

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOVE KRAFT PRIVATE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **STOVE KRAFT PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in the Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Deloitte Haskins & Sells

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 35 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)



S. Sundaresan
Partner
(Membership No. 25776)

Deloitte Haskins & Sells

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. According to the information and explanations given to us:
 - a) The Company had given interest free loans to one party. At the year end, the outstanding balance of such loans aggregated to Rs. 484,250 and the maximum amount outstanding during the year was Rs. 484,250.
 - b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
 - c) According to information and explanation given to us, there are no covenants with regard to the repayment of other loans and the loans granted are re-payable on demand. We are informed that the Company has not demanded repayment of loan outstanding as at March 31, 2015 and thus, there has been no default on the part of the party to whom the money has been lent. The loans given are interest free.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there were no unclaimed deposits as at March 31, 2015.



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- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and [state Industry specific Cost Accounting Records Rules, where applicable – see below] prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
 - Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes are given below:

Statute	Nature of Due	Forum where Dispute is pending	Period to which the amount relates	Amount Rs.
Central Excise Act, 1944	Excise duty and penalty	The Commissioner of Central Excise, Bangalore	2004 to 2007	28,008,636*
Central Excise Act, 1944	Service tax input credit	CESTAT, Bangalore	2006 to 2011	4,554,978

* The Company has got a stay order for non-payment of above mentioned disputed excise duty and penalty.

- There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (viii) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit and had incurred cash losses in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.



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- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained other than temporary deployment pending application.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

S. Sundaresan

S. Sundaresan
Partner
(Membership No. 25776)

BENGALURU, September 28, 2015
SS/HMK/2015

STOVE KRAFT PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2015

Particulars	Note No.	31-Mar-15 Rs.	31-Mar-14 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	189,001,100	189,001,100
(b) Reserves and surplus	4	445,116,543	407,499,649
		<u>634,117,643</u>	<u>596,500,749</u>
Non-current liabilities			
(a) Long-term borrowings	5	267,445,620	323,588,853
(b) Other long-term liabilities	6	52,223,366	33,558,405
(c) Long-term provisions	7	22,062,882	16,771,796
		<u>341,731,868</u>	<u>373,919,054</u>
Current liabilities			
(a) Short-term borrowings	8	690,297,534	761,044,856
(b) Trade payables:	9		
(1) total outstanding dues to micro enterprises and small enterprises		12,982,062	9,657,395
(2) total outstanding dues to creditors other than micro enterprises and small enterprises		687,464,940	596,696,542
(c) Other current liabilities	10	186,671,608	187,451,630
(d) Short-term provisions	11	9,353,921	7,624,646
		<u>1,586,770,065</u>	<u>1,562,475,069</u>
Total		<u>2,562,619,576</u>	<u>2,532,894,872</u>
ASSETS			
Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		985,783,144	783,587,871
(ii) Intangible assets		61,617,585	31,330,924
(iii) Capital work-in-progress		152,752,595	177,581,883
		<u>1,200,153,324</u>	<u>992,500,678</u>
(b) Non-current investments	13	191,585,746	252,917,790
(c) Long-term loans and advances	14	73,819,597	68,986,444
		<u>265,405,343</u>	<u>321,904,234</u>
Current assets			
(a) Inventories	15	466,686,148	430,458,527
(b) Trade receivables	16	513,520,179	492,362,816
(c) Cash and cash equivalents	17	30,706,458	74,009,691
(d) Short-term loans and advances	18	85,250,469	219,515,299
(e) Other current assets	19	897,655	2,143,627
		<u>1,097,060,909</u>	<u>1,218,489,960</u>
Total		<u>2,562,619,576</u>	<u>2,532,894,872</u>

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants

S. Sundaresan

S. Sundaresan
Partner



Place: Bengaluru
Date: September 24, 2015

For and on behalf of the Board of Directors

(Signature) *(Signature)*

Managing Director

Director

(Signature)
Chief Financial Officer

(Signature)
Company Secretary

Place: Bengaluru
Date: September 24, 2015

STOVE KRAFT PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Note No.	31-Mar-15 Rs.	31-Mar-14 Rs.
Revenue from operations	20	3,520,357,805	3,470,771,332
Less: Excise duty		(234,959,507)	(235,476,246)
Revenue from operations (net)		3,285,398,298	3,235,295,086
Other income	21	54,220,034	98,945,687
Total revenue		3,339,618,332	3,334,240,773
Expenses			
(a) Cost of materials consumed	22	1,596,245,435	1,648,086,169
(b) Purchase of stock-in-trade	23	601,967,267	619,476,790
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	102,693,858	117,521,946
(d) Employee benefits expense	25	330,724,707	365,252,846
(e) Finance costs	26	160,917,214	152,294,248
(f) Depreciation and amortisation expense	12	(43,425,983)	93,497,355
(g) Other expenses	27	556,715,064	619,726,594
Total expenses		3,305,837,562	3,615,855,948
Profit/(Loss) before tax and exceptional item		33,780,770	(281,615,175)
Exceptional items:			
Provision for non-current investments (Refer note 13(i))		75,000	-
Profit/(Loss) before tax		33,705,770	(281,615,175)
Tax expense			
(a) Current tax expense for current year		-	-
(b) Current tax expense for previous year		-	4,925
Profit/(Loss) for the year		33,705,770	(281,620,100)
Earnings per share (of Rs. 10/- each)	32		
Basic		1.78	(14.90)
Diluted		1.04	(14.90)

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants

S. Sundaresan

S. Sundaresan
Partner



Place: Bengaluru
Date: September 20, 2015

For and on behalf of the Board of Directors

[Signature]

Managing Director

[Signature]

Director

L. Nagaraj
Chief Financial Officer

[Signature]
Company Secretary

Place: Bengaluru
Date: September 20, 2015

STOVE KRAFT PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	31-Mar-15 Rs.	31-Mar-14 Rs.
Cash Flow from operating activities		
Net Profit / (Loss) before tax	33,705,770	(281,615,175)
Adjustments for :		
Depreciation	(43,425,983)	93,497,355
Provision for doubtful trade and other receivables, loans and advances and bad debts written off (net)	13,315,060	31,966,887
Interest on deposit with bank	(2,523,987)	(5,541,970)
(Profit) / loss on sale of fixed assets	(263,121)	620,515
Profit from partnership firms	(25,239,740)	(45,849,753)
Provision for non-current investments	75,000	-
Finance costs	146,469,161	137,010,296
Net unrealised exchange loss / (gain)	565,954	(8,604,768)
Operating profit before changes in working capital	122,678,114	(78,516,613)
Changes in working capital		
Adjustment for (increase)/ decrease in operating assets :		
Long-term loans and advances (excluding capital advance)	(566,516)	47,734,551
Inventory	(36,227,621)	109,969,295
Trade receivables	(36,874,574)	(151,661,753)
Short-term loans and advances	134,264,830	(70,946,013)
	60,596,119	(64,903,920)
Adjustment for increase/ (decrease) in operating liabilities:		
Other long term liabilities	18,664,961	(3,288,223)
Long term provision	5,291,086	(3,219,122)
Trade payables	165,086,617	(229,898,671)
Other current liabilities	(18,370,022)	15,978,224
Short-term provisions	1,729,275	3,119,980
	172,401,917	(217,307,812)
Cash generated from operations	355,676,150	(360,728,345)
Net income taxes (paid) / refund received - net	5,219,663	(768,111)
Net cash flow from operating activities (A)	360,895,813	(361,496,456)
Cash Flows from investing activities		
Capital expenditure on fixed assets (including capital advance)	(162,129,921)	(478,068,595)
Proceeds from sale of fixed assets	1,008,703	3,602,325
Interest received on bank deposits	3,769,959	5,358,843
Drawings from partnership firm / (Investment) in Partnership Firm	16,709,354	(2,597,390)
Proceeds from sale of non-current investment	-	13,800,000
Margin money deposit with banks	42,416,508	(28,306,386)
Net cash flow (used in) / from investing activities (B)	(98,225,397)	(486,211,203)



STOVE KRAFT PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	31-Mar-15 Rs.	31-Mar-14 Rs.
Cash flows from Financing activities		
Proceeds from long term borrowings	-	240,000,000
Repayment of long term borrowings	(46,970,733)	(110,000,000)
Proceeds from issues of shares and debentures	-	1,000,000,000
Subsidy received	-	352,836
Net increase / (decrease) in working capital borrowings	(70,117,247)	(146,014,630)
Finance costs	(146,469,161)	(137,010,296)
Net Cash flow (used in) / from financing activities (C)	(263,557,141)	847,327,910
Net (decrease) / increase in cash & cash equivalents (A+B+C)	(886,725)	(379,749)
Cash and cash equivalents at beginning of the year	2,184,738	2,564,487
Cash and Cash Equivalents at the end of the year	1,298,013	2,184,738
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet	30,706,458	74,009,691
Less: Bank balances not considered as Cash and cash equivalents (as defined in AS 3 Cash Flow Statements):		-
- Balances with bank in earmarked accounts held as margin money	(29,408,445)	(71,824,953)
Cash & cash equivalents at the end of the year*	1,298,013	2,184,738
* Comprises:		
(a) Cash on hand	968,359	1,974,788
(b) Balances with banks:		
- in current accounts	329,654	209,950
Total	1,298,013	2,184,738

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants

S. Sundaresan

S. Sundaresan
Partner



Place: Bengaluru
Date: September 24, 2015

For and on behalf of the Board of Directors

[Signature]
Managing Director

[Signature]
Director

[Signature]
Chief Financial Officer

[Signature]
Company Secretary

Place: Bengaluru
Date: September 24, 2015

STOVE KRAFT PRIVATE LIMITED

Note
No.

Notes forming part of the financial statements

1 Corporation information

Stove Kraft Private Limited (the 'Company' / 'SKPL') is a leading manufacturer of pressure cookers, LPG stoves, non-stick cookware, wick stoves and trader of other kitchen and electrical appliances under the brand name "Pigeon" and "Gilma"

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Inventories

Inventories are valued at the lower of cost (cost is ascertained on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Cash and cash equivalents (for purposes of Cash flow statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. Individual assets costing less than Rs.5,000/- are depreciated in full in the year of purchase.

Asset	Useful life in years
Lease Hold Improvements	Over the lease period



STOVE KRAFT PRIVATE LIMITED

Note
No.

Notes forming part of the financial statements

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Asset	Useful life in years
Technical know how	5
Computer Software	3

2.7 Revenue recognition

- (a) Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

Excise duty on sale of products is reduced from such sale. Excise duty relating to the difference between opening stock and closing stock of finished goods is recognised as income/ expense as the case may be, separately in the Statement of Profit and Loss.

- (b) Interest income on deposits with banks is accounted on accrual basis.
- (c) Export incentives / benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

2.8 Fixed Assets (Tangible / Intangible)

Fixed assets, are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. The Company has adopted the provisions of para 46 / 46A of AS 11 The Effects of Changes in Foreign Exchange Rates, accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

Capital work-in-progress

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.



STOVE KRAFT PRIVATE LIMITED

Note
No.

Notes forming part of the financial statements

2.9 Foreign currency transactions

Initial recognition: Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date: Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities outstanding at the yearend are translated at the rate of exchange prevailing at the year end and the gain or loss is recognized in the Statement of Profit and Loss.

Exchange differences arising on actual payments / realizations and year end restatements are also recognised in the Statement of Profit and Loss.

2.10 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment in the fixed capital of a partnership firm is accounted at cost in Partner's capital account and the share of profit / losses in the partnership firm is credited / debited to Partner's current account.

2.11 Employee benefits

(a) Employee benefits include provident fund, employee state insurance scheme, gratuity fund, and compensated absences.

(b) Defined contribution plans:

The Company's contribution to provident fund, and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(b) Defined benefit plans:

For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.



STOVE KRAFT PRIVATE LIMITED

Note
No.

Notes forming part of the financial statements

(c) Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(d) Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

2.12 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.13 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. 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.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".



STOVE KRAFT PRIVATE LIMITED

Note
No.

Notes forming part of the financial statements

2.14 Leases

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.



STOVE KRAFT PRIVATE LIMITED

Note
No.

Notes forming part of the financial statements

2.16 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

2.17 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.



STOVE KRAFT PRIVATE LIMITED

Note No. Notes forming part of the financial statements

2.18 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.19 Provision for warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto five years.

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

2.20 Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign currency transactions and translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

2.21 Hedge accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement" issued by the ICAI. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

2.22 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



STOVE KRAFT PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note

No.

3 Share capital

Particulars	31-Mar-15		31-Mar-14	
	No. of Shares	Rs.	No. of Shares	Rs.
(a) Authorised				
Equity shares of Rs. 10/- each	19,999,995	199,999,950	19,999,995	199,999,950
Class A Equity shares of Rs. 10/- each	10	100	10	100
Total	20,000,005	200,000,050	20,000,005	200,000,050
(b) Issued, subscribed and fully paid-up				
Equity share of Rs. 10/- each	18,900,100	189,001,000	18,900,100	189,001,000
Class A Equity shares of Rs. 10/- each	10	100	10	100
Total	18,900,110	189,001,100	18,900,110	189,001,100

3(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	31-Mar-15		31-Mar-14	
	No. of Shares	Rs.	No. of Shares	Rs.
Equity shares of Rs. 10/- each				
Opening balance	18,900,100	189,001,000	18,900,100	189,001,000
Issued/(redeemed) during year	-	-	-	-
Closing balance	18,900,100	189,001,000	18,900,100	189,001,000
Class A Equity shares of Rs. 10/- each				
Opening balance	10	100	5	50
Issued/(redeemed) during year	-	-	5	50
Closing balance	10	100	10	100

3(ii) Terms/rights attached to:

Equity share holders:

The holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all other parties concerned. The distribution will be in proportion to number of equity shares held by the shareholders.

Class A Equity share holders:

Class A equity shares are held by SCI Growth Investments II and Sequoia Capital India Growth Investment Holdings I (together referred to as 'Sequoia'). The voting rights of Sequoia in relation to the Class A equity shares at every resolution placed before the shareholders of the Company at any General Meetings of the Company shall be equal to 43.36%. In the event the Board declares dividend, then the Company has to pay interest on Compulsory Convertible Debentures (CCD's) (which have not been converted into equity shares as on date of declaration of dividend), which will be equal to the dividend that would have been paid on the number of Equity Shares to be issued to Sequoia on conversion of the Series B CCD's (Refer note 5(a) below).

3(iii) Details of shares held by each shareholder holding more than 5% of shares:

Particulars	31-Mar-15		31-Mar-14	
	No. of Shares	%	No. of Shares	%
Equity shares of Rs. 10/- each				
Rajendra J Gandhi	18,184,622	96%	18,640,800	99%
Class A Equity shares of Rs. 10/- each				
SCI Growth Investments Holdings I	5	50%	5	50%
SCI Growth Investments II	5	50%	5	50%



4 Reserves and surplus

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
(a) Capital reserves		
Opening balance	352,836	-
Add : Subsidy received	-	352,836
Closing balance	352,836	352,836
(b) Securities premium reserve		
Opening balance	1,232,795,815	278,413,535
Add : Premium on issue of shares and debentures	-	954,382,280
Closing balance	1,232,795,815	1,232,795,815
(c) Hedging reserve		
Opening balance	-	-
Add : Additions during the year	3,911,124	-
Closing balance (Refer Note 5(i))	3,911,124	-
(c) Surplus in Statement of Profit & Loss		
Opening balance	(825,649,002)	(544,028,902)
Add : Profit / (Loss) for the year	33,705,770	(281,620,100)
Closing balance	(791,943,232)	(825,649,002)
Total	445,116,543	407,499,649



STOVE KRAFT PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note
No.
5

Long-term borrowings

Particulars	31-Mar-15 Rs.	31-Mar-14 Rs.
Secured		
Term loan from bank (Refer note (i) below)	140,827,500	195,000,000
Unsecured		
(a) Debentures:		
- 12,661,812 (Previous year 12,661,812) Compulsory Convertible Debentures (Series B CCD) of Rs. 10/- each (Refer note (ii) below)	126,618,120	126,618,120
(b) Loan from related parties (Refer note (iii) below)	-	1,970,733
Total	267,445,620	323,588,853

Note: Details of terms and conditions of long-term borrowings:

- (i) The Company has borrowed USD 4,000,000 long-term loan from a bank, for the purpose of expansion and modernization. Rate of interest is 3 months LIBOR + 3.5% and repayable in 16 equal quarterly instalments. Number of instalments remaining as at March 31, 2015 is 13. Security: First exclusive equitable mortgage of the immovable property (both present and future) of the Company and hypothecation of the movable property (both present of future) of the Company and personal guarantee of Mr. Rajendra J Gandhi (Managing Director) and Mrs. Sunitha Gandhi (Director).

The Company has entered into 'Cross-Currency Rate Swap' arrangement (Swap arrangement) for payment of interest and repayment of above mentioned long-term loan. As per the Swap arrangement, on the above long-term loan the Company will be paying interest at fixed rate and receiving interest at floating rate. The terms of Swap arrangement is from June 27, 2013 to 27 June 2018.

- (ii) 12,661,812 (Previous year 12,661,812) Series B CCD of Rs. 10/- each: The following are the terms of the issue:

Interest: The holders of the Series B CCD shall be entitled to receive interest at a coupon rate of 0.0000001% per annum.

Dividends rights: Until conversion of all Series B CCD into Equity Shares, in the event the Board declares dividend, then such additional interest shall be payable on the outstanding Series B CCD (which have not been converted) which shall be equal to the dividend declared and calculated based on the number of Equity Shares to be issued to the holders of Series B CCD on conversion of the outstanding Series B CCD.

Conversion: In accordance with the terms and conditions agreed with holders of Series B CCD, each Series B CCD is either (a) compulsorily convertible into equity shares of the Company, at any time after the closing date into such number of fully paid shares as is determined by the conversion ratio and at a price defined in the Investment Agreement or (b) compulsorily convert into equity shares of the Company upon the earlier of the proposed filing of the draft red herring prospectus in connection with the Qualified IPO by the Company or the date as mentioned in the Investment Agreement.

Exit to Series B CCD holders: At any time after the expiry of the fourth anniversary from the closing date, the Company, the Promoters and the Investors shall cause a transaction that would give liquidity to Series B CCD holders investment in the Company ('Exit Option'). At any time after the expiry of the fourth anniversary from the closing date the Company, the Promoters and the Series B CCD holders shall jointly determine to provide one or more of the below mentioned Exit Options:

- (a) The Company shall conduct the Qualified IPO; or
(b) The Company shall buy back, some or all outstanding Series B CCD's; or
(c) The holders Series B CCD's shall be entitled to transfer the Series B CCD's to a third party.

As there is uncertainty on whether the holders of Series B CCD's would seek conversion of Series B CCD's or would seek one or more of the Exit Options, premium payable at the time of Exit Option has not been provided and has been disclosed as contingent liability.



Unsecured loan from Ms. Sunitha Rajendra Gandhi, a director in the Company, is an interest free loan taken by the Company and the same is repayable as and when the funds position of the Company permits the repayment. The Company has repaid the amount of Rs. 12,661,812 on 23, 2014.

STOVE KRAFT PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note

No.

6 Other long-term liabilities

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Security deposits received	52,223,366	33,558,405
Total	52,223,366	33,558,405

7 Long-term provisions

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Provision for employee benefits:		
- Gratuity (Refer note 29)	17,808,739	13,039,619
Provision for warranty (Refer note 34)	4,254,143	3,732,177
Total	22,062,882	16,771,796

8 Short-term borrowings

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Secured loans repayable on demand:		
- From banks (Refer note (i) below)	690,297,534	760,492,092
Unsecured loan from financial institution	-	552,764
Total	690,297,534	761,044,856

Note:

- (i) Secured loans repayable on demand from banks are in the nature of working capital loans which are secured by way of hypothecation of inventory, receivables and other current assets, charge over fixed assets of the Company along with equitable mortgage of immovable properties. Loans repayable on demand from banks is also secured by personal guarantee of the directors Mr. Rajendra Gandhi and Mrs. Sunita Gandhi .

9 Trade payables:

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Trade payables:		
- Other than acceptances		
(A) total outstanding dues to micro enterprises and small enterprises (Refer note 33); and	12,982,062	9,657,395
(B) total outstanding dues to creditors other than micro enterprises and small enterprises.	687,464,940	596,696,542
Total	700,447,002	606,353,937

10 Other current liabilities

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Current maturities of long-term borrowings:		
- Term loan from banks (Refer note (i) of Note 5)	62,590,000	45,000,000
Other payables:		
- Statutory remittances	34,016,598	36,372,300
- Payables on purchase of fixed assets	11,241,505	13,647,709
- Advance from customers	10,986,067	24,594,183
- Provision for indirect taxes (Refer note 41)	67,837,438	67,837,438
Total	186,671,608	187,451,630



11 Short-term provisions

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Provision for employee benefits:		
- Compensated absences	6,015,874	4,555,705
- Gratuity (Refer note 29)	628,191	357,353
Provision others:		
- For warranty (Refer note 34)	2,709,856	2,711,588
Total	9,353,921	7,624,646



Note:

1. The above mentioned tangible and intangible assets are owned and used by the Company and its employees. Figures mentioned brackets related to previous year.
2. During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company changed its method of depreciation from written down value (WDV) method to straight line method (SLM). Consequent to this change, all assets are now being depreciated under SLM. The Company also revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The details of previously applied depreciation method, rates / useful life are as follows

Asset	Previous useful life	Revised useful life based on SLM
Buildings	30	30
Plant and machinery	15	15
Furniture and fixtures	10	10
Leasehold improvements	Over the lease period	Over the lease period
Computers	3	3,6
Office equipments	5	5
Vehicles	10	8
Computer software	6	6
Technical know how	5	5

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets (determined after considering the change in the method of depreciation from WDV to SLM), net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 729,191 in the Statement of Profit and Loss.

The depreciation expense in the Statement of Profit and Loss for the year is lower by Rs. 148,919,104, consequent to the above change in the method of depreciation.



STOVE KRAFT PRIVATE LIMITED

Note
No.

Notes forming part of the financial statements for the year ended March 31, 2015

13 Non-current investments

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Investments (At cost): Other than traded and unquoted		
(a) In Government securities	10,000	10,000
	10,000	10,000
(b) In equity instruments of:		
- 7,500 (Previous year 7,500) Equity shares of Rs. 10/- each fully paid up in Pigeon Appliances Private Limited	75,000	75,000
Less: Provision for diminution in value of investment (Refer note (i) below)	(75,000)	-
	-	75,000
(c) In partnership firms (Refer note (ii) below):		
- Capital accounts	242,354,354	157,134,260
- Current accounts	(50,778,608)	95,698,530
	191,575,746	252,832,790
Total	191,585,746	252,917,790

Note:

- (i) In the prior years, the Company had invested a sum of Rs. 75,000 for 37.5% paid-up equity share capital of Pigeon Appliances Private Limited (PAPL). The business operations of PAPL is controlled by the majority shareholders of PAPL. In the current year, the Company has noted certain irregularities in the business operations of PAPL and use of trademarks registered in the name of the Company, without the consent of SKPL. The Company has initiated legal action against PAPL for irregularities noted in the business operations and unauthorized use of trademarks. On prudence basis, non-current investments in equity share capital of PAPL is provided in these financial statements.

- (ii) Name of the partnership firm where the Company has invested: **Stovekraft India, Baddi, Himachal Pradesh.**

Name of the partners	Partner's Capital		Profit Sharing Ratio	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
	Rs.	Rs.		
(a) Stove Kraft Private Limited (SKPL)	155,154,260	155,154,260	99%	99%
(b) Rajendra J Gandhi (RJG)	-	-	1%	1%
Total	155,154,260	155,154,260		

Name of the partnership firm where the Company has invested: **Saya Industries, Baddi, Himachal Pradesh.**

Name of the partners	Partner's Capital		Profit Sharing Ratio	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
	Rs.	Rs.		
(a) Stove Kraft Private Limited (SKPL)	87,200,094	1,980,000	95%	90%
(b) Vivek Saini	-	110,000	-	5%
(c) Rajendra J Gandhi (RJG)	110,000	110,000	5%	5%
Total	87,310,094	2,200,000	100%	100%

Note: The Company has purchased 5% investment held by Mr. Vivek Saini in Saya Industries and post completion of purchase, SKPL & RJG profit sharing ratio is 95% and 5% respectively.



14 Long-term loans and advances

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Unsecured, considered good unless otherwise stated		
(a) Capital advances	24,755,440	27,597,764
(b) Security deposits	27,766,043	29,271,682
(c) Capital advances to related parties (Refer note (i) below)	484,250	484,250
(d) Advance income tax (net) (net of provision for income tax Rs. 613,672 (Previous Year Rs. 613,672))	2,196,872	7,416,535
(e) Balance with government authorities (taxes paid under protest)	6,288,368	4,216,213
(f) MTM receivable on derivatives (Refer note 5 (i))	12,328,624	-
Total	73,819,597	68,986,444

Note:

Mr. Rajendra J. Gandhi, the Managing Director and Promoter of the Company, has initiated transfer of agricultural land registered in his name to the Company for an amount of Rs. NIL (including incidental expense incurred toward such transfer of agricultural land of Rs. 484,250) (Previous Year Rs. 484,250). Out of the total land, major portions thereof have been converted from agricultural use to industrial use, (subject to compliance with routine regulatory requirements) and the balance conversion is in progress.

- (i) Pending conversion of the balance land, the title deed has not yet been transferred in the name of the Company and amount paid to Mr. Rajendra J. Gandhi, is accounted as capital advance in this financial statements. The Company, does not foresee any additional liability on account of non-conversion of the balance land. As on date, the Company is in the process of getting the required regulatory clearances subject to which the land has been converted from agricultural use to industrial use.

15 Inventories

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
(a) Raw materials, components and packing materials	338,378,918	199,457,439
(b) Work-in-progress (Refer note (i) below)	515,496	89,128
(c) Finished goods (other than those acquired for trading) (Refer note (ii) below)	31,855,743	54,319,528
(d) Stock-in-trade (acquired for trading) (Refer note (iii) below)	79,609,498	143,477,390
- Goods-in-transit	16,326,493	33,115,042
Total	466,686,148	430,458,527

Note:

- (i) Details of work-in-progress:

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Pressure cookers	365,556	-
Others	149,940	89,128
Total	515,496	89,128

- (ii) Details of finished goods

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Pressure cookers	9,777,449	22,107,814
LPG gas stoves	6,273,488	8,428,882
Non-stick cookwares	15,387,343	21,288,430
Pigeon mixers	415,994	1,736,459
Kerosene wick stoves	1,469	757,943
Total	31,855,743	54,319,528



(iii) Details of stock-in-trade

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Chimneys	14,867,115	53,887,128
Hobs	6,676,677	22,295,355
Geysers	6,198,874	18,580,426
LED lamps	5,638,700	8,910,659
Chairs	5,828,584	10,398,053
Electric table fans	153,816	4,673,473
Others	56,572,225	57,847,338
Total	95,935,991	176,592,432

Note: Stock-in-trade which individually are in excess of 10% of the total stock is disclosed separately and the balance is grouped under Others.

16 Trade receivables

Particulars	31-Mar-15	31-Mar-14
		Rs.
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
- Unsecured, considered good	34,135,175	78,488,481
- Doubtful	75,716,504	75,716,504
	109,851,679	154,204,985
Other trade receivables:		
- Unsecured, considered good	479,385,004	413,874,335
- Doubtful	-	-
	479,385,004	413,874,335
Provision for bad and doubtful receivables	(75,716,504)	(75,716,504)
Total	513,520,179	492,362,816

17 Cash and cash equivalents

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
(a) Cash on hand	968,359	1,974,788
(b) Balances with banks:		
- in current accounts	329,654	209,950
- in earmarked accounts: balance held as margin money (Refer note (i) below)	29,408,445	71,824,953
Total	30,706,458	74,009,691
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS-3 Cash Flow Statements	1,298,013	2,184,738

Note:

- (i) Balances in earmarked accounts represent margin money deposits for non-fund based limits with banks, which are available for use to settle a liability for not more than 12 months from the Balance sheet date.



18 Short-term loans and advances

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Unsecured, considered good unless otherwise stated		
(a) Advances to related parties (Refer note 33)	55,041,272	55,041,272
(b) Loans and advances to employees (Refer note (i) below)	407,900	1,802,129
(c) Prepaid expenses	1,484,340	3,325,168
(d) Balances with government authorities:		
- Unsecured, considered good	16,407,341	12,645,368
- Doubtful	18,514,059	18,514,059
- Less: Provision for doubtful advances	(18,514,059)	(18,514,059)
	16,407,341	12,645,368
(e) Advances to suppliers / service providers		
- Unsecured, considered good	11,909,616	70,800,771
- Doubtful	45,043,984	33,453,844
- Less: Provision for doubtful advances	(45,043,984)	(33,453,844)
	11,909,616	70,800,771
(f) Retention deposit	-	75,900,591
Total	85,250,469	219,515,299

Note (i): In accordance with clarification provided by the Ministry of Corporate Affairs in General Circular No. 04/2015 dated 10 March, 2015 and the relevant provisions of the 2013 Act, since the loans and advances to employees are in accordance with the remuneration policy and conditions of service applicable to employees, provisions of Section 186 of the 2013 Act are not applicable to the grant of loans and advances to the employees.

19 Other current assets

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Unsecured, considered good		
Interest accrued on deposits with banks	897,655	2,143,627
Total	897,655	2,143,627



STOVE KRAFT PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note
No.

20 Revenue from operations

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Sale of products (including excise duty) (Refer note (i) below)	3,428,594,984	3,382,720,269
Other operating revenue:		
- Sale of scrap	89,486,328	86,484,783
- Duty drawback	2,276,493	1,566,280
Total	3,520,357,805	3,470,771,332

Note:

(i) Sale of products include :

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
a) Manufactured product sales		
Pressure cookers	962,443,745	867,921,340
Non stick cookwares	733,201,236	437,090,186
LPG stoves	473,440,327	576,544,495
Mixer grinders	154,527,255	-
Others	37,048,515	249,762,922
Excise duty on the above	234,959,507	235,476,246
Total	2,595,620,585	2,366,795,189
b) Traded product sales		
Chimneys	208,838,376	283,293,891
Mixer grinders	93,326,828	123,966,424
Induction cooktops	108,471,090	185,870,548
Others (Refer note (i) below)	422,338,105	422,794,217
Total	832,974,399	1,015,925,080
Gross Total	3,428,594,984	3,382,720,269

Note (i): Traded products sold which individually are in excess of 10% of the total traded product sales are disclosed separately and the balance is grouped under Others.

21 Other income

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
(a) Interest income (Refer note (i) below)	9,457,363	11,322,497
(b) Share of profit from partnership firms (Refer note 13 (ii) above)	25,239,740	45,849,753
(c) Profit on sale of fixed assets	263,121	-
(d) Liabilities no longer required written back	-	34,930,246
(e) Miscellaneous income	19,259,810	4,316,138
(f) Provisions for warranty	-	2,527,053
Total	54,220,034	98,945,687
Note		
(i) Interest income comprises:		
- Interest from banks on deposits	2,523,987	5,541,970
- Interest on trade receivables	6,933,376	5,780,527
Total	9,457,363	11,322,497



22 Cost of materials consumed

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Opening stock	199,457,439	191,904,788
Add: Purchases	1,735,166,914	1,655,638,820
	1,934,624,353	1,847,543,608
Less: Closing stock	(338,378,918)	(199,457,439)
Total	1,596,245,435	1,648,086,169

Note:

Details of materials consumed

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Aluminum	562,726,972	446,551,441
Steel	172,468,913	189,506,373
Others (Refer note (i) below)	861,049,550	1,012,028,355
Total	1,596,245,435	1,648,086,169

Note (i): Raw materials, components and packing materials consumed which individually are in excess of 10% of the total consumption is disclosed separately and the balance is grouped under Others.

23 Purchase of stock-in-trade

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Purchase of traded goods	601,967,267	619,476,790
Total	601,967,267	619,476,790

Details of purchase of stock-in-trade

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Table top wet grinders	23,949,021	23,707,727
Gilma chimneys	71,932,253	154,194,277
Domestic food mixers	91,759,272	123,749,247
Pigeon rice cookers	6,434,019	71,649,798
Induction cooktops	93,971,171	173,046,089
Others (Refer note (i) below)	313,921,531	73,129,652
Total	601,967,267	619,476,790

Note (i): Purchase of stock-in-trade which individually in excess of 10% of the total purchase is disclosed separately and the balance is grouped under Others.

24 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Inventories at the end of the year:		
- Finished goods	31,855,743	54,319,528
- Work-in-progress	515,496	89,128
- Stock-in-trade	95,935,991	176,592,432
	128,307,230	231,001,088
Inventories at the beginning of the year:		
- Finished goods	54,319,528	11,821,584
- Work-in-progress	89,128	27,545,518
- Stock-in-trade	176,592,432	309,155,932
	231,001,088	348,523,034
(Increase) / decrease	102,693,858	117,521,946



25 Employee benefits expense

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Salaries and wages	294,684,854	333,565,240
Contributions to provident and other funds	17,424,937	15,708,456
Gratuity expense	5,039,958	692,182
Staff welfare expenses	13,574,958	15,286,968
Total	330,724,707	365,252,846

26 Finance costs

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Interest expense on:		
- Borrowings	141,259,278	127,070,236
- Interest paid to others	5,209,883	9,940,060
Other borrowing costs:		
- Bank and other processing charges	14,448,053	15,283,952
Total	160,917,214	152,294,248

27 Other expenses

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Job work charges	41,462,025	38,171,419
Power and fuel	44,121,707	34,982,422
Rent including lease rentals	3,190,797	4,998,601
Repairs and maintenance		
- Buildings	8,026,016	7,826,555
- Plant and machinery	14,387,755	12,210,568
- Others	4,072,166	4,327,562
Insurance	1,172,519	1,217,910
Rates and taxes	19,599,918	4,569,821
Communication	6,673,238	6,020,012
Travelling and conveyance	46,913,964	39,510,435
Printing and stationery	956,688	1,240,155
Freight and forwarding	86,628,622	85,757,384
Sales commission	102,231,662	88,847,773
Business promotion, advertisement expenses and selling expenses	103,915,149	173,080,314
Cash discount	20,970,513	20,834,713
Legal and professional fees	21,600,998	27,939,114
Payment to auditors comprises (excluding service tax)		
- For statutory audit	1,800,000	1,350,000
- Out-of-pocket expenses	199,817	119,095
Net loss on foreign currency transactions and translation	3,020,771	24,531,568
Bad debts written off, provision for doubtful trade and other receivables, loans and advances (net)	13,315,060	31,966,887
Provision for warranty	1,124,064	-
Loss on fixed assets sold	-	620,515
Miscellaneous expenses (net)	11,331,615	9,603,771
Total	556,715,064	619,726,594



STOVE KRAFT PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

**Note
No.**

28 Derivative Instruments

The company has entered into forward exchange contracts, which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(a) Outstanding forward exchange contracts as at 31st March, 2015 entered by the Company for the purpose of hedging its foreign currency exposures are as under:

Foreign Currency	Amount In Foreign Currency (USD)	Buy/Sell	Amount in Rs
USD	682,993	Sell	42,748,532

(b) Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2015 are as under:

Particulars	31-Mar-15		31-Mar-14	
	Foreign Currency	Rs.	Foreign Currency	Rs.
Trade receivable	USD 2,96,549.69	18,558,080	USD 406,600	24,432,578
Advance paid to suppliers	USD 1,83,676.58	11,496,527	USD 829,669	49,862,946
	EURO 34,122.84	2,303,647	EURO 95,000	7,844,768
Trade payable	USD 2,51,617.90	15,748,966	-	-
	EUR 6166.20	416,282	EURO 38,216	3,155,757
Short term borrowings	USD 1,476,562.97	92,770,362	USD 2,469,380	148,409,197
	-	-	EURO 62,624	5,362,244

(c) Refer note 5(i) for details on Cross currency swap.

29 Employee benefit plans

29.1 Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 17,424,937/- (Previous Year Rs.15,708,456/-) for Provident fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

29.2 Defined benefit plans

The Company offers a gratuity benefit plan to its employees. The following tables sets out the un-funded status of the defined benefit plan and amount recognised in the financial statements, as per the actuarial valuation report as of March 31, 2015:



STOVE KRAFT PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note
No.

	Particulars	31-Mar-15 Rs.	31-Mar-14 Rs.
I	Components of employer expense		
1	Current Service cost	5,329,023	4,092,226
2	Interest cost	1,227,163	1,240,582
3	Expected return on plan assets	-	-
4	Curtailment cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Past service cost	-	-
7	Actuarial losses/(gains)	(1,516,228)	(5,479,303)
8	Total expense recognised in the Statement of Profit & Loss	5,039,958	(146,495)
II	Actual Contribution and Benefits Payments		
1	Actual benefit payments	-	-
2	Actual Contributions	-	-
III	Net asset/(liability) recognised in balance sheet		
1	Present value of Defined Benefit Obligation (DBO)	(18,436,930)	(13,396,972)
2	Fair value of plan assets	-	-
3	Funded status [Surplus/(Deficit)]	(18,436,930)	(13,396,972)
4	Unrecognized Past Service Costs	-	-
5	Net asset/(liability) recognised in balance sheet	(18,436,930)	(13,396,972)
	Current	(628,191)	(357,353)
	Non-current	(17,808,739)	(13,039,619)
	Total asset / (liability) recognised in the balance sheet	(18,436,930)	(13,396,972)
IV	Change in Defined Benefit Obligations		
1	Present Value of DBO at beginning of period	13,396,972	13,543,467
2	Current Service cost	5,329,023	4,092,226
3	Interest cost	1,227,163	1,240,582
4	Curtailment cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Plan amendments	-	-
7	Acquisitions	-	-
8	Actuarial (gains)/ losses	(1,516,228)	(5,479,303)
9	Benefits paid	-	-
10	Present Value of DBO at the end of period	18,436,930	13,396,972
V	Change in Fair Value of Assets	Not applicable	
	Actuarial assumptions		
	Discount rate	7.74%	9.16%
	Salary escalation	7.00%	7.00%
	Attrition rate	5.00%	3.00%
	Mortality	India Assured Lives (2006-08) Ultimate Mortality Table	



STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements for the year ended March 31, 2015

Note
No.

Five year data: (Amount in Rs.)					
Particulars	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11
Defined Benefit Obligation	(18,436,930)	(13,396,972)	(13,543,467)	(13,543,467)	(2,700,730)
Plan Assets					
Surplus / (Deficit)	(18,436,930)	(13,396,972)	(13,543,467)	(13,543,467)	(2,700,730)
Experience Adjustment on Plan	(1,516,228)	(5,479,303)	(215,908)	(248,317)	(147,547)
Experience Adjustment on Plan Assets	-	-	-	-	-

Note:

Future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

30 Segment reporting

The Company is primarily engaged in the manufacturing and trading of kitchen appliances. In the opinion of the Management, the same represents a single business segment and no separate product wise reporting is considered necessary. Further, as the major concentration of the market is India and the presence in the rest of the world, in the opinion of the Management, is not significant for the year under reporting and hence no separate geographical segment disclosure has been made.

31 Lease

The Company has entered into operating lease arrangements for office premises and showrooms, which are cancellable at the option of the either party after giving prior notice. Lease payment recognized in the Statement of Profit and Loss against such operating lease arrangements is Rs. 3,190,797 (Previous year Rs. 4,998,601).

32 Earnings per share

Particulars	31-Mar-15	31-Mar-14
Basic		
Weighted average no. of equity shares outstanding	18,900,110	18,900,108
Par value per share (Rs.)	10.00	10.00
Net profit	33,705,770	(281,620,100)
Basic earning per shares (Rs.)	1.78	(14.90)
Diluted		
Weighted average no. of equity shares outstanding for Basic EPS	18,900,110	18,900,108
Add: Effect of Compulsory Convertible Debentures (CCD's) (Refer note 5 (i))	13,661,818	13,661,818
Weighted average number of equity shares - for Diluted EPS	32,561,928	32,561,926
Par value per share (Rs.)	10.00	10.00
Net profit attributable to the equity shareholders	33,705,770	(281,620,100)
Add: Interest on CCD's (Refer note 5 (i))	-	-
Profit attributable to equity shareholders (on dilution)	33,705,770	(281,620,100)
Diluted earning per shares (Rs.)	1.04	(14.90)

Note: The Company had incurred losses in the previous year. The Basic and Diluted Earnings Per Share for the year ending 31 March 2014 were the same as the effect of potential equity share are anti dilutive due to the such losses.

33 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31-Mar-15	31-Mar-14
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	10,001,243	8,366,010
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	2,980,819	1,291,385
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	2,980,819	1,291,385
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	2,980,819	1,291,385
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	170,350	145,341

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.



STOVE KRAFT PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note
No.

34 Provisions

The Company has made provision for various contractual obligations based on its assessment of the amount it estimates to incur to meet such obligations against the sales made by the Company in the current and previous year, the details of which are given below:

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Warranty Provision		
Opening balance	6,443,764	8,970,818
Additions during the year	1,124,064	4,337,084
Reversed / utilisation during the year	(603,829)	(6,864,138)
Closing balance	6,963,999	6,443,764

Of the above the amounts expected to be incurred within a year amounts to Rs.2,709,856 (Previous Year Rs. 2,711,588). The warranty expenditure is expected to be incurred over the warranty life of the products, as contracted, which varies from 6 months to 5 years

35 Contingent liabilities

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Bills discounting with recourse to the Company	-	49,079,378
Premium payable on redemption of CCDs (Refer note 5 (ii))	499,999,691	499,999,691
Indirect tax matters under appeal	38,851,982	38,859,443
Other disputed claims	1,975,000	1,975,000
Provident fund claims	9,386,961	9,386,961
Total	550,213,634	599,300,473

36 Earnings in foreign currency

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Exports at F.O.B. value	85,172,603	41,206,567
Total	85,172,603	41,206,567

37 Expenditure in foreign currency

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Travelling and conveyance	2,335,777	4,855,144
Salaries and wages	2,814,547	2,822,224
Total	5,150,324	7,677,368

38 Value of imports calculated on CIF basis

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Raw materials	92,055,230	18,896,600
Finished goods - trading	211,030,444	427,553,781
Components and spare parts	3,166,108	6,140,246
Capital goods	28,628,128	244,937,669
Total	334,879,910	697,528,296



STOVE KRAFT PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note
No.

39 Details of consumption of imported and indigenous items

Particulars	31-Mar-15		31-Mar-14	
	Rs.	%	Rs.	%
Imported				
Raw materials, components and packing materials	174,877,992	11%	12,829,381	1%
	(12,829,381)	1%	(53,184,245)	4%
Indigenous				
Raw materials, components and packing materials	1,421,367,443	89%	1,635,256,788	99%
	(1,635,256,788)	99%	(1,331,857,120)	96%
Total	1,596,245,435	100%	1,648,086,169	100%
	(1,648,086,169)	100%	(1,385,041,365)	100%

Note: Figures in brackets relates to the previous year, along with the corresponding percentages

40 Commitments

Particulars	31-Mar-15	31-Mar-14
	Rs.	Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets	22,639,930	33,782,165
Total	22,639,930	33,782,165

- 41** During 2007, the Company (SKPL) had entered into an agreement to take over the business of M/s Vardhaman Enterprises (“VE”) a sole proprietorship firm owned by the Mr. Rajendra J. Gandhi, the Promoter and Managing Director of the Company.

The Directorate General of Central Excise Intelligence (DGCEI) had issued show cause notice(s) to SKPL and M/s VE on January 16, 2009 and February 24, 2009 respectively, for alleged removal of goods without payment of proper excise duty and wrongful availment of Cenvat credit for the period 2004 to 2007. The Commissioner of Central Excise Bangalore, vide order No.’s 20/2010 and 21/2010 dated March 31, 2010 confirmed demands for non-payment of excise duty amounting to Rs 26,879,258, and Rs 67,837,438 on VE and SKPL respectively (including interest and penalty). Further, in the order no. 21/2010 the Commissioner has also disallowed Cenvat credit reversal of Rs 7,500,000 and imposed a penalty of an equivalent amount to be recovered from the said Promoter.

The Company, is contesting the order no. 21/2010 on SKPL and certain provision (net of amounts recoverable from the Promoter) has been made which will be reviewed pursuant to final outcome of the matter. The Promoter of the Company, has given an undertaking that any other consequential or related implications arising out of the said matter will be borne by the said Promoter.

- 42** The Company, enters into “domestic transactions” with specified parties that are subject to the Transfer Pricing regulations under the Income Tax Act, 1961 (“regulations”). The pricing of such domestic transactions will need to comply with the arm’s length principle under the regulations. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant which is to be filed with the Income Tax authorities.

The company, has undertaken necessary steps to comply with the regulations. The Management is of the opinion that the domestic transactions are at arm’s length and hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

- 43** Deferred taxes: The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax Act, 1961.



STOVE KRAFT PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note
no.

44 Related party transactions

A. Details of related parties

Sl. No.	Name of the related party	Nature of relationship
1	Key managerial personnel (KMP): - Mr. Rajendra J. Gandhi - Mrs. Sunitha R. Gandhi	Managing Director (MD) Director
2	**11111 - Shinag Allied Enterprises (SAE) - Pigeon Appliances Private Limited (PAPL) - Vardhaman Steel Center (VSC) - Leo Metal Craft Private Limited (LMCPL)	MD's brother's wife is partner Company is shareholder and MD is director MD's brother is Kartha of HUF Company is shareholder and MD is director (Upto 10th May 2013)
3	Investment in partnership firms: - Stovekraft India (SK India) - Saya Industries (SI)	Company and MD are partners in the Firm Company and MD are partners in the Firm

Note: Related parties mentioned above is as identified by the Company relied upon by the auditors.

B. Transactions with related parties

Particulars	Amount in Rs.					
	KMP		Partnership Firm		Enterprises owned or significantly influenced by KMP or their relatives:	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Sales:						
PAPL	-	-	-	-	1,453,248	5,983,468
SK India	-	-	3,185,262	6,832,950	-	-
SI	-	-	22,907,021	-	-	-
SAE	-	-	-	-	-	211
Purchases:						
PAPL	-	-	-	-	48,493,136	34,001,672
SK India	-	-	106,185,260	104,553,261	-	-
SI	-	-	34,877,747	-	-	-
SAE	-	-	-	-	-	9,649
Job work charges:						
LMCPL	-	-	-	-	-	1,642,091
Purchase of fixed assets:						
Mr. Rajendra J Gandhi	-	4,185,355	-	-	-	-
Expense reimbursed by:						
SK India	-	-	21,587,189	79,897,787	-	-
SI	-	-	5,731,986	-	-	-
Share of (profit)/loss:						
SK India	-	-	(6,795,095)	45,849,753	-	-
SI	-	-	32,034,834	-	-	-
Managerial remuneration:						
Mr. Rajendra J Gandhi	5,344,334	7,000,000	-	-	-	-
Mrs. Sunitha R Gandhi	627,027	600,000	-	-	-	-



STOVE KRAFT PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note
no.

44 Related party transactions

C. Balances at the yearend

Particulars	KMP		Partnership Firm		Enterprises owned or significantly influenced by KMP or their relatives:	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Capital advance						
Mr. Rajendra J Gandhi	484,250	484,250	-	-	-	-
Advance recoverable						
Mr. Rajendra J Gandhi	55,041,272	55,041,272	-	-	-	-
SAE					767,950	767,950
Trade payable						
PAPL					13,524,561	11,555,947
SK India			-	12,581,618		
SI			14,013,162	-		
Unsecured loan taken						
Mrs. Sunitha R Gandhi	-	1,970,733				
Remuneration payable						
Mr. Rajendra J Gandhi	563,751	894,178				
Mrs. Sunitha R Gandhi	70,953	113,971				
Investments						
PAPL	-	-	-	-	-	75,000
SK India	-	-	84,221,626	250,235,400	-	-
SI	-	-	107,354,120	2,597,390	-	-



STOVE KRAFT PRIVATE LIMITED

Notes forming part of the financial statements for the year ended March 31, 2015

Note

No.

- 45** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors


Managing Director


Chief Financial Officer


Director


Company Secretary

Place: Bengaluru

Date: September 28 2015

