs)

<b>a. Equity Share Capital</b>	<b>Balance at the beginning of April 1,2019</b>	<b>Changes in equity share capital during the year</b>	<b>Balance as at March 31, 2020</b>
	1,006	-	1,006

<b>b. Other Equity</b>	<b>Reserves and Surplus</b>			<b>Other Reserves</b>		<b>Total</b>
	<b>Securities Premium Reserve</b>	<b>General Reserve</b>	<b>Retained Earnings</b>	<b>Equity Instruments through Other Comprehensive Income</b>	<b>Effective portion of Cash Flow Hedges</b>	
<b>Balance as at April 1,2018</b>	<b>13,795</b>	<b>9,662</b>	<b>38,007</b>	<b>(78)</b>	<b>(688)</b>	<b>60,698</b>
Profit for the year	-	-	9,418	-	-	9,418
Other Comprehensive Income	-	-	-	(17)	(835)	(852)
- Defined Benefit Plan	-	-	(52)	-	-	(52)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>9,366</b>	<b>(17)</b>	<b>(835)</b>	<b>8,514</b>
Dividends	-	-	(121)	-	-	(121)
<b>Balance as at March 31,2019</b>	<b>13,795</b>	<b>9,662</b>	<b>47,252</b>	<b>(95)</b>	<b>(1,523)</b>	<b>69,091</b>
Profit for the year	-	-	3,665	-	-	3,665
Other Comprehensive Income	-	-	-	(116)	(138)	(254)
- Defined Benefit Plan	-	-	269	-	-	269
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>3,934</b>	<b>(116)</b>	<b>(138)</b>	<b>3,680</b>
Dividends	-	-	(607)	-	-	(607)
<b>Balance as at March 31,2020</b>	<b>13,795</b>	<b>9,662</b>	<b>50,579</b>	<b>(211)</b>	<b>(1,661)</b>	<b>72,164</b>

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

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

For and on behalf of the Board

Narasimhan S  
Partner  
Membership No. 206047

R.Gauthamram  
Whole Time Director  
DIN : 06789004

S.Ravi  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 07-May-2020

Shainshad Aduvanni  
Company Secretary M.No.A27895

C. B. Chandrasekar  
Chief Financial Officer

## **Notes annexed to and forming part of Standalone Financial Statements:**

### **A CORPORATE INFORMATION**

Craftsman Automation Limited was incorporated under the Companies Act, 1956 on 18<sup>th</sup> July 1986. The shareholders of the Company approved the conversion into a public limited company at the meeting held on 30<sup>th</sup> April 2018 and the Registrar of Companies, Coimbatore issued a fresh Certificate of Incorporation dated 4<sup>th</sup> 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:**

##### **Ind AS 116 – ‘Leases’**

Ind AS 116 ‘Leases’ provides a new model for lessee accounting in which the majority of leases have been accounted for by the recognition on the balance sheet of a right-of-use asset and a lease liability. The subsequent amortization of the right-of-use asset and the interest expense related to the lease liability have been recognized in profit or loss over the lease term.

The Company has adopted Ind AS 116 in the financial reporting period commencing 1 April 2019 and has elected to apply the modified retrospective transition approach in case of leases previously classified as operating leases. with right-to-use asset and lease liabilities recognised at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at the date of initial application. Accordingly, there is no impact on the opening retained earnings at the date of initial application with no restatement of comparative periods’ financial information.

Ind AS 116 introduces a revised definition of a lease. As permitted by the standard, Company has elected not to reassess the existing population of leases under the new definition and only applied the new definition for the assessment of contracts entered into after the transition date.

The presentation and timing of recognition of charges in the statement of profit and loss also changed as the operating lease expense reported under Ind AS 17, typically on a straight-line basis, has been replaced by depreciation of the right-of-use asset and interest on the lease liability. In the cash flow statement, operating lease payments presented within cash flows from operating activities under Ind AS 17 but under Ind AS 116 payments have been presented as repayments of debt and payments of interest, both classified as financing cashflows.

##### **New Standards notified but not effective**

There are no new standards notified but not effective on the date of balance sheet

## 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. 3.5(d))
- c) Derivative financial instruments
- d) Employees Defined benefit plans are recognized at the net total of the fair value of plan assets, and the present value of the defined benefit obligation as per actuarial valuation

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

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

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

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

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

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

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

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

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

The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value,

physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangibles the useful life is determined based on the period over which future economic benefit will flow to the Company.

- 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 Statement of Profit and Loss. 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 Company estimates the possible utilization of unabsorbed losses while recognizing deferred tax asset considering the future business plans and economic environment.
- viii. **Leases**  
The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate.

## **B.2 Estimation of uncertainties relating to the global health pandemic from COVID-19**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of inventories, receivables and other receivables, its ability to withstand the future business losses if any due to reduced demand. In developing the assumptions relating to the possible future uncertainties in the national / global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these 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 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.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 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.6 LEASES**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

## **The Company as a lessee**

The Company's lease asset classes primarily consist of leases for Machineries and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through-out the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of the company. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## **Transition to Ind AS 116 – Leases:**

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use assets are recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.



On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹9,530 lakhs, and a lease liability of ₹10,572 lakhs. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

1. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10.50%.

## **B.7 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:

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

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

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

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

#### Investments in equity instruments 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 Europe B.V (formerly "Craftsman Marine B.V") – Netherlands and Craftsman Automation Singapore Pte Ltd- Singapore. The company has elected to value its investments in subsidiaries and Joint venture at cost as per Ind AS and these are being tested for impairment at each reporting period.

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

The company has valued the investments in equity instruments other than subsidiaries and joint venture at fair value through 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 as these investments can be sold back only at par.

#### 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 case loan has 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 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 3.5.

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 3.5 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.

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.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

## **B.8 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.9 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.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

A contingent liability is

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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.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 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.11 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.12 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.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 Statement of Profit and Loss 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.

## **Voluntary Retirement Scheme**

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.14 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.7 for hedging accounting policies).

#### **B.15 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.16 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.

**Craftsman Automation Limited**  
**Notes to Standalone Financial Statements for the year ended March 31 2020**  
**1.1 PROPERTY, PLANT & EQUIPMENT**

(Rupees in Lakhs)

Asset Category	Freehold land	Building *	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
<b>Gross Block</b>							
<b>At April 1, 2018</b>	<b>7,649</b>	<b>15,648</b>	<b>131,706</b>	<b>1,196</b>	<b>328</b>	<b>171</b>	<b>156,698</b>
Additions	16	1,751	36,434	205	35	-	38,441
Disposals	-	-	1,745	12	4	169	1,930
Adjustment	-	245	1,442	198	1	120	2,006
<b>At March 31, 2019</b>	<b>7,665</b>	<b>17,644</b>	<b>167,837</b>	<b>1,587</b>	<b>360</b>	<b>122</b>	<b>195,215</b>
Additions	-	643	11,135	126	161	-	12,065
Disposals	-	-	503	1	1	7	512
<b>At March 31, 2020</b>	<b>7,665</b>	<b>18,287</b>	<b>178,469</b>	<b>1,712</b>	<b>520</b>	<b>115</b>	<b>206,768</b>
<b>Depreciation</b>							
<b>At April 1, 2018</b>	<b>-</b>	<b>1,585</b>	<b>29,906</b>	<b>554</b>	<b>104</b>	<b>99</b>	<b>32,248</b>
Additions	-	846	14,077	259	39	22	15,243
Disposals	-	-	1,744	12	4	154	1,914
Adjustment	-	245	1,442	198	1	120	2,006
<b>At March 31, 2019</b>	<b>-</b>	<b>2,676</b>	<b>43,681</b>	<b>999</b>	<b>140</b>	<b>87</b>	<b>47,583</b>
Additions	-	921	15,690	219	50	14	16,894
Disposals	-	-	363	1	1	7	372
<b>At March 31, 2020</b>	<b>-</b>	<b>3,597</b>	<b>59,008</b>	<b>1,217</b>	<b>189</b>	<b>94</b>	<b>64,105</b>
<b>At April 1, 2018</b>	<b>7,649</b>	<b>14,063</b>	<b>101,800</b>	<b>642</b>	<b>224</b>	<b>72</b>	<b>124,450</b>
<b>At March 31, 2019</b>	<b>7,665</b>	<b>14,968</b>	<b>124,156</b>	<b>588</b>	<b>220</b>	<b>35</b>	<b>147,632</b>
<b>At March 31, 2020</b>	<b>7,665</b>	<b>14,690</b>	<b>119,461</b>	<b>495</b>	<b>331</b>	<b>21</b>	<b>142,663</b>

\* Includes WDV of improvements on leasehold buildings worth Rs. Rs. 926 lakhs as on 31.03.2020 (WDV of Rs. 1,285 lakhs as on 31.03.2019)

Note : Due to COVID outbreak and highly uncertain phase of economic environment getting a fair valuation done as of March 2020 was considered as impractical and hence the Company has decided to do the fair valuation for the year ended 2020-2021. (refer note B.2 in accounting policy)

**1.3 INTANGIBLE ASSETS**

(Rupees in Lakhs)

Asset Category	Computer Software	Product Development	Technical know-how	Intangible Assets Total
<b>Gross Block</b>				
<b>At April 1, 2018</b>	<b>1,769</b>	<b>636</b>	<b>-</b>	<b>2,405</b>
Additions	97	-	430	527
Disposals	-	-	-	-
<b>At March 31, 2019</b>	<b>1,866</b>	<b>636</b>	<b>430</b>	<b>2,932</b>
Additions	174	-	-	174
Disposals	-	-	-	-
<b>At March 31, 2020</b>	<b>2,040</b>	<b>636</b>	<b>430</b>	<b>3,106</b>
<b>Depreciation</b>				
<b>At April 1, 2018</b>	<b>580</b>	<b>333</b>	<b>-</b>	<b>913</b>
Additions	316	212	57	585
Disposals	-	-	-	-
<b>At March 31, 2019</b>	<b>896</b>	<b>545</b>	<b>57</b>	<b>1,498</b>
Additions	283	91	172	546
Disposals	-	-	-	-
<b>At March 31, 2020</b>	<b>1,179</b>	<b>636</b>	<b>229</b>	<b>2,044</b>
<b>At April 1, 2018</b>	<b>1,189</b>	<b>303</b>	<b>-</b>	<b>1,492</b>
<b>At March 31, 2019</b>	<b>970</b>	<b>91</b>	<b>373</b>	<b>1,434</b>
<b>At March 31, 2020</b>	<b>861</b>	<b>-</b>	<b>201</b>	<b>1,062</b>

**1.2 CAPITAL WORK IN PROGRESS**

(Rupees in Lakhs)

TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
<b>2,056</b>	<b>376</b>	<b>2,432</b>
8,316	-	8,316
1,310	376	1,686
<b>9,062</b>	<b>-</b>	<b>9,062</b>
5,529	-	5,529
5,708	-	5,708
<b>8,883</b>	<b>-</b>	<b>8,883</b>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<b>2,056</b>	<b>376</b>	<b>2,432</b>
<b>9,062</b>	<b>-</b>	<b>9,062</b>
<b>8,883</b>	<b>-</b>	<b>8,883</b>

Note:

1. Additions to PPE & CWIP include exchange gain or loss aggregating to Rs.175 lakhs for the year 2019-20 (Rs.319 lakhs for the year 2018-19) capitalised under Plant & Machinery

2. All term loans both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Refer Note no. 3.8

**NOTE No. 1.4**  
**RIGH-OF-USE ASSETS**

(Rupees in Lakhs)

Particulars	As at March 31 2020	As at March 31 2019
Opening	9,526	-
Additions	2,840	-
Depreciation expense	(2,183)	-
Deletions	(163)	-
<b>Closing</b>	<b>10,020</b>	<b>-</b>

Refer note: B.6 & 3.9a for detailed disclosures

**FINANCIAL ASSETS**  
**NOTE No. 1.5**  
**NON CURRENT INVESTMENTS**

(Rupees in Lakhs)

Particulars	As at March 31 2020	As at March 31 2019
<b>Investment in Equity of Subsidiaries</b>		
Craftsman Automation Singapore Pte. Ltd. (Wholly owned subsidiary of the company) 7,67,000 equity shares of SGD 1 each fully paid up -at cost Rs. 3,78,81,075 (100,000 equity shares at cost Rs.31,34,851)	<b>379</b>	<b>31</b>
Less: Provision for diminution in value	<b>(379)</b>	<b>(31)</b>
Craftsman Europe B.V. Netherlands (Wholly owned subsidiary of the company) (formerly known as Craftsman Marine B.V.) 28,900 equity shares of Euro 100 each fully paid up - at cost Rs. 22,64,15,848 (900 equity shares at cost Rs.57,47,848)	<b>2,264</b>	<b>57</b>
<b>Investment in Equity of Joint Venture</b>		
Carlstahl Craftsman Enterprises Private Ltd ( 30% stake ) 600,000 equity shares of Rs.10 each fully paid up	<b>60</b>	<b>60</b>
<b>Investment in Equity instruments ( at Fair Value through OCI)</b>		
<b>Quoted</b>		
Jain Irrigation Systems Limited Entire shareholding was sold during the FY19-20 ( as on 31-Mar-19, 546 shares of Rs.2 each fully paid up market value Rs. 32,159(cost Rs. 1,00,000))	<b>-</b>	<b>-</b>
<b>Unquoted</b>		
MC Craftsman Machinery Private Ltd ( 10% stake ) 2,10,000 equity shares of Rs.100 each fully paid up	<b>-</b>	<b>116</b>
iEnergy wind farm (Theni) Private Ltd 2167 equity shares of Rs.10 each fully paid up	<b>-</b>	<b>-</b>

**NOTE No. 1.5**
**NON CURRENT INVESTMENTS (contd..)**
**(Rupees in Lakhs)**

Particulars	As at March 31 2020	As at March 31 2019
TAGMA Centre of Excellence and Training 15 equity shares of Rs.10 each fully paid up	5	5
Bhatia Coke & Energy Limited 34,810 equity shares of Rs.10 each fully paid up	110	110
Hurricane Windfarms Pvt Limited (26% stake)* 39,000 equity shares of Rs.10 each fully paid up	4	4
Watsun Infrabuild Private Limited 184,252 equity shares of Rs. 10 each fully paid up	21	-
<b>Other Investments at fair value</b>		
Deemed Equity- Wholly Owned Subsidiary Craftsman Europe B.V Netherlands	92	558
<b>Total</b>	<b>2,556</b>	<b>910</b>

\*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	-	-
Aggregate amount of unquoted investments including deemed equity	2,935	941
Aggregate amount of impairment in value of investments	(379)	(31)

**Details of Significant Investments:**

Name of the entity	Relationship	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest	
				As at March 31, 2020	As at March 31, 2019
Craftsman Automation Singapore Pte Ltd	Wholly owned subsidiary	Sourcing Office	Singapore	100%	100%
Craftsman Europe 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. 1.6**  
**LOANS**

Particulars	As at March 31 2020	As at March 31 2019
<b>Loan to Wholly Owned Subsidiaries</b>		
Craftsman Europe B.V. The Netherlands	433	2,087
Craftsman Automation Singapore Pte. Ltd. Singapore	-	346
Add: Interest Accrued	3	3
Less: Provision for Doubtful Advances	(3)	(349)
<b>Total</b>	<b>433</b>	<b>2,087</b>
Loans receivable considered good - Secured	-	-
Loans receivable considered good - Unsecured	433	2,087
Loans Receivables - significant increase in Credit Risk	-	-
Loans Receivables - credit impaired	3	349

**NOTE No. 1.7**  
**SECURITY DEPOSITS**

Particulars	As at March 31 2020	As at March 31 2019
Rent Deposit	1,007	959
Other Deposits	1,176	1,202
<b>Total</b>	<b>2,183</b>	<b>2,161</b>

**NOTE No. 1.8**  
**OTHER NON-CURRENT FINANCIAL ASSETS**

Currency swap & IRS Derivative	1,057	58
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**NOTE No. 1.9**  
**CURRENT TAX ASSETS (NET)**

Particulars	As at March 31 2020	As at March 31 2019
Advance payment of income tax less provisions	110	-

**NOTE No. 1.10**  
**OTHER NON CURRENT ASSETS**  
Unsecured, considered good unless otherwise stated

Particulars	As at March 31 2020	As at March 31 2019
Prepayments under lease	826	837
Gratuity - excess value of plan assets over obligation	256	-
Capital Advances	704	1,131
Less: Provision for doubtful advances to supplier	(28)	(29)
<b>Total</b>	<b>1,758</b>	<b>1,939</b>

**NOTE No. 1.11  
INVENTORIES**

Particulars	As at March 31 2020	As at March 31 2019
Raw Materials, Components and Consumables	12,239	9,633
Work-in-progress	8,626	10,140
Consumable Stores	3,827	3,908
Tools in use	2,025	2,728
Machinery Spares	4,304	4,443
Packing Materials	248	227
Stock in transit	155	121
<b>Total</b>	<b>31,424</b>	<b>31,200</b>

Refer note 3.4 for note on physical verification of inventories

Inventory valued at NRV 240 169

Amount written down to arrive at NRV\* 87 97

\* 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 Rs.81 lakhs (previous year is Rs. 268 lakhs)

**NOTE No. 1.12  
TRADE RECEIVABLES**

Particulars	As at March 31 2020	As at March 31 2019
Considered good - Secured	-	-
Considered good - Unsecured	19,370	21,086
Significant increase in Credit Risk	611	449
Credit impaired	184	191
Less: Provision for doubtful debts	(795)	(641)
<b>Total</b>	<b>19,370</b>	<b>21,085</b>

Receivables from related parties - refer note 3.6

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

Year ended	Opening	Allowance made during the year	write off during the year	Closing
March 31, 2020	641	164	(10)	795
March 31, 2019	695	456	(510)	641

**NOTE No. 1.13  
CASH AND CASH EQUIVALENTS**

Particulars	As at March 31 2020	As at March 31 2019
a. Balances with banks	5,840	1,817
b. Cash on hand	11	7
<b>Total</b>	<b>5,851</b>	<b>1,824</b>

**NOTE No. 1.14**  
**OTHER BANK BALANCES**

Particulars	As at March 31 2020	As at March 31 2019
Margin money against LC	739	707
Margin money against Guarantee	1	1
Other Deposits	448	-
<b>Total</b>	<b>1,188</b>	<b>708</b>

**NOTE No. 1.15**  
**SECURITY DEPOSIT-CURRENT**

Particulars	As at March 31 2020	As at March 31 2019
<b>Security Deposits -Current</b>	<b>67</b>	<b>80</b>

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

Particulars	As at March 31 2020	As at March 31 2019
Currency swap, IRS & Forward cover derivative - C	192	33
<b>Total</b>	<b>192</b>	<b>33</b>

**NOTE No. 1.17**  
**OTHER CURRENT ASSETS**

Particulars	As at March 31 2020	As at March 31 2019
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	1,038	923
Advance to Suppliers ( Other than CG )	681	1,449
Prepaid Expenses	1,206	1,705
Advance to Employees	39	34
Contract assets - Unbilled Revenue	13	416
Others	206	183
<b>Total</b>	<b>3,183</b>	<b>4,710</b>



**NOTE No. 1.18**  
**EQUITY SHARE CAPITAL**

Particulars	As at March 31 2020		As at March 31 2019	
	Nos.	Amount	Nos.	Amount
<b><u>Authorised</u></b>				
Equity Shares of Rs.5 each	40,000,000	2,000	40,000,000	2,000
<b><u>Issued, called, subscribed &amp; Paid Up</u></b>				
Equity Shares of Rs.5 each	20,121,600	1,006	20,121,600	1,006
<b>Total</b>	<b>20,121,600</b>	<b>1,006</b>	<b>20,121,600</b>	<b>1,006</b>

The movement of equity shares is as below

Particulars	As at March 31 2020		As at March 31 2019	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	20,121,600	1,006	1,006,080	1,006
Additions due to subdivision of shares			19,115,520	-
<b>Shares outstanding at the end of the year</b>	<b>20,121,600</b>	<b>1,006</b>	<b>20,121,600</b>	<b>1,006</b>

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

The company has only one class of equity shares having a par value of Rs.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 equity shareholder	As at March 31 2020		As at March 31 2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
S Ravi	10,630,640	52.83%	10,630,640	52.83%
International Finance Corporation-USA	2,828,100	14.06%	2,828,100	14.06%
S Murali	2,126,260	10.57%	2,126,260	10.57%
K Gomatheswaran	1,417,500	7.04%	1,417,500	7.04%
Marina III (Singapore) Pte Limited	3,118,500	15.50%	3,118,500	15.50%
<b>Total</b>	<b>20,121,000</b>	<b>100.00%</b>	<b>20,121,000</b>	<b>100.00%</b>

**For the period of five years immediately preceding the balance sheet date**

**i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash**

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

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

- 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 Rs.100 each fully paid up for every four existing equity shares of Rs.100 each fully paid up.

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

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

### Sub-division of shares:

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

### NOTE No. 1.19 OTHER EQUITY

Particulars		As at March 31 2020	As at March 31 2019
<b>Reserves &amp; Surplus</b>			
Securities Premium	A	13,795	13,795
General Reserves	B	9,662	9,662
Retained Earnings	C	50,579	47,252
<b>Total Reserves &amp; Surplus</b>		<b>74,036</b>	<b>70,709</b>
<b>Cash Flow Hedging Reserve</b>	D	(1,661)	(1,523)
<b>Equity instruments through Other Comprehensive Income</b>		(211)	(95)
<b>Total</b>		<b>72,164</b>	<b>69,091</b>

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

#### (i) Securities Premium Account

	As at March 31 2020	As at March 31 2019
Opening balance	13,795	13,795
Issue of Bonus Shares	-	-
<b>Closing balance</b>	<b>13,795</b>	<b>13,795</b>

#### (ii) Retained Earnings

	As at March 31 2020	As at March 31 2019
Opening balance	47,252	38,007
Profit for the year	3,665	9,418
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of defined benefit obligation (net of tax)	269	(52)
Dividend (including dividend distribution tax)	(607)	(121)
<b>Closing balance</b>	<b>50,579</b>	<b>47,252</b>

### (iii) Cash Flow Hedging Reserve

	As at March 31 2020	As at March 31 2019
Opening balance	(1,523)	(688)
Changes in fair value of hedging instruments	(212)	(1,283)
Deferred Tax	74	448
<b>Closing Balance</b>	<b>(1,661)</b>	<b>(1,523)</b>

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

	As at March 31 2020	As at March 31 2019
Opening balance	(95)	(78)
Changes in fair value of FVOCI equity instruments	(116)	(17)
<b>Closing Balance</b>	<b>(211)</b>	<b>(95)</b>

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

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

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

C. Retained Earnings includes Rs 5542 lacs of revaluation reserve created due to Land revaluation on transition date to Ind AS (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.

### NOTE No. 1.20 LONG TERM BORROWINGS

Particulars	As at March 31 2020		As at March 31 2019	
	Non-Current	Current *	Non-Current	Current *
<b>Secured</b>				
<b>From Banks</b>				
Rupee Term Loans	24,736	4,903	23,784	7,255
Foreign Currency Term Loans	31,369	7,906	36,141	6,360
	<b>56,105</b>	<b>12,809</b>	<b>59,925</b>	<b>13,615</b>
<b>From NBFC</b>				
Rupee Term Loans	10,723	-	9,395	2,090
<b>Total</b>	<b>66,828</b>	<b>12,809</b>	<b>69,320</b>	<b>15,705</b>

Notes:

1. These are carried at amortised cost.

2. Refer note no 3.8 for security and terms of borrowings.

\* Taken to other current financial liabilities ( Note 1.26)

**Net Debt Reconciliation:**  
**For the year ended 31 March 2020**

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Lease Liability	Total
Net (debt)/ Cash & Cash Equivalents as at 01 April 19	1,805	(1,303)	(13,547)	(85,841)	-	(98,887)
Acquisition of RoU asset	-	-	-	-	(13,393)	(13,393)
Pre-closure of leases	-	-	-	-	163	163
Cash Flows	4,046	-	(10,926)	7,706	1,654	2,480
Fair Value changes	-	764	-	-	-	764
Foreign exchange adjustments	-	-	-	(2,037)	-	(2,037)
Interest expense & other charges	-	-	(3,822)	(8,570)	(1,060)	(13,452)
Interest & charges paid	-	-	3,807	8,392	1,060	13,259
Net (debt)/ Cash & Cash Equivalents as at 31 March 20	<b>5,851</b>	<b>(539)</b>	<b>(24,488)</b>	<b>(80,350)</b>	<b>(11,576)</b>	<b>(111,102)</b>

**For the year ended 31 March 2019**

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Total
Net (debt)/ Cash & Cash Equivalents as at 01 Apr 18	3,301	(623)	(27,243)	(57,867)	(82,432)
Cash Flows	(1,496)	-	14,165	(26,762)	(14,093)
Fair Value changes	-	(680)	-	-	(680)
Foreign exchange adjustments	-	-	(457)	(803)	(1,260)
Interest expense & other charges	-	-	(4,216)	(7,660)	(11,876)
Interest & charges paid	-	-	4,203	7,251	11,454
Net (debt)/ Cash & Cash Equivalents as at 31 Mar 19	<b>1,805</b>	<b>(1,303)</b>	<b>(13,547)</b>	<b>(85,841)</b>	<b>(98,887)</b>

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

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

**NOTE No. 1.21**  
**NON-CURRENT FINANCIAL LIABILITIES- OTHERS**

Particulars	As at March 31 2020	As at March 31 2019
Currency swap & IRS Derivative	1,037	324
Rent Advance	2	2
Lease Liability	9,797	-
<b>Total</b>	<b>10,836</b>	<b>326</b>

Notes:

1. Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
2. IRS & IRC derivatives that are hedge effective are carried at fair value through OCI & others 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
4. Lease Liability - Please refer Note No B.6 & 3.9

**NOTE No. 1.22**  
**LONG TERM PROVISIONS**

Particulars	As at March 31 2020	As at March 31 2019
<b>Other Provisions</b>		
Provision for Warranty Cost	87	20

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

	Opening	Transferred to Short Term	Warranty provided for current year	Closing
As at March 31, 2020	20	6	73	87
As at March 31, 2019	21	6	5	20

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

**NOTE No. 1.23**  
**DEFERRED TAX LIABILITIES (NET)**

Particulars	As at March 31 2020	As at March 31 2019
Deferred Tax Liabilities	20,265	15,578
Deferred Tax Assets	(6,431)	(1,822)
Deferred Tax Liabilities (net)	13,834	13,756
MAT Credit Entitlement- Unused tax credit	(9,858)	(10,002)
<b>Total</b>	<b>3,976</b>	<b>3,754</b>

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

**NOTE No. 1.24**  
**SHORT TERM BORROWINGS**

Particulars	As at March 31 2020	As at March 31 2019
<b>Secured</b>		
<b>Loans repayable on demand from banks</b>		
Rupee Loans	24,427	13,482
<b>Sub-total (A)</b>	<b>24,427</b>	<b>13,482</b>
<b>Unsecured</b>		
Overdraft	-	19
<b>Sub-total (B)</b>	<b>-</b>	<b>19</b>
<b>Total (A + B)</b>	<b>24,427</b>	<b>13,501</b>

Short Term Borrowings from banks are secured by

a. first pari passu charge on current assets of the company.

b. 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. 1.25**

**TRADE PAYABLES**

Particulars	As at March 31 2020	As at March 31 2019
Due to Micro and Small Enterprises-(MSE)	2,076	2,419
<b>Sub-total (A)</b>	<b>2,076</b>	<b>2,419</b>
Due to Other Suppliers	25,336	29,541
Accrued Expenses and others	918	1,107
<b>Sub-total (B)</b>	<b>26,254</b>	<b>30,648</b>
<b>Total (A + B)</b>	<b>28,330</b>	<b>33,067</b>

**NOTE No. 1.26**

**OTHER CURRENT FINANCIAL LIABILITIES**

Particulars	As at March 31 2020	As at March 31 2019
Current maturities of long-term debt ( refer note 1.20)	12,809	15,705
Current portion - lease liability ( refer note 3.9)	1,779	-
Interest accrued but not due on borrowings	774	939
Currency swap , IRS & Forward cover derivative	745	1,088
Creditors for capital goods and services	464	4,219
Employee related liabilities	1,213	2,020
Dues to directors	2	18
Others	128	1,727
<b>Total</b>	<b>17,914</b>	<b>25,716</b>

**NOTE No. 1.27**

**CURRENT TAX LIABILITIES (NET)**

Particulars	As at March 31 2020	As at March 31 2019
<b>Income tax provisions less advance payment</b>	<b>-</b>	<b>501</b>

**NOTE No. 1.28**  
**OTHER CURRENT LIABILITIES**

Particulars	As at March 31 2020	As at March 31 2019
Advance from customers	2,584	2,797
Deferred Revenue- EPCG benefit	2,800	3,878
Statutory Dues	877	1,425
<b>Total</b>	<b>6,261</b>	<b>8,100</b>

**NOTE No. 1.29**  
**SHORT TERM PROVISIONS**

Particulars	As at March 31 2020	As at March 31 2019
<b>Provision for employee benefits</b>		
Gratuity	-	291
<b>Other Provisions</b>		
Provision for Warranty Cost	111	103
Provision for Rejection	60	127
<b>Total</b>	<b>171</b>	<b>521</b>

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 2020	103	103	111	111
As at March 31 2019	52	52	103	103

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 2020	127	127	60	60
As at March 31 2019	78	78	127	127

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	March 31 2020	March 31 2019
<b>Sale of products;</b>		
Domestic Sales	83,090	93,170
Export Sales	14,688	17,024
<b>A.</b>	<b>97,778</b>	<b>110,194</b>
<b>Sale of services;</b>		
Machining Charges	38,314	53,235
Service Charges	236	133
<b>B.</b>	<b>38,550</b>	<b>53,368</b>
<b>Other operating revenues;</b>		
Sale of swarf & others	9,166	14,285
Duty Drawback	255	325
EPCG income on fulfilling obligation	2,249	2,406
Export Incentive under MEIS	340	384
<b>C.</b>	<b>12,010</b>	<b>17,400</b>
<b>Revenue from operations ( Gross )( A+B+C )</b>	<b>148,338</b>	<b>180,962</b>

Refer Note no: 3.13 "Segment Reporting" for breakup of revenue from operations.

**NOTE No. 2.2**  
**OTHER INCOME**

Particulars	March 31 2020	March 31 2019
Interest Income from deposits measured at amortised cost	127	149
Interest Income due to unwinding of fair valued assets		
-Rent Advance	89	61
-Deemed Equity	56	92
Net gain on sale of assets	3	44
Rental income	30	29
Interest on Loan to Wholly Owned Subsidiary	-	1
Exchange rate Gain/(Loss) on Transaction & Translation	491	553
MTM Gain / (Loss) - Derivative -( Net)	17	(2)
Unclaimed balances written back	62	356
Others	40	-
<b>Total</b>	<b>915</b>	<b>1,283</b>

**NOTE No. 2.3**  
**COST OF RAW MATERIALS AND COMPONENTS CONSUMED**

Particulars	March 31 2020	March 31 2019
Cost of goods sold	55,254	68,683
Carriage inward	964	1,495
Sub Contract Charges	581	586
<b>Total</b>	<b>56,799</b>	<b>70,764</b>



**NOTE No. 2.4**  
**CHANGES IN INVENTORIES OF FG & WIP**

Particulars	March 31 2020	March 31 2019
<b>Inventory at the end of the year</b>		
Work in Progress	8,626	10,140
Sub total	<b>8,626</b>	<b>10,140</b>
<b>Inventory at the beginning of the year</b>		
Work in Progress	10,140	9,588
Sub total	<b>10,140</b>	<b>9,588</b>
<b>( Increase ) / decrease in inventory</b>	<b>1,514</b>	<b>(552)</b>

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

Particulars	March 31 2020	March 31 2019
Salaries and wages	12,133	14,142
Contributions to PF & ESI	473	585
Contribution to Gratuity fund	157	211
Payment to contractors	2,215	3,669
Staff welfare expenses	1,931	2,847
<b>Total</b>	<b>16,909</b>	<b>21,454</b>

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

Particulars	March 31 2020	March 31 2019
Depreciation on Property, Plant & Equipment	16,893	15,243
Amortisation of Intangible Assets ( Software & Dev.Exp.)	546	585
Amortization- Right-of-use Asset	2,183	-
<b>Total</b>	<b>19,622</b>	<b>15,828</b>

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

Particulars	March 31 2020	March 31 2019
<b>Manufacturing Expenses</b>		
Stores, Spares & tool consumed	10,074	15,502
Power & Fuel	8,509	9,664
Repairs & Maintenance		
- Machinery	5,197	6,433
- Building	321	465
- Others	1,144	1,909
Other manufacturing expenses	282	891
<b>A.</b>	<b>25,527</b>	<b>34,864</b>

<b>Administrative Expenses</b>		
Professional and Consultancy charges	511	746
Insurance Charges	429	442
Rates & Taxes	32	196
Software Licenses	490	359
General Administrative Expenses	488	610
Printing & Stationary	121	196
Postage & Telegrams	37	69
Rent	140	2,268
Telephone Expenses	240	255
Travelling Expenses	798	1,065
Managerial Remuneration	594	1,227
Directors' Sitting Fees	23	16
Remuneration to auditors		
Statutory Audit (including quarterly audit during FY 18-19)	51	87
Taxation and Certification	14	19
CSR Expenses	89	82
Amounts written off		
Bad debts	10	510
Tender deposits	-	22
Doubtful advances	110	45
Provisions for the year		
Doubtful advances	(346)	(9)
Diminution in value of investment	347	-
Warranty	75	50
Rejections	(67)	49
Doubtful debts	154	(54)
<b>B.</b>	<b>4,340</b>	<b>8,250</b>
<b>Selling expenses</b>		
Packing material consumed	1,453	1,644
Carriage Outward	1,819	2,561
Sales Promotion Expenses	478	531
<b>C.</b>	<b>3,750</b>	<b>4,736</b>
<b>Total (A+B+C)</b>	<b>33,617</b>	<b>47,850</b>

**NOTE No. 2.8**  
**FINANCE COST**

Particulars	March 31 2020	March 31 2019
Interest expenses		
On Short Term Borrowings	3,822	4,216
On Long Term Borrowings at Amortised Cost	8,399	7,503
Other Borrowing costs		
Unwinding of discounted Upfront fee on loans	171	157
Interest unwind - lease liability - Please refer Note 3.9	1,060	-
Unwinding of Rent Advance	89	61
Other bank charges	438	803
MTM Gain / (Loss) - Derivative - (Net) - Finance Cost	50	14
Net (gain)/loss on foreign currency transactions and translation	831	351
<b>Total</b>	<b>14,860</b>	<b>13,105</b>

## Notes annexed to and forming part of Financial Statements:

### 3.1 Income taxes

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

		Rs. Lakhs	
		Year Ended March 31 2020	Year Ended March 31 2019
Profit before tax	a	5,355	13,796
Income tax rate	b	34.944%	34.944%
Income tax expenses	a*b	1,871	4,821
Effect of			
i) EPCG Benefit Capitalisation not considered for Income Tax purpose		(786)	(264)
ii) Effect of expenses inadmissible for tax		700	18
iii) Deferred tax asset now recognised		-	(93)
iv) Effect due to land indexation		-	35
v) Effect of other adjustments		(95)	(139)
Income tax expense recognised in Statement of Profit & loss		1,690	4,378

#### Movement of deferred tax assets/ liabilities

Rs. Lakhs				
Movement during the year ended 31st March, 2020	As at March 31 2019	Recognised in P&L	Recognised in OCI	As at March 31 2020
Depreciation & Amortization	(14,529)	(845)	-	(15,375)
Unabsorbed Loss	-	-	-	-
Provision for doubtful debts	224	54	-	278
Provision for Loans & Advances and Others	133	0	-	133
Other Temporary Differences	416	784	(70)	1,130
MAT Credit Entitlement- Unused tax credit	10,002	(144)	-	9,858
	<b>(3,754)</b>	<b>(152)</b>	<b>(70)</b>	<b>(3,976)</b>

Rs. 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	2,914	(2,914)	-	-
Provision for doubtful debts	243	(19)	-	224
Provision for Loans & Advances	136	(3)	-	133
Other Temporary Differences	(109)	48	476	416
MAT Credit Entitlement- Unused tax credit	7,356	2,646	-	10,002
	<b>(3,283)</b>	<b>(948)</b>	<b>476</b>	<b>(3,754)</b>

The Taxation Laws (Amendment) Act, 2019 which is effective from 20th September 2019 amends the Income Tax Act, 1961 and the Finance (No.. 2) Act, 2019 by inserting section 115BAA which provides domestic companies with an option to opt for lower tax rates, provided they do not claim certain deductions. The Company has decided not to exercise the option at present and has accordingly recognised current tax & deferred tax provision as on March 31, 2020.

### 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 Rs.357 lakhs (2018-19: Rs.363 lakhs) represents contribution payable to these plans by the company at rates specified in the rules of the plan.

#### Defined benefit plans

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

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

#### 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.

<b>Liquidity Risk</b>	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.
<b>Market Risk</b>	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
<b>Legislative Risk</b>	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

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

	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Discount rate	6.54%	7.75%
Expected rate of salary increase	3.00%	7.00%
Attrition rate	10.00%	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:

	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
	<b>Rs. In Lakhs</b>	<b>Rs. In Lakhs</b>
Current Service Cost	148	187
Net interest expense/ (income)	10	24
Component of defined benefit cost recognised in P&L	<b>158</b>	<b>211</b>
<u>Remeasurement on the net defined benefit liability comprising:</u>		
Actuarial (gain)/loss arising from changes in financial assumptions	(379)	(174)
Actuarial (Gain)/ Losses due to Experience on DBO	(46)	254
Actuarial (Gain)/Loss arising from changes in financial assumptions due to demographic assumption changes in DBO	26	(6)
Return on Plan Assets (Greater) / Less than Discount rate	(14)	6
Components of defined benefit costs recognised in other comprehensive income	<b>(413)</b>	<b>80</b>
<b>Total Defined Benefit Cost</b>	<b>(256)</b>	<b>291</b>

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

	Rs. In Lakhs	
	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligation	1419	1,696
Fair value of plan assets	1675	1,405
Net liability arising from defined benefit obligation (funded)	256	(291)

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

	Rs. In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Opening defined benefit obligation	1696	1,424
Current Service Cost	147	187
Interest Cost	107	124
Benefits paid	(132)	(113)
Actuarial (gain)/loss	(399)	74
<b>Closing defined benefit obligation</b>	<b>1419</b>	<b>1696</b>

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

	Rs. In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Opening fair value of plan assets	1405	1,141
Interest income of the assets	97	100
Employer contribution	291	283
Benefits payout	(132)	(114)
Actuarial gain/(loss)	14	(5)
<b>Closing fair value of plan assets</b>	<b>1675</b>	<b>1405</b>

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

The actual return on plan assets was Rs.111 lakhs (2018-19: Rs. 94 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.

Rs. In Lakhs

	As at March 31, 2020	As at March 31, 2019
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
• Decrease by (Mar 20: (7.56%); Mar19 : (9.44)%)	(107)	(160)
• Increase by (Mar 20: 8.75%; Mar19 : 11.44%)	124	189
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would	113	
• Increase by (Mar 20: 7.94%; Mar19 : 9.12%)	(100)	155
• Decrease by (Mar 19: (7.03%); Mar19 : (8.18%))		(139)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		
• Increase by Mar 20: 2.24%; Mar19: 0.51%	31	9
• Decrease by Mar 20: (2.51%); Mar19 : (0.58%)	(36)	(10)

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 group expects to make a contribution of Rs 128 lakhs (as at March 31, 2019: Rs 50 lakhs) to the defined benefit plans for the next financial year.

Information on the maturity profile of the liabilities:

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Weighted average duration of the DBO	8.46 years	13.48 years
	Rs. Lakhs	Rs. Lakhs
Projected Benefit Obligation	1419	1,696
Accumulated Benefits Obligation	1149	965

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

Rs. Lakhs	
FUTURE PAYOUTS	Present Value
Year (i)	142
Year (ii)	153
Year (iii)	106
Year (iv)	87
Year (v)	79
Next 5 year pay-outs(6-10yrs)	299
Pay-outs above ten years	554

### 3.3 Earnings per share

	Year Ended March 31 2020	Year Ended March 31 2019
	Rs.	Rs.
<b>Earnings per share</b>		
Basic earnings per share	18.21	46.81
Diluted earnings per share	18.21	46.81
EPS based on earnings before exceptional item	20.08	46.81
Face value per share for EPS	5	5
<b>Basic and diluted earnings per share</b>	<b>Rs. Lakhs</b>	<b>Rs. Lakhs</b>
Profit for the year attributable to equity shareholders	3,665	9,418
Profit (before exceptional item) attributable to equity shareholders	4,040	9,418
	<b>Nos.</b>	<b>Nos.</b>
Total number of equity shares outstanding at the end of the year	20,121,600	20,121,600
Weighted average number of equity shares <i>used in the calculation of basic earnings per share</i>	20,121,600	20,121,600
<i>after adjustment for effect of dilution</i>	20,121,600	20,121,600

### 3.4 Physical verification of inventories:

Due to COVID -19 pandemic, the Government of India had announced lock down of all establishments from 25th March 2020 to contain the spread of the Virus. Owing to lockdown, Company could not conduct physical verification of inventories at year end in any of its plants located across the Country and hence, even auditors could not attend the physical verification. However, Company had conducted Physical verification of stocks during the year at quarter ends and comparison with book stock has not resulted in any material variance and have been appropriately adjusted in books. Company is maintaining inventory records in Oracle EBS ERP and has transaction based real time accounting. Hence, Company had decided to consider book stock as on 31st March 2020 for inventories valuations.



### 3.5 Financial Instruments:

#### 3.5a 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.

	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
Debt (long-term and short-term borrowings including current maturities)	104,064	98,526
Equity	73,170	70,097
<b>Debt Equity Ratio</b>	<b>1.42</b>	<b>1.41</b>

#### 3.5b 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 2020		As at March 31 2019	
		Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)
Receivables	USD	35	2,625	46	3,183
	EUR	10	788	16	1,204
Loans given in FC	EUR	6	525	35	2,645
Total Receivables (A)			3,939		7,032
Hedged by derivative contracts		-	-	-	-
Unhedged receivables (C=A-B)			3,939		7,032

Liabilities	Currency	As at March 31 2020		As at March 31 2019	
		Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)
Payable (trade & other)	USD	41	3,093	4	311
	JPY	23	16	3,608	2,292
	EUR	3	223	3	234
	SGD	-	-	8	397
	GBP	0	3	0	1
	CHF	0	0	0	22
Borrowings (ECB and Others)	USD	493	36,907	597	41,543
	EUR	29	2,368	12	958
Total Payables (A)			42,610		45,757
Hedges by derivative contracts (B)	USD	279	21,019	559	38,900
Unhedged payables (C=A-B)			21,591		6,857

Foreign currency sensitivity analysis:

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

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

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

Currency	Rs. Lakhs	
	1% Strengthening of FC	
	As at March 31 2020	As at March 31 2019
USD	(374)	(387)
GBP	(0)	(0)
SGD	-	(4)
CHF	(0)	(0)
EUR	(13)	27
JPY	(0)	(23)
GBP	(0)	(0)
	<b>(387)</b>	<b>(387)</b>

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

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

Cash Flow Hedges	Foreign Currency		Equivalent value		(in Lakhs) Fair value of contracts	
	As at March 31 2020	As at March 31 2019	As at March 31 2020	As at March 31 2019	As at March 31 2020	As at March 31 2019
Sell USD	1	14	107	971	112	980

Note:

The MTM of the above has been included in the balance sheet under 'Other Current Financial Liability'. [Refer Note 1.26] as on 31-03-2019 and under 'Other Current Financial Assets' [Refer Note 1.16] as on 31-03-2020

#### 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.

		Rs. In Lakhs			
Base Rate	Increase in Base rate	Effect of Change in interest rates		Outstanding as on	
		As at March 31 2020	As at March 31 2019	As at March 31 2020	As at March 31 2019
USD Libor*	25 bps	-	-	-	-
INR Baserate	50 bps	188	193	37,537	38,535
		<b>188</b>	<b>193</b>	<b>37,537</b>	<b>38,535</b>

\*Interest rate on all USD loans are hedged with either IRS or IRC and hence are not exposed to risk due to interest rate fluctuations.

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

The company has taken interest rate swaps ('IRS') to hedge the interest rate risks. The marked-to-market loss as at March 31, 2020 is Rs.1466 lakhs (March 31, 2019: Loss of Rs.387 lakhs). For the year ended 31 March 2020, 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 31<sup>st</sup> March 2020 is Rs.1028 lakhs (31<sup>st</sup> March 2019 – loss Rs.436 lakhs) and the amount of loss recognized in Statement of Profit and Loss for the ineffective portion of cash flow hedge for the year ended 31<sup>st</sup> March 2020 is Rs. 50 lakhs (31<sup>st</sup> March 2019: loss of Rs. 91 lakhs).

In addition to the above, the Company has taken Interest Rate Collar ('IRC') during August 2019, to hedge the interest rate risks. The marked-to-market loss as at March 31, 2020 is Rs.111 lakhs (March 31, 2019: NIL). For the year ended 31 March 2020, 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 31<sup>st</sup> March 2020 is Rs.111 lakhs (31<sup>st</sup> March 2019 -NIL).

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 Rs. 600 lakhs (March 31, 2019: Loss of Rs.497 lakhs). The amount of gain recognized in OCI for the year ended 31<sup>st</sup> March 2020 is Rs. 1097 lakhs (31<sup>st</sup> March 2019: Loss of Rs. 160 lakhs). Also, the effect given to OCI on account of restatement loss of the underlying foreign currency loans for the year ended 31<sup>st</sup> March 2020 is Rs. 1030 lakhs (31<sup>st</sup> March 2019: Loss of Rs. 589 lakhs).

Further, the Company has purchased call options for principal payments of one of its foreign currency loan which is designated as a cash flow hedge. The marked-to-market gain as at March 31, 2020 is Rs.438 lakhs (March 31, 2019: Loss of Rs.418 lakhs). The amount of gain recognized in OCI for the year ended 31<sup>st</sup> March 2020 is Rs.855 lakhs (31<sup>st</sup> March 2019 – loss Rs.418 lakhs).

#### 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.

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**

	<b>Rs. In Lakhs</b>	
	<b>As at March 31 2020</b>	<b>As at March 31 2019</b>
<b>Balance as at beginning of the year</b>	641	695
Allowance for bad and doubtful debts during the year	164	456
Trade receivables written off during the year	(10)	(510)
<b>Balance as at the end of the year</b>	<b>795</b>	<b>641</b>

- Other financial assets:

a. Craftsman Automation Singapore Pte Limited- wholly owned subsidiary:

Craftsman Automation Singapore Pte Limited is a wholly owned subsidiary and a sourcing office to the Company. The investment and the loan outstanding to its subsidiary has been tested for impairment and has been fully impaired.

During October 2019, the loan outstanding to the extent of SGD 0.67 million (₹ 348 lakhs) was converted to equity share capital. Subsequently, the Company passed Board Resolution at their meeting held on 24th October 2019 to wind up the subsidiary

However, the process of winding up could not be initiated due to outbreak of COVID 19 pandemic. The subsidiary was non-operational as on 31<sup>st</sup> March 2020.

b. Craftsman Europe BV- wholly owned subsidiary:

The Company had given interest free loan to Craftsman Europe B.V ( formerly Craftsman Marine BV) which is a wholly owned subsidiary. The subsidiary had a share capital of EURO 90000 until September 2019. The subsidiary was funded through loan from the Company (EURO 4.04 million) and there was no bank borrowing in the subsidiary books. The subsidiary is making profits in the last five years.

The subsidiary has also been returning a portion of the loan taken in the past (repaid till date EURO 0.605 million). The Company during the year, decided to capitalize the subsidiary adequately so that, optimum inventory and trade receivables are funded through capital. Hence, in October 2019, EURO 2.8 million (₹ 2,207 lakhs) of loan outstanding from subsidiary was converted to equity. The loan outstanding subsequent to repayments and the conversion stands at EURO 0.635 million as on 31st March 2020. The Company's Networth is Positive as on date.

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. As this subsidiary has since been operating on a self-sustaining basis and generating profits, the loan is considered good and recoverable.

Particulars	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
Carrying amount of Investment in Subsidiaries	2,264	57

c. Bhatia Coke & Energy Limited

Bhatia Coke & Energy Limited is under "Corporate Insolvency resolution process" as per the MCA website. Also, the management of the Company is taken over by a insolvency professional appointed by the National Company Law Tribunal (NCLT)

Given this, the Company has tested this investment for impairment in the current year.

However, the company is certain about receiving the benefits out of the investment even in the forthcoming years and has decided not to impair the investment. The Company continue to get electricity supplied by Bhatia Coke & Energy Limited and hence, there is no stoppage of business with that party.

*d. Others*

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

**Movement in Provision for advances:**

	<b>Rs. In Lakhs</b>	
	<b>As at March 31 2020</b>	<b>As at March 31 2019</b>
<b>Balance as at beginning of the year</b>	377	386
Allowance for doubtful advances made during the year	(237)	36
Advances written off during the year	(110)	(45)
<b>Balance as at the end of the year</b>	<b>31</b>	<b>377</b>

Refer Note 1.6 and 1.10 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 discounted cash flows.

	<b>Rs. Lakhs</b>			
<b>As at March 31 2020</b>	<b>Due within 1 year</b>	<b>Due between 2 and 5 years</b>	<b>Due beyond 5 years</b>	<b>Total Amount</b>
Bank and other borrowings	37,236	59,719	7,109	104,064
Interest payments on borrowings	6,899	11,756	565	19,220
Lease liability	1,779	5,376	4,421	11,576
Trade Payables	28,330	-	-	28,330

	Rs. 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	-	-	33,067

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.

	Rs. Lakhs			
As at March 31 2020	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate - Swaps & Options	(559)	20	-	(539)
Foreign exchange forwards	5	-	-	5
	<b>(553)</b>	<b>20</b>	<b>-</b>	<b>(534)</b>

	Rs. 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 & Options	(1,037)	(265)	-	(1,302)
Foreign exchange forwards	(17)	-	-	(17)
	<b>(1,054)</b>	<b>(265)</b>	<b>-</b>	<b>(1,319)</b>

As at the year end, the Company's current liabilities have exceeded its current assets by Rs. 158 crores primarily on account of current maturities of long term borrowings aggregating Rs. 128 crores and liability on derivative contract of Rs. 7 crores falling due within 12 months following the balance sheet date. Management is confident of its ability to generate cash inflows from operations and also raise long term / short term funds to meet its obligations on due date.

Company during the year adopted Ind AS 116 and hence, disclosed lease liabilities as financial liabilities as required by the Standard while recognising Right to Use asset. Company has provided cash flows on lease liabilities as required under Ind AS 107 in Note 3.9. Lease liabilities are primarily due to lease rent for factories and Machinery (refer note 3.9). Company manages the Capital and debt by closely monitoring the bank covenants.



### 3.5c Categories of Financial assets and liabilities:

	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
<b>Financial Assets</b>		
a. <u>Measured at amortised cost:</u>		
<i>Investments (net)</i>	2,324	117
<i>Cash and cash equivalents</i>	5,851	1,824
<i>Other bank balances</i>	1,188	708
<i>Trade Receivables</i>	19,370	21,085
<i>Loans</i>	433	2,087
<i>Security Deposit</i>	2,250	2,241
b. <u>Mandatorily maintained at fair value through other comprehensive income (FVTOCI)</u>		
<i>Investments</i>	140	235
<i>Currency swaps &amp; options and IRS &amp; IRC</i>	1,244	43
<i>Others</i>	5	
c. <u>Deemed equity measured at fair value</u>		
<i>Investments</i>	92	558
d. <u>Mandatorily maintained at fair value through profit or loss (FVTPL)</u>		
<i>Currency swaps &amp; IRS</i>	-	48

	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
<b>Financial Liabilities</b>		
a. <u>Measured at amortised cost:</u>		
<i>Borrowings</i>	104,064	98,526
<i>Lease Liability</i>	11,576	-
<i>Trade Payables</i>	28,330	33,067
<i>Other Financial Liabilities</i>	2,583	8,925
b. <u>Mandatorily maintained at fair value through other comprehensive income (FVTOCI)</u>		
<i>Currency Swaps &amp; IRS</i>	1,780	1,395
c. <u>Mandatorily maintained at fair value through profit or loss (FVTPL)</u>		
<i>Others</i>	2	17

### 3.5d 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

As at March 31 2020				Rs Lakhs
	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
<i>i) fair value through OCI</i>	-	-	140	<b>140</b>
<i>ii) fair value through P&amp;L</i>	-	92		<b>92</b>
Derivative Instruments measured at				
<i>i) fair value through OCI</i>	-	1,249	-	<b>1,249</b>
<i>ii) fair value through P&amp;L</i>	-	-	-	<b>-</b>
Liabilities at fair value				
Derivative Instruments measured at				
<i>i) fair value through OCI</i>	-	1,780	-	<b>1,780</b>
<i>ii) fair value through P&amp;L</i>	-	2	-	<b>2</b>

**As at March 31 2019**

**Rs Lakhs**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Asset at fair value</b>				
Investments measured at				
<i>i) fair value through OCI</i>	-	116	119	<b>235</b>
<i>ii) fair value through P&amp;L</i>		558		<b>558</b>
<b>Derivative Instruments measured at</b>				
<i>i) fair value through OCI</i>	-	43	-	<b>43</b>
<i>ii) fair value through P&amp;L</i>	-	48	-	<b>48</b>
<b>Liabilities at fair value</b>				
Derivative Instruments measured at				
<i>i) fair value through OCI</i>	-	1,394	-	<b>1,394</b>
<i>ii) fair value through P&amp;L</i>	-	17	-	<b>17</b>

#### **Calculation of Fair Values:**

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

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

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

### 3.6 Related party disclosure

a) List of parties where control exists

Subsidiaries

*Craftsman Europe 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. CHANDRASHEKAR BHIDE, Director*

*Mr. CHANDRAMOHAN NATARAJAN, Whole Time Director*

*Mr. SUNDARARAMAN KALYANARAMAN, Director*

*Mr. UDAI DHAWAN, Nominee Director*

*Mr. KALLAKURICHI KANNIAH BALU, Director*

*Mrs. VIJAYA SAMPATH, Director*

*Mr. C.B.CHANDRASEKAR, Chief Financial Officer (w.e.f. 03 February, 2020)*

*Mr. SIVAKUMAR GOPALAN, Chief Financial Officer (till 02 February, 2020)*

*Mr. THIYAGARAJ DAMODHARASWAMY, Chief Operating Officer*

*Mr. SHAINSHAD ADUVANNI, Company Secretary*

### c) Related Party Transactions – Summary:

Transactions during the year ended 31 <sup>st</sup> March	Rs Lakhs							
	Subsidiaries		Joint Ventures		Common director - company		Key Managerial Personnel	
	2020	2019	2020	2019	2020	2019	2020	2019
Purchase of Goods & Services	169	244	151	189	111	148		
Sale of Goods & Services	756	828	1,977	2,077	0	2		
Sales Commission expenses			15	0				
Reimbursement of Expenditure	102	89						
Unwinding effect of deemed equity	56	92						
Dividend payments							266	53
Remuneration to key management personnel							687	663
Commission							86	728
Sitting Fee							23	16
Interest Income	0	1						
Loans recovered	30	282						
Rental Income			2	2	28	27		

Balances as on 31 <sup>st</sup> March	Rs Lakhs							
	Subsidiaries		Joint Ventures		Common director - company		Key Managerial Personnel	
	2020	2019	2020	2019	2020	2019	2020	2019
Trade Receivables	266	409	574	669	0	0		
Trade Payables	182	24	3	16	26	54		
Loans - Receivable*	433	2,433						
Interest receivable*	3	3						
Remuneration payable							2	18
Rent advance received					2	2		

**e) Significant Related party transactions:**

	Rs Lakhs	
	Year Ended March 31 2020	Year Ended March 31 2019
Purchase of Goods & Services		
<i>Carl Stahl Craftsman Enterprises Private Limited</i>	151	189
<i>Craftsman Automation Singapore Pte Limited</i>	81	126
<i>Craftsman Europe BV - Netherlands</i>	88	118
<i>MC Craftsman Machinery Private Limited</i>	111	148
Sale of Goods & Services		
<i>Carl Stahl Craftsman Enterprises Private Limited</i>	1,977	2,077
<i>Craftsman Europe BV - Netherlands</i>	756	828
<i>MC Craftsman Machinery Private Limited</i>	0	2
Sales Commission Paid		
<i>Carl Stahl Craftsman Enterprises Private Limited</i>	15	0
Reimbursement of Expenditure		
<i>Craftsman Automation Singapore Pte Limited</i>	0	0
<i>Craftsman Europe BV - Netherlands</i>	102	89
Unwinding effect of deemed equity		
<i>Craftsman Europe BV - Netherlands</i>	56	92
Dividend payments		
<i>Executive Directors</i>	266	53
Remuneration to key management personnel		
<i>Executive Directors</i>	508	495
<i>Chief Financial Officer</i>	99	91
<i>Chief Operating Officer</i>	65	63
<i>Company Secretary</i>	15	14
Commission		
<i>Executive Directors</i>	66	719
<i>Non-Executive</i>	21	10
Sitting Fee		
<i>Non-Executive</i>	23	16
Loans recovered		
<i>Craftsman Europe BV - Netherlands</i>	20	262
<i>Craftsman Automation Singapore Pte Limited</i>	10	20
Interest Income		
<i>Craftsman Automation Singapore Pte Limited</i>	0	1
Rent Income		
<i>Carl Stahl Craftsman Enterprises Pvt Ltd</i>	2	2
<i>MC Craftsman Machinery Pvt Ltd</i>	28	27

## e) Balances of Related Parties

	Rs Lakhs	
	As at March 31 2020	As at March 31 2019
Trade Receivable		
<i>Carl Stahl Craftsman Enterprises Private Limited</i>	574	669
<i>Craftsman Europe BV - Netherlands</i>	266	409
<i>MC Craftsman Machinery Private Limited</i>	0	0
Trade Payable		
<i>Carl Stahl Craftsman Enterprises Private Limited</i>	3	16
<i>Craftsman Automation Singapore Pte Limited</i>	0	21
<i>Craftsman Europe BV - Netherlands</i>	182	3
<i>MC Craftsman Machinery Private Limited</i>	26	54
Loans - Receivable		
<i>Craftsman Europe B.V. Netherlands</i>	433	2,087
<i>Craftsman Automation Singapore Pte Limited*</i>	0	346
Interest Receivable		
<i>Craftsman Automation Singapore Pte Limited*</i>	3	3
Rent advance received		
<i>MC Craftsman Machinery Private Limited</i>	2	2
Remuneration payable		
Mr. S Ravi	2	18

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

		Rs Lakhs					
Name of the Company	Status	Year Ended March 31 2020			Year Ended March 31 2019		
		Outstanding Amount	Maximum Loan outstanding	Investment in shares of the company	Outstanding Amount	Maximum Loan outstanding	Investment in shares of the company
Craftsman Europe B.V	Subsidiary	433	2,087	2,264	2,087	2,087	57
Craftsman Automation Singapore Pte Limited	Subsidiary						
<i>Loan Receivable*</i>		0	346	379	346	356	31
<i>Interest receivable*</i>		3			3		

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

	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
Purpose		
Loan Outstanding		
<i>Craftsman Europe B.V</i>	433	2,087
<i>Craftsman Automation Singapore Private Limited*</i>	0	346
Investments		
<i>Craftsman Europe B.V</i>	2,264	57
<i>Craftsman Singapore Private Limited*</i>	379	31
<i>Deemed Equity- Craftsman Europe B.V</i>	92	558

\*Provisions of Rs. 379 lakhs & Rs. 3 lakhs have been carried as on March 31, 2020 (Rs. 31 lakhs & Rs. 346 lakhs as on March 31, 2019) against investment in and loan & interest receivable from Craftsman Automation Singapore Pte Limited, a wholly owned subsidiary.

During the year, out of the loan outstanding from Wholly Owned Subsidiaries, the company converted Rs. 348 lakhs & Rs. 2,207 lakhs into equity share capital of Craftsman Automation Singapore Pte Limited & Craftsman Europe B.V. respectively.

### 3.7 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.

	Rs. Lakhs	
Contingent Liabilities	As at March 31 2020	As at March 31 2019
<b>a. Claims against the company not acknowledged as debt</b>		
Excise	7	73
VAT	55	52
Service tax	67	71
GST	20	-
Income tax	1,768	1,732
Stamp duty	56	56
<b>b. Bank Guarantee (Net of Margin)</b>	<b>867</b>	<b>842</b>
<b>c. Sales Bills discounted</b>	<b>56</b>	<b>3,764</b>
<b>d. Export Obligation under EPCG Scheme</b>		
Proportionate customs duty on imports related to pending obligations	2,800	3,878



## Note on Export Obligation

The obligation of deferred income amounting to Rs.2800 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 31.03.2020: Rs.3049 lakhs; 31.03.2019: Rs.9281 lakhs.

## 3.8 Non-Current Borrowings:

Rs. In lakhs								
	As at March 31 2020			Particulars of Repayment		As at March 31 2019		
	Non-Current	Current Maturity	Total			Non-Current	Current Maturity	Total
				Instalment	Amount/Inst			
ECB-2	0	-	0	Quarterly	USD 2.79/ 24	-	390	390
ECB-3	539	718	1,257	Quarterly	USD 2.39/ 24	1,169	668	1,837
ECB-4	864	313	1,177	Quarterly	USD 0.63/8 ,	1,095	291	1,386
ECB-9	-	-	-	Quarterly	USD 2.50/ 16	526	701	1,227
ECB-10	1,130	904	2,034	Quarterly	USD 3.00/ 20	1,892	840	2,732
ECB-11	3,313	1,203	4,516	Quarterly	USD 4.00/ 20	4,201	1,119	5,320
ECB-12	2,032	1,006	3,039	Quarterly	INR 0.5/ 2, 1.0/ 4, 2.18/ 15, 2.3/ 1	3,061	806	3,868
ECB-13	20,746	1,696	22,442	Half-yearly	USD 11.54 / 13	20,822	-	20,822
ECB-14	632	252	883	Quarterly	EUR 0.76 / 16	840	118	958
FCTL-1	1,060	424	1,484	Quarterly	EUR 1.28 / 15			
FCNRB-2	1,053	1,390	2,443	Quarterly	USD 3.33/ 15	2,535	1,426	3,961
TL-1	7,171	-	7,171	Quarterly	INR 208.33/ 24	9,395	2,090	11,485
TL-2	0	-	0	Quarterly	INR 13.93/ 24	-	42	42
TL-3	0	-	0	Quarterly	INR 62.50/ 24	244	250	494
TL-4	766	208	975	Quarterly	INR 41.87/ 24	1,044	278	1,322
TL-5	(0)	-	(0)	Quarterly	INR 160.00/ 20	1,598	639	2,237
TL-6	-	-	-	Monthly	INR 104.20/ 72	560	424	984
TL-7*	1,362	737	2,099	Monthly	INR 25.00/ 60	2,059	697	2,756
TL-8	894	594	1,489	Quarterly	INR 160.00/ 20	1,489	592	2,081
TL-9	(0)	-	(0)	Monthly	INR 60.00/ 72	-0	939	939
TL-10	-	-	-	Monthly	INR 50.00/ 60	-	300	300
TL-11	3,295	1,236	4,531	Monthly	INR 100.00/ 72	4,491	1,194	5,685
TL-12	1,499	375	1,874	Quarterly	INR 100.00/ 25	1,874	375	2,249
TL-13	2,595	761	3,356	Quarterly	INR 66.87 / 20	2,717	299	3,016
TL-14	3,485	989	4,474	Quarterly	INR 250.00/ 20	4,224	736	4,960
TL-15	1,484	(0)	1,484	Quarterly	INR 250.00/ 16	3,484	490	3,974
TL-16	3,552	(0)	3,552	Monthly	INR 102.89 / 48	-	-	-
TL-17	1,893	0	1,893	Monthly	INR 41.67 / 60			
TL-18	7,463	2	7,465	Quarterly	INR 156.25 / 48			
Total	66,828	12,809	79,638			69,320	15,705	85,025

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.

### 3.9 Lease arrangements

#### 3.9a Company as lessee

The company has adopted Ind AS 116 with modified retrospective approach with effect from April 1, 2019. Accordingly, the comparative period has not been restated. The company has recognized Rs.9,526 lakhs as “Right-of-Use” Assets and lease liability of Rs.10,553 lakhs as on the transition date (i.e) April 1, 2019. Further, an amount of Rs.1,027 lakhs has been reclassified from accrued liabilities to Right-of-Use Asset for the accrued operating lease rentals. In the statement of Profit or Loss account for the current period the nature of expenses in respect of operating leases have been changed from lease rent in previous period to “Depreciation” for the Right-of-Use Asset and “Finance Cost” for the interest accrued on lease liability.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

(Amount in ₹ lakhs)

Particulars	Machinery	Land & Buildings	Total
Balance as at 1 April 2019	1,615	7,911	9,526
Additions	199	2,640	2,839
Amortization/ expense	(507)	(1,675)	(2,182)
Deletion	-	(163)	(163)
<b>Balance as of March 31, 2020</b>	<b>1,307</b>	<b>8,713</b>	<b>10,020</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

Particulars	Amount in ₹ lakhs
Current lease liabilities	1,779
Non-current lease liabilities	9,797
<b>Total</b>	<b>11,576</b>

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	Amount in ₹ lakhs
Balance as at 1 April 2019	10,553
Additions	2,839
Finance cost accrued during the period	1,060
Deletion	(163)
Payment of lease liabilities	(2,713)
<b>Balance as of March 31, 2020</b>	<b>11,576</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	Amount in ₹ lakhs
Less than one year	2,887
One to five years	8,132
More than five years	5,592
<b>Total</b>	<b>16,611</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹140 lakhs for the year ended March 31, 2020.

Total cash outflow for leases including short-term leases was ₹ 2853 lakhs for the year ended March 31, 2020.

### **3.9b Company as lessor**

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

Non-cancellable operating lease commitments	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
Not later than 1 year	29	27
Later than 1 year but not later than 5 years	20	43
Later than 5 years	-	-

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

	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
The principal amount due to Micro and Small Suppliers under this Act	2,076	2,419
Interest accrued and due to suppliers on the above amount	65	63
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	65	63
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 company.

### 3.11 Exceptional Item:

The Company filed its Draft Red Herring Prospectus with Securities & Exchange Board of India (SEBI) in June, 2018 for a proposed Initial Public Offering (IPO) of its equity shares. The Company was obligated to go for IPO as an exit option for the PE investors as per the shareholder's agreement. In this relation, the Company had incurred Rs. 577 Lakhs towards non-recurring IPO related expenses. The proposed IPO had envisaged fresh issue of equity shares by the Company and offer for sale by certain existing shareholders. As the SEBI approval expired in August, 2019 and the market conditions were not conducive for listing, the same was not pursued. Hence, the entire expense is now being charged off to the Statement of Profit and Loss as "exceptional item".

### 3.12 CSR Expenditure:

	Rs. Lakhs	
	Year Ended March 31 2020	Year Ended March 31 2019
(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	134	80
(b) Amount spent during the year	89	82

	Rs. Lakhs		
Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	38	-	38
(ii) On purposes other than (i) above	52	-	52

### 3.13 Segment Reporting:

#### a. Segment disclosure

	Rs. Lakhs	
Segment Revenue	Year Ended March 31 2020	Year Ended March 31 2019
Automotive - Powertrain & Others	70,929	100,850
Automotive - Aluminium Components	25,769	30,815
Industrial & Engineering	51,640	49,297
<b>Total revenue as per Statement of Profit and Loss</b>	<b>148,338</b>	<b>180,962</b>

Rs. Lakhs		
Segment Profit or Loss	Year Ended March 31 2020	Year Ended March 31 2019
Automotive - Powertrain & Others	15,080	24,156
Automotive - Aluminium Products	895	2,290
Industrial & Engineering	9,395	5,648
<b>Total Segments</b>	<b>25,370</b>	<b>32,094</b>
Less: Unallocable Expenditure	(5,493)	(6,476)
Add: Other Income	915	1,283
<b>Earnings Before Interest, Exceptional Item &amp; Tax</b>	<b>20,792</b>	<b>26,901</b>
Less: Finance Costs	(14,860)	(13,105)
<b>Profit Before Exceptional Item &amp; Tax</b>	<b>5,932</b>	<b>13,796</b>
Less: Exceptional Item	(577)	-
<b>Profit before Tax</b>	<b>5,355</b>	<b>13,796</b>

Rs. Lakhs		
Segment Assets	As at March 31 2020	As at March 31 2019
Automotive - Powertrain & Others	94,313	95,140
Automotive - Aluminium Products	47,895	45,528
Industrial & Engineering	60,871	59,845
<b>Total Segments</b>	<b>203,079</b>	<b>200,513</b>
Unallocable Assets	28,921	24,410
<b>Total Assets as per Balance Sheet</b>	<b>232,000</b>	<b>224,923</b>

Segment Liabilities	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
Automotive - Powertrain & Others	60,601	65,651
Automotive - Aluminium Products	31,705	29,710
Industrial & Engineering	39,939	37,875
<b>Total Segments</b>	<b>132,245</b>	<b>133,236</b>
Unallocable Liabilities	26,585	21,590
<b>Total Liabilities as per Balance Sheet</b>	<b>158,830</b>	<b>154,826</b>

#### b. Disclosure about major customers

Revenue from 2 major customers amounts to Rs. 38,056 lakhs of the total revenue of the Company across all the segments.

**3.14** Certain comparative figures have been reclassified to conform to the current year presentation.

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

For and on behalf of the Board

S. Narasimhan  
Partner  
Membership No. 206047

R.Gauthamram  
Whole Time Director  
DIN : 06789004

S.Ravi  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 07-May-2020

Shainshad Aduvanni  
Company Secretary M.No.A27895

C.B. Chandrasekar  
Chief 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<sup>st</sup> March 2020, 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 other financial information of the subsidiaries as provided by the management and its joint venture as audited by us, 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 2020, 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 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.B.3 to the consolidated financial statement, which describes the assessment made by the Group in respect of impact of outbreak of COVID - 19 pandemic on the financial statements. The actual impact may differ from that estimated as at the date of approval of these financial statements.

Our opinion is not modified in respect of this matter.



## Other Matters

The financial statements/ financial information of the subsidiaries is unaudited and as certified by the management for the year ended 31<sup>st</sup> March 2020, whose financial statements / financial information reflect total assets, net assets, total revenues and net cash flows for the year ended 31<sup>st</sup> March 2020 is tabulated below:

(in INR Lakhs)

Particulars	Craftsman Automation Singapore Pte Ltd.	Craftsman Europe BV, Netherlands
Total assets	10	2,007
Net assets	5	1,365
Total revenue	80	1,694
Net cash inflows/ (outflows)	-8	8

The subsidiaries mentioned above are located outside India, whose financial statements/ financial information are unaudited for the year ending 31<sup>st</sup> March 2020, as there is no statutory requirement in the respective countries. 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 on the financial statements/ financial information provided by the management of the Holding Company.

The subsidiaries financial statements and other financial information have been prepared in accordance with accounting principles generally accepted 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. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the financial statements/ financial information provided by the management of the Holding Company.

In respect of Joint Venture, which is located in India, the financial statements are audited by us and the same has been prepared as per the accounting principles generally accepted in India.

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.

### 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, have adequate internal financial controls system in place and the operating effectiveness of such

controls. In respect of Joint Venture and the subsidiary companies, Section 143(3)(i), is not applicable.

- 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.
- We do not accept or assume any liability with respect to the unaudited subsidiaries included in the consolidated financial statement as they are unaudited for the financial year ended 31<sup>st</sup> March 2020 and reliance is placed on the financial statements prepared by the management of the Holding company.

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 Section 143 (3) of the Act, based on our audit and on the consideration of unaudited separate financial statements/ 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.

(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<sup>st</sup> March 2020 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<sup>st</sup> March 2020 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 Holding Company to the directors of the Holding Company 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 unaudited separate financial statements/ financial information of subsidiaries as noted in the ‘Other Matters’ paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 3.9 to the consolidated financial statements.

ii. 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

**Signature**

**S. Narasimhan**

**Partner**

**Membership No. 206047**

**Place of Signature:**

**Date: 7<sup>th</sup> May 2020**

**UDIN: 20206047AAAABJ8147**

## **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<sup>st</sup> March 2020, 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 unaudited separate financial statements/ financial information of subsidiaries as noted in the 'Other Matters' paragraph, 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<sup>st</sup> March 2020, 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

**Signature**

**S. Narasimhan**

**Partner**

**Membership No. 206047**

**Place of Signature:**

**Date: 7<sup>th</sup> May 2020**

**UDIN: 20206047AAAABJ8147**

**Craftsman Automation Limited**  
**CIN - U28991TZ1986PLC001816**  
**Consolidated Balance Sheet as at March 31 2020**

(Rupees in Lakhs)

	Note No.	As at March 31 2020	As at March 31 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	1.1	142,670	147,646
Capital Work in progress	1.2	8,882	9,061
Other Intangible assets	1.3	1,062	1,434
Right-of-use Asset	1.4	10,020	-
Investments accounted for using equity method	1.5	180	181
Financial assets			
Investments	1.6	140	235
Security Deposits	1.7	2,193	2,170
Other Financial assets	1.8	1,057	58
Current tax assets (Net)	1.9	110	-
Other non-current assets	1.10	1,758	1,939
		168,072	162,724
<b>Current assets</b>			
Inventories	1.11	32,561	32,330
Financial assets			
Trade receivables	1.12	19,432	21,003
Cash and cash equivalents	1.13	5,976	1,950
Other bank balances	1.14	1,188	708
Security Deposits	1.15	69	82
Other Financial assets	1.16	192	33
Other Current assets	1.17	3,238	4,770
		62,656	60,876
<b>Total Assets</b>		<b>230,728</b>	<b>223,600</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	1.18	1,006	1,006
Other Equity	1.19	71,153	67,696
		72,159	68,702
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	1.20	66,828	69,320
Other Non-Current Financial Liabilities	1.21	10,836	326
Provisions	1.22	68	-
Deferred tax liabilities (Net)	1.23	3,855	3,755
		81,587	73,401
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	1.24	24,427	13,501
Trade payables			
(a) total outstanding dues of micro enterprises & small enterprises		2,076	2,419
(b) total outstanding dues of creditors other than micro enterprises & small enterprises	1.25	26,102	30,702
Other current Financial Liabilities	1.26	17,920	25,752
Current tax liabilities (Net)	1.27	-	501
Other current liabilities	1.28	6,274	8,107
Provisions	1.29	183	515
		76,982	81,497
<b>Total Equity and Liabilities</b>		<b>230,728</b>	<b>223,600</b>

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

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

For and on behalf of the Board

Narasimhan S  
Partner  
Membership No. 206047

R.Gauthamram  
Whole Time Director  
DIN : 06789004

S.Ravi  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 07-May-2020

Shainshad Aduvanni  
Company Secretary M.No.A27895

C. B. Chandrasekar  
Chief Financial Officer

**Craftsman Automation Limited**  
**CIN - U28991TZ1986PLC001816**  
**Consolidated Statement of Profit and loss for the year ended March 31 2020**

(Rupees in Lakhs)

	Note No.	Year ended	
		March 31 2020	March 31 2019
<b>INCOME</b>			
Revenue From Operations	2.1	149,246	181,800
Other Income	2.2	859	1,365
<b>Total Income</b>		<b>150,105</b>	<b>183,165</b>
<b>EXPENSES</b>			
Cost of materials consumed	2.3	57,171	71,049
Changes in inventories of finished goods and work-in-progress	2.4	1,507	(701)
Employee benefits expense	2.5	17,099	21,683
Depreciation and amortization expense	2.6	19,630	15,842
Other expenses	2.7	33,682	47,897
Finance costs	2.8	14,860	13,105
<b>Total expenses</b>		<b>143,949</b>	<b>168,875</b>
<b>Profit before share of profit from JV &amp; exceptional items</b>		<b>6,156</b>	<b>14,290</b>
Share of profit from JV		(2)	40
<b>Profit before exceptional items</b>		<b>6,154</b>	<b>14,330</b>
Exceptional items (refer note.3.13)		(577)	-
<b>Profit before tax</b>		<b>5,577</b>	<b>14,330</b>
Tax expense:			
(1) Current tax for the year		1,537	3,239
Current tax pertaining to earlier years		3	191
Less: MAT Credit Entitlement for the year	3.3	-	(2,317)
MAT Credit Entitlement pertaining to earlier years		144	(329)
Net Current Tax		1,684	784
(2) Deferred tax		(108)	3,594
<b>Profit for the year</b>		<b>4,001</b>	<b>9,952</b>
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		413	(80)
- Equity Instruments through OCI		(116)	(17)
- Share of OCI of Joint Venture accounted for using equity method		-	1
(ii) Income tax relating to items that will not be reclassified to profit or loss		(144)	28
B (i) Items that will be reclassified to profit or loss			
- Exchange differences in translating the financial statements of foreign operations		48	(53)
- The effective portion of gains or loss on hedging instruments in a cash flow hedge		(212)	(1,283)
(ii) Income tax relating to items that will be reclassified to profit or loss		74	448
<b>Other Comprehensive Income for the year, net of tax</b>		<b>63</b>	<b>(956)</b>
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>4,064</b>	<b>8,996</b>
Earnings per equity share Basic & Diluted (Face value of Rs. 5/-)	3.5	19.88	49.46
Earnings (before exceptional item) per equity share		21.75	49.46

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

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

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm Registration No. 003990S / S200018

For and on behalf of the Board

Narasimhan S  
Partner  
Membership No. 206047

R.Gauthamram  
Whole Time Director  
DIN : 06789004

S.Ravi  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 07-May-2020

Shainshad Aduvanni  
Company Secretary M.No.A27895

C. B. Chandrasekar  
Chief Financial Officer



**Craftsman Automation Limited**  
**CIN - U28991TZ1986PLC001816**  
**Consolidated Cashflow Statement for the year ended March 31 2020**

	(Rupees in Lakhs)	
	Year ended March 31 2020	Year ended March 31 2019
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>5,577</b>	<b>14,330</b>
<u>Adjustments to reconcile PBT to net cash flows:-</u>		
Depreciation	19,630	15,842
Gain on sale of assets	(3)	(44)
Exchange difference on transaction/translation (loss/(gain))	340	(376)
Share of Profit of Joint Venture	2	(40)
MTM Gain / (Loss) - Derivative -( Net)	33	16
Provision for :		
Advances to suppliers	(1)	-
Doubtful debts	154	(54)
Warranty & Rejection	10	98
Slow moving inventory	81	268
Interest income (including fair value changes in financial instruments)	(216)	(210)
Government grant income	(2,844)	(3,115)
Liabilities no longer required written back	(62)	(356)
Assets no longer receivable written off (including exceptional item ref note.3.13)	697	577
Interest expense (including fair value changes in financial instruments)	13,979	12,740
<b>Operating cash flow before changes in working capital</b>	<b>37,377</b>	<b>39,676</b>
<b>Adjustments for:</b>		
Increase/ (Decrease) in provisions	139	(72)
Increase/ (Decrease) in other financial liabilities	(1,296)	493
Increase/ (Decrease) in other current liabilities	(755)	1,627
Increase/ (Decrease) in Trade Payables and other Payables	(3,814)	(2,845)
(Increase)/ Decrease in other non-current assets	(245)	10
(Increase)/ Decrease in other financial assets	(1,736)	81
(Increase)/ Decrease in other current assets	1,440	463
(Increase)/ Decrease in trade and other receivables	1,898	(563)
(Increase)/ Decrease in inventories	(312)	(2,552)
<b>Cash generated from operations</b>	<b>32,696</b>	<b>36,318</b>
Income taxes paid	(2,157)	(2,485)
<b>Net cash from operating activities - A</b>	<b>30,539</b>	<b>33,833</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(13,870)	(35,580)
Purchase of Intangible	(174)	(527)
Proceeds from sale of equipment	143	61
Purchase of shares	(21)	(4)
Loans (given)/repaid	-	-
Interest received	216	210
<b>Net cash used in investing activities - B</b>	<b>(13,706)</b>	<b>(35,840)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	14,390	42,159
Repayment of long term borrowings	(22,096)	(15,396)
Net proceeds from short-term borrowings	10,945	(14,116)
Principal payments towards lease liability	(1,654)	-
Interest paid	(13,774)	(12,182)
Dividend Paid	(607)	(121)
<b>Net cash used in financing activities- C</b>	<b>(12,796)</b>	<b>344</b>
<b>Net increase in cash and cash equivalents - (A+B+C)</b>	<b>4,037</b>	<b>(1,663)</b>
Cash and cash equivalents at beginning of year	1,931	3,604
Effect of exchange rate changes on cash and cash equivalents	8	(10)
Cash and cash equivalents at end of year	<b>5,976</b>	<b>1,931</b>
<b>Reconciliation of Cash &amp; Cash equivalents as per Cash Flow Statement</b>		
Cash & cash equivalents consists of:		
Cash and cash equivalents (note : 1.13)	<b>5,976</b>	<b>1,950</b>
Overdraft (note : 1.24)	-	(19)
Total	<b>5,976</b>	<b>1,931</b>
(Refer to note: 1.20 for Net Debt Reconciliation)		

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

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

For and on behalf of the Board

Narasimhan S  
Partner  
Membership No. 206047

R.Gauthamram  
Whole Time Director  
DIN : 06789004

S.Ravi  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 07-May-2020

Shainshad Aduvanni  
Company Secretary M.No.A27895

C. B. Chandrasekar  
Chief Financial Officer

**Craftsman Automation Limited**  
**CIN - U28991TZ1986PLC001816**  
**Consolidated Statement of Changes in Equity**

<b>a. Equity Share Capital</b>	<b>Balance at the beginning of April 1,2019</b>	<b>Changes in equity share capital during the year</b>	<b>Balance as at March 31, 2020</b>
	1,006	-	1,006

<b>b. Other Equity</b>	<b>Reserves and Surplus</b>				<b>Other Reserves</b>			<b>Total</b>
	<b>Securities Premium Reserve</b>	<b>General Reserve</b>	<b>Retained Earnings</b>	<b>Share in Networth of Joint Venture</b>	<b>Equity Instruments through Other Comprehensive Income</b>	<b>Effective portion of Cash Flow Hedges</b>	<b>Foreign Currency Translation Reserve</b>	
<b>Balance as at April 1,2018</b>	<b>13,795</b>	<b>9,662</b>	<b>35,900</b>	<b>80</b>	<b>(78)</b>	<b>(688)</b>	<b>150</b>	<b>58,821</b>
Profit for the year	-	-	9,912	40	-	-	-	9,952
Other Comprehensive Income	-	-	-	1	(17)	(835)	(53)	(904)
- Defined Benefit Plan	-	-	(52)	-	-	-	-	(52)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>9,860</b>	<b>41</b>	<b>(17)</b>	<b>(835)</b>	<b>(53)</b>	<b>8,996</b>
Dividends	-	-	(121)	-	-	-	-	(121)
<b>Balance as at March 31,2019</b>	<b>13,795</b>	<b>9,662</b>	<b>45,639</b>	<b>121</b>	<b>(95)</b>	<b>(1,523)</b>	<b>97</b>	<b>67,696</b>
Profit for the year	-	-	4,003	(2)	-	-	-	4,001
Other Comprehensive Income	-	-	-	-	(116)	(138)	48	(206)
- Defined Benefit Plan	-	-	269	-	-	-	-	269
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>4,272</b>	<b>(2)</b>	<b>(116)</b>	<b>(138)</b>	<b>48</b>	<b>4,064</b>
Dividends	-	-	(607)	-	-	-	-	(607)
<b>Balance as at March 31,2020</b>	<b>13,795</b>	<b>9,662</b>	<b>49,304</b>	<b>119</b>	<b>(211)</b>	<b>(1,661)</b>	<b>145</b>	<b>71,153</b>

The accompanying notes form an integral part of the consolidated 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

Narasimhan S  
Partner  
Membership No. 206047

R.Gauthamram  
Whole Time Director  
DIN : 06789004

S.Ravi  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 07-May-2020

Shainshad Aduvanni  
Company Secretary M.No.A27895

C. B. Chandrasekar  
Chief Financial Officer

## **Notes annexed to and forming part of Consolidated Financial Statements:**

### **A. CORPORATE INFORMATION**

The Consolidated Financial Statements comprise of Financial Statements of Craftsman Automation Limited (the Company), its subsidiaries and its joint venture (collectively "the Group") for the year ended 31<sup>st</sup> March 2020. Craftsman Automation Private Limited was incorporated under the Companies Act, 1956 on 18<sup>th</sup> July 1986. The shareholders of the Company approved the conversion into a public limited company at the meeting held on 30<sup>th</sup> April 2018 and the Registrar of Companies, Coimbatore issued a fresh Certificate of Incorporation dated 4<sup>th</sup> 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:**

##### **Ind AS 116 – 'Leases'**

Ind AS 116 'Leases' provides a new model for lessee accounting in which the majority of leases have been accounted for by the recognition on the balance sheet of a right-of-use asset and a lease liability. The subsequent amortization of the right-of-use asset and the interest expense related to the lease liability have been recognized in profit or loss over the lease term.

The Group has adopted Ind AS 116 in the financial reporting period commencing 1 April 2019 and has elected to apply the modified retrospective transition approach in case of leases previously classified as operating leases. with right-to-use asset and lease liabilities recognised at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. Accordingly, there is no impact on the opening retained earnings at the date of initial application with no restatement of comparative periods' financial information.

Ind AS 116 introduces a revised definition of a lease. As permitted by the standard, Group has elected not to reassess the existing population of leases under the new definition and only applied the new definition for the assessment of contracts entered into after the transition date.

The presentation and timing of recognition of charges in the statement of profit and loss also changed as the operating lease expense reported under Ind AS 17, typically on a straight-line basis, has been replaced by depreciation of the right-of-use asset and interest on the lease liability. In the cash flow statement, operating lease payments presented within cash flows from operating activities under Ind AS 17 but under Ind AS 116 payments have been presented as repayments of debt and payments of interest, both classified as financing cashflows.

## **New Standards notified but not effective**

There are no new standards notified but not effective on the date of balance sheet

### **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. 3.7)
- iv) Employee benefits.

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

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

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

- i. **Useful life of Property, Plant and Equipment and Intangibles**  
The assessment of the useful life of each asset by considering the historical experience and expectations regarding future operations and expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located needs significant judgement by the management. In case of intangibles the useful life is determined based on the period over which future economic benefit will flow to the Group.
- ii. **Tools in use**  
The assessment of useful life of tools in use has been done considering the historical experience and estimated refurbishment cycle and operating environment.
- iii. **Income Taxes**  
The calculation of income taxes requires judgement in interpreting tax rules and regulations. Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized.
- iv. **Fair Value**  
Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the financial statements at fair value, with changes in fair value reflected in the Statements of Profit & Loss. 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 Estimation of uncertainties relating to the global health pandemic from COVID-19**

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of inventories, receivables and other receivables, its ability to withstand the future business losses if any due to reduced demand. In developing the assumptions relating to the possible future uncertainties in the national / global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements.

## **B.4 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

<b>Classes of PPE</b>	<b>Useful life and basis of depreciation</b>
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.5 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

<b>Description of the asset</b>	<b>Useful life and basis of amortization</b>
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.6 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.7 LEASES**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### **The Group as a lessee**

The Group's lease asset classes primarily consist of leases for Machineries and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through-out the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of the entity. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the entity changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### **Transition to Ind AS 116 – Leases:**

Effective April 1, 2019, the Group adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use assets are recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹9,530 lakhs, and a lease liability of ₹10,572 lakhs. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The following is the summary of practical expedients elected on initial application:

1. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10.50%.

## **B.8 FINANCIAL INSTRUMENTS**

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

### Classification of financial assets

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

After initial recognition:

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

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

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

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

### Investments in equity instruments other than joint venture

The Group has valued the investments in equity instruments other than joint ventures at fair value through 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.

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 as these investments can be sold back only at par.

#### 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 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 Group 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 3.7.

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 3.7b 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.

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.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

### **B.9 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.10 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.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

A contingent liability is

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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.11 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.12 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.13 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.14 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 Statement of Profit & Loss reflects the change in the surplus or deficit, except for contributions made to the plan and benefits paid by the plan, along with business combinations and Re-measurement gains and losses.

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

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

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

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

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprises actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

### **Voluntary Retirement Scheme**

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.15 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.8 for hedging accounting policies).

## **B.16 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. The functional currency of Craftsman Europe BV is EURO and the functional currency of Craftsman Automation Singapore Pte Limited is Singapore Dollar (S\$).

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.17 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.18 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 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.

Asset Category	Freehold land	Building *	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Property, Plant & Equipment Total
<b>Gross Block</b>							
<b>At April 1, 2018</b>	<b>7,648</b>	<b>15,652</b>	<b>131,757</b>	<b>1,236</b>	<b>329</b>	<b>171</b>	<b>156,793</b>
Additions	16	1,751	36,434	206	35	-	38,442
Disposals	-	-	1,787	18	4	169	1,978
Adjustment	-	245	1,442	198	1	120	2,006
Translation Reserve	-	-	-	(1)	-	-	(1)
<b>At March 31, 2019</b>	<b>7,664</b>	<b>17,648</b>	<b>167,846</b>	<b>1,621</b>	<b>361</b>	<b>122</b>	<b>195,262</b>
Additions	-	643	11,135	126	162	-	12,066
Disposals	-	-	503	1	1	7	512
Translation Reserve	-	-	1	-	-	-	1
<b>At March 31, 2020</b>	<b>7,664</b>	<b>18,291</b>	<b>178,479</b>	<b>1,746</b>	<b>522</b>	<b>115</b>	<b>206,817</b>
<b>Depreciation</b>							
<b>At April 1, 2018</b>	<b>-</b>	<b>1,587</b>	<b>29,951</b>	<b>576</b>	<b>105</b>	<b>99</b>	<b>32,318</b>
Additions	-	846	14,079	267	39	22	15,253
Disposals	-	-	1,785	18	4	154	1,961
Adjustment	-	245	1,442	198	1	120	2,006
Translation Reserve	-	-	-	(1)	-	-	(1)
<b>At March 31, 2019</b>	<b>-</b>	<b>2,678</b>	<b>43,687</b>	<b>1,022</b>	<b>141</b>	<b>87</b>	<b>47,615</b>
Additions	-	921	15,691	225	50	14	16,901
Disposals	-	-	363	1	1	7	372
Translation Reserve	-	-	1	2	-	-	3
<b>At March 31, 2020</b>	<b>-</b>	<b>3,599</b>	<b>59,016</b>	<b>1,248</b>	<b>190</b>	<b>94</b>	<b>64,147</b>
<b>At April 1, 2018</b>	<b>7,648</b>	<b>14,065</b>	<b>101,806</b>	<b>660</b>	<b>224</b>	<b>72</b>	<b>124,475</b>
<b>At March 31, 2019</b>	<b>7,664</b>	<b>14,970</b>	<b>124,159</b>	<b>599</b>	<b>220</b>	<b>35</b>	<b>147,647</b>
<b>At March 31, 2020</b>	<b>7,664</b>	<b>14,692</b>	<b>119,463</b>	<b>498</b>	<b>332</b>	<b>21</b>	<b>142,670</b>

Note : Due to COVID outbreak and highly uncertain phase of economic environment getting a fair valuation done as of March 2020 was considered as impractical and hence the Company has decided to do the fair valuation for the year ended 2020-2021. (refer note B.3 in accounting policy)

## (Rupees in Lakhs)

Asset Category	Computer Software	Product Development	Technical know-how	Intangible Assets Total
<b>Gross Block</b>				
<b>At April 1, 2018</b>	<b>1,816</b>	<b>659</b>	<b>-</b>	<b>2,475</b>
Additions	97	-	430	527
Disposals	46	24	-	70
Translation reserve	-	-	-	-
<b>At March 31, 2019</b>	<b>1,867</b>	<b>635</b>	<b>430</b>	<b>2,932</b>
Additions	174	-	-	174
Disposals	-	-	-	-
Translation reserve	-	-	-	-
<b>At March 31, 2020</b>	<b>2,041</b>	<b>635</b>	<b>430</b>	<b>3,106</b>
<b>Depreciation</b>				
<b>At April 1, 2018</b>	<b>624</b>	<b>355</b>	<b>-</b>	<b>979</b>
Additions	319	213	57	589
Disposals	46	24	-	70
Translation reserve	-	-	-	-
<b>At March 31, 2019</b>	<b>897</b>	<b>544</b>	<b>57</b>	<b>1,498</b>
Additions	283	91	172	546
Disposals	-	-	-	-
Translation reserve	-	-	-	-
<b>At March 31, 2020</b>	<b>1,180</b>	<b>635</b>	<b>229</b>	<b>2,044</b>
<b>At April 1, 2018</b>	<b>1,192</b>	<b>304</b>	<b>-</b>	<b>1,496</b>
<b>At March 31, 2019</b>	<b>970</b>	<b>91</b>	<b>373</b>	<b>1,434</b>
<b>At March 31, 2020</b>	<b>861</b>	<b>-</b>	<b>201</b>	<b>1,062</b>

## (Rupees in Lakhs)

TANGIBLE - CWIP	INTANGIBLE - CWIP	Total Capital Work in Progress
2,055	376	2,431
8,316	-	8,316
1,310	376	1,686
-	-	-
9,061	-	9,061
5,529	-	5,529
5,708	-	5,708
-	-	-
8,882	-	8,882
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
2,055	376	2,431
9,061	-	9,061
8,882	-	8,882

2. All term loans both Rupee and Foreign Currency are secured by first pari passu charge on fixed assets of the company. Refer Note no. 3.10

**NOTE No. 1.4**  
**RIGH-OF-USE ASSETS**

(Rupees in Lakhs)

Particulars	As at March 31 2020	As at March 31 2019
Opening	9,526	-
Additions	2,840	-
Depreciation expense	(2,183)	-
Deletions	(163)	-
<b>Closing</b>	<b>10,020</b>	<b>-</b>

Refer note: B.7 & 3.11a for detailed disclosures

**NOTE No. 1.5**  
**INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD**

(Rupees in Lakhs)

Particulars	As at March 31 2020	As at March 31 2019
<b>Investment in Equity of Joint Venture</b>		
Carlstahl Craftsman Enterprises Private Ltd ( 30% stake )		
600,000 equity shares of Rs.10 each fully paid up	<b>60</b>	<b>60</b>
Recognition of opening value of investment in Joint venture	<b>121</b>	<b>80</b>
Share of current year profits in Joint Venture	<b>(1)</b>	<b>41</b>
	<b>180</b>	<b>181</b>

**FINANCIAL ASSETS**

**NOTE No. 1.6**  
**NON CURRENT INVESTMENTS**

(Rupees in Lakhs)

Particulars	As at March 31 2020	As at March 31 2019
<b>Investment in Equity instruments ( at Fair Value through OCI)</b>		
<b>Quoted</b>		
Jain Irrigation Systems Limited	-	-
Entire shareholding was sold during the FY19-20 ( as on 31-Mar-19, 546 shares of Rs.2 each fully paid up market value Rs. 32,159(cost Rs. 1,00,000))		
<b>Unquoted</b>		
MC Craftsman Machinery Private Ltd ( 10% stake )		
2,10,000 equity shares of Rs.100 each fully paid up	-	<b>116</b>
iEnergy wind farm (Theni) Private Ltd		
2167 equity shares of Rs.10 each fully paid up	-	-

**NOTE No. 1.6**
**NON CURRENT INVESTMENTS (contd..)**
**(Rupees in Lakhs)**

Particulars	As at March 31 2020	As at March 31 2019
TAGMA Centre of Excellence and Training 15 equity shares of Rs.10 each fully paid up	5	5
Bhatia Coke & Energy Limited 34,810 equity shares of Rs.10 each fully paid up	110	110
Hurricane Windfarms Pvt Limited (26% stake)* 39,000 equity shares of Rs.10 each fully paid up	4	4
Watsun Infrabuild Private Limited 184,252 equity shares of Rs. 10 each fully paid up	21	-
<b>Total</b>	<b>140</b>	<b>235</b>

\*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	-	-
Aggregate amount of unquoted investments including deemed equity	140	235
Aggregate amount of impairment in value of investments	-	-

**NOTE No. 1.7**
**SECURITY DEPOSITS**

Particulars	As at March 31 2020	As at March 31 2019
Rent Deposit	1,017	968
Other Deposits	1,176	1,202
<b>Total</b>	<b>2,193</b>	<b>2,170</b>

**NOTE No. 1.8**
**OTHER NON-CURRENT FINANCIAL ASSETS**

Currency swap & IRS Derivative	1,057	58
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**NOTE No. 1.9**
**CURRENT TAX ASSETS (NET)**

Particulars	As at March 31 2020	As at March 31 2019
Advance payment of income tax less provisions	110	-

**NOTE No. 1.10**  
**OTHER NON CURRENT ASSETS**  
**Unsecured, considered good unless otherwise stated**

Particulars	As at March 31 2020	As at March 31 2019
Prepayments under lease	826	837
Gratuity - excess value of plan assets over obligation	256	-
Capital Advances	704	1,131
Less: Provision for doubtful advances to supplier	(28)	(29)
<b>Total</b>	<b>1,758</b>	<b>1,939</b>

**NOTE No. 1.11**  
**INVENTORIES**

Particulars	As at March 31 2020	As at March 31 2019
Raw Materials, Components and Consumables	12,239	9,633
Work-in-progress	8,626	10,140
Finished goods	1,137	1,130
Consumable Stores	3,827	3,908
Tools in use	2,025	2,728
Machinery Spares	4,304	4,443
Packing Materials	248	227
Stock in transit	155	121
<b>Total</b>	<b>32,561</b>	<b>32,330</b>

Refer note 3.6 for note on physical verification of inventories

Inventory valued at NRV	240	169
Amount written down to arrive at NRV*	87	97

\* 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 Rs.81 lakhs (previous year is Rs. 268 lakhs)

**NOTE No. 1.12**  
**TRADE RECEIVABLES**

Particulars	As at March 31 2020	As at March 31 2019
Considered good - Secured	-	-
Considered good - Unsecured	19,432	21,003
Significant increase in Credit Risk	619	457
Credit impaired	184	191
Less: Provision for doubtful debts	(803)	(648)
<b>Total</b>	<b>19,432</b>	<b>21,003</b>

Receivables from related parties - refer note 3.8



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

Year ended	Opening	Allowance made during the year	write off during the year	Closing
March 31, 2020	648	165	(10)	803
March 31, 2019	703	455	(510)	648

**NOTE No. 1.13**
**CASH AND CASH EQUIVALENTS**

Particulars	As at March 31 2020	As at March 31 2019
a. Balances with banks	5,965	1,942
b. Cash on hand	11	8
<b>Total</b>	<b>5,976</b>	<b>1,950</b>

**NOTE No. 1.14**
**OTHER BANK BALANCES**

Particulars	As at March 31 2020	As at March 31 2019
Margin money against LC	739	707
Margin money against Guarantee	1	1
Other Deposits	448	-
	<b>1,188</b>	<b>708</b>

**NOTE No. 1.15**
**SECURITY DEPOSIT-CURRENT**

Particulars	As at March 31 2020	As at March 31 2019
<b>Security Deposits -Current</b>	<b>69</b>	<b>82</b>

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

Particulars	As at March 31 2020	As at March 31 2019
Currency swap, IRS & Forward cover derivative - C	192	33
<b>Total</b>	<b>192</b>	<b>33</b>

**NOTE No. 1.17**  
**OTHER CURRENT ASSETS**

Particulars	As at	As at
	March 31 2020	March 31 2019
(Unsecured, considered good unless otherwise stated)		
Balances with Government Authorities	1,038	923
Advance to Suppliers ( Other than CG )	681	1,463
Prepaid Expenses	1,225	1,721
Advance to Employees	39	64
Contract assets - Unbilled Revenue	13	416
Others	242	183
<b>Total</b>	<b>3,238</b>	<b>4,770</b>

**NOTE No. 1.18**  
**EQUITY SHARE CAPITAL**

Particulars	As at March 31 2020		As at March 31 2019	
	Nos.	Amount	Nos.	Amount
<b><u>Authorised</u></b>				
Equity Shares of Rs.5 each	40,000,000	2,000	40,000,000	2,000
<b><u>Issued, called, subscribed &amp; Paid Up</u></b>				
Equity Shares of Rs.5 each	20,121,600	1,006	20,121,600	1,006
<b>Total</b>	<b>20,121,600</b>	<b>1,006</b>	<b>20,121,600</b>	<b>1,006</b>

The movement of equity shares is as below

Particulars	As at March 31 2020		As at March 31 2019	
	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	20,121,600	1,006	1,006,080	1,006
Additions due to subdivision of shares			19,115,520	-
<b>Shares outstanding at the end of the year</b>	<b>20,121,600</b>	<b>1,006</b>	<b>20,121,600</b>	<b>1,006</b>

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

The company has only one class of equity shares having a par value of Rs.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 equity shareholder	As at March 31 2020		As at March 31 2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
S Ravi	10,630,640	52.83%	10,630,640	52.83%
International Finance Corporation-USA	2,828,100	14.06%	2,828,100	14.06%
S Murali	2,126,260	10.57%	2,126,260	10.57%
K Gomatheswaran	1,417,500	7.04%	1,417,500	7.04%
Marina III (Singapore) Pte Limited	3,118,500	15.50%	3,118,500	15.50%
<b>Total</b>	<b>20,121,000</b>	<b>100.00%</b>	<b>20,121,000</b>	<b>100.00%</b>

**For the period of five years immediately preceding the balance sheet date**

**i) Details of number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash**

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

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

- 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 Rs.100 each fully paid up for every four existing equity shares of Rs.100 each fully paid up.

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

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

**Sub-division of shares:**

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

**NOTE No. 1.19  
OTHER EQUITY**

Particulars		As at March 31 2020	As at March 31 2019
<b>Reserves &amp; Surplus</b>			
Securities Premium	A	13,795	13,795
General Reserves	B	9,662	9,662
Retained Earnings	C	49,304	45,639
<b>Total Reserves &amp; Surplus</b>		<b>72,761</b>	<b>69,096</b>
<b>Cash Flow Hedging Reserve</b>	D	(1,661)	(1,523)
<b>Equity instruments through Other Comprehensive Income</b>		(211)	(95)
Foreign currency translation reserve		145	97
Share of Networth in JV		119	121
<b>Total</b>		<b>71,153</b>	<b>67,696</b>

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

**(i) Securities Premium Account**

	As at March 31 2020	As at March 31 2019
Opening balance	13,795	13,795
Issue of Bonus Shares	-	-
<b>Closing balance</b>	<b>13,795</b>	<b>13,795</b>

## (ii) Retained Earnings

	As at March 31 2020	As at March 31 2019
Opening balance	45,639	35,900
Profit for the year	4,003	9,912
Items of other comprehensive income recognised directly in retained earnings:		
- Remeasurements of defined benefit obligation (net of tax)	269	(52)
Dividend (including dividend distribution tax)	(607)	(121)
<b>Closing balance</b>	<b>49,304</b>	<b>45,639</b>

## (iii) Cash Flow Hedging Reserve

	As at March 31 2020	As at March 31 2019
Opening balance	(1,523)	(688)
Changes in fair value of hedging instruments	(212)	(1,283)
Deferred Tax	74	448
<b>Closing Balance</b>	<b>(1,661)</b>	<b>(1,523)</b>

## (iv) Equity instruments through Other Comprehensive Income

	As at March 31 2020	As at March 31 2019
Opening balance	(95)	(78)
Changes in fair value of FVOCI equity instruments	(116)	(17)
<b>Closing Balance</b>	<b>(211)</b>	<b>(95)</b>

## (v) Foreign currency translation reserve

	As at March 31 2020	As at March 31 2019
Opening balance	97	150
Exchange differences in translating the financial statements of foreign operations	48	(53)
<b>Closing Balance</b>	<b>145</b>	<b>97</b>

## (vi) Share of Networth in JV

	As at March 31 2020	As at March 31 2019
Opening balance	121	80
Share of current year profits in Joint Venture	(2)	40
Share of other comprehensive income in Joint Venture	-	1
<b>Closing Balance</b>	<b>119</b>	<b>121</b>

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

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

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

C. Retained Earnings includes Rs 5542 lacs of revaluation reserve created due to Land revaluation on transition date to Ind AS (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.

**NOTE No. 1.20**  
**LONG TERM BORROWINGS**

Particulars	As at March 31 2020		As at March 31 2019	
	Non-Current	Current *	Non-Current	Current *
<b>Secured</b>				
<b>From Banks</b>				
Rupee Term Loans	24,736	4,903	23,784	7,255
Foreign Currency Term Loans	31,369	7,906	36,141	6,360
	<b>56,105</b>	<b>12,809</b>	<b>59,925</b>	<b>13,615</b>
<b>From NBFC</b>				
Rupee Term Loans	10,723	-	9,395	2,090
<b>Total</b>	<b>66,828</b>	<b>12,809</b>	<b>69,320</b>	<b>15,705</b>

Notes:

- These are carried at amortised cost.
  - Refer note no 3.10 for security and terms of borrowings.
- \* Taken to other current financial liabilities ( Note 1.26)

**Net Debt Reconciliation:**  
**For the year ended 31 March 2020**

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Lease Liability	Total Net Borrowing
Net (debt)/ Cash & Cash Equivalents as at 01 April 19	1,931	(1,303)	(13,547)	(85,841)	-	(98,761)
Acquisition of RoU asset	-	-	-	-	(13,393)	(13,393)
Pre-closure of leases	-	-	-	-	163	163
Cash Flows	4,037	-	(10,926)	7,706	1,654	2,471
Fair Value changes	-	764	-	-	-	764
Foreign exchange adjustments	8.00	-	-	(2,037)	-	(2,029)
Interest expense & other charges	-	-	(3,822)	(8,570)	(1,060)	(13,452)
Interest & charges paid	-	-	3,807	8,392	1,060	13,258
Net (debt)/ Cash & Cash Equivalents as at 31 March 20	<b>5,976</b>	<b>(539)</b>	<b>(24,488)</b>	<b>(80,350)</b>	<b>(11,576)</b>	<b>(110,978)</b>

**For the year ended 31 March 2019**

Particulars	Cash and cash equivalents	Instrument to hedge the finance liability**	Current Borrowing	Non - Current Borrowing plus current maturity of long term debt*	Total Net Borrowing
Net (debt)/ Cash & Cash Equivalents as at 01 Apr 18	3,604	(623)	(27,243)	(57,867)	(82,129)
Cash Flows	(1,663)	-	14,165	(26,762)	(14,260)
Fair Value changes	-	(680)	-	-	(680)
Foreign exchange adjustments	(10.00)	-	(457)	(803)	(1,270)
Interest expense & other charges	-	-	(4,216)	(7,660)	(11,876)
Interest & charges paid	-	-	4,203	7,251	11,454
Net (debt)/ Cash & Cash Equivalents as at 31 Mar 19	<b>1,931</b>	<b>(1,303)</b>	<b>(13,547)</b>	<b>(85,841)</b>	<b>(98,761)</b>

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

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

**NOTE No. 1.21**
**NON-CURRENT FINANCIAL LIABILITIES- OTHERS**

Particulars	As at March 31 2020	As at March 31 2019
Currency swap & IRS Derivative	1,037	324
Rent Advance	2	2
Lease Liability	9,797	-
<b>Total</b>	<b>10,836</b>	<b>326</b>

Notes:

1. Currency swaps are for principal only and are cash flow hedge and hence are carried at fair value through OCI
2. IRS & IRC derivatives that are hedge effective are carried at fair value through OCI & others 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
4. Lease Liability - Please refer Note No B.7 & 3.11

**NOTE No. 1.22**
**LONG TERM PROVISIONS**

Particulars	As at March 31 2020	As at March 31 2019
<b>Other Provisions</b>		
Provision for Warranty Cost	68	-

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, 2020	-	-	68	68
As at March 31, 2019	-	-	-	-

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

**NOTE No. 1.23**  
**DEFERRED TAX LIABILITIES (NET)**

Particulars	As at March 31 2020	As at March 31 2019
Deferred Tax Liabilities	20,265	15,579
Deferred Tax Assets	(6,552)	(1,822)
Deferred Tax Liabilities (net)	13,713	13,757
MAT Credit Entitlement- Unused tax credit	(9,858)	(10,002)
<b>Total</b>	<b>3,855</b>	<b>3,755</b>

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

**NOTE No. 1.24**  
**SHORT TERM BORROWINGS**

Particulars	As at March 31 2020	As at March 31 2019
<b>Secured</b>		
<b>Loans repayable on demand from banks</b>		
Rupee Loans	24,427	13,482
<b>Sub-total (A)</b>	<b>24,427</b>	<b>13,482</b>
<b>Unsecured</b>		
Overdraft	-	19
<b>Sub-total (B)</b>	<b>-</b>	<b>19</b>
<b>Total (A + B)</b>	<b>24,427</b>	<b>13,501</b>

Short Term Borrowings from banks are secured by

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

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

**NOTE No. 1.25**  
**TRADE PAYABLES**

Particulars	As at March 31 2020	As at March 31 2019
Due to Micro and Small Enterprises-(MSE)	2,076	2,419
<b>Sub-total (A)</b>	<b>2,076</b>	<b>2,419</b>
Due to Other Suppliers	25,176	29,570
Accrued Expenses and others	926	1,132
<b>Sub-total (B)</b>	<b>26,102</b>	<b>30,702</b>
<b>Total (A + B)</b>	<b>28,178</b>	<b>33,121</b>

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

Particulars	As at March 31 2020	As at March 31 2019
Current maturities of long-term debt ( refer note 1.20)	12,809	15,705
Current portion - lease liability ( refer note 3.11)	1,779	-
Interest accrued but not due on borrowings	774	939
Currency swap , IRS & Forward cover derivative	745	1,088
Creditors for capital goods and services	464	4,219
Employee related liabilities	1,219	2,056
Dues to directors	2	18
Others	128	1,727
<b>Total</b>	<b>17,920</b>	<b>25,752</b>

**NOTE No. 1.27**  
**CURRENT TAX LIABILITIES (NET)**

Particulars	As at March 31 2020	As at March 31 2019
<b>Income tax provisions less advance payment</b>	<b>-</b>	<b>501</b>

**NOTE No. 1.28**  
**OTHER CURRENT LIABILITIES**

Particulars	As at March 31 2020	As at March 31 2019
Advance from customers	2,584	2,799
Deferred Revenue- EPCG benefit	2,800	3,878
Statutory Dues	890	1,430
<b>Total</b>	<b>6,274</b>	<b>8,107</b>

**NOTE No. 1.29**  
**SHORT TERM PROVISIONS**

Particulars	As at March 31 2020	As at March 31 2019
<b>Provision for employee benefits</b>		
Gratuity	-	291
<b>Other Provisions</b>		
Provision for Warranty Cost	123	97
Provision for Rejection	60	127
<b>Total</b>	<b>183</b>	<b>515</b>



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 2020	97	97	123	123
As at March 31 2019	48	48	97	97

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 2020	127	127	60	60
As at March 31 2019	78	78	127	127

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	March 31 2020	March 31 2019
<b>Sale of products;</b>		
Domestic Sales	84,754	94,837
Export Sales	13,932	16,196
<b>A.</b>	<b>98,686</b>	<b>111,033</b>
<b>Sale of services;</b>		
Machining Charges	38,314	53,234
Service Charges	236	133
<b>B.</b>	<b>38,550</b>	<b>53,367</b>
<b>Other operating revenues;</b>		
Sale of swarf & others	9,166	14,285
Duty Drawback	255	325
EPCG income on fulfilling obligation	2,249	2,406
Export Incentive under MEIS	340	384
<b>C.</b>	<b>12,010</b>	<b>17,400</b>
<b>Revenue from operations ( Gross )( A+B+C )</b>	<b>149,246</b>	<b>181,800</b>

Refer Note no: 3.15 "Segment Reporting" for breakup of revenue from operations.

**NOTE No. 2.2**  
**OTHER INCOME**

Particulars	March 31 2020	March 31 2019
Interest Income from deposits measured at amortised cost	127	149
Interest Income due to unwinding of fair valued assets		
-Rent Advance	89	61
Net gain on sale of assets	3	44
Rental income	30	29
Exchange rate Gain/(Loss) on Transaction & Translation	491	727
MTM Gain / (Loss) - Derivative -( Net)	17	(2)
Unclaimed balances written back	62	356
Others	40	1
<b>Total</b>	<b>859</b>	<b>1,365</b>

**NOTE No. 2.3**  
**COST OF RAW MATERIALS AND COMPONENTS CONSUMED**

Particulars	March 31 2020	March 31 2019
Cost of goods sold	55,626	68,968
Carriage inward	964	1,495
Sub Contract Charges	581	586
<b>Total</b>	<b>57,171</b>	<b>71,049</b>

**NOTE No. 2.4**  
**CHANGES IN INVENTORIES OF FG & WIP**

Particulars	March 31 2020	March 31 2019
<b>Inventory at the end of the year</b>		
Work in Progress	8,626	10,140
Finished Goods	1,137	1,130
Sub total	<b>9,763</b>	<b>11,270</b>
<b>Inventory at the beginning of the year</b>		
Work in Progress	10,140	9,588
Finished Goods	1,130	981
Sub total	<b>11,270</b>	<b>10,569</b>
<b>( Increase ) / decrease in inventory</b>	<b>1,507</b>	<b>(701)</b>

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

Particulars	March 31 2020	March 31 2019
Salaries and wages	12,322	14,370
Contributions to PF & ESI	473	585
Contribution to Gratuity fund	157	211
Payment to contractors	2,215	3,669
Staff welfare expenses	1,932	2,848
<b>Total</b>	<b>17,099</b>	<b>21,683</b>

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

Particulars	March 31 2020	March 31 2019
Depreciation on Property, Plant & Equipment	16,901	15,253
Amortisation of Intangible Assets ( Software & Dev.Exp.)	546	589
Amortization- Right-of-use Asset	2,183	-
<b>Total</b>	<b>19,630</b>	<b>15,842</b>

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

Particulars	March 31 2020	March 31 2019
<b>Manufacturing Expenses</b>		
Stores, Spares & tool consumed	10,076	15,502
Power & Fuel	8,509	9,664
Repairs & Maintenance		
- Machinery	5,197	6,433
- Building	321	465
- Others	1,144	1,909
Other manufacturing expenses	282	891
<b>A.</b>	<b>25,529</b>	<b>34,864</b>

<b>Administrative Expenses</b>		
Professional and Consultancy charges	527	755
Insurance Charges	429	442
Rates & Taxes	32	196
Software Licenses	491	360
General Administrative Expenses	575	694
Printing & Stationary	121	196
Postage & Telegrams	37	70
Rent	189	2,321
Telephone Expenses	241	257
Travelling Expenses	811	1,085
Managerial Remuneration	645	1,292
Directors' Sitting Fees	23	16
Remuneration to auditors		
Statutory Audit (including quarterly audit during FY 18-19)	51	92
Taxation and Certification	14	19
CSR Expenses	89	82
Amounts written off		
Bad debts	10	510
Tender deposits	-	22
Doubtful advances	110	45
Provisions for the year		
Doubtful advances	(1)	-
Warranty	77	49
Rejections	(67)	49
Doubtful debts	154	(54)
<b>B.</b>	<b>4,558</b>	<b>8,498</b>
<b>Selling expenses</b>		
Packing material consumed	1,453	1,644
Carriage Outward	1,819	2,561
Sales Promotion Expenses	323	330
<b>C.</b>	<b>3,595</b>	<b>4,535</b>
<b>Total (A+B+C)</b>	<b>33,682</b>	<b>47,897</b>

**NOTE No. 2.8**  
**FINANCE COST**

Particulars	March 31 2020	March 31 2019
Interest expenses		
<i>On Short Term Borrowings</i>	3,822	4,216
<i>On Long Term Borrowings at Amortised Cost</i>	8,399	7,503
Other Borrowing costs		
<i>Unwinding of discounted Upfront fee on loans</i>	171	157
<i>Interest unwind - lease liability - Please refer Note 3.11</i>	1,060	-
<i>Unwinding of Rent Advance</i>	89	61
<i>Other bank charges</i>	438	803
MTM Gain / (Loss) - Derivative - (Net) - Finance Cost	50	14
Net (gain)/loss on foreign currency transactions and translation	831	351
<b>Total</b>	<b>14,860</b>	<b>13,105</b>

## Notes annexed to and forming part of Financial Statements:

### 3.1 The Subsidiaries and Associates considered in the Consolidated Financial Statements:

Following Subsidiaries are considered in the Consolidated Financial Statements:

S.No	Name of the Subsidiary	Country of Incorporation	% of Ownership	
			March 31, 2020	March 31, 2019
1	Craftsman Automation Singapore Pte Ltd*	Singapore	100%	100%
2	Craftsman Europe B.V (formerly Craftsman Marine B.V)	Netherlands	100%	100%

**\*Note:** the Company passed Board Resolution at their meeting held on 24th October 2019 to wind up the subsidiary in Singapore. However, the process of winding up could not be initiated due to outbreak of COVID 19 pandemic. The subsidiary was non-operational as on 31<sup>st</sup> March 2020.

Following Joint Venture is considered in the Consolidated Financial Statements:

S.No	Name of the Joint Venture	Country of Incorporation	% of Ownership	
			March 31, 2020	March 31, 2019
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.

Name of the entity	As a % of consolidated Net Assets	Rs. Lakhs
		Amount
<b>Parent Company</b>		
Craftsman Automation Limited	100.55%	232,001
<b>Foreign Subsidiaries</b>		
Craftsman Automation Singapore Pte Ltd	0.00%	10
Craftsman Europe B.V	0.87%	2,007
<b>Sub Total</b>	<b>101.43%</b>	<b>234,018</b>
Add/Less: Intragroup eliminations / adjustments	-1.43%	(3,290)
<b>Total</b>	<b>100.00%</b>	<b>230,728</b>

		Rs. Lakhs
Name of the entity	As a % of consolidated Profit or Loss	Amount
<b>Parent Company</b>		
Craftsman Automation Limited	91.59%	3,664
<b>Foreign Subsidiaries</b>		
Craftsman Automation Singapore Pte Ltd	-0.35%	(14)
Craftsman Europe B.V	9.03%	361
<b>Sub Total</b>	<b>100.27%</b>	<b>4,012</b>
Add/Less: Intragroup eliminations / adjustments	-0.27%	(11)
<b>Total</b>	<b>100.00%</b>	<b>4,001</b>

		Rs. Lakhs
Name of the entity	As a % of consolidated OCI	Amount
<b>Parent Company</b>		
Craftsman Automation Limited	23.47%	15
<b>Foreign Subsidiaries</b>		
Craftsman Automation Singapore Pte Ltd	-17.75%	(11)
Craftsman Europe B.V	94.35%	60
<b>Sub Total</b>	<b>99.60%</b>	<b>63</b>
Add/Less: Intragroup eliminations / adjustments	0.40%	0
<b>Total</b>	<b>100.00%</b>	<b>63</b>

		Rs. Lakhs
Name of the entity	As a % of consolidated Total Comprehensive Income	Amount
<b>Parent Company</b>		
Craftsman Automation Limited	90.53%	3,679
<b>Foreign Subsidiaries</b>		
Craftsman Automation Singapore Pte Ltd	-0.62%	(25)
Craftsman Europe B.V	10.35%	421
<b>Sub Total</b>	<b>100.26%</b>	<b>4,075</b>
Add/Less: Intragroup eliminations / adjustments	-0.26%	(11)
<b>Total</b>	<b>100.00%</b>	<b>4,064</b>

### 3.3 Income taxes

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

		Rs. Lakhs	
		Year Ended March 31 2020	Year Ended March 31 2019
Profit before tax	a	5,577	14,330
Income tax rate	b	34.944%	34.944%
Income tax expenses	a*b	1,949	5,007
Effect of			
i) EPCG Benefit Capitalisation not considered for Income Tax purpose		(786)	(264)
ii) Effect of expenses inadmissible for tax		700	18
iii) Deferred tax asset now recognised		(116)	(93)
iv) Effect due to land indexation		-	35
v) Effect of other adjustments		(94)	(138)
vi) Effect of tax free / lower tax income of overseas subsidiaries		(78)	(173)
vii) Effect of share of profit from JV		1	(14)
Income tax expense recognised in Statement of Profit & loss		1,576	4,378

#### Movement of deferred tax assets/ liabilities

Rs. Lakhs				
Movement during the year ended 31st March, 2020	As at March 31 2019	Recognised in P&L	Recognised in OCI	As at March 31 2020
Depreciation & Amortization	(14,529)	(846)	-	(15,375)
Unabsorbed Loss	-	-	-	-
Provision for doubtful debts	224	54	-	278
Provision for Loans & Advances and Others	133	0	-	133
Other Temporary Differences	415	906	(70)	1,251
MAT Credit Entitlement- Unused tax credit	10,002	(144)	-	9,858
	<b>(3,755)</b>	<b>(30)</b>	<b>(70)</b>	<b>(3,855)</b>

				Rs. 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	2,914	(2,914)	-	-
Provision for doubtful debts	243	(19)	-	224
Provision for Loans & Advances	136	(3)	-	133
Other Temporary Differences	(109)	48	476	415
MAT Credit Entitlement- Unused tax credit	7,356	2,646	-	10,002
	<b>(3,283)</b>	<b>(948)</b>	<b>476</b>	<b>(3,755)</b>

The Taxation Laws (Amendment) Act, 2019 which is effective from 20th September 2019 amends the Income Tax Act, 1961 and the Finance (No.. 2) Act, 2019 by inserting section 115BAA which provides domestic companies with an option to opt for lower tax rates, provided they do not claim certain deductions. The Company has decided not to exercise the option at present and has accordingly recognised current tax & deferred tax provision as on March 31, 2020.

### 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 Rs.357 lakhs (2018-19: Rs.363 lakhs) represents contribution payable to these plans by the Group at rates specified in the rules of the plan.

#### Defined benefit plans

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

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



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

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

	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Discount rate	6.54%	7.75%
Expected rate of salary increase	3.00%	7.00%
Attrition rate	10.00%	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:

	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
	<b>Rs. In Lakhs</b>	<b>Rs. In Lakhs</b>
Current Service Cost	148	187
Net interest expense/ (income)	10	24
Component of defined benefit cost recognised in P&L	<b>158</b>	<b>211</b>
<u>Remeasurement on the net defined benefit liability comprising:</u>		
Actuarial (gain)/loss arising from changes in financial assumptions	(379)	(174)
Actuarial (Gain)/ Losses due to Experience on DBO	(46)	254
	26	(6)

Actuarial (Gain)/Loss arising from changes in financial assumptions due to demographic assumption changes in DBO		
Return on Plan Assets (Greater) / Less than Discount rate	(14)	6
Components of defined benefit costs recognised in other comprehensive income	(413)	80
<b>Total Defined Benefit Cost</b>	<b>(256)</b>	<b>291</b>

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

	Rs. In Lakhs	
	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligation	1419	1,696
Fair value of plan assets	1675	1,405
Net liability arising from defined benefit obligation (funded)	256	(291)

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

	Rs. In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Opening defined benefit obligation	1696	1,424
Current Service Cost	147	187
Interest Cost	107	124
Benefits paid	(132)	(113)
Actuarial (gain)/loss	(399)	74
<b>Closing defined benefit obligation</b>	<b>1419</b>	<b>1696</b>

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

	Rs. In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Opening fair value of plan assets	1405	1,141
Interest income of the assets	97	100
Employer contribution	291	283
Benefits payout	(132)	(114)
Actuarial gain/(loss)	14	(5)
<b>Closing fair value of plan assets</b>	<b>1675</b>	<b>1405</b>

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

The actual return on plan assets was Rs.111 lakhs (2018-19: Rs. 94 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.

	Rs. In Lakhs	
	As at March 31, 2020	As at March 31, 2019
If the discount rate is 100 basis points higher/lower, the defined benefit obligation would		
• Decrease by (Mar 20: (7.56%); Mar19 : (9.44)%)	(107)	(160)
• Increase by (Mar 20: 8.75%; Mar19 : 11.44%)	124	189
If the expected salary is 100 basis points higher/lower, the defined benefit obligation would	113	
• Increase by (Mar 20: 7.94%; Mar19 : 9.12%)	(100)	155
• Decrease by (Mar 19: (7.03%); Mar19 : (8.18%))		(139)
If the attrition rate is 100 basis points higher/lower, the defined benefit obligation would		
• Increase by Mar 20: 2.24%; Mar19: 0.51%	31	9
• Decrease by Mar 20: (2.51%); Mar19 : (0.58%)	(36)	(10)

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

The group expects to make a contribution of Rs 128 lakhs (as at March 31, 2019: Rs 50 lakhs) to the defined benefit plans for the next financial year.

Information on the maturity profile of the liabilities:

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Weighted average duration of the DBO	8.46 years	13.48 years
	Rs. Lakhs	Rs. Lakhs
Projected Benefit Obligation	1419	1,696
Accumulated Benefits Obligation	1149	965

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

Rs. Lakhs	
FUTURE PAYOUTS	Present Value
Year (i)	142
Year (ii)	153
Year (iii)	106
Year (iv)	87
Year (v)	79
Next 5 year pay-outs(6-10yrs)	299
Pay-outs above ten years	554

### 3.5 Earnings per share

	Year Ended March 31 2020	Year Ended March 31 2019
	Rs.	Rs.
<b>Earnings per share</b>		
Basic earnings per share	19.88	49.46
Diluted earnings per share	19.88	49.46
EPS based on earnings before exceptional item	21.75	49.46
Face value per share for EPS	5	5
<b>Basic and diluted earnings per share</b>	<b>Rs. Lakhs</b>	<b>Rs. Lakhs</b>
Profit for the year attributable to equity shareholders	4,001	9,952
Profit (before exceptional item) attributable to equity shareholders	4,376	9,952
	<b>Nos.</b>	<b>Nos.</b>
Total number of equity shares outstanding at the end of the year	20,121,600	20,121,600
Weighted average number of equity shares <i>used in the calculation of basic earnings per share</i>	20,121,600	20,121,600
<i>after adjustment for effect of dilution</i>	20,121,600	20,121,600

### 3.6 Physical verification of inventories:

Due to COVID -19 pandemic, the Government of India had announced lock down of all establishments from 25th March 2020 to contain the spread of the Virus. Owing to lockdown, Company could not conduct physical verification of inventories at year end in any of its plants located across the Country and hence, even auditors could not attend the physical verification. However, Company had conducted Physical verification of stocks during the year at quarter ends and comparison with book stock has not resulted in any material variance and have been appropriately adjusted in books. Company is maintaining inventory records in Oracle EBS ERP and has transaction

based real time accounting. Hence, Company had decided to consider book stock as on 31st March 2020 for inventories valuations.

### 3.7 Financial Instruments:

#### 3.7a 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.

	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
Debt (long-term and short-term borrowings including current maturities)	104,064	98,526
Equity	72,159	68,702
<b>Debt Equity Ratio</b>	<b>1.44</b>	<b>1.43</b>

#### 3.7b Financial risk management

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

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

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

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

#### i. Market Risk

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

- Foreign currency risk management:**

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

		As at March 31 2020		As at March 31 2019	
Assets	Currency	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)
Receivables	USD	35	2,625	46	3,183
	EUR	6	523	10	796
Total Receivables (A)			3,148		3,979
Hedged by derivative contracts		-	-	-	-
Unhedged receivables (C=A-B)			3,148		3,979

		As at March 31 2020		As at March 31 2019	
Liabilities	Currency	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)	Amount in Foreign currency (Lakhs)	Amount in Rs (Lakhs)
Payable (trade & other)	USD	41	3,093	4	311
	JPY	23	16	3,608	2,292
	EUR	0	41	3	231
	SGD	-	-	7	376
	GBP	0	3	0	1
	CHF	0	0	0	22
Borrowings (ECB and Others)	USD	493	36,907	597	41,543
	EUR	29	2,368	12	958
Total Payables (A)			42,428		45,733
Hedges by derivative contracts (B)	USD	279	21,019	559	38,900
Unhedged payables (C=A-B)			21,408		6,833

**Foreign currency sensitivity analysis:**

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

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a parallel foreign exchange rates shift in the foreign exchange rates of each

currency by 1%, which represents Management's assessment of the reasonably possible change in foreign exchange rates.

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

Currency	Rs. Lakhs	
	1% Strengthening of FC	
	As at March 31 2020	As at March 31 2019
USD	(374)	(387)
GBP	(0)	(0)
SGD	-	(4)
CHF	(0)	(0)
EUR	(19)	(4)
JPY	(0)	(23)
GBP	(0)	(0)
	<b>(393)</b>	<b>(418)</b>

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

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

Cash Flow Hedges	Foreign Currency		Equivalent value		(in Lakhs) Fair value of contracts	
	As at March 31 2020	As at March 31 2019	As at March 31 2020	As at March 31 2019	As at March 31 2020	As at March 31 2019
Sell USD	1	14	107	971	112	980

Note:

The MTM of the above has been included in the balance sheet under 'Other Current Financial Liability'. [Refer Note 1.26] as on 31-03-2019 and under 'Other Current Financial Assets' [Refer Note 1.16] as on 31-03-2020

**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.

		Rs. In Lakhs			
Base Rate	Increase in Base rate	Effect of Change in interest rates		Outstanding as on	
		As at March 31 2020	As at March 31 2019	As at March 31 2020	As at March 31 2019
USD Libor*	25 bps	-	-	-	-
INR Baserate	50 bps	188	193	37,537	38,535
		<b>188</b>	<b>193</b>	<b>37,537</b>	<b>38,535</b>

\*Interest rate on all USD loans are hedged with either IRS or IRC and hence are not exposed to risk due to interest rate fluctuations.

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

The group has taken interest rate swaps ('IRS') to hedge the interest rate risks. The marked-to-market loss as at March 31, 2020 is Rs.1466 lakhs (March 31, 2019: Loss of Rs.387 lakhs). For the year ended 31 March 2020, 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 31<sup>st</sup> March 2020 is Rs.1028 lakhs (31<sup>st</sup> March 2019 – loss Rs.436 lakhs) and the amount of loss recognized in Statement of Profit and Loss for the ineffective portion of cash flow hedge for the year ended 31<sup>st</sup> March 2020 is Rs. 50 lakhs (31<sup>st</sup> March 2019: loss of Rs. 91 lakhs).

In addition to the above, the group has taken Interest Rate Collar ('IRC') during August 2019, to hedge the interest rate risks. The marked-to-market loss as at March 31, 2020 is Rs.111 lakhs (March 31, 2019: NIL). For the year ended 31 March 2020, 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 31<sup>st</sup> March 2020 is Rs.111 lakhs (31<sup>st</sup> March 2019 -NIL).

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 Rs. 600 lakhs (March 31, 2019: Loss of Rs.497 lakhs). The amount of gain recognized in OCI for the year ended 31<sup>st</sup> March 2020 is Rs. 1097 lakhs (31<sup>st</sup> March 2019: Loss of Rs.



160 lakhs). Also, the effect given to OCI on account of restatement loss of the underlying foreign currency loans for the year ended 31<sup>st</sup> March 2020 is Rs. 1030 lakhs (31<sup>st</sup> March 2019: Loss of Rs. 589 lakhs).

Further, the group has purchased call options for principal payments of one of its foreign currency loan which is designated as a cash flow hedge. The marked-to-market gain as at March 31, 2020 is Rs.438 lakhs (March 31, 2019: Loss of Rs.418 lakhs). The amount of gain recognized in OCI for the year ended 31<sup>st</sup> March 2020 is Rs.855 lakhs (31<sup>st</sup> March 2019 – loss Rs.418 lakhs).

**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.

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**

	Rs. In Lakhs	
	As at March 31 2020	As at March 31 2019
<b>Balance as at beginning of the year</b>	648	703
Allowance for bad and doubtful debts during the year	165	455
Trade receivables written off during the year	(10)	(510)
<b>Balance as at the end of the year</b>	<b>803</b>	<b>648</b>

**Other financial assets:**

a. **Bhatia Coke & Energy Limited**

Bhatia Coke & Energy Limited is under "Corporate Insolvency resolution process" as per the MCA website. Also, the management of the Company is taken over by a insolvency professional appointed by the National Company Law Tribunal (NCLT)

Given this, the Group has tested this investment for impairment in the current year.

However, the group is certain about receiving the benefits out of the investment even in the forthcoming years and has decided not to impair the investment. The Company continue to get electricity supplied by Bhatia Coke & Energy Limited and hence, there is no stoppage of business with that party.

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

#### Movement in Provision for advances:

	Rs. In Lakhs	
	As at March 31 2020	As at March 31 2019
<b>Balance as at beginning of the year</b>	29	29
Allowance for doubtful advances made during the year	109	45
Advances written off during the year	(110)	(45)
<b>Balance as at the end of the year</b>	<b>28</b>	<b>29</b>

Refer note: 1.10 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 discounted cash flows.

	Rs. Lakhs			
As at March 31 2020	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Total Amount
Bank and other borrowings	37,236	59,719	7,109	104,064
Interest payments on borrowings	6,899	11,756	565	19,220
Lease liability	1,779	5,376	4,421	11,576
Trade Payables	28,178	-	-	28,178

	Rs. 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

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.

	Rs. Lakhs			
As at March 31 2020	Due within 1 year	Due between 2 and 5 years	Due beyond 5 years	Carrying Amount
Currency & Interest Rate - Swaps & Options	(559)	20	-	(539)
Foreign exchange forwards	5	-	-	5
	<b>(553)</b>	<b>20</b>	<b>-</b>	<b>(534)</b>

	Rs. 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 & Options	(1,037)	(265)	-	(1,302)
Foreign exchange forwards	(17)	-	-	(17)
	<b>(1,054)</b>	<b>(265)</b>	<b>-</b>	<b>(1,319)</b>

As at the year end, the Group's current liabilities have exceeded its current assets by Rs. 143 crores primarily on account of current maturities of long term borrowings aggregating Rs. 128 crores and liability on derivative contract of Rs. 7 crores falling due within 12 months following the balance sheet date. Management is confident of its ability to generate cash inflows from operations and also raise long term / short term funds to meet its obligations on due date.

Group during the year adopted Ind AS 116 and hence, disclosed lease liabilities as financial liabilities as required by the Standard while recognising Right to Use asset. Company has provided cash flows on lease liabilities as required under Ind AS 107 in Note 3.11. Lease liabilities are primarily due to lease rent for factories and Machinery (refer note 3.11). Company manages the Capital and debt by closely monitoring the bank covenants.

**3.7c Categories of Financial assets and liabilities:**

	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
<b>Financial Assets</b>		
a. <u>Measured at amortised cost:</u>		
Cash and cash equivalents	5,976	1,950
Other bank balances	1,188	708
Trade Receivables	19,432	21,003
Security Deposit	2,262	2,252
b. <u>Mandatorily maintained at fair value through other comprehensive income (FVTOCI)</u>		
Investments	140	235
Currency swaps & options and IRS & IRC	1,244	43
Others	5	
c. <u>Mandatorily maintained at fair value through profit or loss (FVTPL)</u>		
Currency swaps & IRS	-	48

	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
<b>Financial Liabilities</b>		
a. <u>Measured at amortised cost:</u>		
Borrowings	104,064	98,526
Lease Liability	11,576	-
Trade Payables	28,178	33,121
Other Financial Liabilities	2,589	8,961
b. <u>Mandatorily maintained at fair value through other comprehensive income (FVTOCI)</u>		
Currency Swaps & IRS	1,780	1,395
c. <u>Mandatorily maintained at fair value through profit or loss (FVTPL)</u>		
Others	2	17

**3.7d Fair value measurements:**

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

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted

prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

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

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

As at March 31 2020				Rs Lakhs
	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
<i>i) fair value through OCI</i>	-	-	140	140
Derivative Instruments measured at				
<i>i) fair value through OCI</i>	-	1,249	-	1,249
<i>ii) fair value through P&amp;L</i>	-	-	-	-
Liabilities at fair value				
Derivative Instruments measured at				
<i>i) fair value through OCI</i>	-	1,780	-	1,780
<i>ii) fair value through P&amp;L</i>	-	2	-	2
As at March 31 2019				Rs Lakhs
	Level 1	Level 2	Level 3	Total
Asset at fair value				
Investments measured at				
<i>i) fair value through OCI</i>	-	116	119	235
Derivative Instruments measured at				
<i>i) fair value through OCI</i>	-	43	-	43
<i>ii) fair value through P&amp;L</i>	-	48	-	48
Liabilities at fair value				
Derivative Instruments measured at				
<i>i) fair value through OCI</i>	-	1,394	-	1,394
<i>ii) fair value through P&amp;L</i>	-	17	-	17

### Calculation of Fair Values:

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

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

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

### 3.8 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. CHANDRASHEKAR BHIDE, Director*

*Mr. CHANDRAMOHAN NATARAJAN, Whole Time Director*

*Mr. SUNDARARAMAN KALYANARAMAN, Director*

*Mr. UDAI DHAWAN, Nominee Director*

*Mr. KALLAKURICHI KANNIAH BALU, Director*

*Mrs. VIJAYA SAMPATH, Director*

*Mr. C.B.CHANDRASEKAR, Chief Financial Officer (w.e.f. 03 February, 2020)*

*Mr. SIVAKUMAR GOPALAN, Chief Financial Officer (till 02February, 2020)*

*Mr. THIYAGARAJ DAMODHARASWAMY, Chief Operating Officer*

*Mr. SHAINSHAD ADUVANNI, Company Secretary*

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

Transactions during the year ended 31 <sup>st</sup> March	Rs Lakhs					
	Joint Ventures		Common director - company		Key Managerial Personnel	
	2020	2019	2020	2019	2020	2019
Purchase of Goods & Services	151	189	111	148		
Sale of Goods & Services	1,977	2,077	0	2		
Sales Commission expenses	15	0				
Dividend payments					266	53
Remuneration to key management personnel					687	663
Commission					86	728
Sitting Fee					23	16
Rental Income	2	2	28	27		

Balances as on 31 <sup>st</sup> March	Rs Lakhs					
	Joint Ventures		Common director - company		Key Managerial Personnel	
	2020	2019	2020	2019	2020	2019
Trade Receivables	574	669	0	0		
Trade Payables	3	16	26	54		
Remuneration payable					2	18
Rent advance received			2	2		

**c) Significant Related Party Transactions:**

	<b>Rs Lakhs</b>	
	<b>Year Ended March 31 2020</b>	<b>Year Ended March 31 2019</b>
Purchase of Goods & Services		
<i>Carl Stahl Craftsman Enterprises Private Limited</i>	151	189
<i>MC Craftsman Machinery Private Limited</i>	111	148
Sale of Goods & Services		
<i>Carl Stahl Craftsman Enterprises Private Limited</i>	1,977	2,077
<i>MC Craftsman Machinery Private Limited</i>	0	2
Sales Commission Paid		
<i>Carl Stahl Craftsman Enterprises Private Limited</i>	15	0
Dividend payments		
<i>Executive Directors</i>	266	53
Remuneration to key management personnel		
<i>Executive Directors</i>	508	495
<i>Chief Financial Officer</i>	99	91
<i>Chief Operating Officer</i>	65	63
<i>Company Secretary</i>	15	14
Commission		
<i>Executive Directors</i>	66	719
<i>Non-Executive</i>	21	10
Sitting Fee		
<i>Non-Executive</i>	23	16
Rent Income		
<i>Carl Stahl Craftsman Enterprises Pvt Ltd</i>	2	2
<i>MC Craftsman Machinery Pvt Ltd</i>	28	27



#### d) Balances of Related Parties as on 31<sup>st</sup> March 2019

	Rs Lakhs	
	As at March 31 2020	As at March 31 2019
Trade Receivable		
<i>Carl Stahl Craftsman Enterprises Private Limited</i>	574	669
<i>MC Craftsman Machinery Private Limited</i>	0	0
Trade Payable		
<i>Carl Stahl Craftsman Enterprises Private Limited</i>	3	16
<i>MC Craftsman Machinery Private Limited</i>	26	54
Rent advance received		
<i>MC Craftsman Machinery Private Limited</i>	2	2
Remuneration payable		
Mr. S Ravi	2	18

### 3.9 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.

	Rs. Lakhs	
Contingent Liabilities	As at March 31 2020	As at March 31 2019
<b>a. Claims against the company not acknowledged as debt</b>		
Excise	7	73
VAT	55	52
Service tax	67	77
GST	27	-
Income tax	1,768	1,733
Stamp duty	56	56
<b>b. Bank Guarantee (Net of Margin)</b>	<b>867</b>	<b>842</b>
<b>c. Sales Bills discounted</b>	<b>56</b>	<b>3,764</b>
<b>d. Export Obligation under EPCG Scheme</b>		
Proportionate customs duty on imports related to pending obligations	2,800	3,878

## Note on Export Obligation

The obligation of deferred income amounting to Rs.2800 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 31.03.2020: Rs.3049 lakhs (31.03.2019: Rs. 9,281 lakhs)

### 3.10 Non-Current Borrowings:

Rs. In lakhs								
	As at March 31 2020			Particulars of Repayment		As at March 31 2019		
	Non-Current	Current Maturity	Total			Non-Current	Current Maturity	Total
				Instalments	Amount/Inst			
ECB-2	0	-	0	Quarterly	USD 2.79/ 24	-	390	390
ECB-3	539	718	1,257	Quarterly	USD 2.39/ 24	1,169	668	1,837
ECB-4	864	313	1,177	Quarterly	USD 0.63/ 8 ,	1,095	291	1,386
ECB-9	-	-	-	Quarterly	USD 2.50/ 16	526	701	1,227
ECB-10	1,130	904	2,034	Quarterly	USD 3.00/ 20	1,892	840	2,732
ECB-11	3,313	1,203	4,516	Quarterly	USD 4.00/ 20	4,201	1,119	5,320
ECB-12	2,032	1,006	3,039	Quarterly	INR 0.5/ 2, 1.0/ 4, 2.18/ 15, 2.3/ 1	3,061	806	3,868
ECB-13	20,746	1,696	22,442	Half-yearly	USD 11.54 / 13	20,822	-	20,822
ECB-14	632	252	883	Quarterly	EUR 0.76 / 16	840	118	958
FCTL-1	1,060	424	1,484	Quarterly	EUR 1.28 / 15			
FCNRB-2	1,053	1,390	2,443	Quarterly	USD 3.33/ 15	2,535	1,426	3,961
TL-1	7,171	-	7,171	Quarterly	INR 208.33/ 24	9,395	2,090	11,485
TL-2	0	-	0	Quarterly	INR 13.93/ 24	-	42	42
TL-3	0	-	0	Quarterly	INR 62.50/ 24	244	250	494
TL-4	766	208	975	Quarterly	INR 41.87/ 24	1,044	278	1,322
TL-5	(0)	-	(0)	Quarterly	INR 160.00/ 20	1,598	639	2,237
TL-6	-	-	-	Monthly	INR 104.20/ 72	560	424	984
TL-7*	1,362	737	2,099	Monthly	INR 25.00/ 60	2,059	697	2,756
TL-8	894	594	1,489	Quarterly	INR 160.00/ 20	1,489	592	2,081
TL-9	(0)	-	(0)	Monthly	INR 60.00/ 72	-0	939	939
TL-10	-	-	-	Monthly	INR 50.00/ 60	-	300	300
TL-11	3,295	1,236	4,531	Monthly	INR 100.00/ 72	4,491	1,194	5,685
TL-12	1,499	375	1,874	Quarterly	INR 100.00/ 25	1,874	375	2,249
TL-13	2,595	761	3,356	Quarterly	INR 66.87 / 20	2,717	299	3,016
TL-14	3,485	989	4,474	Quarterly	INR 250.00/ 20	4,224	736	4,960
TL-15	1,484	(0)	1,484	Quarterly	INR 250.00/ 16	3,484	490	3,974
TL-16	3,552	(0)	3,552	Monthly	INR 102.89 / 48	-	-	-
TL-17	1,893	0	1,893	Monthly	INR 41.67 / 60			
TL-18	7,463	2	7,465	Quarterly	INR 156.25 / 48			
Total	66,828	12,809	79,638			69,320	15,705	85,025

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.

### 3.11 Leases:

#### 3.11a Group as lessee

The group has adopted Ind AS 116 with modified retrospective approach with effect from April 1, 2019. Accordingly, the comparative period has not been restated. The group has recognized Rs.9,526 lakhs as “Right-of-Use” Assets and lease liability of Rs.10,553 lakhs as on the transition date (i.e) April 1, 2019. Further, an amount of Rs.1,027 lakhs has been reclassified from accrued liabilities to Right-of-Use Asset for the accrued operating lease rentals. In the statement of Profit or Loss account for the current period the nature of expenses in respect of operating leases have been changed from lease rent in previous period to “Depreciation” for the Right-of-Use Asset and “Finance Cost” for the interest accrued on lease liability.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

(Amount in ₹ lakhs)

Particulars	Machinery	Land & Buildings	Total
Balance as at 1 April 2019	1,615	7,911	9,526
Additions	199	2,640	2,839
Amortization/ expense	(507)	(1,675)	(2,182)
Deletion	-	(163)	(163)
<b>Balance as of March 31, 2020</b>	<b>1,307</b>	<b>8,713</b>	<b>10,020</b>

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

Particulars	Amount in ₹ lakhs
Current lease liabilities	1,779
Non-current lease liabilities	9,797
<b>Total</b>	<b>11,576</b>

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	Amount in ₹ lakhs
Balance as at 1 April 2019	10,553
Additions	2,839
Finance cost accrued during the period	1,060
Deletion	(163)
Payment of lease liabilities	(2,713)
<b>Balance as of March 31, 2020</b>	<b>11,576</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	Amount in ₹ lakhs
Less than one year	2,887
One to five years	8,132
More than five years	5,592
<b>Total</b>	<b>16,611</b>

The group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹189 lakhs for the year ended March 31, 2020.

Total cash outflow for leases including short-term leases was ₹ 2902 lakhs for the year ended March 31, 2020.

### **3.11b Group as lessor**

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

Non-cancellable operating lease commitments	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
Not later than 1 year	29	27
Later than 1 year but not later than 5 years	20	43
Later than 5 years	-	-

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

	Rs. Lakhs	
	As at March 31 2020	As at March 31 2019
The principal amount due to Micro and Small Suppliers under this Act	2,076	2,419
Interest accrued and due to suppliers on the above amount	65	63
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	65	63
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.

### 3.13 Exceptional Item:

The Company filed its Draft Red Herring Prospectus with Securities & Exchange Board of India (SEBI) in June, 2018 for a proposed Initial Public Offering (IPO) of its equity shares. The Company was obligated to go for IPO as an exit option for the PE investors as per the shareholder's agreement. In this relation, the Company had incurred Rs. 577 Lakhs towards non-recurring IPO related expenses. The proposed IPO had envisaged fresh issue of equity shares by the Company and offer for sale by certain existing shareholders. As the SEBI approval expired in August, 2019 and the market conditions were not conducive for listing, the same was not pursued. Hence, the entire expense is now being charged off to the Statement of Profit and Loss as "exceptional item".

### 3.14 CSR Expenditure:

	Rs. Lakhs	
	Year Ended March 31 2020	Year Ended March 31 2019
(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	134	80
(b) Amount spent during the year	89	82

	Rs. Lakhs		
Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	38	-	38
(ii) On purposes other than (i) above	52	-	52

### 3.15 Segment Reporting:

	Rs. Lakhs	
Segment Revenue	Year Ended March 31 2020	Year Ended March 31 2019
Automotive - Powertrain & Others	70,929	100,850
Automotive - Aluminium Components	25,769	30,815
Industrial & Engineering	52,548	50,135
<b>Total revenue as per Statement of Profit and Loss</b>	<b>149,246</b>	<b>181,800</b>

Rs. Lakhs		
Segment Profit or Loss	Year Ended March 31 2020	Year Ended March 31 2019
Automotive - Powertrain & Others	15,080	24,156
Automotive - Aluminium Products	895	2,290
Industrial & Engineering	9,688	6,055
<b>Total Segments</b>	<b>25,662</b>	<b>32,501</b>
Less: Unallocable Expenditure	(5,505)	(6,470)
Add: Other Income & share of profit from JV	857	1,405
<b>Earnings Before Interest, Exceptional Item &amp; Tax</b>	<b>21,014</b>	<b>27,435</b>
Less: Finance Costs	(14,860)	(13,105)
<b>Profit Before Exceptional Item &amp; Tax</b>	<b>6,154</b>	<b>14,330</b>
Less: Exceptional Item	(577)	-
<b>Profit before Tax</b>	<b>5,577</b>	<b>14,330</b>

Rs. Lakhs		
Segment Assets	As at March 31 2020	As at March 31 2019
Automotive - Powertrain & Others	94,313	95,140
Automotive - Aluminium Products	47,895	45,528
Industrial & Engineering	59,590	58,482
<b>Total Segments</b>	<b>201,798</b>	<b>199,150</b>
Unallocable Assets	28,930	24,450
<b>Total Assets as per Balance Sheet</b>	<b>230,728</b>	<b>223,600</b>

		Rs. Lakhs
Segment Liabilities	As at March 31 2020 As at March 31 2019	
Automotive - Powertrain & Others	60,601	65,651
Automotive - Aluminium Products	31,705	29,710
Industrial & Engineering	39,677	37,946
<b>Total Segments</b>	<b>131,983</b>	<b>133,307</b>
Unallocable Liabilities	26,586	21,591
<b>Total Liabilities as per Balance Sheet</b>	<b>158,569</b>	<b>154,898</b>

#### b. Disclosure about major customers

Revenue from 2 major customers amounts to Rs. 38,056 lakhs of the total revenue of the Group across all the segments.

**3.16** The unaudited 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 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 has been culled out from their financials for the purpose of consolidation.

**3.17** Certain comparative figures have been reclassified to conform to the current year presentation.

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

For and on behalf of the Board

S. Narasimhan  
Partner  
Membership No. 206047

R.Gauthamram  
Whole Time Director  
DIN : 06789004

S.Ravi  
Chairman and Managing Director  
DIN : 01257716

Place : Coimbatore  
Date : 07-May-2020

Shainshad Aduvanni  
Company Secretary M.No.A27895

C.B. Chandrasekar  
Chief Financial Officer



## CRAFTSMAN AUTOMATION LIMITED

CIN: U28991TZ1986PLC001816,  
Registered Office: Senthel Towers, IV Floor, 1078, Avanashi Road, Coimbatore – 641 018  
Web: [www.craftsmanautomation.com](http://www.craftsmanautomation.com), Email: [investor@craftsmanautomation.com](mailto:investor@craftsmanautomation.com)

### PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the  
Companies (Management & Administration) Rules, 2014)

### 34<sup>TH</sup> ANNUAL GENERAL MEETING

Name of the Member(s)	:	
Registered Address	:	
Email Id	:	
Folio No. / DP ID & Client ID No.	:	

I/We, being the member(s) holding \_\_\_\_\_ Equity Shares of Craftsman Automation Limited, hereby appoint:

1. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or  
 failing him/her
2. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or  
 failing him/her
3. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 Email Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or  
 failing him/her

as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 34<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, the 20<sup>th</sup> May, 2020 at 03.00 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:

Resolutions	For	Against
1. Adoption of Audited Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2020.		
2. Re-appointment of Mr.Srinivasan Ravi (DIN: 01257716) who retires by rotation.		
3. Appointment of M/s. Sharp & Tannan, Chartered Accountants, as Statutory Auditors of the Company.		
4. Ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 <sup>st</sup> March, 2021.		

Signed: \_\_\_\_\_ day of \_\_\_\_\_ 2020.

Signature of the Shareholder: \_\_\_\_\_

Signature of the Proxyholder(s): \_\_\_\_\_

Affix  
Revenue  
Stamp of  
Re.1

**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 03.00 P.M. on 18<sup>th</sup> May, 2020.

## CRAFTSMAN AUTOMATION LIMITED

CIN: U28991TZ1986PLC001816,  
Registered Office: Senthel Towers, IV Floor, 1078, Avanashi Road, Coimbatore – 641 018  
Web: [www.craftsmanautomation.com](http://www.craftsmanautomation.com), Email: [investor@craftsmanautomation.com](mailto:investor@craftsmanautomation.com)

### ATTENDANCE SLIP

*(To be handed over at the entrance of the Meeting Hall)*

### 34<sup>TH</sup> ANNUAL GENERAL MEETING

I / We hereby record my/our presence at the 34<sup>th</sup> Annual General Meeting of the Company at “Senthel Towers” IV Floor, 1078, Avanashi Road, Coimbatore - 641 018 on Wednesday, the 20<sup>th</sup> May, 2020 at 03.00 P.M.

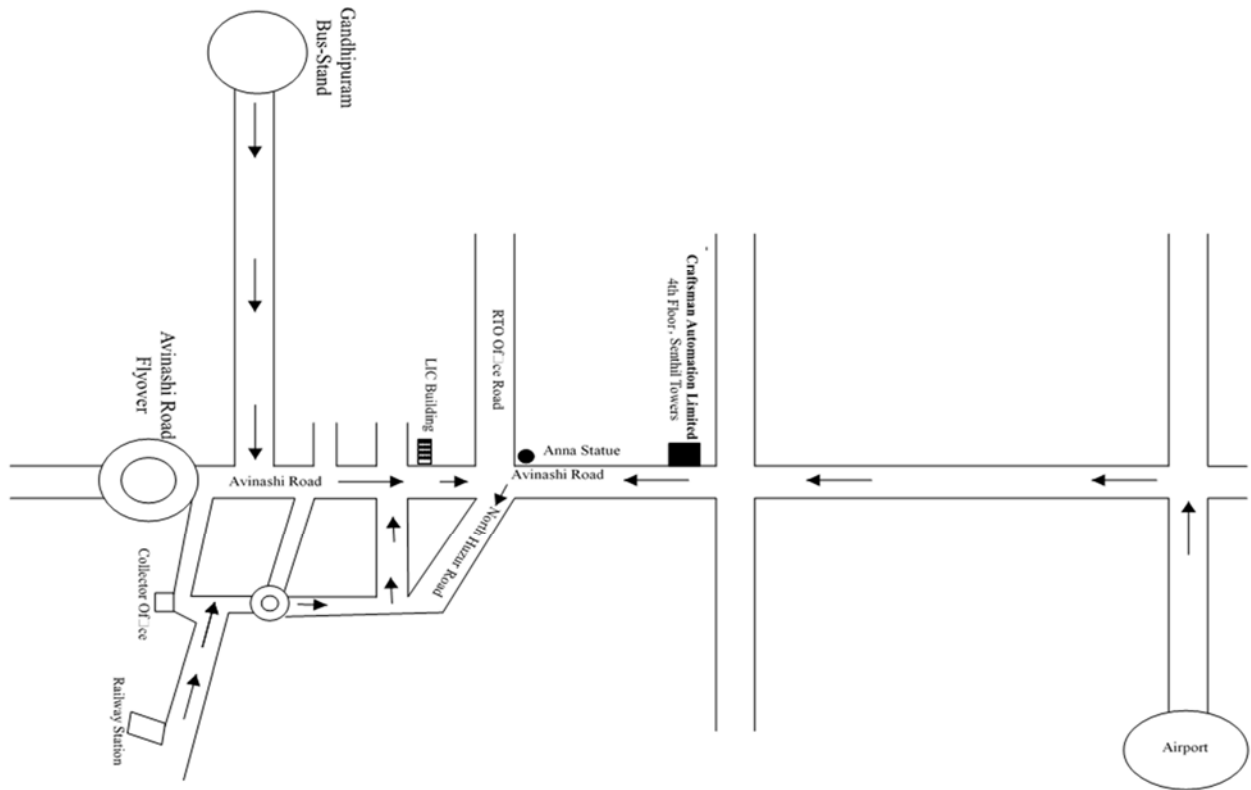
<b>Member's Folio No./ DP ID / Client ID No.</b>	
<b>Member's/Proxy's Name (in Block Letters)</b>	
<b>No. of Shares held</b>	
<b>Member's/Proxy's Signature</b>	

**Note:**

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

## Route Map

In terms of the requirements of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of the Company Secretaries of India, route map for the location of the venue of the 34<sup>th</sup> Annual General Meeting is as under:



[illegible]



## **34<sup>TH</sup> ANNUAL REPORT 2019-2020**

CRAFTSMAN AUTOMATION LIMITED

CIN: U28991TZ1986PLC001816

No. 1078, Senthel Towers,

IV Floor, Avanashi Road,

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