

INDEPENDENT AUDITOR'S REPORT

To The Members of Stove Kraft Limited (Formally Stove Kraft Private Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Stove Kraft Limited (Formally Stove Kraft Private Limited) ("the Parent") and its subsidiary, being a partnership firm, (the Parent and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's report including Annexures to Board's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The Board of Directors of the Parent and the partners of the partnership firm included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

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

The Board of Directors of the Parent and partners of the partnership firm included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matters

Due to COVID-19 related lockdown we were not able to participate in the physical verification of inventory that was carried out by the management subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence in this regard.

Our opinion on the consolidated financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Parent, in respect of one of the directors, disqualification was attracted under section 164(2) of the Act, however the Parent has received an order to maintain status quo of the directorship of the director from National Company Law Tribunal as referred in the note no. 41 and all other directors are not disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent. Reporting on the adequacy of Internal Financial Control Over Financial Reporting is not applicable to its subsidiary, being a partnership firm. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of Parent.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
 - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent

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



Jaideep S. Trasi

Partner

(Membership No. 211095)

UDIN: 20211095AAAABKS359

Bengaluru, July 27, 2020
Ref.: JT/JKS/DSS/MAR2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Stove Kraft Limited (Formally Stove Kraft Private Limited) (hereinafter referred to as "Parent") as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent, which is the only Company of the Group, incorporated in India, to which Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act is applicable, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Parent considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Parent'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 internal financial controls over financial reporting of the Parent based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 internal financial controls system over financial reporting of the Parent.

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 Parent have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Parent considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



Jaideep S. Trasi

Partner

(Membership No. 211095)

UDIN: 20211095AAAABK5359


Bengaluru, July 27, 2020
Ref.: JT/JKS/DSS/MAR2020

Stove Kraft Limited
Consolidated Balance Sheet
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
Non-current assets			
Property, plant and equipment	3(a)	1,928.89	1,787.14
Capital work-in-progress		42.27	9.48
Right-of-use assets	3(b)	-	-
Intangible assets	3(c)	2.95	18.16
Intangible assets under development		33.40	7.82
Financial assets			
Investments	4	-	-
Other financial assets	5	50.33	50.96
Non-current tax asset (net)	6	2.46	46.57
Other non-current assets	7	40.65	17.98
Total non - current assets		2,100.95	1,938.11
Current assets			
Inventories	8	1,165.94	974.14
Financial assets			
Trade receivables	9	1,030.34	896.56
Cash and cash equivalents	10(a)	150.06	285.24
Bank balances other than cash and cash equivalent as above	10(b)	44.09	29.55
Loans	11	3.52	4.52
Other financial assets	12	13.25	19.12
Other current assets	13	204.76	123.45
Total current assets		2,611.96	2,332.58
Total assets		4,712.91	4,270.69
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14(a)	247.17	247.17
Other equity	14(b)	(848.98)	(873.18)
Equity attributable to owners of the company		(601.81)	(626.01)
Non-controlling interests	15	2.27	2.17
Total equity		(599.54)	(623.84)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	2,048.25	2,100.26
Lease liabilities	35	-	-
Other financial liabilities	17	108.27	96.01
Provisions	18	62.74	46.12
Total non - current liabilities		2,219.26	2,242.39
Current liabilities			
Financial liabilities			
Borrowings	19	1,220.55	999.44
Lease liabilities	35	2.49	-
Trade payables	20	-	-
(i) total outstanding dues of micro enterprises and small enterprises		46.61	59.87
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,462.75	1,281.12
Other financial liabilities	21	291.96	237.66
Provisions	22	16.84	15.02
Other current liabilities	23	48.35	53.92
Current Tax Liabilities (net)	24	3.64	5.11
Total current liabilities		3,093.19	2,652.14
Total liabilities		5,312.45	4,894.53
Total equity and liabilities		4,712.91	4,270.69

See accompanying notes forming part of the Consolidated Financial Statements

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

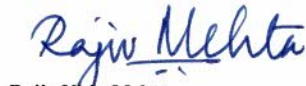

Jaideep S. Trasi
Partner


Membership Number: 211095



For and on behalf of the Board of Directors


Rajendra Gandhi
Managing Director
DIN: 01646143


Rajiv Nain Mehta
Chief Executive Officer and Whole Time Director
DIN: 00697109


Shashidhar SK
Chief Financial Officer & Company Secretary
Membership Number: FCS 7119



Place : Bengaluru
Date : July 27, 2020

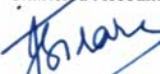
Place : Bengaluru
Date : July 27, 2020

Stove Kraft Limited
Consolidated Statement of Profit and Loss
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	25	6,698.61	6,409.38
Other income	26	30.53	16.60
Total income		6,729.14	6,425.98
Expenses			
Cost of materials consumed	27	3,232.38	3,175.40
Purchase of stock in trade	28	1,287.63	1,326.00
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(101.33)	(114.78)
Employee benefits expenses	30	820.11	697.95
Finance cost	31	209.01	179.18
Depreciation & amortization expenses	32	124.10	124.41
Other expenses	33	1,121.89	1,026.59
Total expenses		6,693.79	6,414.75
Profit before tax		35.35	11.23
Tax expense:	48		
Current tax expense for current year		3.64	4.60
Current tax expense relating to prior year		-	0.28
Net tax expense		3.64	4.88
Profit for the year		31.71	6.35
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit Plans - Gains / (losses)		(2.56)	1.64
Income tax impact		-	-
Items that will not be reclassified to profit or loss (net of tax)		(2.56)	1.64
Items that will be reclassified to profit or loss			
Fair value changes on cash flow hedges		-	0.05
Income tax impact		-	-
Items that will be reclassified to profit or loss (net of tax)		-	0.05
Total other comprehensive income for the year		(2.56)	1.69
Total comprehensive Income for the year		29.15	8.04
Profit for the year attributable to:			
Owners of the Company		29.05	8.01
Non controlling interests		0.10	0.03
Total		29.15	8.04
Other comprehensive income for the year attributable to:			
Owners of the Company		-	0.05
Non controlling interests		-	-
Total		-	0.05
Total comprehensive income for the year attributable to:			
Owners of the Company		29.05	8.01
Non controlling interests		0.10	0.03
Total		29.15	8.04
Earnings per share			
Basic (in Rs.) (Face value of Rs. 10 each)	39	1.18	0.37
Diluted (in Rs.) (Face value of Rs. 10 each)	39	1.18	0.37

See accompanying notes forming part of the Consolidated Financial Statements

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



Jaideep S. Trasi
Partner
Membership Number: 211095




Place : Bengaluru
Date : July 27, 2020

For and on behalf of the Board of Directors


Rajendra Gandhi
Managing Director
DIN: 01646143


Rajiv Nitin Mehta
Chief Executive Officer and Whole Time Director
DIN: 00697109


Shashidhar SK
Chief Financial Officer & Company Secretary
Membership Number: FCS 7119

Place : Bengaluru
Date : July 27, 2020



Stove Kraft Limited
Consolidated Statement of Cashflows
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Cashflow from operating activities			
Profit / (Loss) before tax		35.35	11.23
Adjustments for :			
Depreciation and amortisation expense	32	124.10	124.41
Provision for doubtful trade and other receivables, loans and advances and bad debts written off	33	40.30	22.07
Liability no longer required written back	26	(3.20)	(12.36)
Interest on deposit with bank	26	(2.81)	(1.66)
(Profit) / loss on fair valuation of derivative instruments	26	(2.11)	4.03
(Profit) / loss on sale of property, plant and equipments	26	(0.25)	(0.13)
Finance cost	31	181.30	179.18
Unrealised exchange difference on lease liabilities		(0.50)	-
Unrealised exchange difference on foreign currency transactions and translation (net)		10.79	(7.82)
Employees share option cost recorded on grants	30	8.61	-
Operating cash profit before changes in working capital		391.58	318.95
Changes in working capital			
Adjustment for (increase)/ decrease in operating assets :			
Other financial assets		7.90	(16.88)
Inventories		(191.80)	77.24
Trade receivables		(172.42)	(123.50)
Other assets		(85.89)	(24.62)
Adjustment for increase/ (decrease) in operating liabilities:			
Other financial liabilities		(7.24)	(22.39)
Trade payables		164.34	(92.04)
Other current liabilities		(5.57)	1.68
Provisions		15.88	12.62
Cash generated from operations		116.78	131.06
Net income taxes (paid) / refund received		39.00	0.66
Net cash generated from / (used in) operating activities (A)		155.78	131.72
Cashflow from investing activities			
Capital expenditure on property, plant and equipments (including capital advance)		(260.79)	(74.43)
Proceeds from sale of property, plant and equipments		0.35	0.13
Interest received on bank deposits		2.41	1.93
Movement of margin money deposit with banks (net)		(14.54)	4.26
Net cash generated from / (used in) investing activities (B)		(272.57)	(68.11)
Cash flows from financing activities			
Proceeds from long-term borrowings		145.74	250.00
Repayment of long-term borrowings		(198.62)	(38.76)
Proceeds/(repayment) from short-term borrowings (net)		215.86	191.87
Payment of lease liabilities		(6.95)	-
Finance cost		(174.42)	(185.48)
Net cash generated from / (used in) financing activities (C)		(18.39)	217.63
Net Increase/(decrease) in cash & cash equivalents (A+B+C)		(135.18)	281.24
Cash and cash equivalents at beginning of the year	10(a)	285.24	4.00
Cash and cash equivalents at the end of the year* (Refer note 10(a))		150.06	285.24
* Comprises:			
(a) Cash on hand	10(a)	0.63	0.55
(b) Balances with banks:			
in current accounts	10(a)	149.43	89.69
in fixed deposits		-	195.00
Total		150.06	285.24

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No: 008072S

Jaideep S. Trasi
Partner
Membership Number: 211095



Place : Bengaluru
Date : July 27, 2020

For and on behalf of the Board of Directors

(Signature)

Rajendra Gandhi
Managing Director
DIN: 01646143

Shashidhar SK
Chief Financial Officer & Company Secretary
Membership Number: FCS 7119

Place : Bengaluru
Date : July 27, 2020

(Signature)

Rajiv Nitin Mehta
Chief Executive Officer and Whole Time Director
DIN: 00697109



Stove Kraft Limited
Consolidated Statement of Changes in Equity
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Equity share capital		
Opening balance	247.17	189.00
Add: Conversion of CCDs into equity shares [Refer note 16(v)]	-	58.17
Closing balance	247.17	247.17

Particulars	Reserves and Surplus			Attributable to the owners of the Company	Non Controlling Interest	Total Other Equity
	Retained earnings	Securities Premium	Items of other comprehensive income			
Balance as at April 01, 2018	(1,975.51)	-	(0.05)	(1,975.56)	2.14	(1,973.42)
Profit for the year	6.32	-	-	6.32	0.03	6.35
Remeasurement of defined benefit obligation [Gain/(Loss)]	1.64	-	-	1.64	-	1.64
Fair Value changes on cash flow hedge	-	-	0.05	0.05	-	0.05
Securities Premium on conversion of CCDs to Equity	-	1,094.37	-	1,094.37	-	1,094.37
Balance as at March 31, 2019	(1,967.55)	1,094.37	-	(873.18)	2.17	(871.01)
Impact on adoption of Ind AS 116 (Refer Note 37)	(13.46)	-	-	(13.46)	-	(13.46)
Profit for the year	29.05	-	-	29.05	0.10	29.15
Remeasurement of defined benefit obligation [Gain/(Loss)]	-	-	-	-	-	-
Share option recorded on grant during the year	-	-	-	-	-	-
Balance as at March 31, 2020	(1,951.96)	1,094.37	-	(848.98)	2.27	(846.71)

Note: In accordance with Notification G.S.R 404(E), dated April 06, 2016, other comprehensive income in the nature of remeasurement of defined benefit plans (net of tax) is recognised as a part of retained earnings.

See accompanying notes forming part of the Consolidated Financial Statements

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


Jitdeep S. Trasi
Partner
Membership Number: 211095




Place : Bengaluru
Date : July 27, 2020

For and on behalf of the Board of Directors


Rajendra Gandhi
Managing Director
DIN: 01646143




Rajiv N. Mehta
Chief Executive Officer and Whole Time Director
DIN: 00697109



Shashidhar SK
Chief Financial Officer & Company Secretary
Membership Number: FCS 7119

Place : Bengaluru
Date : July 27, 2020

Stove Kraft Limited

Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

1 Corporate information

Stove Kraft Limited is a company domiciled in India, with its registered office situated at Bengaluru. It is engaged primarily in the business of manufacture of pressure cookers, LPG stoves, non-stick cookware, wick stoves and trading of other kitchen and electrical appliances under the brand names "Pigeon" and "Gilma".

The Company changed its name from Stove Kraft Private Limited to Stove Kraft Limited on August 13, 2018.

The Consolidated Financial Statements of the Company and its partnership firm considered as subsidiary (together known as the "Group") comprise of the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Cash Flows, Consolidated Statement of changes in equity and significant accounting policies and explanatory notes (collectively, the 'Consolidated Financial Statements').

2 Significant accounting policies**2.1 Statement of compliance**

These Consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and Companies (Indian Accounting Standards) (Amendment) Rules, 2017 and other relevant provisions of the Act as applicable

Except for the changes below, the Group has consistently applied accounting policies to all years.

i) The Group has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Group has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. Refer Note 35 for further details.

2.2 Basis of preparation and presentation

The Consolidated Financial Statements have been prepared on the historical cost basis except for:

- certain financial assets and liabilities (including derivative instruments), plan assets of the defined benefit plan that are measured at fair values at the end of each reporting year;

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Ø Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Ø Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Ø Level 3 inputs are unobservable inputs for the asset or liability.



Stove Kraft Limited

Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

2.3 Summary of significant accounting policies**(a) Revenue Recognition****i. Sale of goods**

Effective April 01 2018, the Group adopted IND AS 115, 'Revenue from Contracts with Customers' using the modified retrospective method. In accordance with this, the comparatives have not been retrospectively adjusted and no material impact was recognised.

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations.

The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates, loyalty benefits and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

ii. Export entitlement

Government incentives are accrued for based on fulfilment of eligibility criteria for availing the incentives and when there is no uncertainty in receiving the same.

iii. Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(b) Property, Plant and Equipment

Property, Plant and Equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipment comprises its purchase price, net of any trade discounts and rebates, any import duties, 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.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

Depreciation on Property, Plant and Equipment 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.

Assets	Useful Life in years
Leasehold Improvements	3-5 Years or over the lease period whichever is lower
Office Equipments	5 Years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.



Stove Kraft Limited

Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

(c) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

The useful lives of intangible assets that is considered for amortization of intangible assets are as follows:

Intangible Asset	Useful life in years
Technical know how	5
Computer Software	6

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

(d) Investments in partnership firm

Investment in partnership firm is measured at cost less impairment.

(e) Inventories

Inventories are valued at the lower of weighted average cost and the net realizable value. Cost includes purchase cost and all other charges in bringing the inventories to their present location and condition including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads.

Net realisable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

(f) Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

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



Stove Kraft Limited

Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

A. Financial Assets:

i. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

ii. Financial Assets at fair value through other comprehensive Income

Financial assets are measured at fair value through other comprehensive income ('FVTOCI') if these financial assets are held within business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

iii. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss ('FVTPL') unless it is measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in the statement of profit and loss.

iv. Impairment of financial assets

In accordance with Ind AS 109 - Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting year, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent year, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 months ECL.



Stove Kraft Limited**Notes to Consolidated Financial Statements**

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Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- i. All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;
- ii. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the year is recognised as income/expense in the statement of profit and loss. This amount is reflected under the head other expenses in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivables:

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

v. Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

vi. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting year.

For foreign currency denominated financial assets that are measured at amortised cost and FVTPL, the exchange difference are recognised in statement of profit and loss.



Stove Kraft Limited

Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

B. Financial liabilities and equity instruments

i. Classification as debt or equity

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

ii. Equity Instrument

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.

iii. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

iv. Financial liabilities at FVTPL

Financial liability has been designated at FVTPL where it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Statement of profit and loss.

v. Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting years. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

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

vi. Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting year, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in Statement of Profit and Loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting year. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Statement of profit and loss.

vii. Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit and loss.



C. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting year. The resulting gain or loss is recognised in the Statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

D. Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

E. Hedge Accounting

The Group designates certain hedging instruments as either fair value hedges or cash flow hedges.

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

i. Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in Statement of profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the statement of profit and loss.

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

ii. Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to statement of profit and loss in the years when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity will be recognised in statement of profit and loss on such event.



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Notes to Consolidated Financial Statements

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(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and at banks and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Foreign Currency transactions and translations

The functional currency of the Group is Indian Rupee (Rs.).

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss in the year in which they arise.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when the fair value was determined.

(i) Employee Benefits**Defined Contribution Plan**

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined Benefit Plan

For defined benefit plans in the form of gratuity (un-funded), the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting year. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the year in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the year of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the year to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Group presents the first two components of defined benefit costs in the statement of profit and loss in the line item "Employee benefit expenses. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.



Stove Kraft Limited**Notes to Consolidated Financial Statements**

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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 year in which the employee renders the related service.

Long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by the employees up to the reporting date.

(j) Borrowing Costs

Borrowing costs include:

- (i) interest expense calculated using the effective interest rate method,
- (ii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in Statement of profit and loss in the year in which they are incurred.

(k) Leases

The Group as a Lessee:

The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative year, leases under which the Group assumes substantially all the risks and rewards of ownership were classified as finance leases. All other leases were classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

(l) Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.



Stove Kraft Limited**Notes to Consolidated Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Deferred tax

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

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

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

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

Current and deferred tax for the year

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

(m) Provisions and Contingent Liabilities

A provision is recognised when the Group 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 of the amount of obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes to the Financial Statements. Contingent assets are not recognised in the financial statements.

(n) Impairment of non-financial assets

At the end of each reporting year, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of profit and loss.



Stove Kraft Limited**Notes to Consolidated Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

(o) Earnings per share

Basic earnings per share is computed by dividing statement of profit and loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

(p) Share issue expense

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction.

(q) Share-based compensation

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 36.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting year, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.4 Use of estimates and management judgments

In application of the accounting policies, which are described in note 2.4, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. In particular, information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

1. Useful life of property, plant and equipment and intangible assets

The useful life of the assets are determined 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.

2. Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected discounted future cash flows from each asset or cash-generating unit.



Stove Kraft Limited

Notes to Consolidated Financial Statements

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3. Impairment of financial assets

The impairment assessment for financial assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting year.

4. Deferred tax

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

5. Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting-date.

6. Post-retirement benefit plans

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions which include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at each financial year end on the government bonds.

7. Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting year.

8. Estimation of uncertainty relating to the global health pandemic from Covid-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, Investments, Inventories, Receivables and other assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources on the expected future performance of the Group. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial information.

2.5 Standards issued but not yet effective**Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition -

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting year presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual years beginning on or after April 1, 2019. The Group is currently assessing the impact on adoption of this standard on the Group's financial statements.



Stove Kraft Limited

Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Amendment to Ind AS 12 – Income taxes :

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting years beginning on or after April 01, 2019.

The Group is currently evaluating the effect of the above on its financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the year after a plan amendment, curtailment or settlement; and-
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual year beginning on or after April 01, 2019. The Group is currently evaluating the effect of this amendment on the financial statements.



Stove Kraft Limited
Notes to Consolidated Financial Statements
(Amount in Rupees Millions except for share data or as otherwise stated)

Note

3(a) Property, plant and equipment

Particulars	Land	Buildings	Plant and machinery	Furniture and fixtures	Lease hold improvements	Computers	Office equipments	Vehicles	Total
Opening Gross block as at April 01, 2018	843.28	391.48	588.09	19.61	9.48	9.10	14.13	24.30	1,899.47
Additions	1.20	4.49	88.93	0.68	-	1.19	0.27	-	96.76
Disposals	-	-	(12.20)	-	-	-	-	-	(12.20)
Gross block as at March 31, 2019	844.48	395.97	664.82	20.29	9.48	10.29	14.40	24.30	1,984.03
Accumulated Depreciation									
Opening accumulated depreciation	-	15.54	63.12	2.41	2.55	3.93	3.27	2.41	93.23
Depreciation expense for the year	-	15.88	73.92	2.92	2.27	3.78	3.35	3.43	105.55
Eliminated on disposal of assets	-	-	(1.91)	-	-	-	-	-	(1.91)
Accumulated depreciation as at March 31, 2019	-	31.42	135.13	5.33	4.82	7.71	6.62	5.84	196.87
Carrying amount as at March 31, 2019	844.48	364.55	529.69	14.96	4.66	2.58	7.78	18.46	1,787.16
Opening Gross block as at April 01, 2019	844.48	395.97	664.82	20.29	9.48	10.29	14.40	24.30	1,984.03
Additions	-	31.50	212.09	0.58	-	1.62	2.19	5.34	253.32
Disposals	-	-	(0.82)	-	-	(0.86)	(0.08)	-	(1.76)
Gross block as at March 31, 2020	844.48	427.47	876.09	20.87	9.48	11.05	16.51	29.64	2,235.59
Accumulated Depreciation									
Opening accumulated depreciation	-	31.42	135.13	5.33	4.82	7.71	6.62	5.84	196.87
Depreciation expense for the year	-	16.51	81.73	3.30	1.63	1.55	3.25	3.52	111.49
Eliminated on disposal of assets	-	-	(0.80)	-	-	(0.86)	-	-	(1.66)
Accumulated depreciation as at March 31, 2020	-	47.93	216.06	8.63	6.45	8.40	9.87	9.36	306.70
Carrying amount as at March 31, 2020	844.48	379.54	660.03	12.24	3.03	2.65	6.64	20.28	1,928.89

* Leasehold improvements made in the premises which is taken on lease by the franchisee
Refer note 16 (i), (ii) (iii) and (iv) and note 19(i) for details of mortgage & hypothecation.



Stove Kraft Limited

Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

3(b) Right-of-use assets

Particulars	Technical know how
Balance as at April 01, 2019	-
Reclassified on account of adoption of Ind AS 116 (Refer Note 3(c) and 37)	-
Additions	35.69
Deletions	(25.75)
Amortisation (Refer Note 32)	9.94
Balance as at March 31, 2020	-

3(c) Intangible Assets

Particulars	Computer software	Technical know how	Total
Opening Gross block as at April 01, 2018	9.21	47.14	56.35
Additions	0.79	0.22	1.01
Disposals	-	-	-
Gross block as at March 31, 2019	10.00	47.36	57.36
Opening Gross block as at April 01, 2019	10.00	47.36	57.36
Additions	0.91	-	0.91
Reclassified on account of adoption of Ind AS 116 (Refer Note 37)	-	(47.36)	(47.36)
Disposals	-	-	-
Gross block as at March 31, 2020	10.91	-	10.91
Amortisation			
Opening accumulated amortisation as at April 1, 2018	2.89	17.47	20.36
Amortisation expense for the year	2.40	16.44	18.84
Eliminated on disposal of assets	-	-	-
Accumulated amortisation as at March 31, 2019	5.29	33.91	39.20
Carrying amount as at March 31, 2019	4.71	13.45	18.16
Amortisation			
Opening accumulated amortisation as at April 1, 2019	5.29	33.91	39.20
Reclassified on account of adoption of Ind AS 116 (Refer Note 37)	-	(33.91)	(33.91)
Amortisation expense	2.67	-	2.67
Eliminated on disposal of assets	-	-	-
Accumulated amortisation as at March 31, 2020	7.96	-	7.96
Carrying amount as at March 31, 2020	2.95	-	2.95



Stové Kraft Limited**Notes to Consolidated Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**4 Investments**

Particulars	As at March 31, 2020	As at March 31, 2019
In equity instruments of associate (Carried at cost)		
7,500 Equity shares of Rs. 10/- each fully paid up in Pigeon Appliances Private Limited (Refer Note (i) below)	-	-
Total	-	-

Note

- (i) The Company had invested a sum of Rs. 0.08 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 FY 2014-15, 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 the Company. The Company had initiated legal action against PAPL for irregularities noted in the business operations and unauthorized use of trademarks.

5 Other financial Asset (Non-Current)

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured considered good unless otherwise stated)		
Security deposits		
Considered good	50.33	50.96
Considered doubtful	1.18	1.18
Less: Allowance for doubtful security deposits	(1.18)	(1.18)
Total	50.33	50.96

6 Non-current tax asset (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax [net of provision of Rs. Nil (as at March 31, 2019 Rs. Nil)]	2.46	46.57
Total	2.46	46.57



Stove Kraft Limited
Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note
7 Other non-current assets

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured considered good unless otherwise stated)		
Capital advances		
Considered good	22.41	4.32
Considered doubtful	0.91	2.38
Less: Allowance for doubtful advance	(0.91)	(2.38)
	22.41	4.32
Provident fund paid under protest	2.82	-
	2.82	-
Tax paid under protest	8.33	7.58
Considered doubtful	3.54	3.54
Less: Allowance for doubtful balances	(3.54)	(3.54)
	8.33	7.58
Balance with government authorities		
Considered good	2.96	3.91
Considered doubtful	11.81	11.81
Less: Allowance for doubtful balances	(11.81)	(11.81)
	2.96	3.91
Prepaid expense	4.13	2.17
Total	40.65	17.98

8 Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials, components and packing materials	387.84	343.10
Raw material-in-transit	58.57	12.84
Work-in-progress	61.61	31.98
Finished goods (manufactured)	383.89	246.83
Stock-in-trade (acquired for trading)	219.12	278.70
Goods-in-transit (acquired for trading)	54.91	60.69
Total	1,165.94	974.14

Refer note 19(i) for details of hypothecation.

9 Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables Considered good - Unsecured	1,030.34	896.56
Trade Receivables - Credit impaired	98.38	77.26
	1,128.72	973.82
Less: Allowance for doubtful receivables	(98.38)	(77.26)
Total	1,030.34	896.56

The average credit period on sale of goods ranges from 60 to 120 days.

Refer note 19(i) & (ii) for details of hypothecation.

Refer note 32.5 for credit risk

10(a) Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.63	0.55
Balances with banks:		
In current accounts	149.43	89.69
In fixed deposits	-	195.00
Total	150.06	285.24



Stove Kraft Limited

Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

10(b) Bank Balances other than cash and cash equivalent as above

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
In earmarked accounts: balance held as margin money (Refer note (i) below)	44.09	29.55
Total	44.09	29.55

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.

11 Loans

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured considered good)		
Advance to employees	3.52	4.52
Total	3.52	4.52

12 Other financial assets (Current)*

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured considered good)		
Insurance Claim Receivable	4.00	10.99
Government Incentive Receivable	8.64	7.92
Interest accrued on deposit with banks	0.61	0.21
Total	13.25	19.12

*Refer note19(i) for details of hypothecation.

13 Other Current Assets*

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expense (Refer note (i) below)	69.77	53.14
Advances to suppliers / service providers		
Considered good	55.12	44.13
Considered doubtful	8.79	9.46
Less: Allowance for doubtful advances	(8.79)	(9.46)
	55.12	44.13
Balance with government authorities	79.87	26.18
Total	204.76	123.45

*Refer note19(i) for details of hypothecation.

Note*(i) : The company has so far incurred share issues expenses of Rs. 58.87 Million as at March 31, 2020 (Rs. 42.79 Million as at March 31, 2019) in connection with proposed public offer of equity shares. These expenses shall be adjusted against securities premium to the extent permissible under section 52 of the Companies Act, 2013 on the successful completion of Initial Public Offer (IPO). The entire amount has been carried forward and disclosed under the head 'Other current assets' as Prepaid expenses.



Stove Kraft Limited
Notes to Consolidated Financial Statements
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

14(a) Equity Share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
39,999,995 Equity shares of Rs. 10/- each (As at March 31, 2019 : 39,999,995 Equity shares of Rs. 10/- each)	400.00	400.00
10 Class A Equity shares of Rs. 10/- each (As at March 31, 2019 : 10 Class A Equity shares of Rs. 10/- each)	-	-
Total	400.00	400.00
Issued, subscribed and fully paid up capital		
24,716,727 Equity shares of Rs. 10/- each (As at March 31, 2019 : 24,716,727 Equity shares of Rs. 10/- each)	247.17	247.17
10 Class A Equity shares of Rs. 10/- each (As at March 31, 2019 : 10 Class A Equity shares of Rs. 10/- each)	.*	.*
Total	247.17	247.17

* Not reported due to roundoff

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

Particulars	Equity shares of Rs. 10/- each		Class A Equity shares of Rs. 10/- each	
	Number of Shares	Rs.	Number of Shares	Rs.
Opening balance as at April 01, 2018	18,900,100	189.00	10	.*
Add: Conversion of CCDs into equity shares (Refer note 16(v))	5,816,627	58.17	-	-
Closing balance as at March 31, 2019	24,716,727	247.17	10	.*
Opening balance as at April 01, 2019	24,716,727	247.17	10	.*
Add: Movement during the year	-	-	-	-
Closing balance as at March 31, 2020	24,716,727	247.17	10	.*

* Not reported due to roundoff

(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 shares at every resolution placed before the shareholders of the Company at any General Meetings of the company shall be equal to 43.36%. In the event the Board declares dividend, then the 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.

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

Particulars	As at March 31, 2020	As at March 31, 2019
Equity share of Rs. 10/- each		
Rajendra Gandhi		
No. of shares	18,184,619	18,184,619
% of holding	73.57%	73.57%
SCI Growth Investments II		
No. of shares	4,961,605	4,961,605
% of holding	20.07%	20.07%
Sequoia Capital India Growth Investment Holdings I		
No. of shares	1,311,200	1,311,200
% of holding	5.30%	5.30%
Class A Equity share of Rs. 10/- each		
SCI Growth Investments Holdings I		
No. of shares	5	5
% of holding	50%	50%
SCI Growth Investments II		
No. of shares	5	5
% of holding	50%	50%



Note

14(b) Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings	(1,951.96)	(1,967.55)
Securities Premium	1,094.37	1,094.37
Share options outstanding account	8.61	-
Total	(848.98)	(873.18)

Particulars	As at March 31, 2020	As at March 31, 2019
A) Cash flow hedging reserve		
Opening balance	-	(0.05)
Add : (Loss) / Profit on hedging instruments	-	0.05
Closing balance [A]	-	-
B) Retained earnings		
Opening balance	(1,967.55)	(1,975.51)
Add/(Less) : Profit/(Loss) for the year	29.05	6.32
Add/(Less) : Remeasurement gain/(loss) of defined benefit obligation recognised in other comprehensive Income	-	1.64
Impact on adoption of Ind AS 116 (Refer Note 37)	(13.46)	-
Closing balance [B]	(1,951.96)	(1,967.55)
C) Securities premium		
Opening balance	1,094.37	-
Add/(Less) : Movement during the year	-	1,094.37
Closing balance [C]	1,094.37	1,094.37
D) Share options outstanding account		
Opening balance	-	-
Add/(Less) : Amounts recorded on grants during the year	14.40	-
Add/(Less) : Deferred stock compensation expense	(5.79)	-
Closing balance [D]	8.61	-
Grand total [A+B+C+D]	(848.98)	(873.18)

(i) Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

(ii) Retained Earnings

Retained earnings are the profits/(loss) that the Group has earned till date, less any transfers to other reserves and other distributions paid to its equity shareholders.

(iii) Securities premium reserve

Securities premium is used to record the premium received on issue of shares.

(iv) Share options outstanding account

Share options outstanding account is used to record the expenses towards share based payment to employees recognised on straight line basis over the vesting period till date, less any transfer to other reserves.

15 Non-controlling interests

Particulars	Non-Controlling interest
Balance as at April 01, 2018	2.14
Changes in non-controlling interest for the year ended March 31, 2019	
Add/(less) : Profit / (Loss) for the year	0.03
Balance as at March 31, 2019	2.17
Opening balance as at April 01, 2019	2.17
Changes in non-controlling interest for year ended March 31, 2020	
Add/(less) : Profit / (Loss) for the year	0.10
Closing balance as at March 31, 2020	2.27



Stove Kraft Limited**Notes to Consolidated Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**16 Borrowings (Non-Current)**

Particulars	As at March 31, 2020	As at March 31, 2019
Secured (at amortized cost):		
Term loan from bank [Refer note (i) and (ii)]	162.32	247.90
Term loan from financial institutions [Refer note (iii)]	32.12	-
Vehicle loan [Refer note (iv)]	6.34	4.89
Unsecured (at fair value through Profit and Loss)		
6,089,554 (6,089,554 as at March 31, 2019) Compulsory Convertible Debentures (CCD) of Rs. 10/- each (Refer note (v) below)	1,847.47	1,847.47
Total	2,048.25	2,100.26

Note

- (i) The company had taken the term loan from South Indian Bank (SIB) of Rs. 125 million during the FY 2017-18. Rate of interest is 12 month marginal cost of fund based lending rate (MCLR) + 2% spread which is subject to yearly reset which is repayable in 60 equal instalments. Repayment of term loan obtained from SIB started from July 2018.

During the year the company has taken a term loan from IDFC of Rs.99.99 million to take over the outstanding Term Loan of Rs.99.99 million from South Indian Bank with the same repayment schedule. The Outstanding Term Loan of Rs.99.99 million of South Indian Bank is paid on July 01, 2019.

Security: Equitable mortgage of vacant industrial land of the company located at Harohalli, Ramanagara District and personal guarantee of Mr. Rajendra Gandhi, Mrs. Sunita Rajendra Gandhi and Ms. Neha Gandhi.

- (ii) The company had taken the working capital term loan from IDFC First Bank (IDFC) of Rs. 250 million during the FY 2018-19. Rate of interest is 12 month marginal cost of fund based lending rate (MCLR) + 2.25% spread which is subject to yearly reset which is repayable in 36 equal instalments. Repayment of term loan obtained from IDFC started from April 2019.

During the year the company has taken the term loan from IDFC of Rs.99.99 million to take over the outstanding Term Loan of Rs.99.99 from South Indian Bank with the same repayment schedule and also additional Cash Credit facility of Rs.100 million. The Outstanding Term Loan of Rs.99.99 million of South Indian Bank is paid on July 01, 2019.

Security: Equitable mortgage of vacant industrial land of the company located at Harohalli, Ramanagara District and personal guarantee of Mr. Rajendra Gandhi, Mrs. Sunita Rajendra Gandhi and Ms. Neha Gandhi.

- (iii) The company has availed the Equipment Finance facility from Tata Capital Financial Services Limited for Rs. 80 million during the year with tenor of 48 months & the floating interest rate @ 11.75% p.a.

Security: Exclusive charge on equipment's purchased out of TCFSL facility and irrevocable and unconditional personal guarantee of Mr. Rajendra Gandhi and Mrs. Sunita Rajendra Gandhi.

- (iv) The company had borrowed Rs.10 million vehicle loan from BMW Financial Services. Rate of interest is 9.11% per annum which is repayable in 36 equal monthly instalments.

Security: Exclusive hypothecation on the vehicle.

The Company had borrowed Rs.8 million towards vehicle loan from BMW Financial Services. Rate of interest is 8.51% per annum which is repayable in 60 equal monthly instalments.

Security: Exclusive hypothecation on the vehicle.

The Company had borrowed Rs.3.99 million towards vehicle loan from HDFC Bank Ltd. Rate of interest is 8.8% per annum which is repayable in 60 equal monthly instalments.

Security: Exclusive hypothecation on the vehicle.



Stove Kraft Limited

Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

- (v) 6,089,554 Compulsory Convertible Debentures (CCD) of Rs. 10/- each: The following are the terms of the issue:

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

Dividends rights: Until conversion of all CCD into Equity Shares, in the event the Board declares dividend, then such additional interest shall be payable on the outstanding 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 CCD on conversion of the outstanding CCD.

Conversion: In accordance with the terms and conditions agreed with holders of CCD, each 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) compulsory 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.

Buy back: The holder of the instrument has right to sell back the CCDs to company after four years from the closing dates.

Exit to 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 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 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 CCD's; or
 (c) The holders CCD's shall be entitled to transfer the CCD's to a third party.

The holders of CCD have confirmed that they shall convert the outstanding number of CCDs into fully paid equity share capital of the Company before the filing of the red herring prospectus with Securities and Exchange Board of India.

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes.

Particulars	As at March 31, 2018	Financing Cash Flow	Non cash Changes			As at March 31, 2019
			Acquisition/ (Conversions)	Foreign exchange movement	Fair value change/others	
(a)Non Current Borrowings						
Borrowings from bank	141.25	214.99	-	-	-	356.24
Borrowings from other financial institution	11.71	(3.75)	-	-	-	7.96
Compulsorily convertible debentures(CCD)	3,000.00	-	(1,152.53)	-	-	1,847.47
(b)Current Borrowings	809.58	191.87	-	(2.01)	-	999.44
Total Borrowings	3,962.54	403.11	(1,152.53)	(2.01)	-	3,211.11

Particulars	As at March 31, 2019	Financing Cash Flow	Non cash Changes			As at March 31, 2020
			Acquisition/ (Conversions)	Foreign exchange movement	Fair value change/others	
(a)Non Current Borrowings						
Borrowings from bank	356.24	(98.96)	-	-	-	257.28
Borrowings from other financial institution	7.96	46.08	-	-	-	54.04
Compulsorily convertible debentures(CCD)	1,847.47	-	-	-	-	1,847.47
(b)Current Borrowings	999.44	215.86	-	5.25	-	1,220.55
Total Borrowings	3,211.11	162.98	-	5.25	-	3,379.34



Note

17 Other financial liabilities (Non-current)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits received	108.27	96.01
Total	108.27	96.01

18 Provisions (Non-current)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits:		
Compensated absence	6.79	2.53
Gratuity (Refer note 35)	44.91	35.30
Provision - others:		
For warranties (Refer Note (i) below)	11.04	8.29
Total	62.74	46.12

Note

- (i) 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	As at March 31, 2020	As at March 31, 2019
Warranty Provision		
Opening balance	16.19	10.84
Add/(Less) : Additions during the year	15.44	15.38
Add/(Less) : Unwinding of interest on discounting of provision	0.09	0.71
Add/(Less) : Reversed / utilisation during the year	(12.15)	(10.74)
Closing balance	19.57	16.19

Of the above the amounts expected to be incurred within a year amounts to Rs. 8.53 millions. The warranty expenditure is expected to be incurred over the warranty life of the products, as contracted, which varies from 6 months to 5 years

19 Borrowings (current)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured loans repayable on demand from banks (at amortised cost):		
From banks (Refer note (i) below)	1,098.60	885.72
From financial institutions (Refer note (ii) below)	121.95	113.72
Total	1,220.55	999.44

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 property, plant and equipments of the company along with equitable mortgage of immovable properties. Loans repayable on demand from banks is also secured by personal guarantee of Mr. Rajendra Gandhi, Mrs. Sunita Rajendra Gandhi and Ms. Neha Gandhi.
- (ii) Security: Exclusive charge on the trade receivables which is discounted by the financial institution and also secured by personal guarantee of Mr. Rajendra Gandhi and Mrs. Sunita Rajendra Gandhi.



Stove Kraft Limited
Notes to Consolidated Financial Statements
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

20 Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Other than Acceptances		
Total outstanding dues of micro enterprises and small enterprises (Refer note 40)	46.61	59.87
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,462.75	1,281.12
Total	1,509.36	1,340.99

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables towards materials	900.62	857.26
Trade payables towards services	249.40	198.93
Trade payables towards accruals	359.34	284.79
Total	1,509.36	1,340.99

a) Trade payables are non-interest bearing and are normally settled between 60 to 150 days.

b) The company's exposure to currency and liquidity risk related to trade payable is disclosed in Note 34.

21 Other Financial liabilities (current)

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of non-current borrowings		
Term loan from bank [Refer note 16(i) and (ii)]	94.96	108.34
Term loan from financial institutions [Refer note 16(iii)]	13.25	-
Vehicle loan [Refer note 16(iv)]	2.33	3.07
Security deposits received	50.76	70.26
Interest accrued but not due on borrowings	4.50	6.14
Derivative liabilities	0.66	2.77
Other payables:		
Payable on purchase of property, plant and equipment	110.25	40.35
Interest payable on security deposits	15.25	6.73
Total	291.96	237.66

22 Provisions (current)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits:		
Gratuity (Refer note 35)	6.20	3.88
Compensated absence	2.11	3.24
Provision - others:		
For warranty (Refer note 18(i))	8.53	7.90
Total	16.84	15.02

23 Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred revenue	16.68	16.12
Statutory remittances	17.40	18.78
Advance received from customers	14.27	19.02
Total	48.35	53.92

24 Current tax liabilities (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for income tax (net)	3.64	5.11
Total	3.64	5.11



Stove Kraft Limited
Notes to Consolidated Financial Statements
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Note

25 Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products (refer note(i) below)	6,666.22	6,349.96
Other operating revenue:		
Sale of scrap	15.37	24.29
Duty drawback	17.02	35.13
Total	6,698.61	6,409.38

Note (i): Sale of products include :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Manufactured	4,826.99	4,341.22
Traded	1,839.23	2,008.74
Total	6,666.22	6,349.96

Refer Note 36 for disaggregated revenues from contracts with customers by geography.

Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting year and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

26 Other income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Recurring items		
Interest income (refer note (i) below)	14.08	1.97
Miscellaneous income	2.95	2.14
Fair Value changes on derivative instruments	2.11	-
(ii) Non-recurring items		
Liability no more required written back	3.20	12.36
Income Tax refund amount	2.83	-
Excess Provision Reversed	5.11	-
Profit on sale of property, plant and equipment (net)	0.25	0.13
Total	30.53	16.60

Note(i) - Interest income comprises:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest from banks on deposits	2.81	1.66
Interest income on financial assets designated at amortized cost	0.20	0.17
Interest on income tax refund	11.07	-
Interest on trade receivables	-	0.14
Total	14.08	1.97

27 Cost of materials consumed

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock	(355.94)	547.96
Add: Purchases	4,034.73	2,983.38
	3,678.79	3,531.34
Less: Closing stock	(446.41)	(355.94)
Total	3,232.38	3,175.40



Stove Kraft Limited**Notes to Consolidated Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**28 Purchase of stock-in-trade**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchase of traded goods	1,287.63	1,326.00
Total	1,287.63	1,326.00

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year:		
Finished goods	383.89	246.83
Work-in-progress	61.61	31.98
Stock-in-trade	274.03	339.39
	719.53	618.20
Inventories at the beginning of the year:		
Finished goods	246.83	157.70
Work-in-progress	31.98	0.59
Stock-in-trade	339.39	345.13
	618.20	503.42
(Increase) / decrease	(101.33)	(114.78)

30 Employee benefits expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	726.17	613.53
Contributions to provident fund (Refer note 35)	38.45	27.67
Gratuity expense (Refer note 35)	15.67	11.22
Share-based payments to employees	8.61	-
Staff welfare expenses	31.21	45.53
Total	820.11	697.95

31 Finance costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on:		
Borrowings	144.93	128.02
Lease liabilities	0.56	-
Others	35.81	26.67
Other borrowing cost:		
Interest on statutory dues	-	0.37
Bank charges and other processing charges	27.71	24.12
Total	209.01	179.18

32 Depreciation & amortization expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation expenses	111.49	105.57
Amortization of Right-of-use assets (Refer note 3(b))	9.94	-
Amortization of intangible assets (Refer note 3(c))	2.67	18.84
Total	124.10	124.41



Stove Kraft Limited**Notes to Consolidated Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**33 Other expenses**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Job work charges	67.83	71.06
Power and fuel	69.88	56.92
Lease rentals	6.14	3.46
Repairs and maintenance		
Buildings	14.78	14.20
Plant and machinery	31.40	31.65
Others	3.22	2.90
Insurance	7.86	3.91
Rates and taxes	15.44	9.37
Communication	6.86	7.03
Travelling and conveyance	100.29	78.74
Printing and stationery	1.14	1.85
Freight and forwarding	240.70	240.16
Sales commission	90.70	134.44
Business promotion and advertisement expenses	316.26	227.01
Legal and professional fees	38.06	45.10
Payment to auditors comprises (net of Taxes)*		
For statutory audit	3.62	2.37
Certification charges	-	0.06
Out-of-pocket expense	1.11	0.65
For cost audit	0.10	0.10
Net loss on foreign currency transactions and translation	12.54	30.98
Provision for doubtful trade and other receivables, loans and advances (net) and balances written off	40.30	22.07
Provision for warranty (Refer note 17(i))	15.44	15.38
Royalty	10.04	5.41
Fair Value changes on derivative instruments	-	4.03
Miscellaneous expenses	28.18	17.74
Total	1,121.89	1,026.59

*The amount excludes Rs. 12.5 Million pertaining to payment to auditors towards fee for Initial Public Offer which is disclosed under prepaid expenses (Share issue expenses) under the head other current assets referred to in Note 13.



Note

34 Financial Instruments

34.1 Capital management

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

The capital structure of the Company consists of net debt and total equity of the Company consists of net debt (borrowings as detailed in notes 16, 19 and Current maturities of non-current borrowings as detailed in note 21, offset by cash and bank balances) and total equity.

The Company reviews the capital structure on a semi-annual basis to ensure that it in compliance with the required covenants.

Gearing ratio

The gearing ratio at end of the reporting year was as follows.

Particulars	As at March 31, 2020	As at March 31, 2019
Debt (i)	3,379.34	3,211.11
Less: Cash and bank balances	194.15	314.79
Net Debt(A)	3,185.19	2,896.32
Total Equity(B)	(599.54)	(623.84)
Net debt to equity ratio (A/B) (Refer note (ii) below)	-	-

- (i) Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings (borrowings as detailed in notes 16 and 19 and current maturities of non-current borrowings as detailed in note 21).

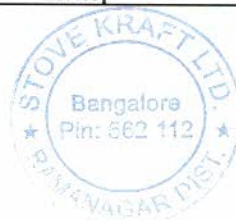
The holders of CCD have confirmed that they shall convert the outstanding number of CCDs into fully paid equity share capital of the Company before the filing of the red herring prospectus with Securities and Exchange Board of India.

- (ii) The net debt to equity ratio as at March 31, 2020 and March 31, 2019 has not been computed as the accumulated losses have exceeded the paid up capital and other free reserves as at that date. The Company however, for the purpose of its internal reporting, considers the outstanding compulsorily convertible debentures ("CCD") as at March 31, 2020 of Rs. 1847.47 (Rs. 1847.47 as at March 31, 2019) to represent an element of equity, whereby the revised position of the net debt to equity ratio would be :

Particulars	As at March 31, 2020	As at March 31, 2019
Debt (Gross)	3379.34	3211.11
Less: Outstanding CCD	1847.47	1847.47
Less: Cash and bank balances	194.15	314.79
Revised Net Debt (A)	1337.72	1048.85
Total Equity	(599.54)	(623.84)
Add: Outstanding CCD	1847.47	1847.47
Revised Total Equity (B)	1247.93	1223.63
Net debt to equity ratio (A/B) (Refer note (ii) below)	1.07	0.86

Categories of financial instruments

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets		
Measured at amortised cost		
Trade receivables	1,030.34	896.56
Cash and bank balances	194.15	314.79
Loans	3.52	4.52
Other financial assets	63.58	70.08
Financial liabilities		
Measured at fair value through profit or loss (FVTPL)		
Borrowing	1,847.47	1,847.47
Derivative financial liability	0.66	2.77
Measured at amortised cost		
Borrowings (including current maturities of non current	1531.87	1363.64
Trade Payables	1,509.36	1,340.99
Other financial liabilities	289.03	219.49



Stove Kraft Limited**Notes to Consolidated Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**34.2 Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis**Fair Valuation techniques and inputs used**

Particulars	Fair value hierarchy	Basis of valuation	As at March 31, 2020	As at March 31, 2019
Financial liabilities				
Borrowings	Level - 3	Note 3	1,847.47	1,847.47
Derivative Instruments	Level - 2	Note 1	0.66	2.77

- The fair value of derivative contracts are determined using forward exchange rates at the balance sheet date.
 - Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting year) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
 - The fair value is determined at a present value which discounts the potential future cash flows.
- The management considers that the carrying amount of financial assets and financial liabilities recognised in these financial statements at amortised cost approximate their fair values.

Sensitivity of Unobservable inputs used in Level 3 fair value measurements

The value of series A and series B CCDs is not impacted as both are carried at their maximum value.

Reconciliation of Level 3 fair value measurements

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	1,847.47	3,000.00
Add: Movement during the year	-	(1,152.53)
Closing balance	1,847.47	1,847.47

Financial risk management objectives

The company's risk management is carried out by Treasury department under policies laid down by the management. The Company's activities expose it to market risk (which includes currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. Treasury department monitors the risk exposures on a periodical basis and reports to the Board of directors on the risks that it monitors and policies implemented to mitigate risk exposures.

The company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

34.3 Foreign currency risk management

The Company is exposed to foreign exchange risk due to:

- exposure arising from transactions relating to purchase of goods including capital goods, revenues, expenses, etc., to be settled in foreign currencies.

Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts



Note

34.3.1 Forward foreign exchange contracts

It is the policy of the company to enter into forward foreign exchange contracts to cover the risk associated with trade receivables and trade payables.

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

Contracts not designated as cash flow hedge

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Trade payables hedged with forward contracts with maturity less than 120 days	USD INR	0.12 8.81	3.03 209.77

The carrying amount of the company's foreign currency denominated monetary liabilities (Payables) and assets (Receivables) as at the end of the reporting year are as follows:

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Payables (including current borrowings)	USD EURO RMB	194.27 30.91 45.55	207.44 - 3.93
Trade receivables	USD	69.60	42.79

34.3.2 Foreign currency sensitivity analysis

The company is mainly exposed to the currency USD

Financial instruments affected by changes in foreign exchange rates include trade receivables, trade payables and current borrowings. The following table details the Company's sensitivity to a 5% increase and decrease in INR against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The impact on account of 5% appreciation/depreciation in exchange rate of USD against INR is given below.

Particulars	Increase/(decrease) in equity	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Appreciation of USD	(6.23)	(8.43)
Depreciation of USD	6.23	8.43

The impact on equity has been arrived at by applying the effects of appreciation / depreciation effects of currency on the net position (Assets in foreign currency - Liabilities in foreign currency) in the respective currencies.

For the purposes of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of the respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at each year end.

The sensitivity analysis might not be representative of inherent foreign exchange risk due to the fact that the foreign exposure at the end of the reporting year might not reflect the exposure during the year.



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(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**34.4 Interest rate risk**

The company has taken a loan in foreign currency at variable interest rate, interest being index linked, that is their cost is linked to changes in the London inter-bank offer rate (LIBOR). The company has entered into a cross currency interest swap to hedge the variable interest risk and foreign currency risk and converted it into a fixed INR interest loan and thereby the company interest rate is fixed and not subject to any further risks.

The company has also taken an INR loan at variable interest rate, interest being index linked, that is their cost is linked to changes in the Marginal Cost of fund based lending rate (MCLR).

The company is not subject to any other material interest rate risk

At the reporting date the interest rate profile of the company's interest-bearing financial instruments is as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed-rate instruments		
Financial assets		
Balance held as margin money	44.09	29.55
Fixed Deposit held as cash & cash equivalent	-	195.00
Financial liabilities		
Borrowings from bank and other financial institution	8.67	7.96
Security deposit received	159.03	166.27
	211.79	398.78
Variable-rate instruments		
Financial liabilities		
Borrowings from bank and other financial institution	1,523.20	1,355.68
	1,523.20	1,355.68

Interest rate sensitivity analysis

A change of 100 basis points (bps) in interest rate at the reporting date would have increased / (decreased) equity by the amount shown below. This analysis assumes that all other variables remain constant.

Particulars	Increase/(decrease) in equity	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Increase of 100 bps on variable rate instruments	(11.22)	(8.43)
Decrease of 100 bps on variable rate instruments	11.22	8.43

34.5 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The company does not hold any collaterals to cover its risk associated with trade receivables.

Credit risk also arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions.

The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Reconciliation of expected credit loss - Trade receivables

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Provision	77.26	124.36
Add/(Less) : Change in Provision	21.12	(47.10)
Closing Provision	98.38	77.26

Particulars	As at March 31, 2020	As at March 31, 2019
Outstanding for more than 6 months	62.95	117.05
Others	967.39	779.51
Total	1,030.34	896.56



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Note**Liquidity risk**

Liquidity risk is the risk that the company could be unable to meet its short term financial demands. Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual short term and long term cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity analysis for non derivative financial liabilities

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment years. The table have been drawn up based on the undiscounted principal cash flows of financial liabilities based on the earliest date on which the company is required to pay. The contractual maturity is based on the earliest date on which the company would be required to pay.

As at March 31, 2020

Particulars	Due within			Total	Carrying Amount
	1 year	1-3 years	>3 years		
Borrowings	3,178.56	179.24	21.54	3,379.34	3,379.34
Trade payables	1,509.36	-	-	1,509.36	1,509.36
Other financial liabilities	180.76	108.27	-	289.03	289.03
Total	4,868.68	287.51	21.54	5,177.73	5,177.73

The interest rate for borrowings with variable interest rate is in the range of 10.5 % to 12.5%. The interest rate for borrowings with fixed interest rate is 12.25%. Interest rate for security deposit classified as other financial liabilities is 9%.

As at March 31, 2019

Particulars	Due within			Total	Carrying Amount
	1 year	1-3 years	> 3 years		
Borrowings	2,958.32	220.12	32.67	3,211.11	3,211.11
Trade payables	1,340.99	-	-	1,340.99	1,340.99
Other financial liabilities	123.48	96.01	-	219.49	219.49
Total	4,422.79	316.13	32.67	4,771.59	4,771.59

The interest rate for borrowings with variable interest rate is in the range of 11 % to 15.15%. The interest rate for borrowings with fixed interest rate is 12.25%. Interest rate for security deposit classified as other financial liabilities is 9%.

34.6 Financing Facilities

Particulars	As at March 31, 2020	As at March 31, 2019
Secured term loan facilities		
- amount used	257.28	356.24
- amount unused	-	-
Secured cash credit facilities		
- amount used	1,220.55	999.44
- amount unused	119.65	149.92
Secured non-fund based bank facilities		
- amount used	114.00	122.58
- amount unused	49.60	27.42



Note

35 Employee Benefit

Defined contribution plans

The company makes Provident fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the said schemes, the company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the company are at rates specified in the rules of the Scheme. The company recognises the amount paid / payable to such funds in the Standalone statement of profit and loss. The contributions made by the company towards these schemes are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's contribution to provident fund	38.45	27.67
Employee state insurance scheme	10.10	10.65

Defined benefit plans

The Company offers gratuity, a defined employee benefit scheme to its employees. Following are the risks associated with the plan:

A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Salary growth: Salary hikes that are higher than the assumed salary escalation will result in to an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption there the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Company there can be strain on the cash flows.

C. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

D. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

No other post-retirement benefits are provided to these employees.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Following tables sets out the un-funded status of defined benefit plan and amount recognised in Standalone financial statement.

1 Assumptions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount rate	6.56%	7.31%
Salary escalation	6.00%	6.00%
Attrition rate	25.00%	25.00%



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Note

2 Change in present value of obligation

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligation as at the beginning of the year	39.18	34.57
Interest cost	2.50	2.38
Current service cost	13.17	8.84
Past service cost	-	-
Benefits paid	(3.81)	(4.97)
Actuarial (gain)/loss of obligations	0.08	(1.64)
Present Value of Obligation as at the end of the year	51.12	39.18

3 Fair value of plan assets

Particulars	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets at beginning of the year	-	-
Expected return of plan assets	-	-
Contributions	-	-
Benefit paid	-	-
Actuarial gain / (loss) on plan assets	-	-
Fair value of plan assets at end of the year	-	-

4 Amounts recognized in Balance sheet

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligations as at the end of the year	51.12	39.18
Fair value of plan assets as at the end of the year	-	-
Funded status	(51.12)	(39.18)
Net balance sheet asset/ (liability) recognized at the end of the year	(51.12)	(39.18)
Current portion	6.20	3.88
Non-current portion	44.91	35.30

5 Expenses Recognized in statement of profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	13.17	8.84
Interest cost	2.50	2.38
Past service cost	-	-
Expenses recognized in statement of profit and loss	15.67	11.22

6 Components of defined benefit costs recognised in Other Comprehensive Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (gains) / losses arising from changes in demographic assumptions	-	2.36
Actuarial (gains) / losses arising from changes in financial assumptions	2.30	(10.51)
Actuarial (gains) / losses arising from experience adjustments	(2.22)	6.51
Actuarial (gains) / losses in Other Comprehensive Income	0.08	(1.64)

Particulars	As at March 31, 2020	As at March 31, 2019
Effect on DBO due to 100 bps increase in discount rate	48.13	37.73
Effect on DBO due to 100 bps decrease in discount rate	54.46	42.50

Particulars	As at March 31, 2020	As at March 31, 2019
Effect on DBO due to 100 bps increase in salary escalation rate	54.12	42.26
Effect on DBO due to 100 bps decrease in salary escalation rate	48.34	37.91



Stove Kraft Limited**Notes to Consolidated Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

Particulars	As at March 31, 2020	As at March 31, 2019
Effect on DBO due to 100 bps increase in attrition rate	50.80	39.82
Effect on DBO due to 100 bps decrease in attrition rate	51.44	40.15

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

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. There has been no change in the process used by the Company to manage its risks from prior years / years.

7 Expected future cash outflows (undiscounted) towards the plan are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Year 1	6.50	4.95
Year 2	4.84	4.06
Year 3	6.47	3.07
Year 4	3.45	4.61
Year 5	3.45	2.32
Year 6 to 10	17.11	13.95



Stove Kraft Limited**Notes to Consolidated Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**36 Segment reporting**

Information reported to Chief Operating Decision Maker (CODM) for the purpose of segment performance focuses on manufacturing and trading of kitchen and home appliances.

Revenue from major products and

The following is an analysis of the Group's revenue from its major products

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Manufactured		
Kitchen Appliances	4,570.98	4,311.22
Home Appliances	256.01	30.00
Total (a)	4,826.99	4,341.22
Traded product sales		
Kitchen Appliances	1,313.75	1,478.37
Home Appliances	525.48	530.37
Total (b)	1,839.23	2,008.74
Gross Total (a+b)	6,666.22	6,349.96

Geographical information:

The Group predominantly operates in India.

a. Revenue earned with in India and outside India are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
India	6,154.27	5,794.26
Others	511.95	555.70
Total	6,666.22	6,349.96

b. Non-current assets* earned with in India and outside India are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
India	2,048.16	1,840.58
Others	-	-
Total	2,048.16	1,840.58

*Non-current assets exclude financial assets and non-current tax assets

c. Revenue from major customers

Revenue from one customer of the Company is 15.69% of company's total revenue (As at March 31, 2019 - 11.58%), which is individually more than 10 percent of the Company's total revenue.



Note

37 Leases

Transition:

Effective April 01, 2019, the Group adopted Ind AS 116 "Leases" using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability and the right of use asset at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application. In accordance with this, the comparatives have not been retrospectively adjusted. In adopting Ind AS 116, the Group has applied the below practical expedients:

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- The Group has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"
- The Group has not applied the requirements of Ind AS 116 for leases of low value assets.
- The Group has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition
- The Group has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

On transition to Ind AS 116, the adoption of new standard resulted in recognition of 'Right-of-use asset of Rs. Nil and a lease liability of Rs. Nil. The cumulative effect of applying the standard of Rs. 13.45 was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profits before tax, profit for the year and earnings per share. The Company has discounted lease payments using the applicable incremental borrowing rate as at April 01, 2019, which is 11.5% for measuring the lease liability.

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

Particulars	As at March 31, 2020
Current lease liability	2.49
Non Current lease liability	-
Total	2.49

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

Particulars	As at March 31, 2020
Balance as at April 01, 2019	-
Additions	35.69
Deletions	(25.75)
Finance cost accrued during the year	0.56
Payment of lease liabilities	(9.34)
Translation difference (net)	1.33
Balance as at March 31, 2020	2.49

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

Particulars	As at March 31, 2020
Less than one year	2.49
One to five years	-
More than five years	-
Total	2.49

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

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 for the year ended March 31, 2020 against such lease arrangements is Rs.6.14 million.



Note

38 Share-based payment

A. Description of share-based payment arrangements

i. Share option programmes (equity-settled)

The Company has share option scheme "Stove Kraft Employee Stock Option Plan 2018", for employees of the Company. In accordance with the terms of the plan the Company may grant options to the eligible employees, as approved by the shareholders of the Company and the Nomination and Remuneration Committee (the "Committee"). Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The option carry neither a right to dividends nor voting rights.

Employees Stock Option Plan 2018:

Under this plan 755,328 options are granted and would normally vest over a maximum period of 5 years from the date of the grant (October 01, 2018) in proportions specified in 'Stove Kraft Employee Stock Option Plan 2018' scheme. Options would vest essentially on passage of time and in addition to this, the committee may also specify certain performance criteria subject to satisfaction of which the option would vest. The estimated contractual life of the options vesting period is 5 years.

B. Measurement of fair values

Fair value of share options granted :

The weighted average fair value of the share options granted is Rs. 24.47. The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The requirement that the employee has to save in order to purchase shares under the share purchase plan has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discount has been determined by estimating the probability that the employee

Inputs into the model	Option granted under employee stock option plan 2018
Grant date share price	99.25
Exercise price	150.00
Expected volatility	21.41%
Option life	5 years
Dividend yield	0.00
Risk-free interest rate	7.52%

C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option programmes were as follows:

Employees stock option plan:	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Option outstanding at the beginning of the year	755,328	150.00	-	-
Granted during the year	-	-	755,328	150.00
Exercised during the year	-	-	-	-
Forfeited during the year	167,056	150.00	-	-
Expired during the year	-	-	-	-
Options outstanding at the end of the year	588,272	150.00	755,328	150.00
Exercisable at the end of the year	-	-	-	-

The share option outstanding at the end of the reporting period had a weighted average exercise price of Rs. 150 and weighted average remaining contractual life of 4.96 years.



Note

39 Earnings per share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic		
Net Profit / (loss) after tax attributable to the equity shareholders (Rs. in Million) (A)	29.05	8.01
Weighted average no. of equity shares outstanding (B)	24,716,727	21,927,944
Face value per share (Rs.)	10.00	10.00
Basic earning per shares (A/B) (Rs.)	1.18	0.37
Diluted		
Net profit/(loss) after tax attributable to the equity shareholders (Rs in Million) (C)	29.05	8.01
Weighted average no. of equity shares outstanding [#] (D)	24,716,727	21,927,944
Face value per share (Rs.)	10.00	10.00
Diluted earnings per share (C/D) (Rs.)	1.18	0.37

[#]The conversion of CCDs into equity shares is contingent on various factors and since there exist uncertainty over conversion of CCDs into equity shares, these are not considered in the computation of diluted earnings per share.

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;	37.70	53.46
(ii) interest due thereon remaining unpaid to any supplier as at the end of the accounting year	4.34	0.94
(iii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iv) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	4.57	5.48
(v) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	8.91	6.42
(vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	1.25	1.14

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



Stove Kraft Limited

Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

41 Related party transactions**A. List of related parties :**

Sl. No.	Name of the related party	Nature of relationship
1	Key managerial personnel (KMP): Mr. Lakshmikanth Gupta (From December 23, 2019) Mr. Lakshmikanth Gupta (From May 11, 2018) Mr. Rajendra Gandhi Ms. Neha Gandhi Mrs. Shubha Rao Mayya (From August 30, 2018) Mr. Rajiv Nitin Mehta (From May 11, 2018 to September 02, 2019) Mr. Rajiv Nitin Mehta (From September 03, 2019) Mr. Bharat Singh (From September 21, 2018) Mr. Vivek Mishra (upto April 30, 2018) Ms. Rehana A. Rajan (From May 11, 2018 to July 26, 2018) Mr. Shashidhar SK (From July 27, 2018) Mr. Shashidhar SK (From July 02, 2018) Mr. Radhakrishnan (From January 19, 2018 to April 06, 2018)	Chairman of the Board Independent Director Managing Director (MD) Relative of MD and Director Independent Director Independent Director Chief Executive Officer and Whole Time Director Nominee Director Company Secretary Company Secretary Company Secretary Chief Financial Officer Chief Financial Officer
2	Enterprises owned or significantly influenced by KMP or their relatives: Shinag Allied Enterprises Private Limited (SAEPL) Pigeon Appliances Private Limited (PAPL)	MD's brother's wife is a Director Company is shareholder and MD is director
3	Relative of KMP Mrs. Sunita Rajendra Gandhi	Relative of MD

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

B. Transactions with related parties

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations		
SAEPL	0.05	-
Purchases		
SAEPL	-	0.14
Sales Return		
SAEPL	-	0.37
Job work		
SAEPL	-	0.59
Rent including lease rentals		
Mrs. Sunita Rajendra Gandhi	0.72	0.72
Purchase of PPE from		
SAEPL	-	5.59
Managerial remuneration:		
Mr. Rajendra Gandhi	10.11	9.51
Ms. Neha Gandhi	2.31	2.17
Mr. Vivek Mishra	-	0.09
Ms. Rehana A. Rajan	-	0.09
Mr. Radhakrishnan	-	0.11
Mr. Shashidhar SK	7.82	6.11
Mr. Rajiv Nitin Mehta	7.33	-
Sitting Fee paid to		
Mrs. Shubha Rao Mayya	0.80	0.50
Mr. Lakshmikanth Gupta	0.65	0.45
Mr. Rajiv Nitin Mehta	0.20	0.70



Stove Kraft Limited

Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**C. Balances with related parties**

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payable		
PAPL	0.29	0.29
Payable on purchase of property, plant and equipment		
SAEPL	2.68	2.68
Trade receivables		
SAEPL	3.42	3.38
Rent payable		
Mrs. Sunita Rajendra Gandhi	-	0.06
Remuneration payable		
Mr. Rajendra Gandhi	1.25	0.76
Ms. Neha Gandhi	0.33	0.18
Mr. Shashidhar SK	1.15	2.28
Mr. Rajiv Nitin Mehta	1.11	-
Sitting fees payables		
Mr. Lakshmikanth Gupta	-	0.05
Mr. Rajiv Nitin Mehta	-	0.30

D. The remuneration of Directors and other members of Key Management Personnel during the year was as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-term benefits	26.37	17.51
Post-employment benefits (Refer note (i) below)	1.20	0.57
Share based payment	0.51	-
Total	28.08	18.08

Note (i) Post - employment benefits excludes gratuity which cannot be separately identified from the composite amount advised by the actuary.



Stove Kraft Limited

Notes to Consolidated Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**42 Interest in other entities****Disclosure of interest in partnership firms**

Name of the partnership firm	Principal activity	Place of incorporation and place of operation	Proportion of ownership interest and voting power held by the Company	
			As at March 31, 2020	As at March 31, 2019
Stovekraft India	Manufacturing and selling of kitchen appliances	India	99%	99%



Note

43 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act,

(i) Particulars	As at March 31, 2020		As at March 31, 2019	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent - Stove Kraft Limited Partnership firm - Stovekraft India	101.11%	(586.75)	115.52%	(607.75)
	-1.11%	6.45	-15.52%	81.63
Adjustments arising out of consolidation and other adjustments	100%	(580.30)	100%	(526.12)
Total		(19.24)		(97.72)
		(599.54)		(623.84)

(ii) Particulars	For the year ended March 31, 2019			
	As % of consolidated statement of profit and loss	Amount	As % of consolidated Share in other Comprehensive Income	Amount
Parent - Stove Kraft Limited Partnership firm - Stovekraft India	87.87%	18.98	100.00%	1.69
	12.13%	2.62	0.00%	-
Adjustment for arising out of consolidation Share of profit attributed to Non-controlling interest	100.00%	21.60 (15.28)	100.00%	1.69
Total		0.03		-
		6.35		1.69
				8.04

(iii) Particulars	For the year ended March 31, 2020			
	As % of consolidated statement of profit and loss	Amount	As % of consolidated Share in other Comprehensive Income	Amount
Parent - Stove Kraft Limited Partnership firm - Stovekraft India	74.12%	28.41	100.00%	(2.56)
	25.88%	9.92	0.00%	-
Adjustment for arising out of consolidation Share of profit attributed to Non-controlling interest	100.00%	38.33 (6.72)	100.00%	(2.56)
Total		0.10		-
		31.71		(2.56)
				29.15



Stove Kraft Limited
Notes to Consolidated Financial Statements
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

44 Contingent liabilities and commitment

Particulars	As at March 31, 2020	As at March 31, 2019
Contingent Liability		
Indirect tax matters under appeal	62.92	65.08
Other disputed claims	2.68	2.68
Provident fund claims	9.39	9.39
Commitment		
Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets (Net of advances)	44.22	18.94

45 Mr. Rajendra Gandhi, Managing Director of the Company, is also a Non-Executive Director on the Board of Pigeon Appliances Private Limited (referred as PAPL). As a result of certain disputes, which have arisen between PAPL and the Company, PAPL has not filed its annual financial statements for financial years 2014-15, 2015-16 and 2016-17 as required in terms of Section 137 of the Companies Act, 2013. The last date for PAPL to file annual financial statements with the Registrar of Companies (ROC) for the financial year 2016-17 expired on October 30, 2017, as a result of which the provisions pertaining to disqualification of Directors under section 164 (2) and vacation of Office of Director under section 167 (1) of the Companies Act, 2013, was attracted. The Company and Mr. Rajendra Gandhi filed a petition before the National Company Law Tribunal (NCLT), Bangalore, on 22 November 2017 against PAPL, followed by another interim application on 30 May 2018, praying, inter alia, that the NCLT direct the ROC to maintain status quo by not disqualifying Mr. Rajendra Gandhi from directorships of other companies (other than PAPL), until the disposal of the main petition. The NCLT, in its interim order, dated 18 July 2018, has directed the ROC, not to disqualify Mr. Rajendra Gandhi as a Director on the Board of the Company.

46 The Group has a net deferred tax asset with respect to certain timing differences. These have not been recognised as the recognition criteria have not been met in accordance with the accounting policies followed by the Group.

The Group has not recognized the net deferred tax asset on the accumulated losses as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized

a) Current Tax - During the year, the Group does not have taxable income as per regular computation and as per Minimum Alternate Tax under section 115 JB of the Income Tax Act, 1961.

b) Deferred Tax - The timing differences mainly relates to carried forward business losses, unabsorbed depreciation and current depreciation resulting in net deferred tax asset at end of year. This has not been recognised as a matter of prudence.

47 The management of Stovekraft India (the firm) decided to discontinue the manufacturing operations in the firm and with effective from January 03, 2015, the manufacturing operations in the firm had been discontinued. Stove Kraft Limited (SKL), the majority partner in the firm, has not yet decided on alternative business plans for the firm, if any. SKL has the assured continuous financial support to the firm to meet its obligations. Pending decision on the future business plan for the firm and based on the financial support from SKL, the financial statements of the firm have been prepared under the historical cost convention except for property, plant and equipment of the firm which were fair valued.

48 Consolidated Statement of Tax Summary

(i) Income tax recognised in the statement of profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax		
In respect of current year	3.64	4.60
In respect of prior years	-	0.28
	3.64	4.88
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	-	-
Total income tax expense recognised in the statement of profit and loss	3.64	4.88



Note

48 Consolidated Statement of Tax Summary- continued

(ii) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	31.71	6.35
Company's domestic tax rate	34.94%	34.94%
Tax using the Company's domestic tax rate (Refer Note (i) below)	11.08	2.22
Tax effect of:		
Unused tax losses not recognised as deferred tax assets	(11.08)	(2.22)
Adjustments recognised in the current year in relation to current tax of prior years	-	-
Income tax recognised in the statement of profit and loss	-	-

Note:

(i) The tax rate used in the reconciliations above is the corporate tax rate payable by corporate entities in India on taxable profits under the Indian tax law. The tax expense recognized for the year ended March 31, 2020 pertains to Stovekraft India, a partnership firm. The actual tax expense for the year ended March 31, 2020 is zero considering the unabsorbed tax losses and depreciation.

(iii) Movement in deferred tax balances

Particulars	For the year ended March 31, 2020					
	Net balance April 01, 2019	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)						
Property, plant and equipment	(379.60)	(4.30)	-	(383.90)	-	-
Employee benefits	15.71	5.26	-	20.97	-	-
Provision for doubtful debts	26.99	7.38	-	34.37	-	-
Other items	5.66	1.18	-	6.84	-	-
Deferred tax assets/ (liabilities)	(331.24)	9.52	-	(321.72)	-	-
Set off tax losses/ Deferred tax assets not recognised	331.24	(9.52)	-	321.72	-	-
Net deferred tax assets (Liabilities)	-	-	-	-	-	-

Particulars	For the year ended March 31, 2019					
	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)						
Property, plant and equipment	(382.62)	3.02	-	(379.60)	-	-
Employee benefits	13.63	2.08	-	15.71	-	-
Provision for doubtful debts	43.04	(16.05)	-	26.99	-	-
Other items	3.75	1.91	-	5.66	-	-
Deferred tax assets/ (liabilities)	(322.20)	(9.04)	-	(331.24)	-	-
Set off tax losses/ Deferred tax assets not recognised	322.20	9.04	-	331.24	-	-
Net deferred tax assets (Liabilities)	-	-	-	-	-	-

iv) Unrecognized timing differences and tax losses and tax depreciation

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Difference between book value and tax base of Property, plant and equipment	(1,098.73)	(1,086.45)
Disallowance relating to employee benefits	60.01	44.95
Provision for doubtful debts	98.38	77.26
Others	19.57	16.19
Unabsorbed depreciation and tax losses	1,546.02	1,587.62
Net unrecognized timing differences	625.25	639.57
Tax impact	218.46	223.47

(v) The Company has a net deferred tax asset with respect to certain timing differences. These timing difference mainly relates to carried forward business losses, unabsorbed depreciation and as a matter of prudence, the Company has not recognised deferred tax asset on these timing differences (Refer note 46).

(vi) No deferred tax adjustments were required in respect of amounts recognised in Other Comprehensive Income in view of the nature of items included therein and the availability of unabsorbed tax losses (including tax depreciation)

(vii) No Deferred tax adjustments were considered necessary to be recognised in respect of timing differences associated with investments in partnership firms.



Stove Kraft Limited
Notes to Consolidated Financial Statements
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

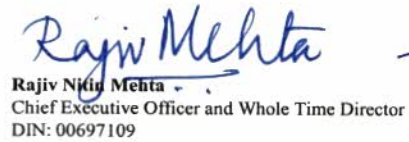
- 50 The Board of Directors duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on July 27, 2020.

For and on behalf of the Board of Directors



Rajendra Gandhi
Managing Director
DIN: 01646143

Place : Bengaluru
Date : July 27, 2020



Rajiv Nitin Mehta
Chief Executive Officer and Whole Time Director
DIN: 00697109



Shashidhar SK
Chief Financial Officer & Company Secretary
Membership Number: FCS 7119



INDEPENDENT AUDITOR'S REPORT

To The Members of Stove Kraft Limited (Formally Stove Kraft Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Stove Kraft Limited (Formally Stove Kraft Private Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Board's report including Annexures to Board's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

Other Matters

Due to COVID-19 related lockdown, we were not able to physically observe the physical verification of inventory that was carried out by the management subsequent to the year end. Consequently, we performed alternate procedures to audit the existence of Inventory as per the guidance provided in SA 501 "Audit Evidence — Specific Considerations for Selected Items" and have obtained sufficient audit evidence in this regard.

Our opinion on the standalone financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, in respect of one of the directors, disqualification was attracted under section 164(2) of the Act, however the Company

has received an order to maintain status quo of the directorship of the director from National Company Law Tribunal as referred in the note no. 41 and all other directors are not disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 standalone 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.
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)



Jaideep S. Trasi
Partner

(Membership No. 211095)

UDIN: 20211095AAAABJS356

Bengaluru, July 27, 2020
Ref.: JT/JKS/DSS/MAR2020

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 Limited (Formally Stove Kraft Private Limited) ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 standalone 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 standalone 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 standalone 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 standalone 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, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Bengaluru, July 27, 2020
Ref.: JT/JKS/DSS/MAR2020

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



Jaideep S. Trasi
Partner

(Membership No. 211095)
UDIN: 20211095AAAABJ5356

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)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. 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 provided to us, we report that, the title deeds, comprising all the immovable properties of buildings and freehold land, are held in the name of the Company as at the balance sheet date.
- (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) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as 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 and therefore, the provision of the Clause 3(v) of the Order are not applicable to the Company.
- (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, Goods and Services Tax, Customs Duty, 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, Goods and Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

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- (c) Details of dues of Income-tax, Goods and Services tax, Sales Tax, Customs Duty, Service Tax and Excise Duty which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount unpaid (Rs. in Million)
Central Excise Act, 1944	Service tax input credit	CESTAT, Bengaluru	2010-11	4.10
			2011-12	7.61
			2012-13	5.11
			2011-15	7.03
		Commissioner of Central Excise, Bengaluru – III commissionerate	2006-10	11.96
Kerala VAT Act, 2003	VAT	Deputy Commissioner (Appeals) SG & ST Department, Ernakulam	2011-12	3.02
Custom Act, 1962	Custom Duty	CESTAT, Bengaluru	2010-13	6.50
Gujarat VAT Act, 2003	VAT	Deputy Commissioner of commercial taxes	2013-14	1.57

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks, financial institutions and dues to debenture holders. The Company has not taken any loans or borrowings from government.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (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) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013, as amended.
- (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 Section 188 of the Act for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.

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- (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 subsidiaries or persons connected with them and hence provisions of section 192 of the Act 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)



Jaideep S. Trasi

Partner

(Membership No. 211095)

UDIN: 20211095AAAABJS356

Bengaluru, July 27, 2020
Ref.: JT/JKS/DSS/MAR2020

Stove Kraft Limited
Standalone Balance Sheet
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Non-current assets			
Property, plant and equipment	3(a)	1,933.92	1,789.53
Capital work-in-progress		42.27	9.48
Right-of-use assets	3(b)	-	-
Intangible assets	3(c)	2.95	18.16
Intangible assets under development		33.40	7.82
Financial assets			
Investments	4	9.29	87.74
Other financial assets	5	50.10	50.73
Non-current tax asset (net)	6	2.11	1.65
Other non-current assets	7	40.65	17.98
Total non - current assets		2,114.69	1,983.09
Current assets			
Inventories	8	1,165.94	974.14
Financial assets			
Trade receivables	9	1,030.34	896.56
Cash and cash equivalents	10(a)	143.92	249.65
Bank balances other than cash and cash equivalent as above	10(b)	43.78	29.24
Loans	11	3.52	4.52
Other financial assets	12	13.20	19.07
Other current assets	13	204.76	123.45
Total current assets		2,605.46	2,296.63
Total assets		4,720.15	4,279.72
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14(a)	247.17	247.17
Other equity	14(b)	(833.92)	(854.92)
Total equity		(586.75)	(607.75)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	2,048.25	2,100.26
Lease liabilities	34	-	-
Other financial liabilities	16	108.27	96.01
Provisions	17	62.74	46.12
Total non - current liabilities		2,219.26	2,242.39
Current liabilities			
Financial liabilities			
Borrowings	18	1,220.55	999.44
Lease liabilities	34	2.49	-
Trade payables	19		
(i) total outstanding dues of micro enterprises and small enterprises		46.61	59.87
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,465.84	1,284.25
Other financial liabilities	20	286.96	232.66
Provisions	21	16.84	15.02
Other current liabilities	22	48.35	53.84
Total current liabilities		3,087.64	2,645.08
Total liabilities		5,306.90	4,887.47
Total equity and liabilities		4,720.15	4,279.72

See accompanying notes forming part of the Standalone Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No: 008072S

Jasdeep S. Trasi

Jasdeep S. Trasi
Partner
Membership Number: 211095



Place : Bengaluru
Date : July 27, 2020

For and on behalf of the Board of Directors

Rajendra Gandhi *Rajiv Nitin Mehta*

Rajendra Gandhi
Managing Director
DIN: 01646143

Rajiv Nitin Mehta
Chief Executive Officer and Whole Time Director
DIN: 00697109

Shashidhar SK

Shashidhar SK
Chief Financial Officer & Company Secretary
Membership Number: FCS 7119

Place : Bengaluru
Date : July 27, 2020



Stove Kraft Limited**Standalone Statement of Profit and Loss**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	23	6,698.61	6,409.38
Other income	24	21.27	19.20
Total income		6,719.88	6,428.58
Expenses			
Cost of materials consumed	25	3,232.38	3,175.40
Purchase of stock in trade	26	1,287.63	1,326.00
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(101.33)	(114.78)
Employee benefits expenses	28	820.11	697.95
Finance cost	29	209.01	178.81
Depreciation and amortization expenses	30	121.44	122.02
Other expenses	31	1,122.23	1,023.92
Total expenses		6,691.47	6,409.32
Profit/(Loss) before tax		28.41	19.26
Tax expense:	43		
Current tax		-	0.28
Deferred tax		-	-
Net tax expense		-	0.28
Profit / (Loss) for the year		28.41	18.98
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit Plans - Gains / (losses) (net)		(2.56)	1.64
Income tax impact		-	-
Items that will not be reclassified to profit or loss (net of tax)		(2.56)	1.64
Items that will be reclassified to profit or loss			
Fair value changes on cash flow hedges		-	0.05
Income tax impact		-	-
Items that will be reclassified to profit or loss (net of tax)		-	0.05
Total other comprehensive income for the year		(2.56)	1.69
Total comprehensive income for the year		25.85	20.67
Earnings per share			
Basic (in Rs.) (Face value of Rs. 10 each)	36	1.15	0.87
Diluted (in Rs.) (Face value of Rs. 10 each)	36	1.15	0.87

See accompanying notes forming part of the Standalone Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

Firm's Registration No: 008072S


Jaideep S. Trasi

Partner

Membership Number: 211095

For and on behalf of the Board of Directors

Rajendra Gandhi

Managing Director

DIN: 01646143


Rajiv Nitin Mehta

Chief Executive Officer and Whole Time Director

DIN: 00697109


Shashidhar SK

Chief Financial Officer & Company Secretary

Membership Number: FCS 7119



Place : Bengaluru

Date : July 27, 2020

Place : Bengaluru

Date : July 27, 2020



Stove Kraft Limited
Standalone Statement of Cashflows

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Cashflow from operating activities			
Profit / (Loss) before tax		28.41	19.26
Adjustments for :			
Depreciation and amortisation expense	30	121.44	122.02
Provision for doubtful trade and other receivables, loans and advances and bad debts written off (net)	31	40.30	22.07
Liability no longer required written back	24	(3.13)	(12.36)
Interest on deposit with bank	24	(2.81)	(1.66)
Profit on fair valuation of derivative instruments	24	(2.11)	4.03
*Profit on sale of property, plant and equipments	24	(0.25)	(0.13)
Profit from partnership firm	24	(9.82)	(2.60)
Finance cost	29	181.30	178.81
Unrealised exchange difference on lease liabilities		(0.50)	-
Unrealised exchange difference on foreign currency transactions and translation (net)		10.81	(7.81)
Employees share option cost recorded on grants	28	8.61	-
Operating cash profit before changes in working capital		372.25	321.63
Changes in working capital			
Adjustment for (increase) / decrease in operating assets :			
Other financial assets		7.90	(16.87)
Inventories		(191.80)	77.24
Trade receivables		(172.42)	(123.50)
Other assets		(85.89)	(24.62)
Adjustment for increase / (decrease) in operating liabilities:			
Other financial liabilities		(7.24)	(22.39)
Trade payables		164.23	(91.10)
Other current liabilities		(5.49)	1.60
Provisions		15.88	12.62
Cash generated from operations		97.42	134.61
Net income taxes (paid) / refund received		(0.46)	0.43
Net cash generated from / (used in) operating activities (A)		96.96	135.04
Cashflow from investing activities			
Capital expenditure on property, plant and equipments (including capital advance)		(260.73)	(109.43)
Proceeds from sale of property, plant and equipments		0.29	0.13
Interest received on bank deposits		2.41	1.93
Drawings from partnership firm / (investment) in partnership firm (net)		88.27	(3.68)
Movement of margin money deposit with banks (net)		(14.54)	4.26
Net cash generated from / (used in) investing activities (B)		(184.30)	(106.79)
Cash flows from financing activities			
Proceeds from long-term borrowings		145.74	250.00
Repayment of long-term borrowings		(198.62)	(38.76)
Proceeds / (repayment) from short-term borrowings (net)		215.86	191.87
Payment of lease liabilities		(6.95)	-
Finance costs (including interest towards lease liabilities - refer note 29)		(174.42)	(185.11)
Net cash generated from / (used in) financing activities (C)		(18.39)	218.00
Net Increase / (decrease) in cash & cash equivalents (A+B+C)		(105.73)	246.25
Cash and cash equivalents at beginning of the year	10(a)	249.65	3.40
Cash and cash equivalents at the end of the year* (Refer note 10(a))		143.92	249.65
* Comprises:			
(a) Cash on hand	10(a)	0.53	0.44
(b) Balances with banks:			
in current accounts	10(a)	143.39	54.21
in fixed deposits		-	195.00
Total		143.92	249.65

See accompanying notes forming part of the Standalone Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No: 008072S

Jaideep S. Trasi
Partner
Membership Number: 211095

For and on behalf of the Board of Directors

Rajendra Gandhi
Managing Director
DIN: 01646143

Rajiv Niran Mehta
Chief Executive Officer and Whole Time Director
DIN: 00697109

Shashidhar SK
Chief Financial Officer & Company Secretary
Membership Number: FCS 7119

Place : Bengaluru
Date : July 27, 2020

Place : Bengaluru
Date : July 27, 2020



Stove Kraft Limited
Standalone Statement of Changes in Equity
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Equity share capital		
Opening balance	247.17	189.00
Add: Conversion of CCDs into equity shares	-	58.17
Closing balance	247.17	247.17

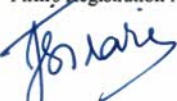
Other equity

Particulars	Reserves and Surplus			Items of other comprehensive income	Total other equity
	Retained earnings	Securities Premium	Share options outstanding account	Cash flow hedge reserve	
Balance as at April 01, 2018	(1,969.91)	-	-	(0.05)	(1,969.96)
Profit for the year	18.98	-	-	-	18.98
Remeasurement of defined benefit obligation [Gain/(Loss)]	1.64	-	-	-	1.64
Fair Value changes on cash flow hedge	-	-	-	0.05	0.05
Securities Premium on conversion of CCDs to Equity	-	1,094.37	-	-	1,094.37
Balance as at April 01, 2019	(1,949.29)	1,094.37	-	-	(854.92)
Impact on adoption of Ind AS 116 (Refer Note 34)	(13.46)	-	-	-	(13.46)
Profit for the year	28.41	-	-	-	28.41
Remeasurement of defined benefit obligation [Gain/(Loss)]	(2.56)	-	-	-	(2.56)
Share option recorded on grant during the year	-	-	8.61	-	8.61
Balance as at March 31, 2020	(1,936.90)	1,094.37	8.61	-	(833.92)

Note: In accordance with Notification G.S.R 404(E), dated April 06, 2016, other comprehensive income in the nature of remeasurement of defined benefit plans (net of tax) is recognised as a part of retained earnings.

See accompanying notes forming part of the Standalone Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration No: 008072S



Jandeep S. Trasi
Partner
Membership Number: 211095

For and on behalf of the Board of Directors




Rajendra Gandhi
Managing Director
DIN: 01646143



Rajiv Nitin Mehta
Chief Executive Officer and Whole Time Director
DIN: 00697109



Place : Bengaluru
Date : July 27, 2020


Shashidhar SK
Chief Financial Officer & Company Secretary
Membership Number: FCS 7119
Place : Bengaluru
Date : July 27, 2020



1 Corporate information

Stove Kraft Limited (the 'Company' / 'SKL') is a company domiciled in India, with its registered office situated at Bengaluru. It is engaged primarily in the business of manufacture of pressure cookers, LPG stoves, non-stick cookware, wick stoves and trading of other kitchen and electrical appliances under the brand names "Pigeon" and "Gilma".

The Company changed its name from Stove Kraft Private Limited to Stove Kraft Limited on August 13, 2018.

2 Significant accounting policies

2.1 Statement of compliance

These standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and Companies (Indian Accounting Standards) (Amendment) Rules, 2017 and other relevant provisions of the Act as applicable

Except for the changes below, the Company has consistently applied accounting policies to all years.

i) The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 01, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 01, 2019. As a result, the comparative information has not been restated. Refer Note 34 for further details.

2.2 Basis of preparation and presentation & Summary of significant accounting policies

The Standalone Financial Statements have been prepared on the historical cost basis except for:

- certain financial assets and liabilities (including derivative instruments), plan assets of the defined benefit plan that are measured at fair values at the end of each reporting year.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Ø Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Ø Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Ø Level 3 inputs are unobservable inputs for the asset or liability.



(a) Revenue Recognition

i. Sale of goods

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations.

The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates, loyalty benefits and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

ii. Export entitlement

Government incentives are accrued for based on fulfilment of eligibility criteria for availing the incentives and when there is no uncertainty in receiving the same.

iii. Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(b) Property, Plant and Equipment

Property, Plant and Equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipment comprises its purchase price, net of any trade discounts and rebates, any import duties, 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.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

Depreciation on Property, Plant and Equipment 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.

Assets	Useful Life in years
Leasehold Improvements	3-5 Years or over the lease period whichever is lower
Office Equipments	5 Years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.



(c) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

The useful lives of intangible assets that is considered for amortization of intangible assets are as follows:

Intangible Assets	Useful Life in years
Technical Know How	5
Computer Software	6

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

(d) Investments in partnership firm

Investment in partnership firm is measured at cost less impairment.

(e) Inventories

Inventories are valued at the lower of weighted average cost and the net realizable value. Cost includes purchase cost and all other charges in bringing the inventories to their present location and condition including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads.

Net realisable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and estimated costs necessary to make the sale.

(f) Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

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

A. Financial Assets:

i. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

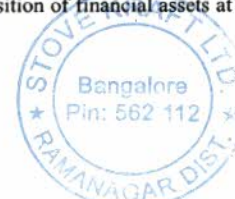
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that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

ii. Financial Assets at fair value through other comprehensive Income

Financial assets are measured at fair value through other comprehensive income ('FVTOCI') if these financial assets are held within business model whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

iii. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss ('FVTPL') unless it is measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in the statement of profit and loss.



iv. Impairment of financial assets

In accordance with Ind AS 109 - Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting year, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent year, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 months ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- i. All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;
 - ii. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
- As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the year is recognised as income/expense in the statement of profit and loss. This amount is reflected under the head other expenses in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, contractual revenue receivables:

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

v. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

vi. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting year.

For foreign currency denominated financial assets that are measured at amortised cost and FVTPL, the exchange difference are recognised in statement of profit and loss.



B. Financial liabilities and equity instruments

i. Classification as debt or equity

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

ii. Equity Instrument

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

iii. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

iv. Financial liabilities at FVTPL

Financial liability has been designated at FVTPL where it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Statement of profit and loss.

v. Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting year. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

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

vi. Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting year, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in Statement of Profit and Loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting year. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Statement of profit and loss.

vii. Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit and loss.

C. Derivative financial instruments

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

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting year. The resulting gain or loss is recognised in the Statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

D. Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.



E. Hedge Accounting

The Company designates certain hedging instruments as either fair value hedges or cash flow hedges.

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

i. Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in Statement of profit and loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the statement of profit and loss.

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

ii. Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to statement of profit and loss in the year when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity will be recognised in statement of profit and loss on such event.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and at banks and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Foreign Currency transactions and translations

The functional currency of the Company is Indian Rupee (Rs.).

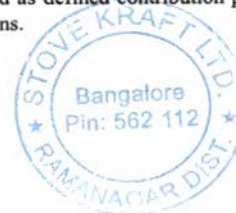
Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss in the year in which they arise.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when the fair value was determined.

(i) Employee Benefits

Defined Contribution Plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are recognised as an expense when employees have rendered service entitling them to the contributions.



Defined Benefit Plan

For defined benefit plans in the form of gratuity (un-funded), the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting year. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the year in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the year of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the year to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item "Employee benefit expenses. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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 year in which the employee renders the related service.

Long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

(j) Borrowing Costs

Borrowing costs include:

- (i) interest expense calculated using the effective interest rate method,
- (ii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in Statement of profit and loss in the year in which they are incurred.



(k) Leases

The Company as a Lessee:

The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 01, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using interest rate implicit in the lease or, if that rate cannot be readily determined, Company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets:

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

Comparative year :

In the comparative year, leases under which the Company assumes substantially all the risks and rewards of ownership were classified as finance leases. All other leases were classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

(l) Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the condensed standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax

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

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

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

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

Current and deferred tax for the year

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



(m) Provisions and Contingent Liabilities

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 of the amount of obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes to the Financial Statements. Contingent assets are not recognised in the financial statements.

(n) Impairment of non-financial assets

At the end of each reporting year, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of profit and loss.

(o) Earnings per share

Basic earnings per share is computed by dividing statement of profit and loss attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the reporting year.

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

(p) Share issue expense

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction.

(q) Share-based compensation

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 35.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting year, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.



2.3 Use of estimates and management judgments

In application of the accounting policies, which are described in note 2.4, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. In particular, information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

1. Useful life of property, plant and equipment and intangible assets

The useful life of the assets are determined 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.

2. Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected discounted future cash flows from each asset or cash-generating unit.

3. Impairment of financial assets

The impairment assessment for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of the reporting year.

4. Deferred tax

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

5. Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

6. Post-retirement benefit plans

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions which include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at each financial year end on the government bonds.

7. Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting year.

8. Estimation of uncertainty relating to the global health pandemic from Covid-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, Investments, Inventories, Receivables and other assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial information.



Stove Kraft Limited

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(Amount in Rupees Millions, except for share data, unless otherwise stated)

3(a) Property, Plant and Equipment

Particulars	Land	Buildings	Plant and machinery	Furniture and fixtures	Lease hold improvements *	Computers	Office Equipments	Vehicles	Total
Opening Gross block as at April 01, 2018	828.76	382.11	577.51	18.32	9.48	8.76	12.39	24.28	1,861.61
Additions	16.20	24.49	88.93	0.68	-	1.19	0.27	-	131.76
Disposals	-	-	(12.20)	-	-	-	-	-	(12.20)
Gross block as at March 31, 2019	844.96	406.60	654.24	19.00	9.48	9.95	12.66	24.28	1,981.17
Opening Gross block as at April 01, 2019	844.96	406.60	654.24	19.00	9.48	9.95	12.66	24.28	1,981.17
Additions	-	31.50	212.03	0.58	-	1.62	2.19	5.34	253.26
Disposals	-	-	(0.76)	-	-	(0.86)	(0.08)	-	(1.70)
Gross block as at March 31, 2020	844.96	438.10	865.51	19.58	9.48	10.71	14.77	29.62	2,232.73
Accumulated depreciation									
Opening accumulated depreciation as at April 01, 2018	-	14.70	61.32	2.28	2.55	3.88	3.23	2.41	90.37
Depreciation expense for the year	-	15.18	72.41	2.81	2.27	3.76	3.32	3.43	103.18
Eliminated on disposal of assets	-	-	(1.91)	-	-	-	-	-	(1.91)
Accumulated depreciation as at March 31, 2019	-	29.88	131.82	5.09	4.82	7.64	6.55	5.84	191.64
Net carrying amount as at March 31, 2019	844.96	376.72	522.42	13.91	4.66	2.31	6.11	18.44	1,789.53
Accumulated depreciation									
Opening accumulated depreciation as at April 01, 2019	-	29.88	131.82	5.09	4.82	7.64	6.55	5.84	191.64
Depreciation expense	-	16.51	80.43	2.26	1.63	1.54	2.94	3.52	108.83
Eliminated on disposal of assets	-	-	(0.80)	-	-	(0.86)	-	-	(1.66)
Accumulated depreciation as at March 31, 2020	-	46.39	211.45	7.35	6.45	8.32	9.49	9.36	298.81
Net carrying amount as at March 31, 2020	844.96	391.71	654.06	12.23	3.03	2.39	5.28	20.26	1,933.92

* Leasehold improvements made in the premises which is taken on lease by the franchisee Refer note 15 (i), (ii) (iii) and (iv) and note 18(i) for details of mortgage & hypothecation.



3(b) Right-of-use assets

Particulars	Technical know how
Balance as at April 01, 2019	-
Reclassified on account of adoption of Ind AS 116 (Refer Note 3(c) and 34)	-
Additions	35.69
Deletions	(25.75)
Amortisation (Refer Note 30)	9.94
Balance as at March 31, 2020	-

3(c) Intangible Assets

Particulars	Computer software	Technical know how	Total
Opening Gross block as at April 01, 2018	9.21	47.14	56.35
Additions	0.79	0.22	1.01
Disposals	-	-	-
Gross block as at March 31, 2019	10.00	47.36	57.36
Opening Gross block as at April 01, 2019	10.00	47.36	57.36
Additions	0.91	-	0.91
Reclassified on account of adoption of Ind AS 116 (Refer Note 34)	-	(47.36)	(47.36)
Disposals	-	-	-
Gross block as at March 31, 2020	10.91	-	10.91
Amortization			
Opening accumulated amortization as at April 01, 2018	2.89	17.47	20.36
Amortization expense for the year	2.40	16.44	18.84
Eliminated on disposal of assets	-	-	-
Accumulated amortization as at March 31, 2019	5.29	33.91	39.20
Net carrying amount as at March 31, 2019	4.71	13.45	18.16
Amortization			
Opening accumulated amortization as at April 01, 2019	5.29	33.91	39.20
Reclassified on account of adoption of Ind AS 116 (Refer Note 34)	-	(33.91)	(33.91)
Amortization expense	2.67	-	2.67
Eliminated on disposal of assets	-	-	-
Accumulated amortization as at March 31, 2020	7.96	-	7.96
Net carrying amount as at March 31, 2020	2.95	-	2.95



Stove Kraft Limited

Notes to Standalone Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

4 Investments

Particulars	As at March 31, 2020	As at March 31, 2019
In equity instruments of associate (Carried at cost)		
7,500 Equity shares of Rs. 10/- each fully paid up in Pigeon Appliances Private Limited (Refer Note (i) below)	-	-
Total	-	-
In partnership firm (Carried at cost) (refer note (ii) below)		
Capital account	155.15	155.15
Current account	(142.68)	(67.41)
Less: Provision for impairment	(3.18)	-
Total	9.29	87.74
Aggregate amount of un-quoted investments	9.29	87.74
Aggregate amount of impairment in value of investments	3.18	-

Note

- (i) The Company had invested a sum of Rs. 0.08 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 FY 2014-15, 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 the Company. The Company had initiated legal action against PAPL for irregularities noted in the business operations and unauthorized use of trademarks.

- (ii) **Name of the partnership firm where the Company has invested:**

Stove Kraft India, Baddi, Himachal Pradesh

Name of the partners	Partner's Capital	
	As at March 31, 2020	As at March 31, 2019
Stove Kraft Limited	155.15	155.15
Rajendra Gandhi	-	-
Total	155.15	155.15

Name of the partners	Profit Sharing Ratio	
	As at March 31, 2020	As at March 31, 2019
Stove Kraft Limited	99%	99%
Rajendra Gandhi	1%	1%
Total	100%	100%

5 Other financial Asset (Non-Current)

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured considered good unless otherwise stated)		
Security deposits		
Considered good	50.10	50.73
Considered doubtful	1.18	1.18
Less: Allowance for doubtful security deposits	(1.18)	(1.18)
Total	50.10	50.73

6 Non-current tax asset (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax [net of provision of Rs. Nil (as at March 31, 2019 Rs. Nil)]	2.11	1.65
Total	2.11	1.65



Stove Kraft Limited

Notes to Standalone Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note
7 Other non-current assets

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured considered good unless otherwise stated)		
Capital advances		
Considered good	22.41	4.32
Considered doubtful	0.91	2.38
Less: Allowance for doubtful advance	(0.91)	(2.38)
	22.41	4.32
Provident fund paid under protest	2.82	-
	2.82	-
Tax paid under protest	8.33	7.58
Considered doubtful	3.54	3.54
Less: Allowance for doubtful balances	(3.54)	(3.54)
	8.33	7.58
Balance with government authorities		
Considered good	2.96	3.91
Considered doubtful	11.81	11.81
Less: Allowance for doubtful balances	(11.81)	(11.81)
	2.96	3.91
Prepaid expense	4.13	2.17
Total	40.65	17.98

8 Inventories

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials, components and packing materials	387.84	343.10
Raw material-in-transit	58.57	12.84
Work-in-progress	61.61	31.98
Finished goods (manufactured)	383.89	246.83
Stock-in-trade (acquired for trading)	219.12	278.70
Goods-in-transit (acquired for trading)	54.91	60.69
Total	1,165.94	974.14

Refer note 18(i) for details of hypothecation.

9 Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured)		
Trade Receivables Considered good	1,128.72	973.82
Less: Allowance for doubtful receivables	(98.38)	(77.26)
Total	1,030.34	896.56

The average credit period on sale of goods ranges from 60 to 120 days.

Refer note 18(i) & (ii) for details of hypothecation.

Refer note 32.5 for credit risk

10(a) Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.53	0.44
Balances with banks:		
In current accounts	143.39	54.21
In fixed deposits	-	195.00
Total	143.92	249.65

10(b) Bank Balances other than cash and cash equivalent as above

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
In earmarked accounts: balance held as margin money (Refer note (i) below)	43.78	29.24
Total	43.78	29.24

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.



Stove Kraft Limited
Notes to Standalone Financial Statements
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

11 Loans

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured considered good)		
Advance to employees	3.52	4.52
Total	3.52	4.52

12 Other financial assets (Current)*

Particulars	As at March 31, 2020	As at March 31, 2019
(Unsecured considered good)		
Insurance Claim Receivable	4.00	10.99
Government Incentive Receivable	8.64	7.92
Interest accrued on deposit with banks	0.56	0.16
Total	13.20	19.07

*Refer note 18(i) for details of hypothecation.

13 Other Current Assets*

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expense (Refer note (i) below)	69.77	53.14
Advances to suppliers / service providers		
Considered good	55.12	44.13
Considered doubtful	8.79	9.46
Less: Allowance for doubtful advances	(8.79)	(9.46)
Balance with government authorities	55.12	44.13
Total	204.76	123.45

*Refer note 18(i) for details of hypothecation.

Note (i) : The company has so far incurred share issues expenses of Rs. 58.87 Million as at March 31, 2020 (Rs. 42.79 Million as at March 31, 2019) in connection with proposed public offer of equity shares. These expenses shall be adjusted against securities premium to the extent permissible under section 52 of the Companies Act, 2013 on the successful completion of Initial Public Offer (IPO). The entire amount has been carried forward and disclosed under the head 'Other current assets' as Prepaid expenses.



Note

14(a) Equity Share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
39,999,995 Equity shares of Rs. 10/- each (As at March 31, 2019 : 39,999,995 Equity shares of Rs. 10/- each)	400.00	400.00
10 Class A Equity shares of Rs. 10/- each (As at March 31, 2019 : 10 Class A Equity shares of Rs. 10/- each)	-	-
Total	400.00	400.00
Issued, subscribed and fully paid up capital		
24,716,727 Equity shares of Rs. 10/- each (As at March 31, 2019 : 24,716,727 Equity shares of Rs. 10/- each)	247.17	247.17
10 Class A Equity shares of Rs. 10/- each (As at March 31, 2019 : 10 Class A Equity shares of Rs. 10/- each)	.*	.*
Total	247.17	247.17

* Not reported due to round off

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

Particulars	Equity shares of Rs. 10/- each		Class A Equity shares of Rs. 10/- each	
	Number of Shares	Rs.	Number of Shares	Rs.
Equity shares of Rs. 10/- each				
Opening balance as at April 01, 2018	18,900,100	189.00	10	.*
Add: Conversion of CCDs into equity shares (Refer note 15(v))	5,816,627	58.17	-	-
Closing balance as at March 31, 2019	24,716,727	247.17	10	.*
Opening balance as at April 01, 2019	24,716,727	247.17	10	.*
Add: Movement during the year	-	-	-	-
Closing balance as at March 31, 2020	24,716,727	247.17	10	.*

* Not reported due to round off

(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 shares at every resolution placed before the shareholders of the Company at any General Meetings of the company shall be equal to 43.36%. In the event the Board declares dividend, then the 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.

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

Particulars	As at March 31, 2020	As at March 31, 2019
Equity share of Rs. 10/- each		
Rajendra Gandhi		
No. of shares	18,184,619	18,184,619
% of holding	73.57%	73.57%
SCI Growth Investments II		
No. of shares	4,961,605	4,961,605
% of holding	20.07%	20.07%
Sequoia Capital India Growth Investment Holdings I		
No. of shares	1,311,200	1,311,200
% of holding	5.30%	5.30%
Class A Equity share of Rs. 10/- each		
SCI Growth Investments Holdings I		
No. of shares	5	5
% of holding	50%	50%
SCI Growth Investments II		
No. of shares	5	5
% of holding	50%	50%



Note

14(b) Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings	(1,936.90)	(1,949.29)
Securities Premium	1,094.37	1,094.37
Share options outstanding account	8.61	-
Total	(833.92)	(854.92)

Particulars	As at March 31, 2020	As at March 31, 2019
A) Cash flow hedging reserve		
Opening balance	-	(0.05)
Add : (Loss) / Profit on hedging instruments	-	0.05
Closing balance [A]	-	-
B) Retained earnings		
Opening balance	(1,949.29)	(1,969.91)
Add/(Less) : Profit/(Loss) for the year	28.41	18.98
Add/(Less) : Remeasurement gain/(loss) of defined benefit obligation recognised in other comprehensive Income	(2.56)	1.64
Add/(Less) : Impact on adoption of Ind AS 116 (Refer Note 34)	(13.46)	-
Closing balance [B]	(1,936.90)	(1,949.29)
C) Securities premium		
Opening balance	1,094.37	-
Add/(Less) : Movement during the year	-	1,094.37
Closing balance [C]	1,094.37	1,094.37
D) Share options outstanding account		
Opening balance	-	-
Add/(Less) : Amounts recorded on grants during the year	14.40	-
Add/(Less) : Deferred stock compensation expense	(5.79)	-
Closing balance [D]	8.61	-
Grand total [A+B+C+D]	(833.92)	(854.92)

(i) Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges.

(ii) Retained Earnings

Retained earnings are the profits/(loss) that the Company has earned till date, less any transfers to other reserves and other distributions paid to its equity

(iii) Securities premium

Securities premium is used to record the premium received on issue of shares.

(iv) Share options outstanding account

Share options outstanding account is used to record the expenses towards share based payment to employees recognised on straight line basis over the vesting period till date, less any transfer to other reserves.

15 Borrowings (Non-Current)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured (at amortized cost):		
Term loan from bank [Refer note (i) and (ii)]	162.32	247.90
Term loan from financial institutions [Refer note (iii)]	32.12	-
Vehicle loan [Refer note (iv)]	6.34	4.89
Unsecured (at fair value through Profit and (Loss))		
6,089,554 Compulsory Convertible Debentures (CCD) of Rs. 10/- each [Refer note (v) below]	1,847.47	1,847.47
Total	2,048.25	2,100.26



Stove Kraft Limited

Notes to Standalone Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

- (i) The company had taken the term loan from South Indian Bank (SIB) of Rs. 125 million during the FY 2017-18. Rate of interest is 12 month marginal cost of fund based lending rate (MCLR) + 2% spread which is subject to yearly reset which is repayable in 60 equal instalments. Repayment of term loan obtained from SIB started from July 2018.
During the year the company has taken a term loan from IDFC of Rs.99.99 million to take over the outstanding Term Loan of Rs.99.99 million from South Indian Bank with the same repayment schedule. The Outstanding Term Loan of Rs.99.99 million of South Indian Bank is paid on July 01, 2019.
Security: Equitable mortgage of vacant industrial land of the company located at Harohalli, Ramanagara District and personal guarantee of Mr. Rajendra Gandhi, Mrs. Sunita Rajendra Gandhi and Ms. Neha Gandhi.
- (ii) The company had taken the working capital term loan from IDFC First Bank (IDFC) of Rs. 250 million during the FY 2018-19. Rate of interest is 12 month marginal cost of fund based lending rate (MCLR) + 2.25% spread which is subject to yearly reset which is repayable in 36 equal instalments. Repayment of term loan obtained from IDFC started from April 2019.
During the year the company has taken the term loan from IDFC of Rs.99.99 million to take over the outstanding Term Loan of Rs.99.99 from South Indian Bank with the same repayment schedule and also additional Cash Credit facility of Rs.100 million. The Outstanding Term Loan of Rs.99.99 million of South Indian Bank is paid on July 01, 2019.
Security: Equitable mortgage of vacant industrial land of the company located at Harohalli, Ramanagara District and personal guarantee of Mr. Rajendra Gandhi, Mrs. Sunita Rajendra Gandhi and Ms. Neha Gandhi.
- (iii) The company has availed the Equipment Finance facility from Tata Capital Financial Services Limited for Rs. 80 million during the year with tenor of 48 months & the floating interest rate @ 11.75% p.a.
Security: Exclusive charge on equipment's purchased out of TCFSL facility and irrevocable and unconditional personal guarantee of Mr. Rajendra Gandhi and Mrs. Sunita Rajendra Gandhi.
- (iv) The company had borrowed Rs.10 million vehicle loan from BMW Financial Services. Rate of interest is 9.11% per annum which is repayable in 36 equal monthly instalments.
Security: Exclusive hypothecation on the vehicle.

The Company had borrowed Rs.8 million towards vehicle loan from BMW Financial Services. Rate of interest is 8.51% per annum which is repayable in 60 equal monthly instalments.
Security: Exclusive hypothecation on the vehicle.

The Company had borrowed Rs.3.99 million towards vehicle loan from HDFC Bank Ltd. Rate of interest is 8.8% per annum which is repayable in 60 equal monthly instalments.
Security: Exclusive hypothecation on the vehicle.
- (v) 6,089,554 Compulsory Convertible Debentures (CCD) of Rs. 10/- each: The following are the terms of the issue:

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

Dividends rights: Until conversion of all CCD into Equity Shares, in the event the Board declares dividend, then such additional interest shall be payable on the outstanding 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 CCD on conversion of the outstanding CCD.

Conversion: In accordance with the terms and conditions agreed with holders of CCD, each 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) compulsory 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.

Buy back: The holder of the instrument has right to sell back the CCDs to company after four years from the closing dates.

Exit to 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 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 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 CCD's; or
(c) The holders CCD's shall be entitled to transfer the CCD's to a third party.

The holders of CCD have confirmed that they shall convert the outstanding number of CCDs into fully paid equity share capital of the Company before the filing of the red herring prospectus with Securities and Exchange Board of India.



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Note

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes.

Particulars	As at March 31, 2018	Financing Cash Flow	Non cash Changes			As at March 31, 2019
			Acquisition/ (Conversions)	Foreign exchange movement	Fair value change/others	
(a)Non Current Borrowings						
Borrowings from bank	141.25	214.99				356.24
Borrowings from other financial institution	11.71	(3.75)				7.96
Compulsorily convertible debentures(CCD)	3,000.00	-	(1,152.53)	-	-	1,847.47
(b)Current Borrowings	809.58	191.87	-	(2.01)	-	999.44
Total Borrowings	3,962.54	403.11	(1,152.53)	(2.01)	-	3,211.11

Particulars	As at March 31, 2019	Financing Cash Flow	Non cash Changes			As at March 31, 2020
			Acquisition/ (Conversions)	Foreign exchange movement	Fair value change/others	
(a)Non Current Borrowings						
Borrowings from bank	356.24	(98.96)	-	-	-	257.28
Borrowings from other financial institution	7.96	46.08	-	-	-	54.04
Compulsory convertible debentures(CCD)	1,847.47	-	-	-	-	1,847.47
(b)Current Borrowings	999.44	215.86	-	5.25	-	1,220.55
Total Borrowings	3,211.11	162.98	-	5.25	-	3,379.34

16 Other financial liabilities (Non-current)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits received	108.27	96.01
Total	108.27	96.01

17 Provisions (Non-current)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits:		
Compensated absence	6.79	2.53
Gratuity (Refer note 33)	44.91	35.30
Provision for warranties (Refer Note (i) below)	11.04	8.29
Total	62.74	46.12

Note

- (i) 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 year and previous years, the details of which are given below:

Particulars	As at March 31, 2020	As at March 31, 2019
Warranty Provision		
Opening balance	15.48	10.84
Add/(Less) : Additions during the year	15.44	15.38
Add/(Less) : Unwinding of interest on discounting of provision	-	-
Add/(Less) : Reversed / utilisation during the year	(11.35)	(10.74)
Closing balance	19.57	15.48

Of the above the amounts expected to be incurred within a year amounts to Rs. 8.53 millions . The warranty expenditure is expected to be incurred over the warranty life of the products, as contracted, which varies from 6 months to 5 years



Stove Kraft Limited
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Note

18 Borrowings (current)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured loans repayable on demand from banks (at amortised cost):		
From banks (Refer note (i) below)	1,098.60	885.72
From financial institutions (Refer note (ii) below)	121.95	113.72
Total	1,220.55	999.44

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 property, plant and equipments of the company along with equitable mortgage of immovable properties. Loans repayable on demand from banks is also secured by personal guarantee of Mr. Rajendra Gandhi, Mrs. Sunita Rajendra Gandhi and Ms. Neha Gandhi.
- (ii) Security: Exclusive charge on the trade receivables which is discounted by the financial institution and also secured by personal guarantee of Mr. Rajendra Gandhi and Mrs. Sunita Rajendra Gandhi.

19 Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Other than Acceptances		
Total outstanding dues of micro enterprises and small enterprises (Refer note 37)	46.61	59.87
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,465.84	1,284.25
Total	1,512.45	1,344.12

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables towards materials	903.71	935.37
Trade payables towards services	249.40	188.70
Trade payables towards accruals	359.34	220.05
Total	1,512.45	1,344.12

- a) Trade payables are non-interest bearing and are normally settled between 60 to 150 days.
- b) The company's exposure to currency and liquidity risk related to trade payable is disclosed in Note 32.

20 Other Financial liabilities (current)

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of non-current borrowings		
Term loan from bank [Refer note 15(i) and (ii)]	94.96	108.34
Term loan from financial institutions [Refer note 15(iii)]	13.25	-
Vehicle loan [Refer note 15(iv)]	2.33	3.07
Security deposits received	50.76	70.26
Interest accrued but not due on borrowings	4.50	6.14
Derivative liabilities	0.66	2.77
Other payables:		
Payable on purchase of property, plant and equipment	105.25	35.35
Interest payable on security deposits	15.25	6.73
Total	286.96	232.66

21 Provisions (current)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits:		
Gratuity (Refer note 33)	6.20	3.88
Compensated absence	2.11	3.24
Provision - others:		
For warranty (Refer note 17(i))	8.53	7.90
Total	16.84	15.02



Stove Kraft Limited
Notes to Standalone Financial Statements
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

22 Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred revenue	16.68	16.12
Statutory remittances	17.40	18.70
Advance received from customers	14.27	19.02
Total	48.35	53.84



Stove Kraft Limited
Notes to Standalone Financial Statements
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

23 Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products (refer note(i) below)	6,666.22	6,349.96
Other operating revenue:		
Sale of scrap	15.37	24.29
Duty drawback	17.02	35.13
Total	6,698.61	6,409.38

Note (i): Sale of products includes :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Manufactured	4,826.99	4,341.22
Traded	1,839.23	2,008.74
Total	6,666.22	6,349.96

Refer Note 38 for disaggregated revenues from contracts with customers by geography.

Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting year and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or lesser.

24 Other income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income (refer note (i) below)	3.01	1.97
Miscellaneous income	2.95	2.14
Fair Value changes on derivative instruments	2.11	-
Liability no longer required, written back	3.13	12.36
Share of profit from investment in partnership firm	9.82	2.60
Profit on sale of property, plant and equipment (net)	0.25	0.13
Total	21.27	19.20

Note(i) - Interest income comprises:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest from banks on deposits	2.81	1.66
Interest income on financial assets designated at amortized cost	0.20	0.17
Interest on trade receivables	-	0.14
Total	3.01	1.97

25 Cost of materials consumed

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock	355.94	547.96
Add: Purchases	3,322.85	2,983.38
	3,678.79	3,531.34
Less: Closing stock	(446.41)	(355.94)
Total	3,232.38	3,175.40



Stove Kraft Limited
Notes to Standalone Financial Statements
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

26 Purchase of stock-in-trade

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchase of traded goods	1,287.63	1,326.00
Total	1,287.63	1,326.00

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year:		
Finished goods	383.89	246.83
Work-in-progress	61.61	31.98
Stock-in-trade	274.03	339.39
	719.53	618.20
Inventories at the beginning of the year:		
Finished goods	246.83	157.70
Work-in-progress	31.98	0.59
Stock-in-trade	339.39	345.13
	618.20	503.42
(Increase) / decrease	(101.33)	(114.78)

28 Employee benefits expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	726.17	613.53
Contributions to provident fund (Refer note 33)	38.45	27.67
Gratuity expense (Refer note 33)	15.67	11.22
Share-based payments to employees	8.61	-
Staff welfare expenses	31.21	45.53
Total	820.11	697.95

29 Finance costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on:		
Borrowings	144.93	128.02
Lease liabilities	0.56	-
Others	35.81	26.67
Other borrowing cost:		
Bank charges and other processing charges	27.71	24.12
Total	209.01	178.81

30 Depreciation and amortization expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment (Refer note 3(a))	108.83	103.18
Amortization of right-of-use assets (Refer note 3(b))	9.94	-
Amortization of intangible assets (Refer note 3(c))	2.67	18.84
Total	121.44	122.02



Stove Kraft Limited**Notes to Standalone Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**31 Other expenses**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Job work charges	67.83	71.06
Power and fuel	69.88	56.92
Lease rentals	6.14	3.46
Repairs and maintenance		
Buildings	14.78	14.20
Plant and machinery	31.40	31.65
Others	3.22	2.90
Insurance	7.86	3.91
Rates and taxes	15.42	9.37
Communication	6.86	7.03
Travelling and conveyance	100.29	78.74
Printing and stationery	1.14	1.85
Freight and forwarding	240.70	240.16
Sales commission	90.70	134.44
Business promotion and advertisement expenses	316.26	227.01
Legal and professional fees	35.36	42.55
Payment to auditors comprises (net of Taxes)*		
For statutory audit	3.50	2.25
Certification charges	-	0.06
Out-of-pocket expense	1.11	0.65
For Cost audit	0.10	0.10
Net loss on foreign currency transactions and translation	12.54	30.98
Provision for doubtful trade and other receivables, loans and advances (net) and balances written off	40.30	22.07
Provision for warranty (Refer note 17(i))	15.44	15.38
Impairment loss on investment in partnership firm	3.18	-
Royalty	10.04	5.41
Fair Value changes on derivative instruments	-	4.03
Miscellaneous expenses	28.18	17.74
Total	1,122.23	1,023.92

*The amount excludes Rs. 12.5 Million pertaining to payment to auditors towards fee for Initial Public Offer which is disclosed under prepaid expenses (Share issue expenses) under the head other current assets referred to in Note 13.



Note

32 Financial Instruments

32.1 Capital management

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

The capital structure of the Company consists of net debt and total equity of the Company consists of net debt (borrowings as detailed in notes 15, 18 and Current maturities of non-current borrowings as detailed in note 20, offset by cash and bank balances) and total equity.

The Company reviews the capital structure on a semi-annual basis to ensure that it is in compliance with the required covenants.

Gearing ratio

The gearing ratio at end of the reporting year was as follows.

Particulars	As at March 31, 2020	As at March 31, 2019
Debt (i)	3,379.34	3,211.11
Less: Cash and bank balances	187.70	278.89
Net Debt(A)	3,191.64	2,932.22
Total Equity(B)	(586.75)	(607.75)
Net debt to equity ratio (A/B) (Refer note (ii) below)	-	-

- (i) Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings (borrowings as detailed in notes 15 and 18 and current maturities of non-current borrowings as detailed in note 20).

The holders of CCD have confirmed that they shall convert the outstanding number of CCDs into fully paid equity share capital of the Company before the filing of the red herring prospectus with Securities and Exchange Board of India.

- (ii) The net debt to equity ratio as at March 31, 2020 and March 31, 2019 has not been computed as the accumulated losses have exceeded the paid up capital and other free reserves as at that date. The Company however, for the purpose of its internal reporting, considers the outstanding compulsorily convertible debentures ("CCD") as at March 31, 2020 of Rs. 1847.47 (Rs. 1847.47 as at March 31, 2019) to represent an element of equity, whereby the revised position of the net debt to equity ratio would be :

Particulars	As at March 31, 2020	As at March 31, 2019
Debt (Gross)	3,379.34	3,211.11
Less: Outstanding CCD	1,847.47	1,847.47
Less: Cash and bank balances	187.70	278.89
Revised Net Debt (A)	1,344.17	1,084.75
Total Equity	(586.75)	(607.75)
Add: Outstanding CCD	1,847.47	1,847.47
Revised Total Equity (B)	1,260.72	1,239.72
Net debt to equity ratio (A/B) (Refer note (ii) below)	1.07	0.87

The Carrying value and fair value of financial instruments by categories are as follows:

Particulars	Carrying value and fair value	
	As at March 31, 2020	As at March 31, 2019
Financial assets		
Measured at amortised cost		
Trade receivables	1,030.34	896.56
Cash and bank balances	187.70	278.89
Loans	3.52	4.52
Other financial assets	63.30	69.80
Financial liabilities		
Measured at fair value through profit or loss (FVTPL)		
Borrowing	1,847.47	1,847.47
Derivative financial liability	0.66	2.77
Measured at amortised cost		
Borrowings (including current maturities of non current borrowings)	1,531.87	1,363.64
Trade Payables	1,512.45	1,344.12
Other financial liabilities	284.03	214.49

32.2 Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Stove Kraft Limited**Notes to Standalone Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis****Fair Valuation techniques and inputs used**

Particulars	Fair value hierarchy	Basis of valuation	As at March 31, 2020	As at March 31, 2019
Financial liabilities				
Borrowings	Level - 3	Note 3	1,847.47	1,847.47
Derivative Instruments	Level - 2	Note 1	0.66	2.77

Note

- 1 The fair value of derivative contracts are determined using forward exchange rates at the balance sheet date.
- 2 Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting year) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
- 3 The fair value is determined at a present value which discounts the potential future cash flows.
The management considers that the carrying amount of financial assets and financial liabilities recognised in these financial statements at amortised cost approximate their fair values.



Stove Kraft Limited**Notes to Standalone Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**Sensitivity of Unobservable inputs used in Level 3 fair value measurements**

The value of series A and series B CCDs is not impacted as both are carried at their maximum value.

Reconciliation of Level 3 fair value measurements

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	1,847.47	3,000.00
Add: Movement during the year	-	(1,152.53)
Closing balance	1,847.47	1,847.47

Financial risk management objectives

The company's risk management is carried out by Treasury department under policies laid down by the management. The Company's activities expose it to market risk (which includes currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. Treasury department monitors the risk exposures on a periodical basis and reports to the Board of directors on the risks that it monitors and policies implemented to mitigate risk exposures.

The company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

32.3 Foreign currency risk management

The Company is exposed to foreign exchange risk due to:

- a) exposure arising from transactions relating to purchase of goods including capital goods, revenues, expenses, etc., to be settled in foreign currencies.

Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts

32.3.1 Forward foreign exchange contracts

It is the policy of the company to enter into forward foreign exchange contracts to cover the risk associated with trade receivables and trade payables.

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

Contracts not designated as cash flow hedge

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Trade payables hedged with forward contracts with maturity less than 120 days	USD	0.12	3.03
	INR	8.81	209.77

The carrying amount of the company's foreign currency denominated monetary liabilities (Payables) and assets (Receivables) as at the end of the reporting year are as follows:

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Payables (including current borrowings)	USD	194.27	207.44
	EURO	30.91	-
	RMB	45.55	3.93
Trade receivables	USD	69.60	42.79



Stove Kraft Limited**Notes to Standalone Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**32.3.2 Foreign currency sensitivity analysis**

The company is mainly exposed to the currency USD

Financial instruments affected by changes in foreign exchange rates include trade receivables, trade payables and current borrowings. The following table details the Company's sensitivity to a 5% increase and decrease in INR against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The impact on account of 5% appreciation/depreciation in exchange rate of USD against INR is given below.

Particulars	Increase/(decrease) in equity	Increase/(decrease) in equity
	For the year ended March 31, 2020	For the year ended March 31, 2019
Appreciation of USD	(6.23)	(8.43)
Depreciation of USD	6.23	8.43

The impact on equity has been arrived at by applying the effects of appreciation / depreciation effects of currency on the net position (Assets in foreign currency - Liabilities in foreign currency) in the respective currencies.

For the purposes of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of the respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at each year end.

The sensitivity analysis might not be representative of inherent foreign exchange risk due to the fact that the foreign exposure at the end of the reporting year might not reflect the exposure during the year.

32.4 Interest rate risk

The company has also taken an INR loan at variable interest rate, interest being index linked, that is their cost is linked to changes in the Marginal Cost of fund based lending rate (MCLR).

The company is not subject to any other material interest rate risk.

At the reporting date the interest rate profile of the company's interest-bearing financial instruments is as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed-rate instruments		
Financial assets		
Balance held as margin money	43.78	29.24
Financial liabilities		
Borrowings from bank and other financial institution	8.67	7.96
Security deposit received	159.03	166.27
	211.48	398.47
Variable-rate instruments		
Financial liabilities		
Borrowings from bank and other financial institution	1,523.20	1,355.68
	1,523.20	1,355.68

Interest rate sensitivity analysis

A change of 100 basis points (bps) in interest rate at the reporting date would have increased / (decreased) equity by the amount shown below. This analysis assumes that all other variables remain constant.

Particulars	Increase/(decrease) in equity	Increase/(decrease) in equity
	For the year ended March 31, 2020	For the year ended March 31, 2019
Increase of 100 bps on variable rate instruments	(11.22)	(7.89)
Decrease of 100 bps on variable rate instruments	11.22	7.89



Stove Kraft Limited**Notes to Standalone Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**32.5 Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Revenue from single external customer is not more than 5% of the Company's total revenue for the reporting year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. The company does not hold any collaterals to cover its risk associated with trade receivables.

Credit risk also arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions.

The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Reconciliation of expected credit loss - Trade receivables

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Provision	77.26	124.36
Add/(Less) : Change in Provision	21.12	(47.10)
Closing Provision	98.38	77.26

Particulars	As at March 31, 2020	As at March 31, 2019
Outstanding for more than 6 months	62.95	117.05
Others	1,065.77	779.51
Total	1,128.72	896.56

Liquidity risk

Liquidity risk is the risk that the company could be unable to meet its short term financial demands. Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual short term and long term cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity analysis for non derivative financial liabilities

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment years. The table have been drawn up based on the undiscounted principal cash flows of financial liabilities based on the earliest date on which the company is required to pay. The contractual maturity is based on the earliest date on which the company would be required to pay.

As at March 31, 2020

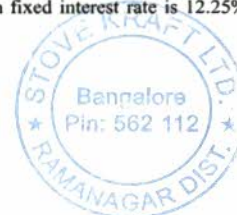
Particulars	Due within			Total	Carrying
	1 year	1-3 years	> 3 years		
Borrowings	3,178.56	182.92	17.86	3,379.34	3,379.34
Trade payables	1,512.45	-	-	1,512.45	1,512.45
Other financial liabilities	175.76	108.27	-	284.03	284.03

The interest rate for borrowings with variable interest rate is in the range of 10.5 % to 12.5%. The interest rate for borrowings with fixed interest rate is 12.25%. Interest rate for security deposit classified as other financial liabilities is 9%.

As at March 31, 2019

Particulars	Due within			Total	Carrying
	1 year	1-3 years	> 3 years		
Borrowings	2,958.32	220.12	32.67	3,211.11	3,211.11
Trade payables	1,344.12	-	-	1,344.12	1,344.12
Other financial liabilities	118.48	96.01	-	214.49	214.49

The interest rate for borrowings with variable interest rate is in the range of 11 % to 15.15%. The interest rate for borrowings with fixed interest rate is 12.25%. Interest rate for security deposit classified as other financial liabilities is 9%.



Stove Kraft Limited**Notes to Standalone Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**32.6 Financing Facilities**

Particulars	As at March 31, 2020	As at March 31, 2019
Secured term loan facilities		
- amount used	257.28	356.24
- amount unused	-	-
Secured cash credit facilities		
- amount used	1,220.55	999.44
- amount unused	119.65	149.92
Secured non-fund based bank facilities		
- amount used	114.00	122.58
- amount unused	49.60	27.42



Stove Kraft Limited**Notes to Standalone Financial Statements**

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note**33 Employee Benefit****Defined contribution plans**

The company makes Provident fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the said schemes, the company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the company are at rates specified in the rules of the Scheme. The company recognises the amount paid / payable to such funds in the Standalone statement of profit and loss. The contributions made by the company towards these schemes are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employer's contribution to provident fund	38.45	27.67
Employee state insurance scheme	10.10	10.65

Defined benefit plans

The Company offers gratuity, a defined employee benefit scheme to its employees. Following are the risks associated with the plan:

A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Salary growth: Salary hikes that are higher than the assumed salary escalation will result in to an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption there the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Company there can be strain on the cash flows.

C. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

D. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

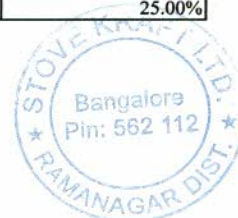
No other post-retirement benefits are provided to these employees.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Following tables sets out the un-funded status of defined benefit plan and amount recognised in Standalone financial statement.

1 Assumptions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount rate	6.56%	7.31%
Salary escalation	6.00%	6.00%
Attrition rate	25.00%	25.00%



Stove Kraft Limited
Notes to Standalone Financial Statements
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

2 Change in present value of obligation

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligation as at the beginning of the year	39.18	34.57
Interest cost	2.50	2.38
Current service cost	13.17	8.84
Past service cost	-	-
Benefits paid	(3.81)	(4.97)
Actuarial (gain)/loss of obligations	0.08	(1.64)
Present Value of Obligation as at the end of the year	51.12	39.18

3 Fair value of plan assets

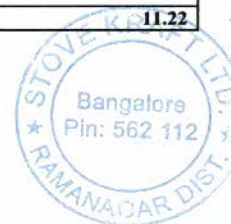
Particulars	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets at beginning of the year	-	-
Expected return of plan assets	-	-
Contributions	-	-
Benefit paid	-	-
Actuarial gain / (loss) on plan assets	-	-
Fair value of plan assets at end of the year	-	-

4 Amounts recognized in Balance sheet

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligations as at the end of the year	51.12	39.18
Fair value of plan assets as at the end of the year	-	-
Funded status	(51.12)	(39.18)
Net balance sheet asset/ (liability) recognized at the end of the year	(51.12)	(39.18)
Current portion	6.20	3.88
Non-current portion	44.91	35.30

5 Expenses Recognized in statement of profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	13.17	8.84
Interest cost	2.50	2.38
Past service cost	-	-
Expenses recognized in statement of profit and loss	15.67	11.22



Note

6 Components of defined benefit costs recognised in Other Comprehensive Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (gains) / losses arising from changes in demographic assumptions	-	2.36
Actuarial (gains) / losses arising from changes in financial assumptions	2.30	(10.51)
Actuarial (gains) / losses arising from experience adjustments	(2.22)	6.51
Actuarial (gains) / losses in Other Comprehensive Income	0.08	(1.64)

Particulars	As at March 31, 2020	As at March 31, 2019
Effect on DBO due to 100 bps increase in discount rate	48.13	37.73
Effect on DBO due to 100 bps decrease in discount rate	54.46	42.50

Particulars	As at March 31, 2020	As at March 31, 2019
Effect on DBO due to 100 bps increase in salary escalation rate	54.12	42.26
Effect on DBO due to 100 bps decrease in salary escalation rate	48.34	37.91

Particulars	As at March 31, 2020	As at March 31, 2019
Effect on DBO due to 100 bps increase in attrition rate	50.80	39.82
Effect on DBO due to 100 bps decrease in attrition rate	51.44	40.15

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

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. There has been no change in the process used by the Company to manage its risks from prior periods / years.

7 Expected future cash outflows (undiscounted) towards the plan are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Year 1	6.50	4.95
Year 2	4.84	4.06
Year 3	6.47	3.07
Year 4	3.45	4.61
Year 5	3.45	2.32
Year 6 to 10	17.11	13.95



Note

34 Leases

Transition:

Effective April 01, 2019, the Company adopted Ind AS 116 "Leases" using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability and the right of use asset at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application. In accordance with this, the comparatives have not been retrospectively adjusted. In adopting Ind AS 116, the Company has applied the below practical expedients:

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"
- The Company has not applied the requirements of Ind AS 116 for leases of low value assets.
- The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.
- The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

On transition to Ind AS 116, the adoption of new standard resulted in recognition of Right-of-use asset of Rs. Nil and a lease liability of Rs. Nil. The cumulative effect of applying the standard of Rs. 13.45 million was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profits before tax, profit for the year and earnings per share. The Company has discounted lease payments using the applicable incremental borrowing rate as at April 01, 2019, which is 11.5% for measuring the lease liability.

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

Particulars	As at March 31, 2020
Current lease liability	2.49
Non Current lease liability	-
Total	2.49

Operating lease table

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

Particulars	As at March 31, 2020
Balance as at April 01, 2019	-
Additions	35.69
Deletions	(25.75)
Finance cost accrued during the year	0.56
Payment of lease liabilities	(9.34)
Translation difference (net)	1.33
Balance as at March 31, 2020	2.49

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

Particulars	As at March 31, 2020
Less than one year	2.49
One to five years	-
More than five years	-
Total	2.49

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

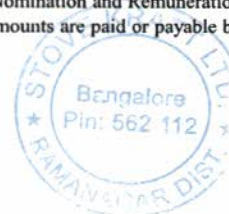
The company has entered into operating lease arrangements for office premises and showrooms, which are cancellable at the option of the either party after giving prior notice. Lease payment recognized in the statement of profit and loss for the year ended March 31, 2020 against such lease arrangements is Rs.6.14 million.

35 Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option programmes (equity-settled)

The Company has share option scheme "Stove Kraft Employee Stock Option Plan 2018", for employees of the Company. In accordance with the terms of the plan the Company may grant options to the eligible employees, as approved by the shareholders of the Company and the Nomination and Remuneration Committee (the "Committee"). Each employee share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The option carry neither a right to dividends nor voting rights.



Note

Employees Stock Option Plan 2018:

Under this plan 755,328 options are granted and would normally vest over a maximum period of 5 years from the date of the grant (October 01, 2018) in proportions specified in 'Stove Kraft Employee Stock Option Plan 2018' scheme. Options would vest essentially on passage of time and in addition to this, the committee may also specify certain performance criteria subject to satisfaction of which the option would vest. The estimated contractual life of the options vesting period is 5 years.

B. Measurement of fair values

Fair value of share options granted :

The weighted average fair value of the share options granted is Rs. 24.47. The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The requirement that the employee has to save in order to purchase shares under the share purchase plan has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discount has been determined by estimating the probability that the employee will stop saving based on historical behaviour.

Inputs into the model	Option granted under employee stock option plan 2018
Grant date share price	99.25
Exercise price	150.00
Expected volatility	21.41%
Option life	5 years
Dividend yield	0.00
Risk-free interest rate	7.52%

C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option programmes were as follows:

Employees stock option plan:	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of options	Weighted average exercise price (in Rs.)	Number of options	Weighted average exercise price (in Rs.)
Option outstanding at the beginning of the year	755,328	150.00	-	-
Granted during the year	-	-	755,328	150.00
Exercised during the year	-	-	-	-
Forfeited during the year	167,056	150.00	-	-
Expired during the year	-	-	-	-
Options outstanding at the end of the year	588,272	150.00	755,328	150.00
Exercisable at the end of the year	-	-	-	-

The share option outstanding at the end of the reporting year had a weighted average exercise price of Rs. 150 and weighted average remaining contractual life of 4.96 years.

36 Earnings per share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic		
Net profit/(loss) after tax attributable to the equity shareholders (Rs in Million) (A)	28.41	18.98
Weighted average no. of equity shares outstanding (B)	24,716,727	21,927,944
Face value per share (Rs.)	10.00	10.00
Basic earnings per share (A/B) (Rs.)	1.15	0.87
Diluted		
Net profit/(loss) after tax attributable to the equity shareholders (Rs in Million) (C)	28.41	18.98
Weighted average no. of equity shares outstanding [#] (D)	24,716,727	21,927,944
Weighted average number of equity outstanding for Diluted EPS	24,716,727	21,927,944
Face value per share (Rs.)	10.00	10.00
Diluted earnings per share (C/D) (Rs.)	1.15	0.87

[#]The conversion of CCDs into equity shares is contingent on various factors and since there exist uncertainty over conversion of CCDs into equity shares, these are not considered in the computation of diluted earnings per share.



Note

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;	37.70	53.46
(ii) interest due thereon remaining unpaid to any supplier as at the end of the accounting year	4.34	0.94
(iii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iv) the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	4.57	5.48
(v) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	8.91	6.42
(vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	1.25	1.14

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.

38 Segment Reporting

Information reported to Chief Operating Decision Maker (CODM) for the purpose of segment performance focuses on manufacturing and trading of kitchen and home appliances.

Revenue from major products and services:

The following is an analysis of the Company's revenue from its major products

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Manufactured product sales		
Kitchen appliances	4,570.98	4,311.22
Home appliances	256.01	30.00
Total (a)	4,826.99	4,341.22
Traded product sales		
Kitchen appliances	1,313.75	1,478.37
Home appliances	525.48	530.37
Total (b)	1,839.23	2,008.74
Total (a+b)	6,666.22	6,349.96

Geographical information:

The Company predominantly operates in India.

a. Revenue earned within India and outside India are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
India	6,154.27	5,794.26
Others	511.95	555.70
Total	6,666.22	6,349.96

b. Non-current assets* earned with in India and outside India are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
India	2,053.19	1,842.97
Others	-	-
Total	2,053.19	1,842.97

*Non-current assets exclude financial assets and non-current tax assets

c. Revenue from major customers

Revenue from one customer of the Company is 15.69% of company's total revenue (As at March 31, 2019 - 11.58%) , which is individually more than 10 percent of the Company's total revenue.



Stove Kraft Limited

Notes to Standalone Financial Statements

(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

39 Related party transactions**A. List of related parties**

Sl. No.	Name of the related party	Nature of relationship
1	Key managerial personnel (KMP): Mr. Lakshmikanth Gupta (From May 11, 2018) Mr. Rajendra Gandhi Ms. Neha Gandhi Mrs. Shubha Rao Mayya (From August 30, 2018) Mr. Rajiv Nitin Mehta (From May 11, 2018 to September 02, 2019) Mr. Rajiv Nitin Mehta (From September 03, 2019) Mr. Bharat Singh (From September 21, 2018) Mr. Vivek Mishra (upto April 30, 2018) Ms. Rehana A. Rajan (From May 11, 2018 to July 26, 2018) Mr. Shashidhar SK (From July 27, 2018) Mr. Shashidhar SK (From July 02, 2018) Mr. Radhakrishnan (From January 19, 2018 to April 06, 2018)	Chairman of the Board Managing Director (MD) Relative of MD and Director Independent Director Independent Director Chief Executive Officer and Whole Time Director Nominee Director Company Secretary Company Secretary Company Secretary Chief Financial Officer Chief Financial Officer
2	Enterprises owned or significantly influenced by KMP or their relatives: Shinag Allied Enterprises Private Limited (SAEPL) Pigeon Appliances Private Limited (PAPL)	MD's brother's wife is a Director Company is shareholder and MD is director
3	Investment in partnership firms: Stovekraft India (SK India)	Company and MD are partners in the Firm
4	Relative of KMP Mrs. Sunita Rajendra Gandhi	Relative of MD

B. Transactions with related parties

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations		
SAEPL	0.05	-
Sales returns		
SAEPL	-	0.37
Purchases:		
SAEPL	-	0.14
Job work		
SAEPL	-	0.59
Rent including lease rentals:		
Mrs. Sunita Rajendra Gandhi	0.72	0.72
Investments/(drawings) (net) in		
SK India	(88.27)	2.59
Purchase of PPE from		
SK India	-	35.00
SAEPL	-	5.59
Share of profit/(loss):		
SK India	9.82	2.60
Managerial remuneration:		
Mr. Rajendra Gandhi	10.11	9.51
Ms. Neha Gandhi	2.31	2.17
Mr. Vivek Mishra	-	0.09
Ms. Rehana A. Rajan	-	0.09
Mr. Radhakrishnan	-	0.11
Mr. Shashidhar SK	7.82	6.11
Mr. Rajiv Nitin Mehta	7.33	-
Sitting Fee		
Mrs. Shubha Rao Mayya	0.80	0.50
Mr. Lakshmikanth Gupta	0.65	0.45
Mr. Rajiv Nitin Mehta	0.20	0.70



Stove Kraft Limited
Notes to Standalone Financial Statements
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

39 Related party transactions

C. Balances with related parties

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payable		
PAPL	0.29	0.29
Payable on purchase of property, plant and equipment		
SAEPL	2.68	2.68
Trade receivables		
SAEPL	3.42	3.38
Remuneration payable		
Mr. Rajendra Gandhi	1.25	0.76
Ms. Neha Gandhi	0.33	0.18
Mr. Shashidhar SK	1.15	2.28
Mr. Rajiv Nitin Mehta	1.11	-
Rent Payable		
Mrs. Sunita Rajendra Gandhi	-	0.06
SK India	0.88	0.88
Investments		
SK India	9.29	87.74
Sitting fees payables		
Mr. Lakshmikanth Gupta	-	0.05
Mr. Rajiv Nitin Mehta Nitinbhai	-	0.30

D. The remuneration of directors and other members of key management personnel during the year was as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-term benefits	26.37	17.51
Post-employment benefits (Refer note (i) below)	1.20	0.57
Share based payment	0.51	-
Total	28.08	18.08

Note (i) Post-employment benefit excludes gratuity which cannot be separately identified from the composite amount advised by the actuary.



Stove Kraft Limited
Notes to Standalone Financial Statements
(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note

40 Contingent liabilities and commitment

Particulars	As at March 31, 2020	As at March 31, 2019
Contingent liabilities		
Indirect tax matters under appeal	62.92	65.08
Other disputed claims	2.68	2.68
Provident fund claims	9.39	9.39
Tax Liability towards pending C Form	-	2.29
Commitment		
Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets (net of advances)	44.22	18.94

41 Mr. Rajendra Gandhi, Managing Director of the Company, is also a Non-Executive Director on the Board of Pigeon Appliances Private Limited (referred as PAPL). As a result of certain disputes, which have arisen between PAPL and the Company, PAPL has not filed its annual financial statements for financial years 2014-15, 2015-16 and 2016-17 as required in terms of Section 137 of the Companies Act, 2013. The last date for PAPL to file annual financial statements with the Registrar of Companies (ROC) for the financial year 2016-17 expired on October 30, 2017, as a result of which the provisions pertaining to disqualification of Directors under section 164 (2) and vacation of Office of Director under section 167 (1) of the Companies Act, 2013, was attracted. The Company and Mr. Rajendra Gandhi filed a petition before the National Company Law Tribunal (NCLT), Bangalore, on November 22, 2017 against PAPL, followed by another interim application on May 30, 2018, praying, inter alia, that the NCLT direct the ROC to maintain status quo by not disqualifying Mr. Rajendra Gandhi from directorships of other companies (other than PAPL), until the disposal of the main petition. The NCLT, in its interim order, dated July 18, 2018, has directed the ROC, not to disqualify Mr. Rajendra Gandhi as a Director on the Board of the Company.

42 The company has a net deferred tax asset with respect to certain timing differences. These have not been recognised as the recognition criteria have not been met in accordance with the accounting policies followed by the company.

The company has not recognized the net deferred tax asset on the accumulated losses as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized

a) Current Tax - During the year, the company does not have taxable income as per regular computation and as per Minimum Alternate Tax under section 115 JB of the Income Tax Act, 1961.

b) Deferred Tax - The timing differences mainly relates to carried forward business losses, unabsorbed depreciation and current year depreciation resulting in net deferred tax asset at end of the year. This has not been recognised as a matter of prudence.

43 Consolidated Statement of Tax Summary

(i) Income tax recognised in the statement of profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax		
In respect of current year	-	-
In respect of prior years	-	0.28
Total (A)	-	0.28
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Total (B)	-	-
Total income tax expense recognised in the statement of profit and loss (A+B)	-	0.28



Note

43 Consolidated Statement of Tax Summary - Continued

(ii) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	28.41	19.26
Company's domestic tax rate	34.94%	34.94%
Tax using the Company's domestic tax rate (Refer Note (a) below)	9.93	6.73
Tax effect of:		
Unused tax losses not recognised as deferred tax assets	(9.93)	(6.73)
Adjustments recognised in the current year in relation to current tax of prior years	-	-
Income tax recognised in the statement of profit and loss	-	-

Note:

(a) The tax rate used in the reconciliations above is the corporate tax rate payable by corporate entities in India on taxable profits under the Indian tax law. The actual tax expense for the year ended March 31, 2020 is zero considering the unabsorbed tax losses and depreciation.

(iii) Movement in deferred tax balances

Particulars	For the year ended March 31, 2020					
	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)						
Property, plant and equipment	(380.43)	(8.72)	-	(389.15)	-	-
Employee benefits	15.71	5.26	-	20.97	-	-
Provision for doubtful debts	26.99	7.38	-	34.37	-	-
Other items	5.66	1.18	-	6.84	-	-
Deferred tax assets/ (liabilities)	(332.07)	5.10	-	(326.97)	-	-
Set off tax losses/ Deferred tax assets not recognised	332.07	(5.10)	-	326.97	-	-
Net deferred tax assets (Liabilities)	-	-	-	-	-	-

Particulars	For the year ended March 31, 2019					
	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities)						
Property, plant and equipment	(370.51)	(9.92)	-	(380.43)	-	-
Employee benefits	13.63	2.08	-	15.71	-	-
Provision for doubtful debts	43.04	(16.05)	-	26.99	-	-
Other items	3.75	1.91	-	5.66	-	-
Deferred tax assets/ (liabilities)	(310.09)	(21.98)	-	(332.07)	-	-
Set off tax losses/ Deferred tax assets not recognised	310.09	21.98	-	332.07	-	-
Net deferred tax assets (Liabilities)	-	-	-	-	-	-

iv) Unrecognized timing differences and tax losses and tax depreciation

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Difference between book value and tax base of Property, plant and equipment	(1,113.76)	(1,088.82)
Disallowance relating to employee benefits	60.01	44.95
Provision for doubtful debts	98.38	77.26
Others	19.57	16.19
Unabsorbed depreciation and tax losses	1,535.12	1,563.53
Net unrecognized timing differences	599.32	613.11
Tax impact	209.40	214.22

(v) The Company has a net deferred tax asset with respect to certain timing differences. These timing difference mainly relates to carried forward business losses, unabsorbed depreciation and as a matter of prudence, the Company has not recognised deferred tax asset on these timing differences (Refer note 42).

(vi) No deferred tax adjustments were required in respect of amounts recognised in Other Comprehensive Income in view of the nature of items included therein and the availability of unabsorbed tax losses (including tax depreciation)

(vii) No Deferred tax adjustments were considered necessary to be recognised in respect of timing differences associated with investments in partnership firms.

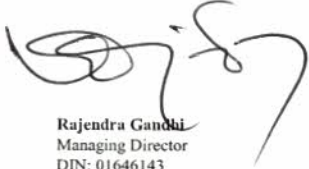


Stove Kraft Limited
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(Amount in Rupees Millions, except for share data, unless otherwise stated)

Note


- 44 The Board of Directors duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on July 27, 2020.

For and on behalf of the Board of Directors



Rajendra Gandhi
Managing Director
DIN: 01646143

Place : Bengaluru
Date : July 27, 2020



Rajiv Nithi Mehra
Chief Executive Officer and Whole Time Director
DIN: 00697109



Shashidhar SK
Chief Financial Officer & Company Secretary
Membership Number: FCS 7119

