

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

Report on the Financial Statements

We have audited the accompanying financial statements of **STOVE KRAFT PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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 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 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 prescribed under section 133 of the Act, as applicable.

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 financial statements based on our audit.

In conducting 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2017, 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 Section 143 (3) of the Act, 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 other than the matters referred to in para 1(g) (iv) below.
 - 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 financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - 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.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016, however we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management (refer Note 47 of Financial Statements).
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's registration no. 008072S)



S. Sundaresan
Partner
(Membership No. 25776)

Bengaluru, July 05, 2017
SS/2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting 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 **STOVE KRAFT PRIVATE LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company as of and 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India. 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 issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's registration no. 008072S)



S. Sundaresan
Partner
(Membership No. 25776)

Bengaluru, July 05, 2017
SS/2017

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) In respect of fixed assets
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed 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. In respect of leasehold improvements made on land and building taken on lease, the lease agreements are in the name of the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
 - a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest
 - b) 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. The loans given are interest free.
 - c) We are informed that the Company has not demanded repayment of loan outstanding as at March 31, 2017 and thus, there has been no default on the part of the party to whom the money has been lent.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits.



- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended 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:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid in Rs.
Central Excise Act, 1944	Service tax input credit	CESTAT, Bangalore	2006 to 2011	17,438,797 *
Central Excise Act, 1944	Service tax input credit	The Commissioner of Central Excise, Bangalore	2006 to 2011	4,554,978
Central Excise Act, 1944	Excise Duty	High Court of Karnataka	2011 to 2015	14,092,726
Customs Act, 1962	Custom Duty	CESTAT, Bangalore	2011-12	6,577,293#

* The Company has got a stay order for non-payment of above mentioned disputed service tax input credit and penalty.

The unpaid amount is net of Rs 1,001,875 paid under protest.



- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Company has not taken loans from government.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The money raised by way of term loan has been applied by the Company during the year for the purpose for which it was raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a Private Company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's registration no. 008072S)

S. Sundaresan

S. Sundaresan
Partner
(Membership No. 25776)

Bengaluru, July 05, 2017
SS/2017

STOVE KRAFT PRIVATE LIMITED
BALANCE SHEET AS ON MARCH 31, 2017

Particulars	Note No.	31-Mar-17 Rs.	31-Mar-16 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	189,001,100	189,001,100
(b) Reserves and surplus	4	204,970,226	200,488,997
		<u>393,971,326</u>	<u>389,490,097</u>
Non-current liabilities			
(a) Long-term borrowings	5	147,889,314	209,530,620
(b) Other long-term liabilities	6	169,040,612	108,007,366
(c) Long-term provisions	7	32,439,213	25,164,392
		<u>349,369,139</u>	<u>342,702,378</u>
Current liabilities			
(a) Short-term borrowings	8	781,189,417	858,177,153
(b) Trade payables	9		
(1) total outstanding dues to micro enterprises and small enterprises		8,085,851	13,041,980
(2) total outstanding dues to creditors other than micro enterprises and small enterprises		1,088,220,750	908,518,003
(c) Other current liabilities	10	223,145,810	217,282,168
(d) Short-term provisions	11	9,888,413	12,080,024
		<u>2,110,530,241</u>	<u>2,009,099,328</u>
Total		<u>2,853,870,706</u>	<u>2,741,291,803</u>
ASSETS			
Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		1,145,085,148	1,173,257,323
(ii) Intangible assets		55,066,852	71,096,831
(iii) Capital work-in-progress		862,475	2,876,149
		<u>1,201,014,475</u>	<u>1,247,230,303</u>
(b) Non-current investments	13	90,629,272	81,809,866
(c) Long-term loans and advances	14	49,637,506	48,246,504
(d) Other non-current assets	15	10,806,663	43,274,844
		<u>151,073,441</u>	<u>173,331,214</u>
Current assets			
(a) Inventories	16	718,536,817	694,755,257
(b) Trade receivables	17	595,317,830	499,990,987
(c) Cash and cash equivalents	18	35,899,786	33,802,571
(d) Short-term loans and advances	19	151,419,783	91,146,079
(e) Other current assets	20	608,574	1,035,392
		<u>1,501,782,790</u>	<u>1,320,730,286</u>
Total		<u>2,853,870,706</u>	<u>2,741,291,803</u>

See accompanying notes forming part of the financial statements

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

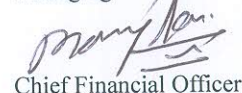


S. Sundaresan
Partner

For and on behalf of the Board of Directors

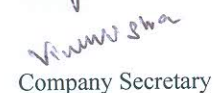


Managing Director


Chief Financial Officer



Director


Company Secretary

Place: Bangalore
Date: July 5, 2017

Place: Bangalore
Date: July 5, 2017

STOVE KRAFT PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	31-Mar-17 Rs.	31-Mar-16 Rs.
Revenue from operations	21	5,320,741,077	3,714,189,989
Less: Excise duty		(215,488,904)	(243,531,385)
Revenue from operations (net)		5,105,252,173	3,470,658,604
Other income	22	19,680,851	13,880,477
Total revenue		5,124,933,024	3,484,539,081
Expenses			
Cost of materials consumed	23	2,739,469,568	1,913,677,747
Purchase of stock in trade	24	833,734,510	798,738,069
Changes in inventories of finished goods, work-in-progress and stock-in-trade, (increase)/ decrease	25	(111,182,092)	(178,727,732)
Employee benefits expense	26	514,926,514	356,147,965
Finance costs	27	149,597,364	148,083,189
Depreciation and amortisation expense	12	114,778,073	102,317,571
Other expenses	28	872,982,184	596,775,156
Total expenses		5,114,306,121	3,737,011,965
Profit / (Loss) before tax		10,626,903	(252,472,884)
Tax expense			
(a) Current tax expense for current year		-	-
(b) Reversal of excess provision for tax pertaining to previous years		(852,375)	-
Profit / (Loss) for the year		11,479,278	(252,472,884)
Earnings per share (of Rs. 10/- each)			
	34		
Basic		0.61	(13.36)
Diluted		0.36	(13.36)

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

For and on behalf of the Board of Directors

[Signature]

Managing Director

[Signature]

Director

[Signature]
Chief Financial Officer

[Signature]
Company Secretary

Place: Bangalore
Date: July 5, 2017

Place: Bangalore
Date: July 5, 2017

STOVE KRAFT PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Particulars	31-Mar-17 Rs.	31-Mar-16 Rs.
Cash Flow from operating activities		
Net Profit / (Loss) before taxation	10,626,903	(252,472,884)
Adjustments for :		
Depreciation	114,778,073	102,317,571
Provision for doubtful trade and other receivables, loans and advances and bad debts written off (net)	4,891,435	26,195,771
Liability no more required written back	(8,431,648)	(1,938,576)
Interest on deposit with bank	(2,624,722)	(1,856,950)
(Profit) / loss on sale of fixed assets	-	272,129
(Profit)/ loss from partnership firm	7,113,487	(2,449,330)
Finance cost	134,673,857	128,396,500
Net unrealised exchange (gain) / loss	(5,072,141)	(1,891,513)
Operating profit before changes in working capital	255,955,244	(3,427,282)
Changes in working capital		
Adjustment for (increase)/ decrease in operating assets :		
Long-term loans and advances	(2,511,067)	11,510,833
Inventory	(23,781,560)	(60,009,446)
Trade receivables	(101,368,789)	86,397,569
Short-term loans and advances	(60,273,704)	(446,641)
	(187,935,120)	37,452,315
Adjustment for increase/ (decrease) in operating liabilities:		
Other long term liabilities	61,033,246	59,486,081
Long term provision	7,274,821	778,639
Trade payables	181,891,676	65,620,350
Other current liabilities	8,807,168	11,781,702
Short-term provisions	(2,191,611)	1,171,516
	256,815,300	138,838,288
Cash generated from operations	324,835,424	172,863,321
Net income taxes (paid) / refund received - net	-	(723,486)
Net cash flow from operating activities (A)	324,835,424	172,139,835
Cash Flows from investing activities		
Capital expenditure on fixed assets (including capital advance)	(70,700,215)	(105,910,441)
Proceeds from sale of fixed assets	1,145,594	454,982
Interest received on bank deposits	3,051,540	1,719,213
Drawings from partnership firms / (Investment) in partnership firms	(15,932,893)	37,225,210
Movement of Margin money deposit with banks (net)	17,935,648	(31,576,408)
Net cash flow (used in) / from investing activities (B)	(64,500,326)	(98,087,444)
Cash flows from Financing activities		
Repayment of long term borrowings	(53,447,056)	(60,000,000)
Net increase / (decrease) in working capital borrowings	(69,478,493)	97,479,378
Finance cost	(134,652,568)	(127,719,596)
Net Cash flow (used in) / from financing activities (C)	(257,578,117)	(90,240,218)
Net (decrease) / increase in cash & cash equivalents (A+B+C)	2,756,981	(16,187,827)
Cash and Cash Equivalents at beginning of the year	2,226,163	1,298,013
Cash and Cash Equivalents taken over as part of slum sale (Refer note 46)	-	17,115,977
Cash and Cash Equivalents at the end of the year	4,983,144	2,226,163

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STOVE KRAFT PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Particulars	31-Mar-17 Rs.	31-Mar-16 Rs.
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer note 18)	35,899,786	33,802,571
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	(30,916,642)	(31,576,408)
Cash and cash equivalents at the end of the year*	4,983,144	2,226,163
* Comprises:		
(a) Cash on hand	257,198	1,435,611
(b) Balances with banks:		
- in current accounts	4,725,946	790,552
Total	4,983,144	2,226,163

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells

Chartered Accountants



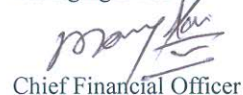
S. Sundaresan

Partner

For and on behalf of the Board of Directors




Managing Director



Chief Financial Officer



Director



Company Secretary

Place: Bangalore

Date: July 5, 2017

Place: Bangalore

Date: July 5, 2017

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

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 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). 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

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	6

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

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. 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.

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.

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

2.11 Employee benefits

(a) Employee benefits include provident fund, gratuity fund, and compensated absences.

(b) Defined contribution plans:

The Company's contribution to provident fund is 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.

(c) Defined benefit plans:

For defined benefit plans in the form of gratuity fund, 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.

(d) 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.

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
Notes forming part of the financial statements

Note
No.

2.14 Leases

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.

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.

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

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.

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 seven 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 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

Note
No.
3

Share capital

Particulars	31-Mar-17		31-Mar-16	
	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-17		31-Mar-16	
	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	10	100
Issued/(redeemed) during year	-	-	-	-
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 ('Sequoia'). The voting rights of Sequoia in relation to the Class A equity share 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 dividend payable on the outstanding Compulsory Convertible Debentures (CCD's) (which have not been converted) shall be equal to the dividend declared and calculated based on the number of Equity Shares to be issued to Sequoia on conversion of the CCD's (Refer note 5(a) below).

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

Particulars	31-Mar-17		31-Mar-16	
	No. of Shares	%	No. of Shares	%
Equity share of Rs. 10/- each				
Rajendra J Gandhi	18,184,622	96%	18,184,622	96%
Class A Equity share of Rs. 10/- each				
SCI Growth Investments Holdings I	5	50%	5	50%
SCI Growth Investments II	5	50%	5	50%

Note
No.

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

4 Reserve and surplus

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
(b) Capital Reserves		
Opening balance		-
Closing balance	352,836	352,836
	352,836	352,836
(a) Securities premium account		
Opening balance		
Closing balance	1,232,795,815	1,232,795,815
	1,232,795,815	1,232,795,815
(c) Hedging reserve		
Opening balance		
Add : (Loss) / Profit on hedging instruments	11,756,462	3,911,124
Closing balance (Refer Note 5(i))	(6,998,049)	7,845,338
	4,758,413	11,756,462
(c) Surplus in Statement of Profit & Loss		
Opening balance		
Add: (Loss) / Profit for the year	(1,044,416,116)	(791,943,232)
Closing balance	11,479,278	(252,472,884)
Total	(1,032,936,838)	(1,044,416,116)
	204,970,226	200,488,997

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

5 Long-term borrowings

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Secured		
Term loan from bank (Refer note (i) below)	16,209,650	82,912,500
Vehicle Loan (Refer note (iii) below)	5,061,544	-
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
Total	147,889,314	209,530,620

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, 2017 is 5.

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.

- (iii) The Company has borrowed Rs.10,000,000 vehicle loan from BMW Financial Services. Rate of interest is 9.11% per annum which is repayable in 36 equal monthly instalments. Number of instalments remaining as at March 31, 2017 is 29. Security: exclusive hypothecation on the vehicle.

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

6 Other long-term liabilities

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Security deposits received	1690,40,612	1080,07,366
Total	1690,40,612	1080,07,366

7 Long-term provisions

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Provision for employee benefits:		
- Gratuity (Refer note 30)	271,70,539	200,72,334
Provision for warranties (Refer note 36)	52,68,674	50,92,058
Total	324,39,213	251,64,392

8 Short-term borrowings

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Secured loans repayable on demand:		
- From banks (Refer note (i) below)	7811,89,417	8581,77,153
Total	7811,89,417	8581,77,153

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-17	31-Mar-16
	Rs.	Rs.
Trade payables:		
- Other than acceptances		
(A) total outstanding dues to micro enterprises and small enterprises (Refer note 35);	80,85,851	130,41,980
(B) total outstanding dues to creditors other than micro enterprises and small enterprises	10882,20,750	9085,18,003
Total	10963,06,601	9215,59,983

10 Other current liabilities

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Current maturities of long-term borrowings:		
- Term loan from banks (Refer note (i) of Note 5)	648,38,600	663,30,000
- Vehicle Loan (Refer note (iii) of Note 5)	32,01,034	-
Other payables:		
- Statutory remittances	401,81,431	334,95,614
- Payable on purchase of fixed assets	136,42,373	166,07,188
- Advance from customers	189,96,428	282,93,277
- Interest Payable on security deposits	134,10,647	37,02,081
- Interest accrued but not due on borrowings	10,37,859	10,16,570
- Provision for indirect taxes (Refer note 43)	678,37,438	678,37,438
Total	2231,45,810	2172,82,168

11 Short-term provisions

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Provision for employee benefits:		
- Compensated absences	46,74,733	79,27,222
- Gratuity (Refer note 30)	12,83,745	9,12,983
Provision others:		
- For warranty (Refer note 36)	39,29,935	32,39,819
Total	98,88,413	120,80,024

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note 12: Fixed assets

Particulars	Gross block					Accumulated depreciation			Net block	
	Balance as at 01-Apr-16	Additions	Additions on accounts slum sale (Refer note 46)	Disposals	Balance as at 31-Mar-17	Balance as at 01-Apr-16	Depreciation for the year	Eliminated on disposal of assets	Balance as at 31-Mar-17	Balance as at 31-Mar-16
Tangible assets:										
Land	158,052,896 (153,687,645)	484,250 (4,365,251)	-	-	158,537,146 (158,052,896)	-	-	-	-	158,537,146 (158,052,896)
Buildings	424,681,989 (264,703,112)	16,986,018 (159,978,877)	-	-	441,668,007 (424,681,989)	46,436,485 (36,286,200)	14,197,423 (10,150,285)	-	60,633,908 (46,436,485)	378,245,504 (228,416,912)
Plant and machinery	793,140,916 (715,852,382)	24,660,565 (58,817,320)	(18,471,214)	1,179,827	816,621,654 (793,140,916)	203,521,452 (141,332,834)	66,415,467 (62,188,618)	389,232	269,547,687 (203,521,452)	589,619,464 (574,519,548)
Furniture and fixtures	24,459,816 (9,839,875)	2,446,577 (7,537,872)	-	-	26,906,393 (24,459,816)	5,846,975 (4,815,985)	2,550,618 (1,030,990)	-	8,397,593 (5,846,975)	18,612,841 (5,023,890)
Leasehold improvements	115,602,643 (114,804,592)	3,737,410 (1,288,995)	-	-	119,340,053 (115,602,643)	108,959,885 (103,534,233)	3,492,069 (5,759,489)	-	112,451,954 (108,959,885)	6,642,758 (11,270,359)
Computers	18,873,307 (12,415,583)	4,479,938 (5,693,092)	(764,632)	(490,944)	21,307,519 (18,873,307)	11,861,009 (9,922,600)	3,152,334 (1,938,409)	1,872,870	13,140,473 (11,861,009)	7,012,298 (2,492,983)
Office equipments	20,359,289 (10,338,600)	1,462,084 (9,119,807)	-	-	21,821,373 (20,359,289)	8,430,903 (7,223,250)	2,919,542 (1,207,653)	-	10,470,928 (8,430,903)	11,928,386 (3,115,350)
Vehicles	26,376,349 (27,533,725)	13,581,611 (503,000)	-	537,681 (1,660,376)	39,420,279 (26,376,349)	23,233,173 (20,277,268)	2,137,581 (4,046,277)	355,538 (1,090,372)	25,015,216 (23,233,173)	3,143,176 (7,256,457)
Total (A)	1,581,547,205 <i>(1,309,175,514)</i>	67,838,453 <i>(247,304,214)</i>	- <i>(27,218,797)</i>	3,763,234 <i>(2,151,320)</i>	1,645,622,424 <i>(1,581,547,205)</i>	408,289,882 <i>(323,392,370)</i>	94,865,034 <i>(86,321,721)</i>	2,617,640 <i>(1,424,209)</i>	500,537,276 <i>(408,289,882)</i>	1,173,257,323 <i>(985,783,144)</i>
Intangible assets:										
Computer software	12,419,672 (11,727,677)	3,648,251 (691,995)	-	-	16,067,923 (12,419,672)	5,688,899 (3,708,668)	2,452,780 (1,980,231)	-	8,141,679 (5,688,899)	6,730,773 (8,019,009)
Technical know how	87,141,774 (62,358,673)	234,809 (24,783,101)	-	-	87,376,583 (87,141,774)	22,775,716 (8,760,097)	17,460,259 (14,015,619)	-	40,235,975 (22,775,716)	64,366,058 (53,598,576)
Total (B)	99,561,446 <i>(74,086,350)</i>	3,883,060 <i>(25,475,096)</i>	- <i>(27,218,797)</i>	- <i>(2,151,320)</i>	103,444,506 <i>(99,561,446)</i>	28,464,615 <i>(12,468,765)</i>	19,913,039 <i>(15,995,850)</i>	- <i>(28,464,615)</i>	48,377,654 <i>(71,096,831)</i>	71,096,831 <i>(61,617,585)</i>
Total (A+B)	1,681,108,651 <i>(1,383,261,864)</i>	71,721,513 <i>(272,779,310)</i>	- <i>(27,218,797)</i>	3,763,234 <i>(2,151,320)</i>	1,749,066,930 <i>(1,681,108,651)</i>	436,754,497 <i>(335,861,135)</i>	114,778,073 <i>(102,317,571)</i>	2,617,640 <i>(1,424,209)</i>	548,914,930 <i>(436,754,497)</i>	1,244,354,154 <i>(1,047,400,729)</i>
Capital work-in-progress									862,475	2,876,149

Note:

1. The above mentioned tangible and intangible assets are owned and used by the Company and its employees. Figures mentioned in brackets relates to previous year.

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

13 Non-current investments

Particulars	31-Mar-17	31-Mar-16
	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 Less: Provision for diminution in value of investment (Refer note (i) below)	75,000 (75,000)	75,000 (75,000)
(c) In partnership firm (Refer note (ii) below): - Capital account - Current account	155,449,870 (64,938,598)	139,624,977 (57,825,111)
	90,511,272	81,799,866
(c) In equity instruments of: - 10,800 (Previous year Rs.NIL) Equity shares of Rs. 10/- each fully paid up in Vyshali Energy Private Limited	108,000	-
Total	90,629,272	81,809,866

Note:

- (i) 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. During the previous year, the Company had 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 had 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 had been provided.

- (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-17	31-Mar-16	31-Mar-17	31-Mar-16
	Rs.	Rs.		
(a) Stove Kraft Private Limited (SKPL)	173,152,609	171,981,632	99%	99%
(b) Rajendra J Gandhi (RJG)	-	-	1%	1%
Total	173,152,609	171,981,632		

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-17	31-Mar-16	31-Mar-17	31-Mar-16
	Rs.	Rs.		
(a) Stove Kraft Private Limited (SKPL) (Refer note (i) below)	(17,702,739)	(32,356,655)	95%	95%
(b) Rajendra J Gandhi (RJG)	110,000	110,000	5%	5%
Total	(17,592,739)	(32,246,655)	100%	100%

Note (i): Net of Rs. 75,000,000 purchase consideration adjusted against net asset taken over from Saya Industries (Refer note 46 for more details).

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

14 Long-term loans and advances

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
(Unsecured considered good unless otherwise stated)		
(a) Capital advances		
Unsecured, considered good	9,481,866	10,970,055
Doubtful	3,015,538	2,158,645
Less: Provision for doubtful advance	(3,015,538)	(2,158,645)
	9,481,866	10,970,055
(b) Security deposits		
Unsecured, considered good	26,750,987	25,798,733
Doubtful	1,175,000	1,175,000
Less: Provision for doubtful advance	(1,175,000)	(1,175,000)
	26,750,987	25,798,733
(c) Capital advances to related parties	-	484,250
(d) Advance income tax (net)	1,999,376	1,103,331
(e) Tax paid under protest	9,209,270	8,207,395
(f) Balance with government authorities		
Unsecured, considered good	2,196,007	1,682,740
Doubtful	19,313,533	18,514,059
Less: Provision for doubtful advance	(19,313,533)	(18,514,059)
	2,196,007	1,682,740
Total	49,637,506	48,246,504

15 Other non-current asset

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Balance in bank accounts (Refer note (i) below)		
- in earmarked accounts: balance held as margin money	-	17,275,882
MTM receivable on derivatives (Refer note 5 (i))	10,806,663	25,998,962
Total	10,806,663	43,274,844

Note

- (i) Balance in earmarked account represent margin money deposits for non-fund based limits with banks, which are available for use to settle a liability for more than 12 months from the balance sheet date.

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

16 Inventories

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
(a) Raw materials, components and packing materials	300,319,763	385,208,552
- Raw material-in-transit	-	2,511,743
(b) Work-in-progress (Refer note (i) below)	94,550	211,447
(c) Finished goods (other than those acquired for trading) (Refer note (ii) below)	149,973,069	158,168,526
(d) Stock-in-trade (acquired for trading) (Refer note (iii) below)	228,745,970	136,014,386
- Goods-in-transit (acquired for trading)	39,403,465	12,640,603
Total	718,536,817	694,755,257

Note:

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

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Pressure cookers	-	-
Non Stick Cookware	88,543	210,785
Others	6,007	662
Total	94,550	211,447

(ii) **Details of finished goods**

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Pressure cookers	38,528,382	32,015,755
LPG gas stoves	49,728,612	49,038,926
Non-stick cookware	45,649,169	62,977,665
Pigeon mixers	16,066,906	14,136,180
Total	149,973,069	158,168,526

(iii) **Details of stock-in-trade**

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Chimneys	32,806,191	32,952,261
Electric Rice Cookers	39,540,596	8,857,034
LED Bulbs	18,544,686	-
Chairs	7,430,882	14,584,709
Others	169,827,080	92,260,985
Total	268,149,435	148,654,989

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.

17 Trade receivables

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
- Unsecured, considered good	11,978,602	5,729,153
- Doubtful	94,578,550	95,194,166
	106,557,152	100,923,319
Other trade receivables:		
- Unsecured, considered good	583,339,228	494,261,834
	583,339,228	494,261,834
Provision for bad and doubtful receivables	(94,578,550)	(95,194,166)
Total	595,317,830	499,990,987

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

18 Cash and cash equivalents

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
(a) Cash on hand	257,198	1,435,611
(c) Balances with banks:		
- in current accounts	4,725,946	790,552
- in earmarked accounts: balance held as margin money (Refer note (i) below)	30,916,642	31,576,408
Total	35,899,786	33,802,571
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS-3 Cash Flow Statements	4,983,144	2,226,163

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.

19 Short-term loans and advances

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Unsecured, considered good unless otherwise stated		
(a) Advances to related parties (Refer note 32)	55,353,421	55,041,272
(b) Loans and advances to employees	684,580	331,109
(c) Prepaid expenses	6,007,478	5,302,442
(d) Balance with government authorities	16,714,856	8,701,792
(e) Advances to suppliers / service providers	117,909,575	66,982,907
Less: Provision for doubtful advance	(45,250,127)	(45,213,443)
	72,659,448	21,769,464
Total	151,419,783	91,146,079

20 Other current assets

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Unsecured, considered good		
Interest accrued on deposit with banks	608,574	1,035,392
Total	608,574	1,035,392

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

21 Revenue from operations

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Sale of products (including excise duty) (Refer note (i) below)	52378,40,317	36257,02,298
Other operating revenue:		
- Sale of scrap	731,12,145	804,42,977
- Duty drawback	97,88,615	80,44,714
	53207,41,077	37141,89,989
Less: Excise duty	(2154,88,904)	(2435,31,385)
Total	51052,52,173	34706,58,604

Note:

(i) Sale of products include :

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
a) Manufactured product sales		
Pressure cooker	8329,05,472	8990,16,045
Non stick cookware	9462,84,605	8115,19,841
LPG Stove	14016,95,505	4662,81,773
Mixer grinders	1968,51,692	2526,04,607
Induction Cooktops	4170,64,969	-
Others	1501,12,237	180,46,617
Excise duty on the above	2154,88,904	2435,31,385
Total	41604,03,384	26910,00,268
b) Traded product sales		
Chimneys and hobs	3600,84,297	2821,20,032
Electric Rice Cookers	972,11,739	1466,62,073
Emergency Lamps	988,65,650	1132,19,530
Induction Cooktops	61,98,756	461,24,342
Toasters	377,57,389	484,71,783
Electric Irons	453,97,702	278,94,382
Electric Kettle	581,78,452	324,00,241
Flask	329,92,425	43,50,097
LED Bulbs	832,26,715	-
Chairs	514,56,689	608,14,873
Others (Refer note (i) below)	2060,67,119	1726,44,677
Total	10774,36,933	9347,02,030
Gross Total	52378,40,317	36257,02,298

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.

22 Other income

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
(a) Interest income (Refer note (i) below):	42,15,017	94,37,695
(b) Share of profit \ (loss) from investment in partnership firm (Refer note 13 (ii) above)	(71,13,487)	24,49,330
(c) Profit on sale of fixed assets	14,56,937	-
(d) Liability no more required written back	84,31,648	19,38,576
(e) Net gain on foreign currency transactions and translation	14,03,674	-
(f) Bad debts recovered	81,47,701	-
(g) Miscellaneous income	31,39,361	54,876
Total	196,80,851	138,80,477
Note		
(i) Interest income comprises:		
- Interest from banks on deposits	26,24,722	18,56,950
- Interest on income tax refund	30,725	2,14,794
- Interest on trade receivables	15,59,570	73,65,951
Total	42,15,017	94,37,695

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.
23

Cost of materials consumed

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Opening stock	3877,20,295	3383,78,918
Add: Purchases	26520,69,036	19630,19,124
	30397,89,331	23013,98,042
Less: Closing stock	(3003,19,763)	(3877,20,295)
Total	27394,69,568	19136,77,747

Note:

Details of material consumed

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Aluminum	5386,97,769	5910,73,187
Steel	2576,91,464	1529,95,534
Others (Refer note (i) below)	19430,80,335	11782,20,902
Total	27394,69,568	19222,89,623

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.

24 Purchase of stock-in-trade

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Purchase of traded goods	8337,34,510	7987,38,069
Total	8337,34,510	7987,38,069

Details of purchase of stock-in-trade

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Table top wet grinders	158,13,071	183,17,638
Chimneys and Hobs	2227,65,260	770,11,697
Electric rice cookers	1110,66,047	1157,86,574
Chair	388,56,813	650,65,164
Electric Iron	446,14,769	192,28,906
Electric Kettle	419,50,238	214,08,105
Emergency Lamps	847,86,596	907,61,252
Toasters	445,35,068	418,37,150
Induction cooktops	21,80,350	433,18,438
Others (Refer note (i) below)	2271,66,298	3060,03,145
Total	8337,34,510	7987,38,069

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.

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

Particulars	31-Mar-16	31-Mar-16
	Rs.	Rs.
Inventories at the end of the year:		
- Finished goods	1499,73,069	1581,68,526
- Work-in-progress	94,550	2,11,447
- Stock-in-trade	2681,49,435	1486,54,989
	4182,17,054	3070,34,962
Inventories at the beginning of the year:		
- Finished goods	1581,68,526	318,55,743
- Work-in-progress	2,11,447	5,15,496
- Stock-in-trade	1486,54,989	959,35,991
	3070,34,962	1283,07,230
(Increase) / decrease	(1111,82,092)	(1787,27,732)

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

26 Employee benefit expenses

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Salaries and wages	457,504,946	322,597,052
Contributions to provident and other funds (Refer Note 30.1)	23,259,087	19,002,255
Gratuity expense (Refer Note 30.2)	7,815,269	41,241
Staff welfare expenses	26,347,212	14,507,417
Total	514,926,514	356,147,965

27 Finance costs

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Interest expense on:		
- Borrowings	114,899,920	123,146,111
- Interest paid to others	19,773,937	9,670,945
Other borrowing cost:		
- Bank and other processing charges	14,923,507	15,266,133
Total	149,597,364	148,083,189

28 Other expense

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Job work charges	45,675,186	46,340,128
Power and fuel	53,503,153	50,794,596
Rent including lease rentals	11,100,047	2,276,231
Repairs and maintenance		
- Buildings	10,956,630	9,825,945
- Plant and machinery	22,860,487	19,552,241
- Others	9,120,305	3,617,894
Insurance	2,175,691	1,610,958
Rates and taxes	11,678,730	12,178,466
Communication	9,053,858	5,728,994
Travelling and conveyance	51,445,442	39,894,707
Printing and stationery	1,898,954	1,138,439
Freight and forwarding	163,991,035	100,039,162
Sales commission	148,688,199	64,247,180
Business Promotion & Advertisement Expenses	203,547,774	149,469,804
Cash discount	69,232,474	16,476,017
Legal and professional fees	32,832,087	17,975,558
Payment to auditors comprises (excluding service tax)		
- For statutory audit	2,160,000	1,800,000
- Out-of-pocket expense	250,000	575,973
Net loss on foreign currency transactions and translation	-	11,339,800
Balance Written off / Provision for doubtful trade and other receivables, loans and advances (net)	4,891,435	26,195,771
Increase/(decrease) in excise duty on inventory	816,939	7,179,110
Provision for warranty	5,835,352	2,095,885
Loss on fixed assets sold	-	272,129
Miscellaneous expenses (net)	11,268,406	6,150,168
Total	872,982,184	596,775,156

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

29 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, 2017 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	1,209,694	Sell	78,434,865

(b) Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31st March, 2017 are as under:

Particulars	31-Mar-17		31-Mar-16	
	Foreign Currency	Rs.	Foreign Currency	Rs.
Trade receivable	USD 658,132 EURO 17,651	42,672,357 1,222,289	USD 463,473	30,743,514
Advance paid to suppliers	USD 1,861,965 EURO 27,584	120,727,228 1,910,156	USD 269,530 EURO 169,950	17,878,716 12,762,465
Trade payable	USD 1,074,045 EUR 780	69,639,545 54,006	USD 593,558 EUR 143,624	39,372,440 10,785,524
Short term borrowings (including accrued interest)	USD 2,159,336	140,008,354	USD 2,330,197	154,568,728

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

30 Employee benefit plans

30.1 Defined contribution plans

The Company makes Provident Fund contribution and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 23,259,087/- (Year ended 31 March, 2016 Rs. 19,002,255/-) for Provident Fund contribution and Rs. 6,926,436/- (Year ended 31 March, 2016 Rs. NIL) for Employee State Insurance Scheme 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.

30.2 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:

STOVE KRAFT PRIVATE LIMITED

Notes forming part of the financial statements

Note
No.

Particulars		31-Mar-17	31-Mar-16			
		Rs.	Rs.			
I	Components of employer expense					
1	Current Service cost	7,610,258	5,229,255			
2	Interest cost	1,661,278	1,471,267			
3	Expected return on plan assets	-	-			
4	Curtailement cost/(credit)	-	-			
5	Settlement cost/(credit)	-	-			
6	Past service cost	-	-			
7	Actuarial losses/(gains)	(1,456,267)	(6,659,281)			
8	Total expense recognised in the Statement of Profit & Loss	7,815,269	41,241			
II	Actual Contribution and Benefits Payments					
1	Actual benefit payments	346,301	-			
2	Actual Contributions	-	-			
III	Net asset/(liability) recognised in balance sheet					
1	Present value of Defined Benefit Obligation (DBO)	(28,454,285)	(20,985,317)			
2	Fair value of plan assets	-	-			
3	Funded status [Surplus/(Deficit)]	(28,454,285)	(20,985,317)			
4	Unrecognized Past Service Costs	-	-			
5	Net asset/(liability) recognised in balance sheet	(28,454,285)	(20,985,317)			
	Current	(1,283,746)	(912,983)			
	Non-current	(27,170,539)	(20,072,334)			
	Total asset / (liability) recognised in the balance sheet	(28,454,285)	(20,985,317)			
IV	Change in Defined Benefit Obligations					
1	Present Value of DBO at beginning of period	20,985,317	18,436,930			
2	Current Service cost	7,610,258	5,229,255			
3	Interest cost	1,661,278	1,471,267			
4	Curtailement cost/(credit)	-	-			
5	Settlement cost/(credit)	-	-			
6	Plan amendments	-	-			
7	Acquisitions	-	2,507,146			
8	Actuarial (gains)/ losses	(1,456,267)	(6,659,281)			
9	Benefits paid	(346,301)	-			
10	Present Value of DBO at the end of period	28,454,285	20,985,317			
V	Change in Fair Value of Assets	Not applicable				
Actuarial assumptions						
	Discount rate	7.98%	7.98%			
	Salary escalation	6.00% - 7.00%	7.00%			
	Attrition rate	5.00%	5.00%			
	Mortality	India Assured Lives (2006-08) Ultimate Mortality Table				
Five year data: (Amount in Rs.)						
	Particulars	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
	Defined Benefit Obligation	(28,454,285)	(20,985,317)	(18,436,930)	(13,396,972)	(13,543,467)
	Plan Assets	-	-	-	-	-
	Surplus / (Deficit)	(28,454,285)	(20,985,317)	(18,436,930)	(13,396,972)	(13,543,467)
	Experience Adjustment on Plan Liabilities	(1,456,267)	(6,659,281)	(1,516,228)	(5,479,303)	(215,908)
	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.

31 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.

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
no.

32 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 - Ms. Neha Gandhi	Managing Director (MD) Director, upto 30-Sep-16 Relative of MD and Director from 30-Sep-16
2	Enterprises owned or significantly influenced by KMP or their relatives: - Shinag Allied Enterprises (SAE) - Pigeon Appliances Private Limited (PAPL)	MD's brother's wife is partner Company is shareholder and MD is director
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-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Sales:						
SI	-	-	-	28,31,176	-	-
SAE	-	-	-	-	28,17,596	8,85,000
Purchases:						
PAPL	-	-	-	-	-	4,06,192
SI	-	-	-	793,77,746	-	-
SAE	-	-	-	-	-	12,000
Others:						
SI	-	-	3,12,149	-	-	-
Rent Expense:						
Mrs. Sunitha R Gandhi	6,00,000	-	-	-	-	-
Balances Transfer:						
SI	-	-	-	27,73,220	-	-
Expense reimbursed by:						
SI	-	-	-	33,57,571	-	-
Share of (profit)/loss:						
SK India	-	-	(35,69,939)	(130,48,591)	-	-
SI	-	-	(35,43,548)	154,97,921	-	-
Managerial remuneration:						
Mr. Rajendra J Gandhi	81,50,003	76,44,783	-	-	-	-
Mrs. Sunitha R Gandhi	1,87,176	5,95,868	-	-	-	-
Ms. Neha Gandhi	17,84,892	11,50,966	-	-	-	-

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
no.

32 Related party transactions

C. Balances at the year end

Particulars	KMP		Partnership Firm		Enterprises owned or significantly influenced by KMP or their	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Capital advance						
Mr. Rajendra J Gandhi	-	484,250	-	-	-	-
Advance recoverable						
Mr. Rajendra J Gandhi	55,041,272	55,041,272	-	-	-	-
SAE	-	-	-	-	754,210	754,210
SI	-	-	312,149	-	-	-
Trade payable						
PAPL	-	-	-	-	286,099	8,087,226
Trade receivables						
SAE	-	-	-	-	1,372,614	189,998
Remuneration payable						
Mr. Rajendra J Gandhi	389,263	315,013	-	-	-	-
Mrs. Sunitha R Gandhi	-	45,774	-	-	-	-
Ms. Neha Gandhi	145,487	101,483	-	-	-	-
Rent Payable						
Mrs. Sunitha R Gandhi	600,000	-	-	-	-	-
Investments						
SK India	-	-	2,378,669	93,994,743	-	-
SI	-	-	14,162,956	(12,202,629)	-	-

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note

No.

33 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. 11,100,047 (Previous year Rs. 2,276,231).

34 Earnings per share

Particulars	31-Mar-17	31-Mar-16
Basic		
Weighted average no. of equity shares outstanding	189,00,110	189,00,110
Par value per share (Rs.)	10.00	10.00
Net profit	114,79,278	(2524,72,884)
Basic earning per shares (Rs.)	0.61	(13.36)
Diluted		
Weighted average no. of equity shares outstanding for Basic EPS	189,00,110	189,00,110
Add: Effect of Compulsory Convertible Debentures (CCD's) (Refer note 5 (i))	130,96,158	Refer Note
Weighted average number of equity shares - for Diluted EPS	319,96,268	189,00,110
Par value per share (Rs.)	10.00	10.00
Net profit attributable to the equity shareholders	114,79,278	(2524,72,884)
Add: Interest on CCD's (Refer note 5 (i))	-	-
Profit attributable to equity shareholders (on dilution)	114,79,278	(2524,72,884)
Diluted earning per shares (Rs.)	0.36	(13.36)

Note: The Company had incurred losses in the previous year. The Basic and Diluted Earnings Per Share for the year ending 31 March 2016 are the same as the effect of potential equity share are anti dilutive due to the such losses.

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

Particulars	31-Mar-17	31-Mar-16
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	72,12,176	117,47,726
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	8,73,675	12,94,254
(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	8,73,675	12,94,254
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	8,73,675	12,94,254
(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	1,92,089	2,97,196

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.

36 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-17	31-Mar-16
Warranty Provision	Rs.	Rs.
Opening balance	83,31,877	69,63,999
Additions during the year	58,35,352	20,95,885
Reversed / utilisation during the year	(49,68,620)	(7,28,007)
Closing balance	91,98,609	83,31,877

Of the above the amounts expected to be incurred within a year amounts to Rs. 3,929,935 (Previous Year Rs. 3,239,819). The warranty expenditure is expected to be incurred over the warranty life of the products, as contracted, which varies from 6 months to 7 years

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note
No.

37 Contingent liabilities

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Premium payable on redemption of CCDs (Refer note 5 (ii))	4999,99,691	4999,99,691
Indirect tax matters under appeal	479,83,882	1265,35,537
Other disputed claims	19,75,000	19,75,000
Provident fund claims	93,86,961	93,86,961
Bank guarantee	119,25,000	75,98,708
Total	5712,70,534	6454,95,897

Note :

- (i) Stove kraft India (a partnership firm in which the company has 99% share) has demand towards Income tax matters under appeal from AY 2010-11 to AY 2014-15 of Rs 127,822,300 (including interest of Rs.50,828,335) (Previous Year - from AY 2010-11 to AY 2012-13 of Rs 105,902,680 (including interest of Rs.39,356,335). The Firm has been legally advised on matters pending with various appellate forums that it is not probable that an outflow of resources embodying economic benefits will be required and hence the firm has not recognised the claims as liability.
- (ii) The company is yet to collect C Form against the sale of Rs. 1,571,409,109 from FY 2014-15 to 2016-17.
Saya Industries (a partnership firm in which the company has 95% share) is yet to collect C Form against the sale of Rs 973,996,751 relating to FY 2014-15 and FY 2015-16.
Stove kraft India (a partnership firm in which the company has 99% share) is yet to collect C Form against the sale of Rs 473,965,597 from FY 2011-12 to FY 2014-15.

38 Earnings in foreign currency

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Exports at F.O.B. value	3169,04,518	3093,53,783
Total	3169,04,518	3093,53,783

39 Expenditure in foreign currency

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Travelling and conveyance	45,30,622	38,14,721
Salaries and wages	37,27,309	26,75,150
Testing Charges	-	1,60,800
Professional Fees	7,98,552	2,21,361
Repairs and Maintenance	36,32,409	-
Reimbursement of freight charges	-	6,82,462
Miscellaneous Expenses	-	52,915
Total	126,88,892	76,07,409

40 Value of imports calculated on CIF basis

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Raw materials	3114,72,588	990,85,330
Finished goods - trading	5219,83,963	4350,66,722
Capital goods	28,29,904	167,84,240
Total	8362,86,455	5509,36,292

41 Details of consumption of imported and indigenous items

Particulars	31-Mar-17		31-Mar-16	
	Rs.	%	Rs.	%
Imported				
Raw materials, components and packing materials	3114,72,588	11%	990,85,330	5%
Indigenous				
Raw materials, components and packing materials	24279,96,980	89%	18145,92,417	95%
Total	27394,69,568	100%	19136,77,747	100%

42 Commitments

Particulars	31-Mar-17	31-Mar-16
	Rs.	Rs.
Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets (Net of advances)	22,35,822	226,39,930
Total	22,35,822	226,39,930

STOVE KRAFT PRIVATE LIMITED
Notes forming part of the financial statements

Note No.

- 43 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.

- 44 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.

- 45 Deferred taxes: The Company has significant brought forward tax loss and unabsorbed depreciation, and has recognised the arising deferred tax asset on such losses to the extent of the corresponding deferred tax liability arising on the difference between the book balance of fixed assets and the written down value of such fixed assets under Income Tax. With regard to the balance of the deferred tax assets, in the absence of virtual certainty that future taxable profits would be available for set off of such deferred tax assets, the Company has not recognized any deferred tax asset as at March 31, 2017.

- 46 In the previous year, the Company had entered into a Slump Sale Agreement dated March 31, 2016 with Saya Industries (the "Firm" or the "Saya"), a partnership firm in which the Company is a majority partner, for transfer all assets and liabilities of the Firm as a going concern and as is where is basis with effect from close of business hour on March 31, 2016 for a total consideration of Rs.75,000,000. As per the agreement with Saya, the mentioned purchase consideration has been adjusted against the balances in Partner's Capital Account and Current Account of Saya. Details of assets and liabilities taken over:

Particulars	Amount in Rs.	
Liabilities:		
- Long-term provisions	2,322,871	
- Short-term borrowings	70,776,569	
- Trade payables	183,960,648	
- Other current liabilities	5,004,524	
- Short term Provisions	1,554,587	
Total Liabilities (A)		263,619,199
Assets:		
- Fixed assets	27,218,797	
- Long-term loans and advances	268,700	
- Inventories	168,059,663	
- Trade receivables	120,235,634	
- Cash and cash equivalents	17,115,977	
- Short-term loans and advances	5,547,440	
- Other current assets	172,988	
Total Assets (B)		338,619,199
Net asset transferred (C) = [(B) - (A)]		75,000,000
Purchase consideration adjusted against investment in partnership firm		75,000,000

- 47 Pursuant to the MCA notification G.S.R. 308(E) dated March 30, 2017, the details of Specified Bank Notes (SBN)* held and transacted during the period from November 8, 2016 to December 30, 2016 are provided in the table below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	1,394,000	481,383	1,875,383
(+) Permitted receipts	-	995,672	995,672
(-) Permitted payments	-	359,564	359,564
(-) Amount deposited in Banks	1,394,000	300,000	1,694,000
Closing cash in hand as on December 30, 2016	-	817,491	817,491

* The term "Specified Bank Notes" have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the November 8, 2016

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