



## Forward-looking statement

This document contains statements about expected future events and financial and operating results of Yuken India Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the annual report.

### CONTENTS

Corporate snapshot	2
Our global presence	4
How we have performed across the years	6
Chairman's message	9
Managing Director's review	10
Generating trust	12
Our competitive advantage	13
The Atmanirbhar Bharat focus	14
Yuken takes customers ahead	15
Our delivered value	19
Management Discussion and Analysis	20
Board's Report	26
Report on Corporate Governance	46
Business Responsibility Report	63
Standalone Financial Statements	75
Consolidated Financial Statements	141

# Corporate Information

## Board of Directors

Mr. Hidemi Yasuki, *Chairman*  
Mr. Hideharu Nagahisa  
Mr. Kenichi Takaku  
Capt. N S Mohanram  
Mr. R Srinivasan  
Dr. Premchander  
Mrs. Indra Prem Menon  
Mrs. Vidya Rangachar  
Mr. C P Rangachar, *Managing Director*

## Chief Financial Officer

Mr. H M Narasinga Rao

## Company Secretary

Mr. Vinayak Hegde

## Bankers

State Bank of India.  
HDFC Bank Ltd.  
MUFG Bank Ltd.  
Mizuho Bank Ltd.  
Sumitomo Mitsui Banking Corporation

## Auditors

M/s. Walker Chandiok and Co., LLP  
*Chartered Accountants*

## Registered office

No. 16-C, Doddanekundi Industrial Area,  
II Phase, Mahadevapura, Bengaluru 560 048.

## Corporate office & Main plant

P B No. 5, Koppalthimmanahalli Village,  
Malur-Hosur Main Road, Malur Taluk, Kolar District, Karnataka 563 130.

## Registrar & Transfer Agent

### KFin Technologies Limited

(Formerly known as KFin Technologies Private Limited),  
Unit: Yuken India Limited

Karvy Selenium Tower-B, Plot Nos. 31 & 32, Financial District, Gachibowli,  
Nanakramguda, Serilingampally, Hyderabad 500 008.

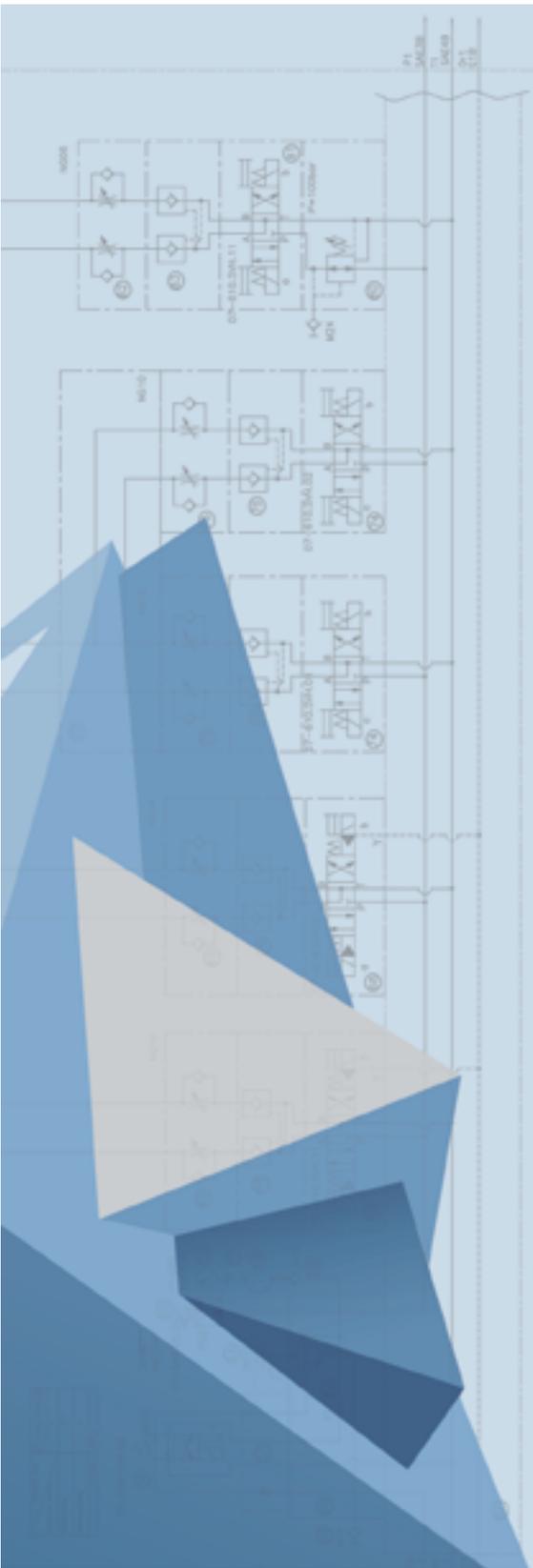
Phone: (040) 6716 1509

Toll free number: 1- 800-309-4001

E-mail Id: Einward.ris@karvy.com

Website: [www.kfintech.com](http://www.kfintech.com) <https://ris.kfintech.com/>



The background of the page features a technical hydraulic schematic diagram on the left side, showing various valves, pumps, and lines. Overlaid on the bottom left of this diagram are several overlapping geometric shapes in various shades of blue and one light beige shape, creating a modern, abstract design.

# Broadbasing to emerge as a dependable solutions provider

To achieve sustainable growth, Yuken India embarked on broad-basing its business model by addressing a wider range of downstream sectors.

This broad basing was in line with a changing world, marked by uncertainties and a need to de-risk the disruptive global supply chain.

The addressal of a wide range of customer needs will strengthen the foundation of our future-facing company.

Yuken is leveraging its reach engineering capabilities to address a range of sectors relevant to a growing economy, aligned with the Indian Government's Atmanirbhar Bharat programme.

*Enhancing visibility, profitability and sustainability.*

# Yuken India Limited.

The Company is working in areas considered to be building blocks of a growing economy.

The Company's products and solutions are used across the agricultural, capital goods, construction, defence, machine tools, plastic machinery, power, steel and other infrastructure sectors.

The Company's business model has been structured around a proactive readiness to address growth in the economy across a range of sectors.

## Our pedigreed background has enhanced our credibility

The Company was founded in 1976 in technical and financial collaboration with Yuken Kogyo Company Limited, Japan (YKC), a global leader in oil hydraulic equipment. The Company draws on the rich 90+ years of experience of its global parent organization. The Company's business is steered by the able leadership and experience of Mr. C P Rangachar, Managing Director, under the guidance of the Board of Directors. The Board is supported by a strong team of experienced professionals and skilled workers at the Company's manufacturing facilities.

## Our enhanced capacities and capabilities

Yuken is headquartered in Bengaluru with 9 state-of-the-art manufacturing facilities in Bengaluru, Malur (Karnataka), Mumbai and Haryana.

Location	Number of plants	Products
Bengaluru, Karnataka	4	Pumps & Valves Components, Precision Ground Spools, Power-packs, Solenoid Coils, Iron Cores and Electric Motors
Malur, Karnataka (near Bengaluru)	3	Pumps, Valves and Power packs, Hydraulics Manifold Assemblies, Chips, Compacting Machines, Castings and Cylinders.
Mumbai, Maharashtra	1	Power Packs
Bahadurgarh, Haryana	1	Power Packs

## Our evolution into a trusted vendor-partner

The Company manufactures hydraulic components like pumps, valves, cylinders, accessories and package system, considered core of engineering systems. The Company possesses precision manufacturing technologies, modern equipment and robust quality systems to service customers across the industrial and mobile sectors.

## Our credit rating is a validation of our financial robustness

The Company protected its CARE BBB- Minus Outlook Positive credit rating in FY 2021-22 for long-term bank facilities, an index of the robustness of its business model, financial stability, promoter credibility, products quality and stakeholder relationships.

### Our distribution breadth and depth have enhanced customer proximity

The Company's extensive distribution network is spread across the country, comprising more than 56 channel partners.

### Our quality standards are driven by credible accreditations

The Company strives to meet customer expectations by providing world-class hydraulic products, components, castings and services through total employee commitment and continual improvement. The Company has been accredited with ISO 9001:2015 certification as a result of its emphasis on qualitative consistency.

### Our longstanding clients have validated our quality

The Company addresses the demanding needs of prominent companies across various sectors.

### Our employees

The strength of the Yuken team stood at around 500 permanent employees. Average team age was 36. The competence of the members comprised engineering and product design, manufacturing, quality control, finance, sales, service and regulatory, among others.

### Listing

The equity shares of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited (NSE) where they are traded actively. The Company's market capitalisation stood at ₹667.44 crore as on 31<sup>st</sup> March, 2022.

### Our focused subsidiaries and associates have helped enhance our business capability

#### Our subsidiaries

Grotek Enterprises Private Limited manufactures precision ferrous castings, Coretec Engineering India Private Limited manufactures solenoids, precision ground spools, and tooling for the foundry,

Kolben Hydraulics Limited manufactures hydraulic products for mobile applications in collaboration with global leaders in this segment and

Yuflow Engineering Private Limited manufactures Electric Motors and Manifolds.

#### Our associates

SAI India Limited manufactures hydraulic motors in collaboration with SAI s.p.a - Italy

Bourton Consulting (India) Private Limited engaged in lean manufacturing consulting.

### Our revenue streams, FY 2021-22

27  
%, Pumps business

38  
%, Valves business

35  
%, Power packs

### Product capacities

(units per annum)

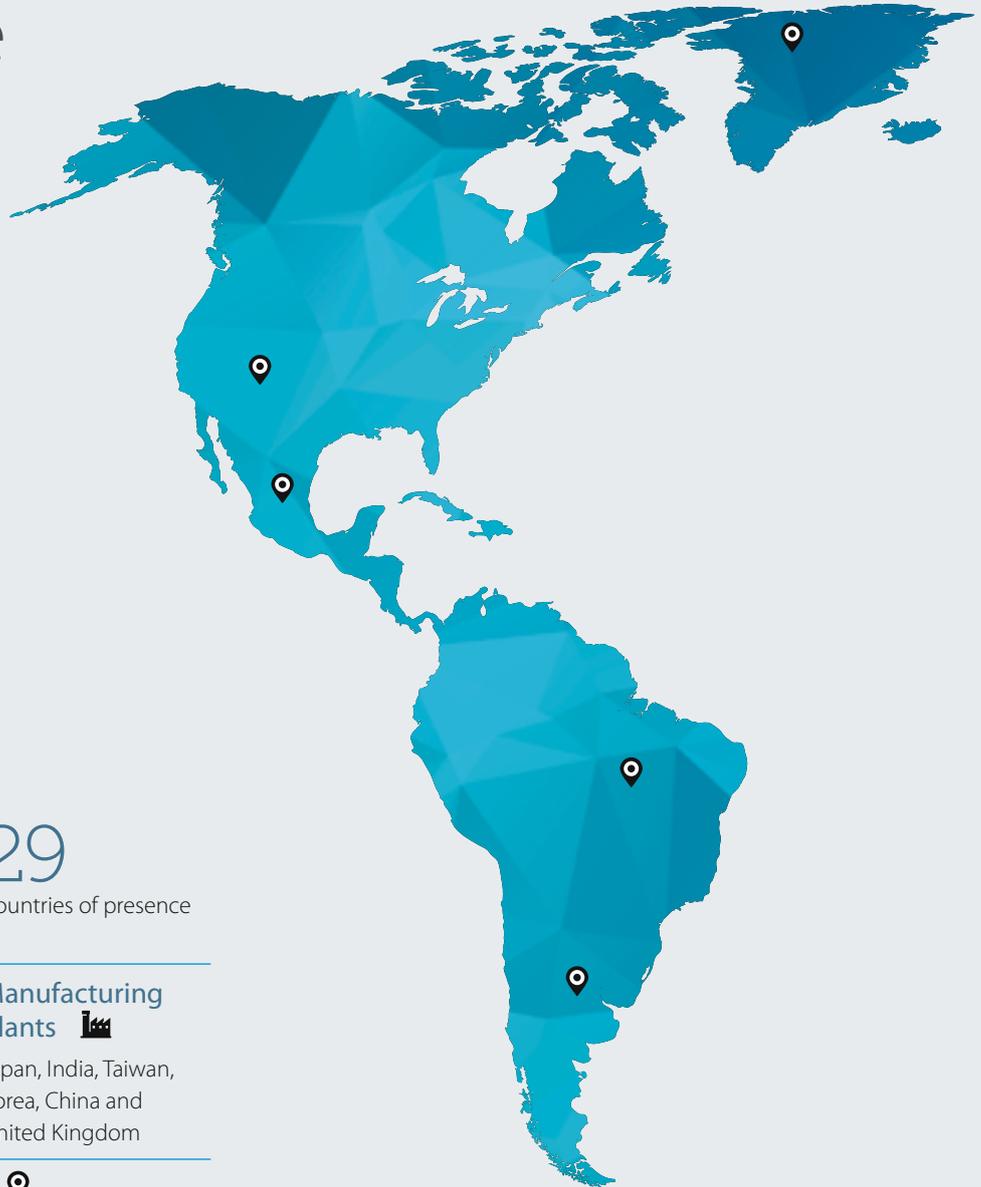
90,000  
Numbers, pumps

780,000  
Numbers, valves

20,000  
Numbers, power packs

13,000  
Tonnes per annum foundry

# Our global presence



23

Countries of sales & service offices

29

Countries of presence

6

Countries where manufacturing plants are located

**Manufacturing plants** 

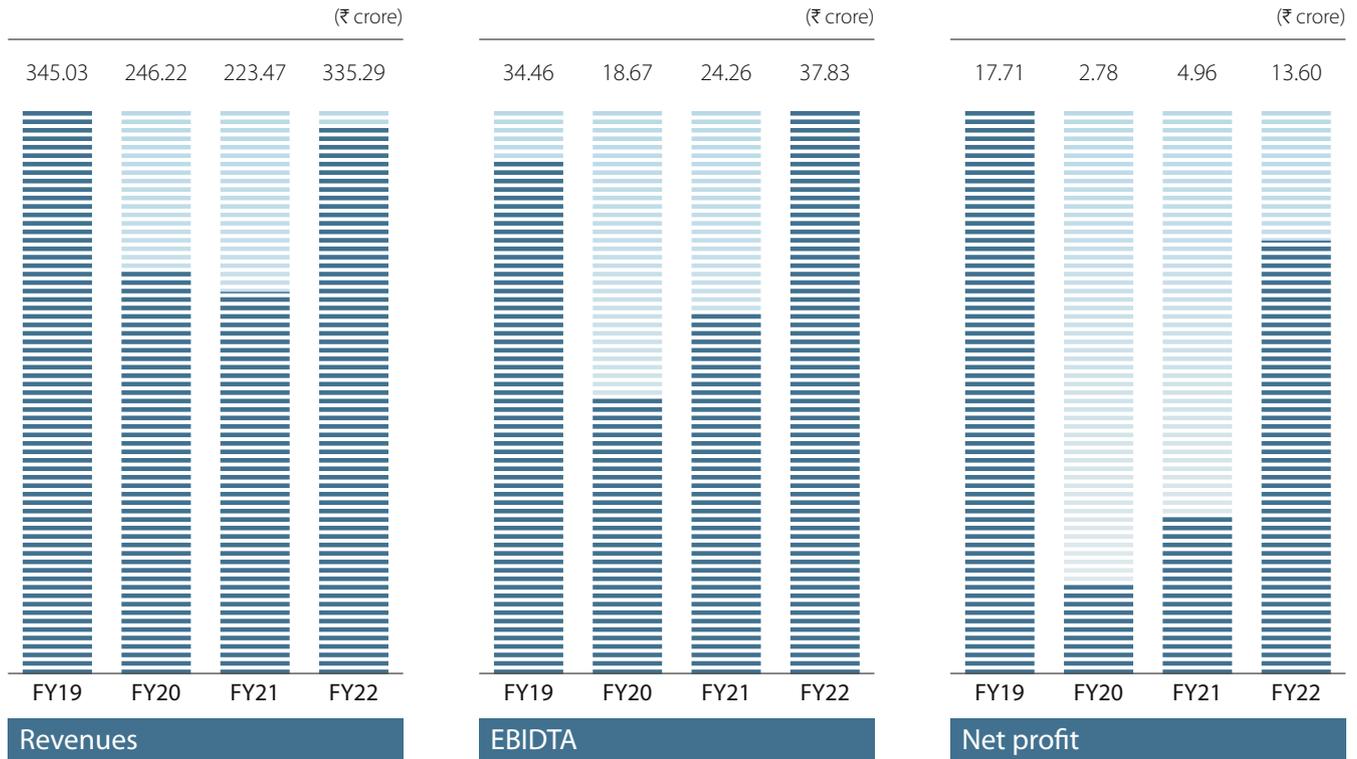
Japan, India, Taiwan, Korea, China and United Kingdom

## Sales & services offices

Taiwan, Korea, China, Hong Kong, Thailand, Malaysia, Vietnam, Indonesia, Singapore, Philippines, Australia, New Zealand, Belgium, Denmark, France, Ireland, Italy, Norway, Portugal, Poland, Russia and Spain



# How we have performed across the years



**Revenues**

**Definition**  
Growth in sales net of taxes

**Why is this measured?**  
It is an index that showcases the Company's ability to optimize business operating costs despite inflationary pressures, which can be easily compared with the retrospective average and sectoral peers.

**Performance**  
Revenues increased by 50% to reach ₹335.29 crore in FY 2021-22.

**Value impact**  
Improved product off-take, enhanced the Company's market reputation and provided a wider base against which fixed costs could be amortized.

**EBIDTA**

**Definition**  
Earnings before the deduction of fixed expenses or provisions (interest, depreciation, extraordinary items and tax)

**Why is this measured?**  
It is an index that showcases the Company's ability to optimize costs despite inflation and can be easily compared with the retrospective average of sectoral peers.

**Performance**  
The Company reported a 55% increase in its EBIDTA in FY 2021-22.

**Value impact**  
Helps create a robust growth engine and allows the Company to build profits in a sustainable manner.

**Net profit**

**Definition**  
Profit earned during the year after deducting expenses and provisions.

**Why is this measured?**  
It highlights the strength in the business model in generating value for shareholders.

**Performance**  
The Company reported a 174% increase in net profit in FY 2021-22.

**Value impact**  
Ensures that adequate cash is available for reinvestment and allows the Company's growth engine to sustain.



**Definition**

EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency

**Why is this measured?**

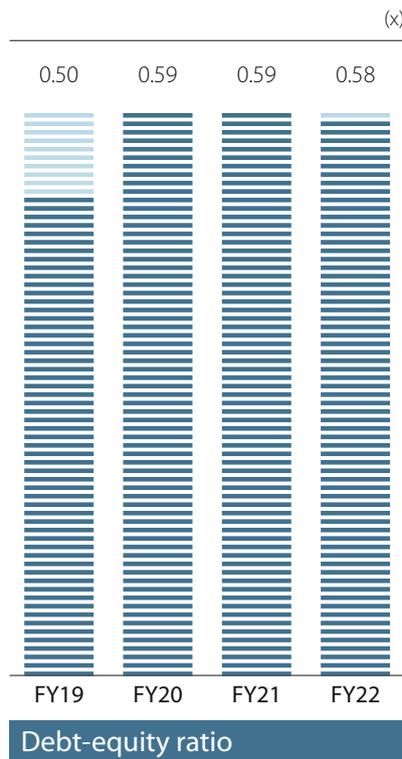
The EBITDA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

**Performance**

The Company reported a 42 bps increase in its EBITDA margin as a result of improved operating efficiencies across the business.

**Value impact**

Demonstrates adequate buffer in the business, which, when multiplied by scale, enhances surpluses.



**Definition**

This is derived through the ratio of debt to net worth (less revaluation reserves)

**Why is this measured?**

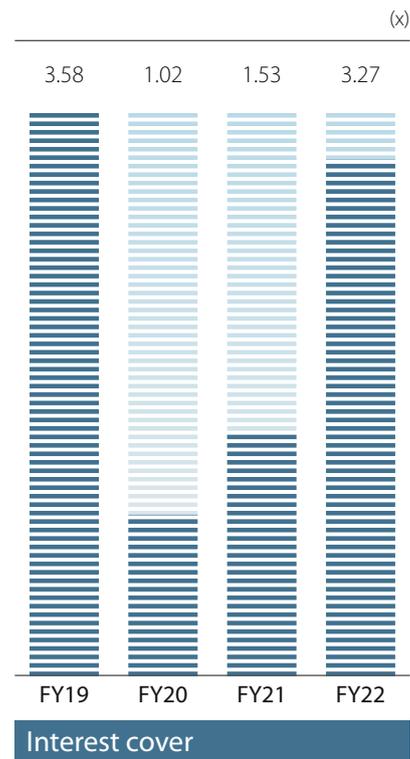
This is one of the defining measures of a company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the Company to sustain growth in profits, margins and shareholder value.

**Performance**

The Company's gearing moderated to 58 in FY 2021-22. Ideally this ratio should be read in conjunction with Yuken's declining net debt, indicating a growing ability to repay loans.

**Value impact**

Adds value in the hands of shareholders by strengthening the equity side while moderating debt.



**Definition**

This is derived through the division of EBITDA by interest outflow.

**Why is this measured?**

Interest cover indicates the Company's comfort in servicing interest – the higher the better.

**Performance**

The Company strengthened its interest cover from 1.53 in FY 2020-21 to 3.27 in FY 2021-22.

**Value impact**

A company's ability to meet its interest obligations, an aspect of its solvency, is one of the most important factors in influencing returns to shareholders.

# How Yuken indirectly touches our everyday lives



## Waking up at home

Built with cement

Building material sourced from transit mixers

*Driven by Yuken India's hydraulic package*



## Switching on the light

Sourced from thermal/hydro-electric power station

*Driven by Yuken India's hydraulic package*



## Brushing one's teeth

Toothbrush made of plastic

Brush manufactured on injection moulding machines

*Driven by Yuken India's hydraulic package*



## Drive to work

Use a personal or public vehicle

Automobiles manufactured using steel

*Driven by Yuken India's hydraulic package*



## Time for lunch

Have a vegetarian canteen lunch

Soil prepared for growing vegetables using a tractor

*Driven by Yuken India's hydraulic package*



## Enter the elevator

Press a button to close the doors

All made from steel

*Driven by Yuken India's hydraulic package*



## Enter the office

Large floor plate; tall structure

Built with sophisticated construction equipment

*Driven by Yuken India's hydraulic package*



## Back to work

Entering a meeting

Scribbling notes on paper

*Driven by Yuken India's hydraulic package*

# Chairman's message

Dear shareholders,

The extended pandemic has brought to the centre-stage an important dimension of business. The word is 'risk'.

A number of companies are being appraised for the risks they carry in their business model.

There is a larger commitment to appraise organizational risks from a number of dimensions with the objective to enhance business continuity and sustainability.

The one feature of the risk management matrix that is getting enhanced attention is 'technology'.

In the modern word, technology is not just perceived as a means of production; it is being perceived as an insurance against unforeseens; it is seen as a hedge against unexpected downtime; it is seen as helping the user moderate costs; it is seen as generating more

from a given capacity, empowering the user to moderate manufacturing cost per unit. The result is that technology is not just an enabler; it is seen as core to organisational success.

As responsible technology provider, Yuken India has been investing in cutting-edge developments, fusing electronics into its products, enhancing features, strengthening the price-value proposition, customizing products around user needs, extending uptime and addressing the customer's needs with speed.

Besides, the Company has progressively de-risked its business by monetizing assets with the objective of enhancing liquidity. The Company invested surplus funds into enhancing capacities and broadbasing offerings, the basis of long-term business sustainability.

**Hidemi Yasuki**  
Chairman



# Managing Director's review

Dear shareholders,

'Uncertainty' is the one word that has transformed the world's business model and human behavior. What started as a pandemic translated into a number of cascading activities that augmented uncertainty.

The Ukraine - Russia crisis and the global arraignment of nations compounded the volatility.

The consequences have been runaway commodity inflation, increased interest rates, shortage of superconductor chips, limited shipping space and some countries teetering on the brink of an economic collapse.

A number of these developments could be transitory, implying that their effects may wane in the next couple of years and the

decisive bottom could be enduring. That outcome could reorganize global supply chains. Mitigation of import dependence and diversifying supply bases could be the way ahead.

Developing indigenous supply hubs de-risks supply chains and promotes just-in-time delivery. This trend encourages faster product development and reduction in working capital.

This evolving environment is widening the space for an engineering solutions-driven company like Yuken India. We provide world-class hydraulics solutions at competitive costs. A strong technical backbone enables our Company to provide customized solutions. A proactive customer-friendly service policy has made Yuken a preferred hydraulics partner. We have consistently evolved from vendor to partner across sectors.



The future appears promising because of a massive infrastructure rollout. Renewable and alternative energy sectors are poised for growth. Indigenizing and privatizing the Defence sector showcases the nation's technical prowess. The Indian agriculture sector is benefiting from long overdue modernization.

These, coupled with the window to become a global supply hub, provide exciting opportunities. The complement of these – and other – industries indicates that the next few years could be the most exciting for our company.

Yuken is attractively placed to capitalize. The Company has optimized overheads, enhanced people productivity, engaged deeper with vendors and leveraged its rich knowledge pool to develop products for a new range of customers and applications. Consequently, the Company has become lighter (cost reduction), nimbler (faster deliveries) and broad-based (extension into other sectors).

Some of these improvements were visible during the last financial year. The Company reported 50% growth in revenues to ₹335.29 crore while EBIDTA was 55% higher at Rs.37.83 crore and profit after tax was 174% higher at Rs.13.60 crore.

Your Company's joint venture with Brigade Enterprises Limited to develop surplus land received an impressive response. The Company received ₹110.19 crore as its share of the proceeds up to 31<sup>st</sup> March, 2022. We are glad to inform that the project is complete and 100 apartments had been registered as on 31<sup>st</sup> March, 2022.

I remain cautiously optimistic that a complement of factors will empower us to enhance value for all our stakeholders in a sustainable way.

**C P Rangachar**  
*Managing Director*

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The future is promising because of the massive infrastructure rollout. Renewable and alternative energy sectors are poised for growth.

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# The enduring assurance of the Yuken brand

## Overview

A significant change has transpired in the way customers appraise mission-critical capital equipment.

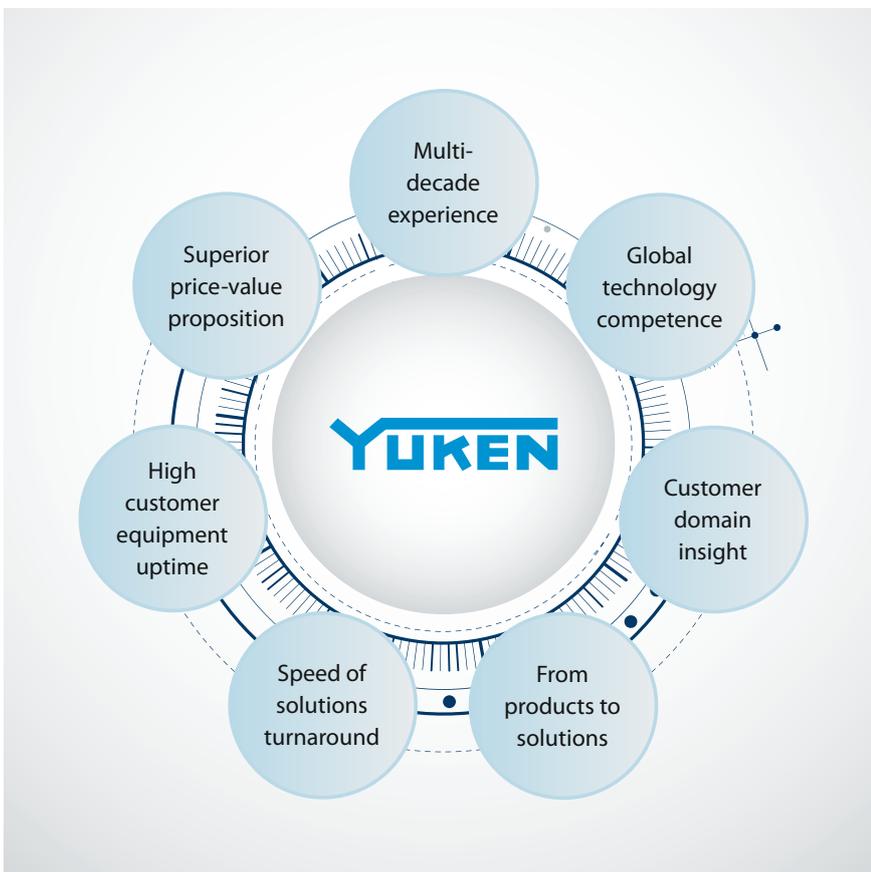
There was a time when customers gravitated towards the lowest cost. There is a greater traction today for buying equipment that delivers the best value - for various reasons.

**One**, in a competitive world, the cost of downtime and delayed products

delivery to customers has increased. More customers are buying based on 'life-cycle cost' as opposed to 'upfront cost'. This has enhanced value for a brand like Yuken that is associated with dependable products delivering long-term solutions.

**Two**, in a post-pandemic world, there is a greater concern for 'supply chain security'. There is a greater premium on the capacity to provide quality, indigenous spares and components with speed around a superior price-value proposition today. The Company's manufacturing solutions are supported by vendor partners; 90% of the Company's products are manufactured locally.

**Three**, the modern world is taking no chances with its vendors. It is seeking to transform one-off transactions into multi-year relationships to enhance predictability, responsiveness and an overall price-value proposition. Yuken comes with a rich partnership-centric track record; 75% of the Company's revenues are derived from customers of five years or more.





Our  
competitive  
advantage

Quality-driven brand

Cutting-edge  
technologies

Long-standing  
customer  
engagements

Components  
localization

Leading sectorial  
presence

Extensive  
distribution network

Governance  
commitment

Quicker service

Quality focus

International  
presence

Financial robustness

# The Atmanirbhar Bharat focus

# 90

% of revenues manufactured  
within India, FY 2021-22

## How Yuken is competently placed to capitalize

Collaborated with six global companies for technology access across products

Comprehensive range of hydraulic products – single-stop solution manufactured locally

Infrastructure and construction equipment companies looking for domestic manufactured components

Large pan-India network of offices, dealers and service providers

Investment in Research & Development (R&D) for new product developments and local manufacturing

Backward integration and collaboration with several manufacturing SMEs

# Yuken takes customers ahead

## Overview

There has been a sweeping transformation during the last couple of decades in Indian industry. There is a greater need to benchmark with the best global standards.

The result is that most companies are investing in the best quality systems, certifications, talent cum training, supply chain linkages and logistical supports.

Yuken does more than merely provide customers with functional value; the Company takes customers ahead through a complement of solutions.

The value delivered out of Yuken's equipment has been manifested in various ways.

**One**, the products made by the Company are mission-critical, affecting everyday life. An example: Yuken's hydraulic equipment is effectively used in the 'governor-control' of hydro-electric turbines; any hydraulics downtime can result in an entire town losing power supplied from the location. By the virtue of providing consistent uptime, Yuken assumes customers with a peace of mind and operational predictability.

**Two**, the equipment more than pays for itself across a period of time – in the words of our customers – through enhanced uptime and low maintenance costs.

**Three**, the high Yuken equipment uptime has translated into systemic integrity, which makes it possible for other complementary,

supporting or linked equipment to deliver consistently as well.

**Four**, Yuken's customers recognize that when they buy from the Company, they plug into a rich eco-system of products and solutions born out of a technology from Yuken Kogyo Japan.

**Five**, Yuken combines the best of India and Japan. On the one hand, the Company's products represent the ability of Indian eco-system to successfully absorb global technologies; on the other hand, Yuken's products are delivered around global standards at optimum costs, a compelling price-value proposition in a competitive world.

# Our prominent customers

Automotive	BAJAJ	Hero	HONDA	Mahindra	SUZUKI	TOYOTA	TVS
Defence, agri and others	beml	BULL	Indian Navy	Indian Coast Guard	Indian Army	Mazagon Dock Shipbuilders Limited	Indian Air Force
Machine tools	Ace Micromatic Group	BFW	JYOTI	KENNAMETAL	LMW	macpower	PRECISION TSUGAMI
Mobile and construction	AJAX	ACE	CNH INDUSTRIAL	ESCORTS	JCB	TEREX CORPORATION	TATA HITACHI
Power	ALSTOM	BHEL	bfl	FLOVEL	MECAMIDI HPP	NHPC	NTPC
Plastic	ASB	electronica	MILACRON	PASL	polymechplast	Shibaura Machine	WINDSOR
Steel	AM/NS INDIA	CMI	JSLA	JSW	PRIMETALS	SAIL	TATA STEEL



## At Yuken, we engineer our products to deliver a superior alternative

Yuken serves as a single source for all hydraulic solutions.

The Company invested in hydraulic technologies to support the Indian industry with local solutions, comprising manufacturing facilities in Karnataka, Maharashtra and Haryana.

The result is that Yuken has emerged as an indigenous manufacturer of global technology products.

Re-engineering: Yuken has progressively evolved its offerings to the machine tool industry to design and manufacture small, fast and productive hydraulic equipment. The result is that Yuken's innovative HPU's have been optimally value-engineered.

Timely localization: The Indian Army needed to work with an OEM to localize its vehicle recovery system adapted to rescue vehicles trapped in sand, marsh, etc. Following extensive discussions, Yuken responded with several improvements and localization initiatives that delighted the customer.

Engineering capability: Yuken's cost-effective solutions are not derived from a reduction in materials; they are the result of 'design innovation' derived from a team of '100 technical experts' engaged in product application, design engineering, R&D, new product development and localized solutions.

### Product matrix

Hydraulic power units	Valves & solenoids	Precision machining	Hydraulic cylinders
Electric motors	Casting for hydraulic equipment	Hydraulic pumps	

### Customer matrix

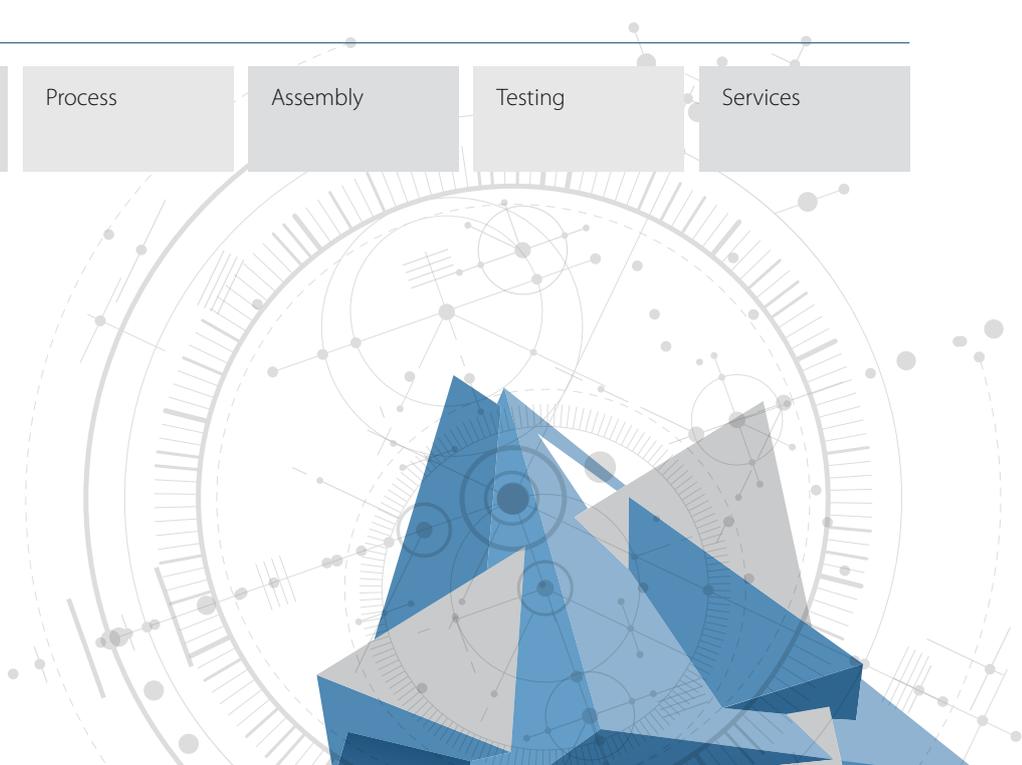
Machine tools companies	Plastic moulding companies	Power generation plants	Defence machinery
Mobile and construction machinery	Steel and other metal manufacturing and processing plants		

### Research matrix

Product enhancements	Product upgrades	New applications	Cutting-edge technologies
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### Solutions matrix

Design	Material	Process	Assembly	Testing	Services
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# Our delivered value

## Machine tools

Used in tool clamping, fixturing and metal forming machinery

## Plastic machinery

Used in moulding machines (used to manufacture car dashboards, bumpers, washing machine casing, etc.)

## Power generation plants

Used in wind mills and hydro-electric plants

## Construction machinery

Used in road building, residential and commercial concrete machinery, excavators to dig and transport earth

## Defence

Used to level artillery guns, recovery of trapped vehicles

Product	Pumps	Valves	Others
Types	<ul style="list-style-type: none"> <li>▪ Vane pumps</li> <li>▪ Piston pumps</li> <li>▪ Gear pumps</li> <li>▪ SERVO systems</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pressure control</li> <li>▪ Direction control</li> <li>▪ Flow control</li> <li>▪ Modular valves</li> <li>▪ Logic valves</li> <li>▪ Proportional valves</li> </ul>	<ul style="list-style-type: none"> <li>▪ Hydraulic power Units</li> <li>▪ Cylinders</li> <li>▪ Hydraulic motors</li> <li>▪ Actuators</li> <li>▪ Accumulators</li> <li>▪ Chip compacting machines (Kiriko)</li> <li>▪ Filters</li> <li>▪ Electric motors</li> <li>▪ Accessories</li> </ul>
Performance	<p style="font-size: 2em; margin: 0;">27%</p> <p>Revenue share</p>	<p style="font-size: 2em; margin: 0;">38%</p> <p>Revenue share</p>	<p style="font-size: 2em; margin: 0;">35%</p> <p>Revenue share</p>
Application segments	Automotive, Agriculture, Cement, Construction Equipment, Drill Rigs, Defence, Machine Tools, Material Handling, Marine, Paper, Presses, Plastics, Railways, Rubber and Steel		

# Management Discussion and analysis



## Global economic overview

The global economy grew an estimated 6.1% in 2021 compared to a de-growth of 3.3% in 2020.

The global economic recovery is attributed to accelerated vaccine rollout across 4.4 billion people, around 56% of the global population (single dose), increased travel and consumption.

Global FDI reported an increase from USD 929 billion in 2020 to an estimated USD 1.65 trillion in 2021.

However, the global economy and recovery was affected by prohibitive shipping freight rates, a shortage of shipping containers and semiconductor chips in 2021. Inflation was at its highest since 2022, especially in the advanced economies, catalysed by a run up in commodity prices. Some emerging and developing economies were positioned to withdraw policy support to contain inflation even as the economic recovery was still incomplete.

The global economy is estimated to grow at a modest 2.6% in 2022 following the Russia-Ukraine crisis. A higher interest rate environment could affect emerging markets and developing economies with large foreign currency borrowings and external financing needs in 2022.

Regional growth (%)	2021	2020
World output	6.1	(3.3)
Advanced economies	5.0	(4.9)
Emerging and developing economies	6.3	(2.4)

(Source: IMF, World Bank, UNCTAD)

## Performance of major economies

### United States

The country reported a GDP growth of 5.7% in 2021 compared to a de-growth of 3.4% in 2020, following the government's investment of trillions of dollars in COVID relief.

### China

The country's GDP grew 8.1% in 2021 compared to 2.3% in 2020 despite it being the novel coronavirus epicentre.

### United Kingdom

The country's GDP grew 7.5% in 2021 compared to a 9.9% de-growth in 2020.

### Japan

The country reported a GDP growth of 1.7% in 2021 following a contraction in the previous year.

### Germany

The country reported a GDP growth of 2.9% in 2021 compared to a decline of 4.9% in 2020.

(Source: World Bank, IMF, Business Standard, Times of India)

## Indian economic overview

The Indian economy reported an attractive recovery in FY 2021-22, its GDP rebounding from a de-growth of 7.3% in FY 2020-21 to a growth of 8.7% in FY 2021-22. By the

close of FY 2021-22, India was among the six largest global economies, its economic growth rate was the fastest among major economies (except China), its population

at around 1.40 billion is the second most populous in the world and its rural under-consumed population is arguably the largest in the world.

### Y-o-Y growth of the Indian economy

	FY19	FY20	FY21	FY22
Real GDP growth (%)	6.1	4.2	(7.3)	8.7

### Growth of the Indian economy, FY 2021-22

	Q1, FY22	Q2, FY22	Q3, FY22	Q4, FY22
Real GDP growth (%)	20.1	8.4	5.4	4.1

The Indian economy was affected by the second wave of the pandemic that affected economic growth towards the fag end of the previous financial year and across the first quarter of the financial year under review. The result is that after a growth of 1.6% in the last quarter of FY 2020-21, the Indian economy grew 20.1% in the first quarter of FY 2021-22 due to the relatively small economic base during the corresponding period of the previous year.

India's monsoon was abundant in 2021 as the country received 99.32% of a normal monsoon, lower though than in the previous year. The estimated production of rice and pulses recorded volumes of 127.93 million tonnes and 26.96 million tonnes respectively. The total oilseeds production of the country recorded a volume of 371.47 million tonnes. Moreover, based on the spatial and temporal distribution of the 2021 monsoon rainfall, the agricultural gross value added (GVA) growth in FY 2021-22 is anticipated to be 3-3.5%. The country's manufacturing sector grew an estimated 12.5%, the agriculture sector grew by 3.9%, mining and quarrying grew by 14.3%, construction grew by 10.7% and electricity, gas and water supply grew by 8.5% in FY 2021-22.

There were positive features of the Indian economy during the year under review.

India attracted the highest annual FDI inflow of USD 83.57 billion in FY 2021-22, a validation of global investing confidence in India's growth story. The government approved 100% FDI for insurance intermediaries and increased FDI limit in the insurance sector from 49% to 74% in the Union Budget FY 2021-22.

India surpassed the ₹88,000 crore target set for asset monetization in FY 2021-22, raising over ₹97,000 crore with roads, power, coal, mining and minerals accounting for a large chunk of the transactions, following this the Indian government launched a four year ₹6 lakh crore asset monetization plan.

In 2021, India was the largest recipient of global remittances. The country received USD 87 billion during 2021, with the US being the largest source (20%). India's foreign exchange reserves stood at an all-time high of USD 642.45 billion as on 3<sup>rd</sup> September, 2021, crossing USD 600 billion in forex reserves for the first time.

India's currency weakened 3.59% from ₹73.28 to ₹75.91 to a US dollar through FY 2021-22. The consumer price index (CPI) of India stood at an estimated 5.3%

in FY 2021-22. India reported improving Goods and Services Tax (GST) collections month-on-month in the second half of FY 2021-22 following the relaxation of the lockdown, validating the consumption-driven improvement in the economy. The country recorded its all-time highest GST collections in March 2022 standing at ₹1.42 lakh crore, which is 15% higher than the corresponding period in 2021.

India ranked 62 in the 2020 World Bank's Ease of Doing Business ranking. The country received positive FPIs worth ₹51,000 crore in 2021 as the country ranked fifth among the world's top leading stock markets with a market capitalization of USD 3.21 trillion in March 2022.

The fiscal deficit was estimated at ~₹15.91 trillion for the year ending 31<sup>st</sup> March, 2022 on account of a higher government expenditure during the year under review.

India's per capita income was estimated to have increased 16.28% from ₹1.29 lakh in FY 2020-21 to ₹1.50 lakh in FY 2021-22 following a relaxation in lockdown and increased vaccine rollout.

India's tax collections increased to a record ₹27.07 lakh crore in FY 2021-22 compared with a budget estimate of ₹22.17 lakh crore. While direct taxes increased 49%, indirect tax collections increased 30%. The tax-to-GDP ratio jumped from 10.3% in FY 2020-21 to 11.7% in FY 2021-22, the highest since 1999.

Retail inflation in March at 6.95% was above the RBI's tolerance level of 6% but fuel prices played no part in this surge. Retail inflation spiked to a 17-month high in March 2022, above the upper limit of the RBI's tolerance band for the third straight month

(Source: Economic Times, IMF, World Bank, EIU, Business Standard, McKinsey, SANDRP, Times of India, Livemint, InvestIndia.org, Indian Express, NDTV, Asian Development Bank)

## Global hydraulic components industry review

The global hydraulic components market was estimated at USD 62.7 billion in 2021, increasing at a CAGR of 4% to reach USD 88.4 billion by 2027. This demand is driven by the construction and mining industry for hydraulic components due to their safety and efficiency. The hydraulic components market in North America is expected to expand on account of a growing use of automated and mechanized agriculture methods across the countries. Moreover, robust demand for machinery and equipment in the increasing industrial, mining, agriculture, oil and gas industries in the United States and Canada and rapid

implementation of new and effective hydraulic component technologies are expected to steer the hydraulic components market in North America.

The Asia Pacific hydraulic components market is anticipated to develop on account of growing applications and demand in machinery and equipment used in agriculture, industrial, forestry, marine, and mining industries. Asia Pacific is one of the key regions for mobile hydraulic sales on account of an increasing percentage of agricultural vehicle production and a declining captive market. Moreover,

hydraulic excavators have encountered an increase in construction projects in emerging economies. Various countries like India, China and others are examples of developing regions where infrastructure and commercial projects are on the rise, resulting in a high demand for hydraulic components.

(Source:prnewswire.com, marketsandmarkets.com, market data forecast.com).

## Outlook

The global hydraulic components market is anticipated to grow on account of infrastructure development and investment in construction activities. The global construction industry is expected to grow from USD 7.28 trillion in 2021

to USD 14.41 trillion by 2030. Moreover, hydraulic machines are utilized in a variety of industrial and special-purpose vehicle verticals, such as platform vehicles, forklifts, transport vehicle attachments and garbage trucks. Heavy machinery and equipment

are in high demand from a variety of end-use industries, comprising aerospace, industrial, testing machinery/simulator, material processing/forming machinery, autos, mining and ships/fishing machinery.

## Indian hydraulic component industry review

The Indian hydraulic component market is expected to grow at a CAGR of 6.2% between 2020 and 2026. The hydraulic machinery can be operated in diverse industries like construction, aerospace and defence, steel plants, mining and agriculture machinery, among others. The upward trajectory of these industries has

an immediate impact on the hydraulic components industry. The hydraulics component industry witnessed a decline in demand due to the interruption of all industrial activities for months owing to the nationwide lockdown declared to curb the pandemic.

The hydraulics industry is expected to rebound as the numerous sectors it serves have seen a demand recovery following the lockdown. These sectors comprise core sectors such as road construction, rural development and mining, where the government has assigned large brackets for infrastructural development

## Sectoral demand drivers

**Infrastructure:** The infrastructure sector is an important element of a country's economy. In 2021, the National Infrastructure Pipeline comprised 7400 infrastructure projects across roads and railways. The Government invested USD 1.4 trillion for the country's infrastructure development as of July, 2021 through National Infrastructure Pipeline. Forthcoming infrastructure projects like construction of new roads, highways, and freight corridors etc. is expected to enhance the demand for hydraulic components and equipments.

**Urbanisation:** India is at the cusp of rapid urbanization. The country's urban dwellers are expected to double from 400 million

to 800 million in the next two decades. In 2047, when India celebrates 100 years of independence, half of the country's population is expected to live in urban areas.

**Manufacturing:** The Government aims to position India as the manufacturing hub of the world through various initiatives such as 'Atmanirbhar Bharat' and 'Make in India'. Post outbreak of the Covid-19 pandemic, nations intending to shift their supply chain from China is looking at India as a preferable option.

**Core sectors:** Core sectors such as steel and coal are principal drivers of economic growth. The government has targeted to ramp up steel production to 300 million

tonnes and domestic per capita steel consumption to 160 Kg by 2030. India's coal demand is expected to increase to 1.5 billion tonnes by 2030.

**Increasing population:** India is expected to surpass the population of China by 2023. India has advanced in terms of infrastructure and economy, in order to fulfill the demand of its increasing population. The government has shown its proactive approach by launching a series of economic and infrastructural projects to fulfill its USD 5 trillion economy target by FY 2024-25.

(Source: IBEF)

## Opportunities

Yuken India aspires to avail the growth prospects in the hydraulics industry:

- It is a highly regarded brand with a rich legacy
- It provides assortment of products to satisfy various customer needs

- Its brand is familiar for rendering quality service standards and quicker delivery time
- Its products are available at reasonable prices and can be matched with international standards.

- It embarks on research activities to increase product development capabilities
- It has established longstanding relationships with customers and accounts for a sizeable market share.

## Threats

Increasing input costs	Changing taste and preference of consumers	Increased cost for technology upgradation	Requires constant development of new products
Unsteady foreign currency	Increased competition in global market	Growing competition	Environmental threat owing to oil leaks

## Financial review (Consolidated)

Gross revenues increased by 50 % to ₹335.29 crore during FY 2021-22 as compared to ₹223.47 crore during FY 2020-21.

Operating profit (EBITDA) stood at ₹37.83 crore compared to ₹24.27 crore during FY 2020-21.

Finance costs decreased by 17% from ₹10.13 crore to ₹8.37 crore during FY 2021-22.

Total expenses stood at ₹322.31 crore, including tax expenses worth ₹4.97 crore and deferred tax charge/ (benefit) & MAT credit entitlement worth ₹1.05 crore.

Profit after tax, including other comprehensive income (OCI), stood at ₹13.60 crore as against ₹4.96 crore during the previous year.

Net worth stood at ₹190.89 crore as on 31<sup>st</sup> March, 2022 compared to ₹178.07 crore as on 31<sup>st</sup> March, 2021.

Property, plant and equipment and intangible assets increased by 17% to ₹140.29 crore during FY 2021-22 from ₹120.24 crore during FY 2020-21.

Capital work-in-progress for the year increased to ₹15.92 crore during FY 2021-22 compared with ₹12.56 crore during FY 2020-21.

Cash and cash equivalents stood at ₹3.68 crore as on 31<sup>st</sup> March, 2022 compared to ₹5.85 crore as on 31<sup>st</sup> March, 2021.

## Key financial ratios

Particulars	2021-22	2020-21
EBIDTA/turnover (%)	11	11
Net profit/turnover (%)	4	2
Debt-equity ratio	0.58	0.59
Current ratio	1.15	1.25
Interest coverage ratio	3.27	1.53
Inventory turnover (number of days), excluding residential units from JDA	147	203
Debtors turnover (number of days)	116	146
Return on net worth ( % ) excluding residential units from JDA	15	6
Book value per share (₹)	159.07	148.39
Earnings per share (₹)	11.42	4.38

JDA: Joint Development Agreement

## Internal control systems and their adequacy

The organizational culture of Yuken India has been built on the foundation of transparency and accountability. The Company practices fair and comprehensive corporate governance through the implementation of its Code of Conduct and various policies formed in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015. The Company has Prevention of Sexual Harassment Policy modeled after Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has a proactive Audit Committee that routinely oversees and controls internal processes. The Committee

of the Board and the Constitution of the Company ensures that the accounting policies and internal procedures are in compliance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## Human resources

Yuken India Limited believes that its competitive advantage lies within its people. The Company's people bring to the stage a multi-sectoral experience, technological experience and domain knowledge. The Company's HR culture

is rooted in its ability to subvert age-old norms in a bid to enhance competitiveness. The Company always takes decisions in alignment with the professional and personal goals of employees, achieving an ideal work-life balance and enhancing pride

of association. The Company's employee strength stood at around 500 employees as on 31<sup>st</sup> March, 2022.

# Risk management

## Competitive risk

Increased competition could decrease revenues and margins.



## Mitigation

The Company possesses various types of products to render numerous customer requirements. The Company increased customer experience by offering after-sales service and converting the product into a solution, which resulted in reduced competition. The Company enjoys long standing relationship with its clients accounting for an increased market share.

## Sectoral risk

The Company's growth can be hampered due to increased focus on low performing sectors.



## Mitigation

The Company enjoys its footprint in various sectors such as automobile, power, steel and plastic, which helps it generate sustainable profits while hedging itself against any temporarily low performing sectors. The Company is aiming to enhance its portfolio to renewable energy, defence and marine engineering.

## Economy risk

The industry's growth is in line with that of the economy's growth. Therefore, it is susceptible to the country's economic direction.



## Mitigation

The Company possesses a diversified multi-product, multi-sector and multi-geographic presence, which empowers it to overcome the comprehensive impact of an economic slowdown

## Service risk

The Company's inability to deliver efficient and quick service could result in equipment downtime, hampering the brand.



## Mitigation

The Company ensures high product availability through a network of 56 dealers pan-India. The Company reinforced its service vertical with the intention to moderate equipment downtime.

## Technology risk

The emergence of up-to-date technologies could moderate the demand for existing Yuken products in the marketplace, hampering business.



## Mitigation

Over the decades, the Company's products like pumps and valves resulted in increased demand by customers

# BOARD'S REPORT

To,  
**The Members of**  
**YUKEN INDIA LIMITED**

Your Directors have pleasure in presenting their 46<sup>th</sup> Annual Report of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2022.

## 1. FINANCIAL RESULTS:

The Company's financial performance for the year under review along with previous year's figures are given hereunder:

### Financial Highlights:

Rs. In Lakhs

Particulars	Standalone		Consolidated	
	Year ended	Year ended	Year ended	Year ended
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
<b>Net Income</b>	<b>28,931.64</b>	<b>19,361.68</b>	<b>33,528.76</b>	<b>22,347.01</b>
Expenditure before interest, depreciation and tax	25,793.35	17,104.41	29,717.51	19,888.64
Profit/(Loss) before interest, depreciation and tax	3,138.29	2,257.27	3,811.25	2,458.37
Finance cost	647.60	814.76	837.24	1,012.69
Depreciation	603.59	483.29	1,046.07	872.18
<b>Profit/(Loss) Before Tax</b>	<b>1,887.10</b>	<b>959.22</b>	<b>1,927.94</b>	<b>573.50</b>
Provision for Taxation (Net of deferred tax)	599.44	208.17	613.87	65.80
<b>Profit/(Loss) After Tax</b>	<b>1,287.66</b>	<b>751.05</b>	<b>1,314.07</b>	<b>507.70</b>
Share of Profit/(Loss) of Associates	-	-	62.30	10.91
Net Comprehensive Income/(Loss) for the year	(14.04)	(23.05)	(16.80)	(22.94)
<b>Total Comprehensive Income/(Loss) for the year</b>	<b>1,273.62</b>	<b>728.00</b>	<b>1,359.57</b>	<b>495.67</b>
<b>Total comprehensive income attributable to Controlling interest</b>	<b>-</b>	<b>-</b>	<b>1,353.99</b>	<b>502.47</b>
Balance in Statement of profit and loss	17,130.99	16,474.99	15,968.30	15,537.83
<b>Amount available for appropriation</b>	<b>18,404.61</b>	<b>17,202.99</b>	<b>17,322.29</b>	<b>16,040.30</b>
<b>Appropriations:</b>				
Equity Dividend paid	(72.00)	(72.00)	(72.00)	(72.00)
<b>Balance carried to Balance Sheet</b>	<b>18,332.61</b>	<b>17,130.99</b>	<b>17,250.29</b>	<b>15,968.30</b>

**On Standalone basis**, the Company has registered a net income of Rs. 28,931.64 lakhs as compared to Rs. 19,361.68 lakhs of previous year. The growth is around 49% over the previous year.

**On Consolidated basis**, the Company has registered net income of Rs. 33,528.76 lakhs as compared to Rs. 22,347.01 lakhs of previous year. The growth is around 50% over the previous year.

## 2. DIVIDEND:

Your Directors recommend payment of a dividend of 8% (Eight percent) i.e. Rs. 0.80 (Eighty Paise only) per equity share of Rs. 10/- each for the year ended 31<sup>st</sup> March, 2022, subject to the approval of the members at the ensuing Annual General Meeting. The dividend pay-out is in accordance with the Company's Dividend Distribution Policy.

The Dividend Distribution Policy is available at Company's website:

<https://www.yukenindia.com/corporate-governance-and-code-of-conduct/>

## 3. IMPACT OF COVID-19 PANDEMIC ON COMPANY'S BUSINESS:

In March 2020, the World Health Organization 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. In view of the pandemic, the Company has considered internal and external information and has performed an analysis based on current estimates while assessing the recoverability of assets including, trade receivables, inventories and other current/ non-current assets (net of provisions established) for any possible impact on the financial results.

The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial controls etc., and is of the view that based on its present assessment, the necessary impact has been given in the preparation of the financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

## 4. ANNUAL RETURN:

In accordance with the Companies Act, 2013, the Annual Return in the prescribed format is available at Company's website at

<http://www.yukenindia.com/report-result/>

## 5. BOARD MEETINGS HELD DURING THE YEAR:

During the year, 5 (Five) meetings of the Board of Directors and one meeting of Independent Directors were held. The details of the meeting are furnished in the Corporate Governance Report.

## 6. COMPLIANCE ON CRITERIA OF INDEPENDENCE BY THE INDEPENDENT DIRECTORS:

All Independent Directors of the Company have given declarations to the Company under Section 149 (7) of the Companies Act, 2013 that, they meet the criteria of independence as provided in Sub-Section 6 of Section 149 of the Act and also under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Board is of the opinion that, the Independent Directors of the Company possess requisite qualifications, experience and expertise in the field of manufacturing, finance, auditing, tax, economic, legal and Regulatory matters, Strategic thinking/planning, decision making, leadership, knowledge about the Company's business and protect interest of all stakeholders.

In compliance with the Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors have registered themselves with the Indian Institute of Corporate Affairs.

## 7. REMUNERATION POLICY OF THE COMPANY:

The Remuneration Policy of the Company for appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management of the Company along with other related matters have been provided in the Corporate Governance Report.

As and when need arises for appointment of Director, the Nomination and Remuneration Committee (NRC) of the Company will determine the criteria based on the specific requirements. NRC while recommending candidature to the Board, will take into consideration the qualification, attributes, experience and Independence of the Candidate. Director(s) appointment and remuneration will be as per NRC Policy of the Company.

A Statement of Disclosure of Remuneration pursuant to Section 197 of the Act. Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is forming part of this report.

## 8. ANNUAL EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS:

The Board of Directors has carried out an annual evaluation of its own performance, its Committees and Directors pursuant to the requirements of the Act and the Listing Regulations.

Further, the Independent Directors, at their exclusive meeting held during the year, reviewed the performance of the Board, its Chairman and Non- Executive Directors and other items as stipulated under the Listing Regulations.

### 9. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY:

There have been no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations. All orders received by the Company during the year are of routine in nature which have no significant/material impact.

#### Corporate Guarantee:

During the year under review, the Company has granted the Corporate Guarantees to its Subsidiary Companies and existing Guarantees are renewed. The details of Guarantees granted and outstanding balances of Corporate Guarantees as on 31<sup>st</sup> March, 2022 are as under.

Rs. in Lakhs

Sl. No.	Particulars	Name of Bank	Current Year	Outstanding Balance as on 31.03.2022
1	Coretec Engineering India Private Limited	HDFC Bank	-	750
		Sumitomo Mitsui Banking Corporation	-	1,100
2	Grotek Enterprises Private Limited	HDFC Bank	-	600
		Sumitomo Mitsui Banking Corporation	694	1,694

The above loans, guarantees and investments are within the limits prescribed under Section 186 of the Companies Act, 2013.

### 11. AMOUNT, IF ANY, PROPOSED TO BE TRANSFERRED TO RESERVES:

During the year under review, the Company has not transferred any money towards General Reserve and it is not mandatorily required.

### 12. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

#### a. Transfer of Unpaid Dividend:

As required under Section 124 of the Companies Act 2013, the unclaimed dividend amount aggregating to Rs. 68,659/- lying with the Company for a period of 7 (Seven) years pertaining to the financial year ended on 31<sup>st</sup> March, 2014 was transferred during the financial year 2021-22 to the Investor Education and Protection Fund ("IEPF") established by the Central Government.

#### b. Transfer of Shares:

As per the provisions of Section 124 of the Companies Act, 2013, 1,061 equity shares of Rs. 10/- each, in respect of which dividend has not been claimed by the members for 7 (Seven) consecutive years or more, have been transferred by the Company to Investor

### 10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

#### Loans:

During the year under review, your Company has not granted any loan within the meaning of Section 186 of the Companies Act, 2013.

#### Investments:

There are no new investments made during the financial year 2021-22.

Education and Protection Fund Authority (IEPF) during the financial year 2021-22. Details of shares transferred have been uploaded on the website of IEPF as well as Company.

### 13. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, the Statement of Profit & Loss and other documents of the Subsidiary Companies are not being attached to the Balance Sheet of the Company. The consolidated financial statements presented by the Company includes financial results of its Subsidiary and Associate Companies.

The Annual Accounts of the Subsidiary Companies are available on the website of the Company at <http://www.yukenindia.com/report-result/>

The details of financial performance of Subsidiaries and Associate Companies are furnished as under:

Rs. In Lakhs

Particulars	Subsidiary				Associates	
	Grotek Enterprises Private Limited.	Coretec Engineering India Private Limited.	Kolben Hydraulics Limited.	Yuflow Engineering Private Limited.	Sai India Limited.	Bourton Consulting (India) Private Limited.
<b>Total Income</b>						
FY 2021-22	6,573.49	2,761.54	959.19	231.92	2,358.01	7.31
FY 2020-21	4,021.28	2,095.23	420.32	90.97	1,674.76	8.18
<b>Total expenditure</b>						
FY 2021-22	5,792.82	2,745.75	909.99	257.50	1,994.24	9.88
FY 2020-21	3,685.15	2,075.15	483.77	109.22	1,475.81	9.87
<b>Profit/(Loss) before interest, depreciation and tax</b>						
FY 2021-22	780.67	15.79	49.20	(25.58)	363.77	(2.57)
FY 2020-21	336.13	20.08	(63.45)	(18.25)	198.95	(1.69)
<b>Finance cost</b>						
FY 2021-22	133.14	114.76	-	0.46	70.92	-
FY 2020-21	125.82	130.04	-	0.27	80.35	-
<b>Depreciation</b>						
FY 2021-22	328.36	98.06	10.21	5.85	90.70	2.71
FY 2020-21	281.58	91.57	10.29	5.45	85.26	4.67
<b>Profit/(Loss) before tax and exceptional item</b>						
FY 2021-22	319.17	(197.03)	38.99	(31.89)	202.15	(5.28)
FY 2020-21	(71.27)	(201.53)	(73.74)	(23.97)	33.35	(6.36)
<b>Exceptional Item</b>						
FY 2021-22	-	-	-	-	-	-
FY 2020-21	-	-	-	-	-	0.57
<b>Provision for taxation (Net of deferred tax)</b>						
FY 2021-22	56.36	(41.28)	(0.65)	-	38.11	(0.04)
FY 2020-21	(24.23)	(92.69)	(25.46)	-	(0.36)	(0.23)
<b>Other comprehensive income for the year</b>						
FY 2021-22	(6.35)	3.59	-	-	(4.42)	-
FY 2020-21	(0.97)	1.08	-	-	(2.31)	-
<b>Profit/(Loss) after tax(Including other comprehensive income)</b>						
FY 2021-22	256.47	(152.16)	39.64	(31.89)	159.62	(5.24)
FY 2020-21	(48.01)	(107.76)	(48.28)	(23.97)	31.40	(5.56)
<b>Earnings per share (in Rs.)</b>						
FY 2021-22	5.25	(4.30)	3.96	(1.59)	18.23	(4.15)
FY 2020-21	(0.94)	(3.01)	(4.83)	(1.20)	3.75	(4.40)

Statement containing salient features of financial statements of subsidiaries and associate Companies in Form AOC-1 is enclosed herewith as 'Annexure-1' forming part of this report.

#### 14. RELATED PARTY TRANSACTIONS:

The Board of Directors has adopted a policy on Related Party Transactions. The objective is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties. All contracts or arrangements with related parties, entered into or modified during the financial year were at arm's length basis and in the ordinary course of the Company's business.

Transactions with related parties, as per requirements of Indian Accounting Standard 24 are disclosed in the Note No. 44 of the Notes forming part of the financial statements in the Annual Report.

Your Company's Policy on Related Party Transactions, as adopted by your Board, can be accessed on the Company's website.

<https://www.yukenindia.com/corporate-governance-and-code-of-conduct/>

Particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contracts or arrangements in Form AOC-2 is enclosed herewith as 'Annexure-2', forming part of this report.

#### 15. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY FROM THE END OF FINANCIAL YEAR AND TILL THE DATE OF THIS REPORT:

Your Board of Directors at their meeting held on 15<sup>th</sup> April, 2021 approved the draft Scheme of Amalgamation ("Scheme") of Yuflow Engineering Private Limited (Wholly Owned Subsidiary) with Yuken India Limited and their respective Shareholders & Creditors. Such Scheme was presented under Section 230 - 232 and other applicable provisions of the Companies Act, 2013 and the rules & regulations made thereunder. The approval of the Scheme is subject to sanction of the Scheme by the National Company Law Tribunal (NCLT). In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has furnished the Scheme details to the stock exchanges.

Subsequently, the Company has received the Order dated 14<sup>th</sup> March, 2022 from National Company Law Tribunal (NCLT). As per the Order, National Company Law Tribunal (NCLT) have dispensed with

holding of shareholders and Secured/Unsecured Creditors meeting of Yuken India Limited and given direction to hold Unsecured Creditors meeting of Yuflow Engineering Private Limited on 05<sup>th</sup> May, 2022. Accordingly, Yuflow Engineering Private Limited has conducted the Unsecured Creditors meeting on 05<sup>th</sup> May, 2022.

Apart from this, there has been no other material changes and commitments, affecting the financial performance of the Company occurred between the end of the financial year of the Company to which the Financial Statements relate and the date of this Report.

#### 16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Pursuant to provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014. The details are as under:

##### 1. Conservation of Energy:

##### Steps taken or impact on conservation of energy:

- Replaced conventional light fixtures with energy efficient LED light fixtures in the plant.
- In order to reduce the water wastage, the waterless Urinals have been installed in all restrooms of the main plant.
- Power factor was maintained at 0.99 by identifying and replacing faulty capacitors, increasing the frequency of periodic/preventive maintenance of capacitor banks.
- Installation of Servo Stabilizer in Shop floor and certain office lighting reduced maintenance cost and saving in energy.
- Reduction in total energy footprint through various capital projects ranging from installation of energy efficient pumps, solar street lights in walking area and factory areas.
- Replacement of old age screw compressor having low working efficiency with new air compressor.
- For natural lighting, transparent sheet has been installed in all the plants to reduce energy consumption.
- To reduce the temperature inside the shop floor, various types of plants has been planted vertically on the walls.

#### 2. Foreign Exchange Earnings and Outgo:

##### a. Foreign Exchange Earnings:

Rs. in lakhs

Sl. No.	Particular	Year ended 31.03.2022	Year ended 31.03.2021
1	Export Sales	327.30	254.33
2	Other Income	15.44	35.51

##### b. Expenditure in Foreign Currency:

Rs. in lakhs

Sl. No	Particular	Year ended 31.03.2022	Year ended 31.03.2021
1	Brand fee	103.63	65.48

c. Remittance in Foreign Currency on Account of:

Rs. in lakhs

Sl. No	Particular	Year ended 31.03.2022	Year ended 31.03.2021
1	Dividend	28.80	28.80

**3. Research and Development (R&D):**

The Company continues to invest in R&D activities towards development of new products and applications, improvement in operating efficiencies and reduction in manufacturing costs.

The Company has developed certain pumps, valves and other products which are energy efficient and as per the customer requirements. The core idea of the Company's investments in R&D is to initiate product upgradations and to develop new products that would give an edge over competitors.

**(a) Specific areas in which R&D is carried out by the Company:**

- i. Upgradation and modification of chip compacting machine which was originally designed by Yuken Kogyo Co. Ltd., Japan.
- ii. Several concepts of energy saving hydraulic power units have been designed to suit customer requirements.
- iii. Development of high pressure valves and pumps for steel industries.
- iv. In line with the Company's focus on energy saving, sustainable technology and in line with the Company's strength in manufacture of vane pumps, a new line of variable volume of vane pumps, PVV Series is being introduced. Currently most of these pumps used in the country are imported. Yuken India Limited made a small beginning many years ago with RV Series of Pumps, However, PVV Series is an upgrade both in performance and the capacities of the pumps. We hope PVV Series becomes the variable volume Vane pumps of choice in the industry.
- v. The Company has developed innovative Hydraulic Clamping mechanism that can be used on any CNC vertical machining center for tool clamping. Currently, the industry uses pneumatically operated clamping devices which are known to be very inefficient.

**(b) Benefits derived as a result of above R&D efforts:**

Special products developed to meet specific requirements of customers which enable your Company to develop niche markets for growth.

**(c) Future plan of action:**

- Development of additional range of products.
- Strong focus on employee involvement to eliminate waste in operations through focused initiatives.
- Focus on process improvements to enable the Company to penetrate into the export market.

**(d) Expenditure on R&D:**

There is a continuous increase in R&D expenditure as the scope of activities carried out keeps on increasing.

**4. Technology Absorption, Adaptation and Innovation:**

**(a) Efforts in brief, made towards technology absorption, adaptation and innovation:**

- Special models of energy saving pumps and valves have been designed to meet specific needs of customers and these have enabled us to extend our customer base to include a wider range of industries.
- Indigenization is a continuous ongoing effort, the Company is focusing on Make in India concept and Atmanirbhar Bharat Abhiyan introduced by Government of India.

**(b) Benefits derived as a result of the above efforts:**

- Dependency on imports is minimized / import substitution.
- Reduction of material cost.
- Improvement in Quality and product performance characteristics.
- Ability to innovate and produce new products.

**(c) Information regarding technology imported during the last five years reckoned from the beginning of the financial year:**  
NIL

**17. DETAILS OF CHANGE IN NATURE OF BUSINESS, IF ANY:**

During the year, there was no change in the nature of business of the Company.

**18. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR:**

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2013 as on 31<sup>st</sup> March, 2022.

**19. THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:**

Not Applicable.

## 20. DEPOSITS:

During the year under review, your Company did not accept any deposit within the meaning of the provisions of Chapter V – Acceptance of Deposits by Companies read with the Companies (Acceptance of Deposits) Rules, 2014.

Pursuant to the Ministry of Corporate Affairs notification amending the Companies (Acceptance of Deposits) Rules, 2014, the Company has filed with the Registrar of Companies the requisite returns for outstanding receipt of money/loan by the Company, which are not considered as deposits.

## 21. BOARD OF DIRECTORS:

The Board of Directors comprises of a combination of Executive/ Non-Executive Directors and Independent Directors who are professionals in their respective fields and bring in a wide range of skills, experience and expertise. The composition of Board is as under;

Sl. No.	Name of the Director	Designation
1	Capt. N S Mohanram	Independent Director
2	Mr. R Srinivasan	Independent Director
3	Dr. Premchander	Independent Director
4	Mrs. Indra Prem Menon	Independent Director
5	Mr. Hidemi Yasuki	Non-Executive Director
6	Mr. Hideharu Nagahisa	Non-Executive Director
7	Mr. Kenichi Takaku	Non-Executive Director
8	Mrs. Vidya Rangachar	Non-Executive Director
9	Mr. C P Rangachar	Managing Director

During the year under review, Mrs. Indra Prem Menon who was appointed as an Additional Lady Independent Director on 24<sup>th</sup> September, 2020 has been re-designated as Lady Independent Director on 14<sup>th</sup> September, 2021.

Mrs. Vidya Rangachar, Non-Executive Director, retires by rotation and being eligible, offers herself for re-appointment. The Board recommends her re-appointment.

Mrs. Vidya Rangachar, Non-Executive Director, will be attaining the age of 75 years on 10<sup>th</sup> October, 2022. The Board recommends re-appointment of Mrs. Vidya Rangachar for further period, subject to approval of Shareholders at the ensuing Annual General Meeting.

## 22. KEY MANAGERIAL PERSONNEL (“KMP”):

Pursuant to provisions of Section 203 of the Companies Act, 2013, following persons are Key Managerial Personnel as on 31<sup>st</sup> March, 2022:

Sl. No.	Name of the KMP	Designation
1	Mr. C P Rangachar	Managing Director
2	Mr. K Gopalkrishna	Executive Director
3	Mr. H M Narasinga Rao	Chief Financial Officer
4	Mr. A Venkatakrisnan	Chief Executive Officer
5	Mr. Vinayak Hegde	Company Secretary

## 23. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The details on Internal Control Systems and their adequacy are provided in the Management’s Discussion and Analysis which forms part of this Report.

## 24. RISK MANAGEMENT POLICY:

As per SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 with effect from 05<sup>th</sup> May, 2021, the Risk Management Committee and Risk Management Policy is applicable to the Company on the basis of market capitalization as on 31<sup>st</sup> March, 2021.

In compliance with the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Risk Management Committee has been constituted by the Board along with Risk Management Policy. Composition of the Committee and other details are provided in Corporate Governance Report.

Risks are identified by the respective departmental heads. Each Strategic Business Unit (SBU) & Corporate will carry out the Risk Assessment for each identified risk, as applicable to them and will document the results for each risk in the Risk Register. Action will be taken based on the possible impact of the identified risk.

The Company has mitigated some of the risks as mentioned below.

- Measures taken by IT department of the Company to mitigate risk relating to security of data and systems of the Company.
- Security measures in the manufacturing units of the Company to prevent accidents.
- Installation of CC TV cameras and siren at factory for safety of the employees.
- Measures taken by the Company to mitigate foreign exchange transaction risks.

## 25. CORPORATE SOCIAL RESPONSIBILITY (“CSR”) INITIATIVES:

The Company has a Policy on Corporate Social Responsibility and has constituted a CSR Committee as required under the Act, for implementing the various CSR activities. Composition of the Committee and other details are provided in Corporate Governance Report. Education, Health Care, Protection of Indian Art and Culture, Animal Welfare, Rural Development, disaster management including relief etc., are the focal areas under the CSR Policy.

The Company has implemented various CSR projects directly and/or through implementing partners and the projects undertaken by the Company are in accordance with Schedule VII of the Act. The Company has spent an amount of Rs. 30,52,820/- for identified CSR activities during the financial year ending 31<sup>st</sup> March, 2022. A detailed Report on CSR is enclosed as ‘Annexure-3’ forming part of this report.

## 26. DIRECTOR’S RESPONSIBILITY STATEMENT:

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3) and 134 (5) of the Act, that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss of the Company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the annual accounts on a going concern basis;
- (e) The Directors had laid down internal financial controls to be followed by the Company as applicable to listed companies and such internal financial controls are adequate and were operating effectively; and
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## 27. SECRETARIAL STANDARDS:

The Company complies with all the applicable mandatory secretarial standards issued by Institute of Company Secretaries of India.

## 28. COMMITTEES OF THE BOARD:

As on 31<sup>st</sup> March, 2022, the Board had 5 (Five) committees: The Audit Committee, the Corporate Social Responsibility Committee, the Nomination and Remuneration Committee, Stakeholder’s Relationship Committee and Risk Management Committee. A majority of the committees consists entirely of independent directors. During the year, all recommendations made by the committees were approved by the Board. A detailed note on the composition of the Board and its committees are provided in the Corporate governance report, which forms part of this report.

## 29. WHISTLE BLOWER POLICY:

The Company has a Vigil Mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company’s Code of conduct. The mechanism provides for adequate safeguards against victimization of Director(s) and Employee(s) who avail of the mechanism.

The Company has published the Whistle Blower Policy in its website, a web link of which is as under:

<https://www.yukenindia.com/corporate-governance-and-code-of-conduct/>

## 30. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013:

The Company has zero tolerance towards sexual harassment at the work place and has adopted a policy on prevention, prohibition and redressal of sexual harassment at work place in line with the provisions of the Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder. As required under law, an internal Compliance Committee has been constituted for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place. During the year, no complaint of sexual harassment has been received.

## 31. DETAILS OF REVISION OF FINANCIAL STATEMENTS:

During the year, there was no revision of the financial statements of the Company.

## 32. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

As part of the Familiarization Programme, Independent Directors of the Company have been made aware of the following information:

- a. Rules and regulations pertaining to their appointment as Independent Directors,
- b. Duties and responsibilities of the Independent Directors towards the Company and its stakeholders,
- c. Code of conduct to be followed by them and
- d. Company’s policies and procedures.

### 33. DETAILS OF REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

- a. Ratio of remuneration of each Director/KMP to the median employee's remuneration and the percentage increase/decrease in the remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2021-22:

Name of the Director / Key Managerial Personnel (KMP)	Remuneration for the financial year 2021-22 (In Rs.)	Remuneration for the financial year 2020-21 (In Rs.)	%increase/ (decrease) in remuneration in the financial year 2021-22	Ratio of remuneration of each Director/ KMP to that of Median remuneration of employees
Mr. C P Rangachar, Managing Director	97,85,862	62,23,252	57.25	15.02:1
Capt. N S Mohanram, Non-Executive, Independent Director	4,20,647	2,63,250	59.79	0.65:1
Mr. R Srinivasan, Non-Executive, Independent Director	4,80,645	2,79,250	72.12	0.74:1
Dr. Premchander, Non-Executive, Independent Director	5,04,645	2,47,250	104.10	0.77:1
Mrs. Indra Prem Menon, Non-Executive, Lady Independent Director,	3,24,645	1,03,250	214.43	0.50:1
Mrs. Vidya Rangachar, Non-Executive Director	3,40,645	1,51,250	125.22	0.52:1
Mr. Hideharu Nagahisa, Non-Executive Director	3,40,645	1,19,250	185.66	0.52:1
Mr. Hidemi Yasuki, Non-Executive Director	3,40,645	1,19,250	185.66	0.52:1
Mr. Kenichi Takaku, Non-Executive Director	3,40,645	1,19,250	185.66	0.52:1
Mr. K Gopalkrishna , Executive Director	64,79,895	56,88,023	13.92	9.94:1
Mr. H M Narasinga Rao, Chief Financial Officer	58,20,915	48,90,708	19.02	8.93:1
Mr. A Venkatakrisnan, Chief Executive Officer	38,49,643	26,92,628	42.97	5.91:1
Mr. Vinayak Hegde, Company Secretary	8,93,225	6,84,620	30.47	1.37:1

#### Notes:

- The Net Profit after tax has increased by Rs. 536.61 lakhs (excluding other comprehensive income) as compared to the previous year and the remuneration of the Managing Director has increased by 57.25%.
  - Remuneration paid /payable to Managing Director and Non-Executive Directors for the financial year 2021-22 is inclusive of Salary, Commission and Sitting Fees.
  - All Non-Executive and Independent Directors are eligible for Commission of 1% on the Net profit of the Company, The Net profit is calculated as per the provisions of Section 198 of the Companies Act, 2013.
  - During the financial year under review, the Members of Nomination and remuneration Committee and Board of Directors have been approved to pay the reward to Mr. K Gopalkrishna – Executive Director Rs. 20 lakhs and Mr. H M Narasinga Rao - CFO & VP Finance Rs. 15 lakhs. This reward is not included in their remuneration as mentioned above.
- b. The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2022 was 368 (previous year :317).
- c. Percentage increase in median remuneration of employees for the financial year is 16.97%.
- d. Average percentage increase/(decrease) already made in the salaries of employees other than the key managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- Percentage Increase of salaries of employees other than the key managerial personnel in the financial year: 23.68% as compared to previous year.
  - Percentage Increase in the key managerial remuneration: 33% as compared to previous year.
- e. The key parameters for any variable component of remuneration availed by the Directors.
- Commission payable to Directors has been calculated on the basis of net profits of the Company under the provisions of Section 197 of the Companies Act, 2013 and based on the Nomination and Remuneration Policy of the Company. The Directors are eligible for the commission on the net profit of the Company for the financial year 2021-22.

- f. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: NIL

It is hereby affirmed that the remuneration paid to the Directors is as per the Nomination and Remuneration Policy of the Company.

- g. Information as per Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:
- Employed throughout the financial year and were in receipt of remuneration for the year, in the aggregate of not less than Rs. 102 lakhs - NIL
  - Employed for a part of the financial year and were in receipt of remuneration for any part of the year, at a rate which, in the aggregate, was not less than Rs. 8.50 lakhs per month - NIL
  - Employed throughout the financial year or part thereof, was in receipt of remuneration in the year in excess of that drawn by the managing Director and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company – NIL

#### 34. SHARE CAPITAL:

The Board provides following disclosures pertaining to Companies (Share Capital and Debentures) Rules, 2014:

Sl. No.	Particulars	Disclosure
1	Issue of Equity shares with differential rights	Nil
2	Issue of Sweat Equity shares	Nil
3	Issue of employee stock option	Nil
4	Provision of money by Company for purchase of its own shares by trustees for the benefit of employees	Nil

The Authorized share Capital of the Company is Rs. 15,00,00,000 consisting of 1,50,00,000 Equity Shares of Rs. 10/- each and paid up equity share capital of the Company is Rs. 12,00,00,000 consisting of 1,20,00,000 equity shares of Rs. 10/- each as on 31<sup>st</sup> March, 2022.

During the year under review, the Company has not issued any shares or any convertible instruments.

#### 35. COST AUDITORS:

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with The Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Board of Directors, on the recommendation of the Audit Committee, have appointed M/s.

Adarsh Sharma & Co, Cost Accountants, Bengaluru, as Cost Auditors for conducting Cost Audit for the financial year 2022-23. Your Directors proposed to ratify the remuneration payable to them for the financial year 2022-23 at the ensuing Annual General Meeting.

A resolution seeking Member's approval for remuneration payable to Cost Auditor forms part of the Notice of the Annual General Meeting of the Company and same is recommended for your consideration.

#### 36. STATUTORY AUDITORS:

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. Walker Chandiok and Co., LLP, Chartered Accountants (Firm Registration No.001076N /N500013), were appointed as Statutory Auditors of the Company for a term of 5 years and to hold the office up to the conclusion of 46<sup>th</sup> Annual General Meeting of the Company to be held in the year 2022.

M/s. Walker Chandiok and Co., LLP, Chartered Accountants will complete their first term of 5 consecutive years as the Statutory Auditor of the Company at the ensuing 46<sup>th</sup> Annual General Meeting. As recommended by the Audit Committee and the Board of Directors of the Company and in terms of Section 139 of the Companies Act, 2013, it is proposed to re-appoint M/s. Walker Chandiok and Co., LLP as the Statutory Auditor of the Company, from the conclusion of the 46<sup>th</sup> Annual General Meeting till the conclusion of the 51<sup>st</sup> Annual General Meeting.

The Board hereby proposes to re-appoint them for a second term of 5 (five) years subject to approval of shareholders at the ensuing Annual General Meeting.

There are no qualifications in their report for the financial year ended 31<sup>st</sup> March, 2022. Further, the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Act. The Auditor's Report is enclosed with the financial statements.

#### 37. SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made there under, the Board of Directors has appointed M/s. Joseph & Chacko LLP, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for FY 2021-22. The Secretarial Auditors Report for FY 2021-22 does not contain any qualifications. The Report of the Secretarial Audit is annexed herewith as 'Annexure 4' forming part of this report.

The Board of Directors have re-appointed M/s. Joseph & Chacko LLP, Company Secretary in Practice to conduct the Secretarial Audit for FY 2022-23 also.

#### 38. CORPORATE GOVERNANCE REPORT AND CERTIFICATE:

Your Company is committed to maintain high standards of Corporate Governance. A report on Corporate Governance along

with a Certificate from the Statutory Auditors on compliance of Corporate Governance is attached as **'Annexure -5'** forming part of this report. The certificate does not contain any qualifications.

### 39. BUSINESS RESPONSIBILITY REPORT:

In terms of Regulation 34 of SEBI (LODR) Regulations, the business Responsibility Report for the year 2021-22 describing the initiatives taken from environment, social and governance perspectives, in the prescribed format is attached as **'Annexure – 6'** forming part of this report.

### 40. MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis (MDA) forms part of the Annual Report setting out an analysis of business including the industry scenario, performance, financial analysis and risk mitigation. Refer page No 20.

### 41. CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with the Accounting Standard Ind AS-110 on "Consolidated Financial Statements" read with Accounting Standard Ind AS-28 on "Accounting for Investments in Associates", the audited Consolidated Financial Statements are provided in the Annual Report.

### 42. FORWARD-LOOKING STATEMENTS:

This report contains forward-looking statements that involve risks and uncertainties. When used in this report, the words "anticipate", "believe", "estimate", "expect", "intend", "will" and other similar expressions as they relate to your Company and / or its business are intended to identify such forward-looking statements. Your Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performance or achievements could differ materially from those expressed or implied in such forward looking statements. This report should be read in conjunction with the financial statements included herein and notes thereto.

### 43. ACKNOWLEDGEMENTS:

Your Directors place on record their sincere thanks to the Customers, bankers, business associates, consultants, Regulatory authorities, Stock Exchanges, various Government Authorities and all the stakeholders for their continued support extended to your Company's activities during the year. Your Directors also acknowledge their gratitude to the Shareholders of the Company, for their continuous support and confidence reposed on the Company. Your Directors wish to place on record their appreciation of the dedicated and untiring hard work put by the employees at all levels.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 25<sup>th</sup> May,2022

**Capt. N S Mohanram**  
Director  
(DIN: 02466671)

**Dr. Premchander**  
Director  
(DIN:02278652)

**C P Rangachar**  
Managing Director  
(DIN: 00310893)

## Annexure-1

## FORM AOC-1

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

## Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

## PART "A": SUBSIDIARIES

Rs. In lakhs

Sl. No.	Particulars	Details			
		Grotek Enterprises Private Limited	Coretec Engineering India Private Limited	Yuflow Engineering Private Limited	Kolben Hydraulics Limited
1	Name of the Subsidiary				
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01 <sup>st</sup> April, 2021 to 31 <sup>st</sup> March, 2022	01 <sup>st</sup> April, 2021 to 31 <sup>st</sup> March, 2022	01 <sup>st</sup> April, 2021 to 31 <sup>st</sup> March, 2022	01 <sup>st</sup> April, 2021 to 31 <sup>st</sup> March, 2022
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	INR	INR
4	Share Capital	501.00	361.96	200.00	100.06
5	Reserves & Surplus	(11.60)	(251.34)	(743.97)	(160.92)
6	Total Assets	5,257.10	4,504.70	365.79	565.78
7	Total Liabilities (Excluding Share Capital & Reserves)	4,767.70	4,394.08	909.76	626.64
8	Investments	1.30	-	-	-
9	Turnover & other income	6,573.49	2,761.54	231.92	959.19
10	Profit/(Loss) before taxation	319.17	(197.03)	(31.89)	38.99
11	Provision for Taxation	(56.36)	(41.28)	-	(0.65)
12	Other comprehensive income for year	(6.35)	3.59	-	-
13	Profit/(Loss) after taxation including other comprehensive income	256.47	(152.16)	(31.89)	39.64
14	Proposed Dividend	-	-	-	-
15	Percentage of shareholding	100%	100%	100%	85.92%

**Notes:** The following information shall be furnished at the end of the statement:

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

## PART "B" ASSOCIATES AND JOINT VENTURES

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

Rs. In lakhs (except shares)

SL No.	Name of Associates	Sai India Limited	Bourton Consulting (India) Private Limited
1	Latest audited Balance Sheet Date	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2022
2	Shares of Associate held by the Company on the year ended 31 <sup>st</sup> March, 2022	3,60,000	37,300
3	Amount of Investment in Associates	20.00	3.73
4	Extent of Holding in Percentage	40%	29.54%
5	Description of how there is significant influence	1. Holding 40% stake in the Associate Company 2. Managing Director of the Company is a Director in the Associate Company.	1. Holding 29.54% stake in the Associate Company 2. Managing Director of the Company is a Director in the Associate Company.
6	Reason why the associates is not consolidated	Not Applicable	Not Applicable
7	Net worth attributable to shareholding as per latest audited Balance Sheet	505.43	2.00
8	Profit/ (Loss) for the year including comprehensive income	159.62	(5.24)
9	Considered in Consolidation	63.85	(1.55)
10	Not Considered in Consolidation	95.77	(3.69)

1. Names of associates or joint ventures which are yet to commence operations -NA.

2. Names of associates or joint ventures which have been liquidated or sold during the year - NA.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 25<sup>th</sup> May, 2022

**Capt. N S Mohanram**  
Director  
(DIN: 02466671)

**Dr. Premchander**  
Director  
(DIN:02278652)

**C P Rangachar**  
Managing Director  
(DIN: 00310893)

## Annexure-2

# FORM AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**
2. Details of material contracts or arrangement or transactions at arm's length basis:

All related party transactions are in the ordinary course of business and on arm's length basis and approved by Audit Committee of the Company. Please refer transactions reported in Note No. 44 of the Notes forming part of the standalone financial statements in the Annual Report.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 25<sup>th</sup> May, 2022

**Capt. N S Mohanram**  
Director  
(DIN: 02466671)

**Dr. Premchander**  
Director  
(DIN: 02278652)

**C P Rangachar**  
Managing Director  
(DIN: 00310893)

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES:

**1. Brief outline on CSR Policy of the Company:**

The main objectives of Yuken India Limited (“YIL”) CSR Policy is to ensure an increased commitment at all levels in the Organization to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of the stakeholders and to directly or indirectly take up programs that benefit the communities over a period of time, in enhancing the quality of life and economic wellbeing of the society.

The projects undertaken during the financial year 2021-22 are within the broad framework of Schedule VII of the Companies Act, 2013.

**2. The Composition of the CSR Committee.**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr. Premchander	Chairman – Independent Director	1	1
2	Mr. C P Rangachar	Member - Managing Director	1	1
3	Mr. R Srinivasan	Member - Independent Director	1	1

**Note:** The Members of the CSR Committee and Board of Directors at their meeting held on 07<sup>th</sup> June, 2021 approved to dissolve the CSR Committee for time being under the provisions of Section 135 (9) of Companies Act, 2013 and read with rules made thereunder, and takeover the functions, Roles and responsibilities of CSR Committee by Board.

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: Please refer below links in Company’s website:**

The Company has framed a CSR Policy in compliance with the provisions of Section 135 of the Companies Act, 2013 and the same is placed on the website of the Company and the web link for the same is at <https://www.yukenindia.com/corporate-governance-and-code-of-conduct/> and composition of committee is available at <http://www.yukenindia.com/wp-content/uploads/2021/04/Latest-Committeess.pdf>

- 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable.**
- 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Not Applicable**
- 6. Average net profit of the Company as per section 135(5): **Rs. 882.36 lakhs.**
- 7. (a) Two percent of average net profit of the Company as per Section 135(5): **Rs. 17.65 lakhs.**  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NIL**  
 (c) Amount required to be set off for the financial year if any: **NIL.**  
 (d) Total CSR obligation for the financial year (7a+7b+ 7c): **Rs. 17.65 lakhs.**
- 8. (a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (Amount in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6). (Amount in Rs.)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	(Amount in Rs.)	Date of transfer	Name of the Fund	(Amount in Rs.)	Date of transfer
Rs. 30,52,820	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year: **Rs. 7,83,402/-.**

(c) Details of CSR amount spent against other than ongoing projects for the financial year: the details are as under:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (Amount in Rs.)	Mode of implementation-Direct(Yes/No).	Mode of implementation – through implementing agency.	
				State	District			Name	CSR Registration Number
1	Contribution towards Distribution of Ration & Medicine kits to Poor peoples who is suffering from Covid -19 Pandemic lockdowns.	Disaster management, including - Covid -19 Pandemic Relief and eradicating hunger, poverty and malnutrition.	Yes. Anekal	Karnataka	Bengaluru	1,00,000	No	Involve Learning Solutions.	CSR00001402
2	Contribution for School fees of poor student.	Promotion of Education.	No.	Tamilnadu	Dindigul	10,000	Yes	St. Peter Matriculation Higher Secondary School.	Not Applicable
3	Contribution towards Constructing houses to Poor people.	Rural development Projects.	No. Dakshina Kannada	Karnataka	Dakshina Kannada	1,00,000	Yes	Vikram Foundation.	Not Applicable
4	Contribution towards rehabilitee and support to retired horses/ dogs and welfare it includes Horse Feed, nutrition, health and upkeep etc.	Animal Welfare.	Yes. Bengaluru	Karnataka	Bengaluru	2,00,000	Yes	Kings Farm Horse Riding School LLP.	Not Applicable
5	Contribution towards Children Homes and Senior welfare Centre.	Setting up homes and hostels for women and orphans; setting up old age homes.	Yes. Malur	Karnataka	Kolar	2,00,000	No	Vishranthi Trust.	CSR00006482
6	Contribution towards college fees for poor student.	Promotion of Education.	Yes. Bengaluru	Karnataka	Bengaluru	24,000	Yes	Vijaynagar Educational Trust - East West Institute of Polytechnic.	Not Applicable
7	Contribution towards Hospital Fees for Poor People.	Promoting health care including preventive health care.	Yes. Bengaluru	Karnataka	Bengaluru	50,000	Yes	Pranavam Ayurvedic Treatment Centre.	Not Applicable
8	Contribution towards School fees for Poor Students	Promotion of Education.	No. Tirupati	Andra Pradesh	Tirupati	61,000	Yes	Socrates E.M. High School.	Not Applicable
9	Contribution towards School infrastructure- includes supply of chairs, tables, storage and others	Promotion of Education.	Yes. Bengaluru	Karnataka	Bengaluru	3,10,900	No	National Institute Of Value Education.	CSR00001579

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (Amount in Rs.)	Mode of implementation-Direct(Yes/No).	Mode of implementation – through implementing agency.	
				State	District			Name	CSR Registration Number
10	Supply of Hydraulic kit & components for Hosur Industrial Association for training and Education.	Promotion of Education.	No. Hosur	Tamilnadu	Hosur	3,61,430	Yes	Hosur Industrial Association.	Not Applicable
11	Protection of Art & Culture.	Protection of Indian art and culture.	Yes. Bengaluru	Karnataka	Bengaluru	30,000	No	Ramaseva Mandali.	CSR00012345
12	Supply of tables to Karnataka State Council for Child welfare	Children Welfare.	Yes, Bengaluru	Karnataka	Bengaluru	1,12,088	Yes	Karnataka State Council for Child Welfare.	Not Applicable
13	Contribution to the school for construction of classroom.	Promotion of Education.	Yes	Karnataka	Bengaluru	2,10,000	Yes	Government Higher-Primary School Tumakuru	Not Applicable
					<b>Total</b>	<b>17,69,418</b>			
<b>Amount paid through 2020-21 CSR Fund</b>									
14	Contribution to Poor peoples who is suffering from Covid -19 Pandemic	Disaster management, including - Covid -19 Pandemic Relief.	Yes Bengaluru	Karnataka	Bengaluru	5,00,000	No	Rasthriya Swayamsevak Sangh (RSS)	CSR00011786
					<b>Grand TOTAL</b>	<b>22,69,418</b>			

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 30,52,820/-

(g) Excess amount for set off, if any: Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) ((Amount in Rs.)	Amount spent in the reporting Financial Year (Amount in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (Amount in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer.	
1	2020-21	14,23,000	7,83,402	-	-	-	6,39,598
2	2019-20	-	-	-	-	-	-
3	2018-19	-	-	-	-	-	-

Note: The above Amount remaining to be spent in succeeding financial years will be utilized for the projects which is already identified by the Company.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): the details are as under:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (Amount in Rs.)	Mode of implementation-Direct(Yes/No).	Mode of implementation – through implementing agency.	
				State	District			Name	CSR Registration Number
1	Contribution for drinking Water purifier unit in Lakkur Village, Malur Taluk, Kolar District	Rural Development Project.	Yes. Lakkur Village, Near Malur	Karnataka	Kolar	7,83,402	Yes	Not Applicable	Not Applicable
					<b>TOTAL</b>	<b>7,83,402</b>			

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: (asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s): **Not Applicable**
- (b) Amount of CSR spent for creation or acquisition of capital asset: **Not Applicable**
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: **Not Applicable**
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **Not Applicable**

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable.**

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 25<sup>th</sup> May,2022

**Capt. N S Mohanram**  
Director  
(DIN: 02466671)

**Dr. Premchander**  
Director & Chairman of CSR Committee  
(DIN: 02278652)

**C P Rangachar**  
Managing Director  
(DIN: 00310893)

## FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31<sup>st</sup> March 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**Yuken India Limited**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **YUKEN INDIA LIMITED** (hereinafter called the Company) bearing CIN: L29150KA1976PLC003017 and having its registered office at No. 16-C, Doddanekundi Industrial Area, II Phase, Mahadevapura, Bengaluru, Karnataka- 560048, India and books of accounts and papers maintained at P B No. 5, Koppathimmanahalli Village Malur-Hosur Main Road, Malur Taluk, Kolar District 563130. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Yuken India Limited for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during Audit period)
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during Audit Period)
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during Audit Period)and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during Audit Period)
6. Securities and Exchange Board of India (Listing obligations and disclosure requirements) regulations, 2015

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- a) Factories Act, 1948
- b) The Trade Unions Act, 1926
- c) Contract Labour (Regulation & Abolition) Act, 1979

- d) The Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976
- e) The Employees' Provident Funds And Miscellaneous Provisions Act, 1952
- f) Employees' State Insurance Act, 1948
- g) Maternity Benefits Act 1961
- h) Weekly Holidays Act, 1942
- i) The Payment of Gratuity Act, 1972
- j) The Payment of wages Act, 1936
- k) The Trade Mark Act, 1999
- l) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- m) The Code on Wages, 2019

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreement entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### WE FURTHER REPORT THAT:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and there were no dissenting members for any item.

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

**For Joseph & Chacko LLP**  
Company Secretaries

**Binoy Chacko**

FCS No.: 4792

CP No.: 4221

Place: Bengaluru

Date: 13.05.2022

UDIN: F004792D000318402

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

#### 'Annexure A'

To,  
The Members

#### **Yuken India Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Joseph & Chacko LLP**  
Company Secretaries

**Binoy Chacko**

FCS No.: 4792

CP No.: 4221

Place: Bengaluru

Date: 13.05.2022

UDIN: F004792D000318402

## Annexure-5

# REPORT ON CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE PHILOSOPHY:

The Company is committed to good Corporate Governance, based on effective independent Board, separation of supervisory role from the executive management and constitution of committees to oversee critical areas thus upholding the standards practically at every sphere ranging from action plan to performance measurement and customer satisfaction.

The Company's philosophy on Code of Governance is the frame work of rules and practices by which a Board of Directors ensures accountability, fairness and transparency in a Company's relationship with its all stakeholders. It essentially involves balancing the interests of a Company's stakeholders, viz., shareholders, management, customers, suppliers, financiers, Government and the community.

The purpose of Corporate Governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the Company.

A report on Corporate Governance as prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is as follows:

### BOARD OF DIRECTORS:

Our Board critically oversees Company's strategies, policies, operations and risk management and ensures that all the aspects of Corporate Governance are complied with from time to time.

### Composition:

The Board comprises of Executive and Non-Executive Directors who are eminent persons with considerable professional experience in various fields. There is one Executive Director, viz., Mr. C P Rangachar, Managing Director. All the other Directors Non-Executive Directors. Among the Non-Executive Directors, Mr. Hideharu Nagahisa, Mr. Hidemi Yasuki, Mr. Kenichi Takaku and Mrs. Vidya Rangachar are Non-Executive & Non-Independent Directors and Mr. R Srinivasan, Capt. N S Mohanram Dr. Premchander and Mrs. Indra Prem Menon are Non-Executive & Independent Directors.

During the year under review, Mrs. Indra Prem Menon who was appointed as an Additional – Lady Independent Director on 24<sup>th</sup> September, 2020 has been re-designated as Lady Independent Director with effect from 14<sup>th</sup> September, 2021.

Further, there is no any pecuniary relationship/transaction with any of the Non-Executive Independent Directors of the Company. Further all Independent Directors fulfill the Criteria as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Attendance at the meetings of the Board of Directors during the year and at the last Annual General Meeting, the number of Directorships and Committee Memberships held by them in domestic public and Private Companies by each Director as at 31<sup>st</sup> March, 2022 are as indicated below:

Sl. No.	Name of the Director	Whether Promoter/Collaborator/ Executive/Non-Executive / Independent/Non-Independent	Attendance		LoA (3)	No. of outside Directorships held (1)	Committees Membership/ Chairmanship in other Companies (2)	
			Board Meetings	Last AGM			Member	Chairman
1	Mr. Hidemi Yasuki -Chairman & Director	Non-Executive & Non-Independent, Director (Collaborator)	5	Yes	NA	-	-	-
2	Mr. Hideharu Nagahisa	Non-Executive & Non-Independent Director (Collaborator)	5	Yes	NA	-	-	-
3	Mr. Kenichi Takaku	Non-Executive & Non-Independent Director (Collaborator)	5	Yes	NA	-	-	-
4	Mr. R Srinivasan	Non-Executive & Independent Director	5	Yes	NA	5	4	1
5	Capt. N S Mohanram	Non-Executive & Independent Director	4	Yes	Yes	-	-	-
6	Dr. Premchander	Non-Executive & Independent Director	4	Yes	Yes	1	-	-
7	Mrs. Indra Prem Menon	Non-Executive & Independent Director	3	Yes	Yes	13	-	-
8	Mrs. Vidya Rangachar	Non-Executive & Non-Independent Director (Promoter)	5	Yes	NA	1	-	-
9	Mr. C P Rangachar	Executive & Non-Independent Director (Promoter)	5	Yes	NA	9	1	1

#### Notes:

- No. of outside Directorships includes Private & Public Limited Companies and excludes Companies registered under Section 8 of the Companies Act, 2013 (i.e. associations not carrying on business for profit or which prohibits payment of dividend). None of the Directors of the Company hold independent directorships in more than 7 listed Companies.
- Chairmanship/Membership of Audit Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee in other Public Companies have been considered. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all listed companies in which they are Directors.
- LOA – Leave of Absence. NA- Not Applicable
- All Independent Directors fulfill the requirements stipulated in Regulation 25 (1) of the Listing Regulations.

Familiarization Programme for Independent Directors is available in Company website in below mentioned link.

<https://www.yukenindia.com/Board-of-Directors/>

#### Name of the other listed entities in which person is a Director and Category of Directorship.

Sl. No.	Name of the Listed Company	Category (Director / Independent Director / Whole Time Director)
1	Mr. R Srinivasan	
	a. TTK Prestige Limited	Independent Director
2	Mr. C P Rangachar	
	a. Natural Capsules Limited	Independent Director

Further, Capt. N S Mohanram, Dr. Premchander, Mr. Hideharu Nagahisa, Mr. Hidemi Yasuki, Mr. Kenichi Takaku, Mrs. Indra Prem Menon and Mrs. Vidya Rangachar do not hold any directorship in the listed entities other than Yuken India Limited

### LIST OF CORE SKILLS/EXPERTISE/COMPETENCIES AND ATTRIBUTES OF BOARD OF DIRECTORS:

The Company is engaged in the business of design, manufacture, sale and servicing of hydraulic equipment like pumps, valves, power packs, machinery, components and accessories for various applications. The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's aforesaid business for it to function effectively and those available with the Board as a whole.

- Technical skills in the area of Manufacturing Sector.

- International Business experience: Experience in leading businesses in different geographies/markets around the world.
- Finance and Accounting Experience: experience in handling financial management of a medium scale organization along with an understanding of accounting and financial statements, financial controls, risk management etc.
- Sales & Marketing: Experience in sales and marketing management in the area of Hydraulics and Machine Tool Industries.
- General Management Experience: experience in the area of Economic, Legal and Regulatory matters, Strategic thinking/planning, decision making, Leadership, knowledge about Company's business and protect interest of all stakeholders

### Director wise Core Skills/Expertise/Competencies is as under:

Sl. No.	Name of the Directors	LIST OF CORE SKILLS/EXPERTISE/COMPETENCIES				
		Technical skills	International Business experience	Sales & Marketing	Finance and Accounting Experience	General Management Experience
1	Mr. C P Rangachar	√	√	√	√	√
2	Mr. R Srinivasan	√	√	√	√	√
3	Capt. N S Mohanram	√	√	√	√	√
4	Dr. Premchander	-	√	√	√	√
5	Mrs. Vidya Rangachar	-	-	√	-	√
6	Mr. Hideharu Nagahisa	√	√	√	√	√
7	Mr. Hidemi Yasuki	√	√	√	-	√
8	Mr. Kenichi Takaku	√	√	√	√	√
9	Mrs. Indra Prem Menon	√	√	√	√	√

### BOARD MEETINGS:

As per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors must meet at least 4 times in a year, with a maximum time gap of 120 days between any two meetings.

During the financial year 2021-22, our Board met 5 (Five) times viz., on 15<sup>th</sup> April, 2021, 07<sup>th</sup> June, 2021, 06<sup>th</sup> August, 2021, 12<sup>th</sup> November, 2021 and 08<sup>th</sup> February, 2022.

In addition, a separate meeting of the Independent Directors was held on 12<sup>th</sup> November, 2021. The performance evaluation of the Chairman and Non-Executive Independent Directors was carried out by Independent Directors.

The information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is being regularly placed before the Board.

### AUDIT COMMITTEE:

The Audit Committee of the Board and its constitution is in confirmation with the requirements of Section 177 of the Companies Act, 2013 and also in confirmation with the requirements of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee of the Board, inter alia, provides reassurance to the Board of the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of the operations,
- Safeguarding of assets and adequacy of provisions for all liabilities,
- Reliability of financial and other management information and adequacy of disclosures, and
- Compliance with all relevant statutes.

The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

- Investigate any activity within its terms of reference
- Seek information from any employee
- Obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference of the Audit Committee inter alia, are as under:

- the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- review and monitor the auditor's independence and performance, and effectiveness of audit process;
- examination of the financial statements and the auditors' report thereon;
- approval or any subsequent modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems; and

(viii) Monitoring the end use of funds raised through public offers and related matters.

The role, terms of reference and the authority and powers of the Audit Committee are in conformity with the requirements of the Companies Act, 2013 and of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Though the financial results are sent to the Audit Committee and the Board at the same time, the Audit Committee reviews the quarterly and yearly financial results and places a report on the same to the Board for its consideration and approval.

As at the year end, the Audit Committee comprises of Capt. N S Mohanram as the Chairman and Mr. R Srinivasan, Dr. Premchander, Mrs. Indra Prem Menon and Mr. C P Rangachar as the Members. While Capt. N S Mohanram, Mr. R Srinivasan, Dr. Premchander and Mrs. Indra Prem Menon are Non-Executive & Independent Directors and Mr. C P Rangachar is an Executive Director.

The Chief Financial Officer and representatives of Internal and Statutory Auditors are the invitees at the Meetings of Audit Committee. The Company Secretary acts as the Secretary to the Committee. All the members are financially literate and have relevant finance and/or audit exposure.

During the year, 4 (four) meetings of the Audit Committee were held, the dates being, 07<sup>th</sup> June, 2021, 06<sup>th</sup> August, 2021, 12<sup>th</sup> November, 2021 and 08<sup>th</sup> February, 2022. The composition of Audit Committee as at 31<sup>st</sup> March, 2022 and the attendance of the members at the Audit Committee Meetings are as follows:

Sl. No.	Name of the Member	No. of Meetings held during the year	No. of Meetings attended during the year
1	Capt. N S Mohanram	4	3
2	Mr. R Srinivasan	4	4
3	Mrs. Indra Prem Menon	4	1
4	Dr. Premchander	4	4
5	Mr. C P Rangachar	4	4

The Chairman of the Audit Committee, Capt. N S Mohanram was present at the Annual General Meeting held on 14<sup>th</sup> September, 2021.

#### NOMINATION AND REMUNERATION COMMITTEE:

The purpose of the Nomination and Remuneration Committee of the Board shall be to discharge the Board's responsibilities relating to the appointment and compensation of the Company's Executive Directors and Non-Executive Directors. The Committee has overall responsibility for approving and evaluating the Executive Directors, Non-Executive Directors compensation plans, policies and programs.

The Company's remuneration strategy is to attract and to retain high caliber talents. Our Nomination & Remuneration Policy is therefore, market – lead and takes into account the competitive circumstances of business so as to attract and to retain quality, talent and leverage performance significantly.

The Nomination and Remuneration Committee comprises of three Non-Executive and Independent Directors viz., Mr. R Srinivasan as Chairman and Capt. N S Mohanram and Dr. Premchander as members. During the financial year 2021-22, there were 2 (Two) Nomination and Remuneration Committee meetings held on 07<sup>th</sup> June, 2021 and 08<sup>th</sup> February, 2022 and the proceedings of the Meeting of the Committee are reported in the Board Meetings for the Board to take note thereof.

The attendance of the members at the Nomination & Remuneration Meetings are as follows:

Sl. No.	Name of the Member	No. of Meetings held during the year	No. of Meetings attended during the year
1	Mr. R Srinivasan	2	2
2	Capt. N S Mohanram	2	2
3	Dr. Premchander	2	2

The Chairman of the Nomination and Remuneration Committee Mr. R Srinivasan was present at the Annual General Meeting held on 14<sup>th</sup> September, 2021.

Nomination and Remuneration policy is available in Company website in below mentioned link.

<https://www.yukenindia.com/corporate-governance-and-code-of-conduct/>

### STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee is authorized to:

1. Monitor the system of share transfers, transmissions, sub-division, consolidation, de-materialization and re-materialization.
2. Deal with all investor related issues including redressal of complaints from shareholders pertaining to transfer of shares and non-receipt of Balance Sheet, etc.

3. To delegate such powers to Company's officers, as may be necessary including powers to approve transfers, transmissions, authenticate share certificates and to take action in relation to shareholders related matters.

The Stakeholders Relationship Committee is constituted with Dr. Premchander –Non-Executive & Independent Director as Chairman, Mr. C P Rangachar – Executive Director, Mrs. Vidya Rangachar – Non - Executive Director as the members. Mr. H M Narasinga Rao, CFO & Vice President-Finance & Mr. Vinayak Hegde- Company Secretary of the Company to look into the issues pertaining to share transfers and stakeholders' grievances.

During the year, 1 (One) meeting of the Stakeholders Relationship Committee was held, viz., on 21<sup>st</sup> March, 2022. The proceedings of the Meeting of the Committee to be reported in the Board Meetings for the Board to take note thereof.

The attendance of the members at the Stakeholders' Relationship Committee Meetings held during the year is as under:

Sl. No.	Name of the Member	No. of Meetings held during the year	No. of Meetings attended during the year
1	Dr. Premchander	1	1
2	Mr. C P Rangachar	1	1
3	Mrs. Vidya Rangachar	1	1

The Chairman of the Stakeholders Relationship Committee Dr. Premchander was present at the Annual General Meeting held on 14<sup>th</sup> September, 2021.

The statistics of investors' complaints received/redressed during the year are furnished below:

Sl. No.	Nature of Complaints	Received	Addressed	Pending
1	Non-receipt of dividend warrants	-	-	-
2	Non-receipt of securities	-	-	-
3	Non-receipt of Annual reports	-	-	-
4	Complaints from Stock Exchanges / SEBI	-	-	-
<b>Total</b>		-	-	-

### RISK MANAGEMENT COMMITTEE:

Risk Management Committee of the Company is constituted as per the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the following members:

1. Dr. Premchander – Chairman
2. Mr. C P Rangachar – Member
3. Mr. A Venkatakrishnan – Member

The Company has in place, a Risk Management Policy which aims at monitoring associated practices of the Company for the purpose of identification, evaluation and mitigation of operational, strategic and environmental risks.

During the year, 2 (Two) meetings of the Risk Management Committee were held, viz., on 12<sup>th</sup> November, 2021 and 21<sup>st</sup> March, 2022. The proceedings of the Meeting of the Committee are reported in the Board Meetings for the Board to take note thereof.

The attendance of the members at the Risk Management Committee Meetings held during the year is as under:

Sl. No.	Name of the Member	No. of Meetings held during the year	No. of Meetings attended during the year
1	Dr. Premchander	2	2
2	Mr. C P Rangachar	2	2
3	Mr. A Venkatakrishnan	2	2

### CORPORATE SOCIAL RESPONSIBILITY (“CSR”) COMMITTEE:

Corporate Social Responsibility Committee of the Company was formed in compliance with the provisions of Section 135 of the Companies Act, 2013 with the following Directors:

1. Dr. Premchander – Chairman
2. Mr. C P Rangachar – Member and
3. Mr. R Srinivasan – Member.

The Company has in place, a Corporate Social Responsibility Policy which is being monitored by the CSR Committee.

During the year, 1 (one) meeting of the CSR Committee was held on 07<sup>th</sup> June, 2021 and all the members were attended. The proceedings of the Meeting of the Committee are reported in the Board Meetings for the Board to take note thereof.

The Members of the CSR Committee and Board of Directors at their meeting held on 07<sup>th</sup> June, 2021 approved to dissolve the CSR Committee under the provisions of Section 135 (9) of Companies Act, 2013 and read with rules made thereunder, and takeover the functions, Roles and responsibilities of CSR Committee by Board.

Company’s Corporate Social Responsibility policy is available in Company website in below mentioned link.

<https://www.yukenindia.com/corporate-governance-and-code-of-conduct/>

### CODE OF CONDUCT:

The Company’s Code of Conduct as adopted by the Board of Directors, is applicable to all the Directors, Senior Management and employees of the Company. This code is derived from the principles of good corporate governance, good corporate citizenship and exemplary personal conduct. The code of conduct is available on the Company’s corporate website. All the Board members and Senior Management of the Company have affirmed their compliance with the Code of Conduct for the financial year ended 31<sup>st</sup> March, 2022. A Certificate to this effect, duly signed by the Managing Director is annexed hereto. Code of Conduct of the Company is available in its website:

<http://www.yukenindia.com/wp-content/uploads/2016/02/Code-of-Conduct-1.pdf>

### DISCLOSURE UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

We are committed to provide a healthy environment to our employees and thus do not tolerate any discrimination and/or harassment in any form. The Company has in place Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year, no complaint of sexual harassment has been received.

### SUBSIDIARY COMPANIES:

The Company have following Subsidiaries:

Sl. No.	Name of the Company	Status
1	Grotek Enterprises Private Limited	Wholly owned and Material Subsidiary
2	Coretec Engineering India Private Limited	Wholly owned Subsidiary
3	Yuflow Engineering Private Limited	Wholly owned Subsidiary
4	Kolben Hydraulics Limited	Subsidiary

The Audit Committee reviews financial statements, particularly, the capital investments made by the Company’s un-listed subsidiary Companies. The minutes of unlisted subsidiary Companies have been placed before the Board. The accounts of all subsidiary Companies are placed before the Board on a regular basis and the attention of the Directors is drawn to all significant transactions and arrangements entered into or by the subsidiary Companies. The Annual Accounts of the Subsidiary Companies are available on the

website of the Company at

<http://www.yukenindia.com/report-result/>

The policy relating to Policy-on-Material-Subsidiary-Companies is available in Company website:

<https://www.yukenindia.com/corporate-governance-and-code-of-conduct/>

## DISCLOSURES:

### (A) Related Party Transactions:

During the financial year 2021-22, besides the transactions reported in Note No. 44 of the Notes forming part of the financial statements in the Annual Report, there were no other material related party transactions. These transactions do not have any potential conflict with the interests of the Company at large.

However, all the transactions with related parties were in the ordinary course of business and on arm's length basis. All the Related Party Transactions have been approved by the Audit Committee and the Board in compliance with the provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy relating to related party transaction is available in Company website:

<https://www.yukenindia.com/corporate-governance-and-code-of-conduct/>

### (B) Disclosure of accounting treatment:

The Company has followed all relevant Accounting Standards while preparing the Financial Statements.

### (C) Proceeds from Public Issue, Rights Issue, and Preference Issue etc.:

The Company has not raised any capital during the year ended 31<sup>st</sup> March, 2022.

### (D) Remuneration of Directors:

Mr. C P Rangachar, Managing Director is in receipt of salary in the scale of Rs. 350,000 – Rs. 700,000 per month with authority to Board to fix the annual increments.

Details of remuneration paid/payable to the Mr. C P Rangachar - Managing Director, during the year, 2021-22 is as under\*.

Sl. No.	Particulars	Amount in Rs.
1	Salary	63,03,200
2	Value of Perquisites	4,90,662
3	Contribution to Provident & Superannuation Fund	15,93,000
4	Leave encashment	5,00,000
5	Commission	8,99,000
	<b>Total</b>	<b>97,85,862</b>

- \*Remuneration excludes charge for gratuity as separate actuarial valuation figures are not available.
- No stock options have been issued to the Managing Director.
- Commission payable to the Directors has been calculated based on the net profits of the Company in particular financial year and is determined by the Board of Directors on the recommendation of the Nomination and Remuneration Committee subject to the overall ceiling as stipulated in Section 197 of the Companies Act, 2013.
- Commission is the only component of remuneration, which is performance linked and the other components are fixed.
- No Stock Options have been issued to the Independent Directors. The compensation of the Non-Executive Directors not exceeding 1% of the net profits of the Company so long as the Company has a Whole-time Director and / or Managing Director, as recommended by the Nomination & Remuneration Committee and Board of Directors and approved by the shareholders.

Details of sitting fees and commission payable to Non-Executive Directors for FY 2021-22 are given below:

		Amount in Rs.		
Sl. No.	Name of the Director	Sitting fees	Commission	Total
1	Mr. Hideharu Nagahisa	96,000	2,44,645	3,40,645
2	Mr. Hidemi Yasuki	96,000	2,44,645	3,40,645
3	Mr. Kenichi Takaku	96,000	2,44,645	3,40,645
4	Capt. N S Mohanram	1,76,000	2,44,647	4,20,647
5	Mr. R Srinivasan	2,36,000	2,44,645	4,80,645
6	Dr. Premchander	2,60,000	2,44,645	5,04,645
7	Mrs. Vidya Rangachar	96,000	2,44,645	3,40,645
8	Mrs. Indra Prem Menon	80,000	2,44,645	3,24,645
	<b>Total</b>	<b>11,36,000</b>	<b>19,57,162</b>	<b>30,93,162</b>

All Non-Executive and Independent Directors are eligible for Commission of 1% on the Net profit of the Company; The Net profit is calculated as per the provisions of Section 198 of the Companies Act, 2013.

Mrs. Vidya Rangachar, a Director, holds 16,000 equity shares of Rs. 10/- each in the Company and the Company has paid the rent of

Rs. 1.80 lakhs for the year ended 31<sup>st</sup> March, 2022. There is no notice period and severance pay. No stock options have been issued to any of the Directors.

#### **(E) Management Discussion and Analysis:**

The management's discussion and analysis report forms part of the Board's Report.

#### **CEO/CFO CERTIFICATION:**

The Managing Director being the Chief Executive Officer (CEO) and the Vice President – Finance being the Chief Financial Officer (CFO) have certified to the Board in accordance with Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to CEO/CFO certification for the financial year ended 31<sup>st</sup> March, 2022, which is annexed hereto.

#### **CERTIFICATE FROM PRACTICING COMPANY SECRETARY:**

Certificate as required under Part C of Schedule V of Listing Regulations, received from Mr. Binoy Chacko (CP No. 4221), Partner of M/s. Joseph & Chacko LLP, Practicing Company Secretaries, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory. Copy of Certificate is annexed hereto.

#### **GENERAL MEETINGS:**

Particulars of the past three Annual General Meetings held by the Company are furnished below:

<b>Year</b>	<b>Date &amp; Time</b>	<b>Special Resolution passed</b>	<b>Location</b>
2018-19	03 <sup>rd</sup> September 2019 10.00 am	<ol style="list-style-type: none"> <li>To Re-appoint Capt. N S Mohanram as an Independent, Non - Executive Director of the Company for a term of 3 years.</li> <li>To Re-appoint Mr. R. Srinivasan and Dr. Premchander as an Independent, Non - Executive Director of the Company for a term of 5 years.</li> <li>To approve the payment of remuneration to Non-Executive Directors.</li> </ol>	Hotel Ajantha, "Rohini Hall", 22-A, Mahatma Gandhi Road, Near Trinity Metro Station, Bengaluru – 560 001
2019-20	24 <sup>th</sup> September, 2020 10.00 am	<ol style="list-style-type: none"> <li>To Re-appoint Mr. C P Rangachar as the Managing Director of the Company for a period of 5 (Five) years with effect from 01<sup>st</sup> May, 2020:</li> <li>Approval for the Scheme of Amalgamation of Yuflow Engineering Private Limited (Hereinafter referred to as 'the Transferor Company'), with Yuken India Limited ('Hereinafter referred to as the 'Transferee Company' or 'the Company'):</li> </ol>	The Meeting has been conducted through Video Conferencing ("VC") / Other Audio Visuals Means ("OAVM").
2020-21	14 <sup>th</sup> September, 2021 10.00 am	Not Applicable	The Meeting has been conducted through Video Conferencing ("VC") / Other Audio Visuals Means ("OAVM").

#### **MEANS OF COMMUNICATION:**

The quarterly financial results of the Company were submitted to the Stock Exchanges immediately after the Board's approval, by uploading in their portal - <http://listing.bseindia.com/> and <https://neaps.nseindia.com>.

The quarterly financial results are being published in the Financial Express (English) and Hosa Digantha (Kannada) newspapers. The financial results were also hosted in the Company's website: <http://www.yukenindia.com/>. No presentation has been made to Institutional Investors or to Analysts.

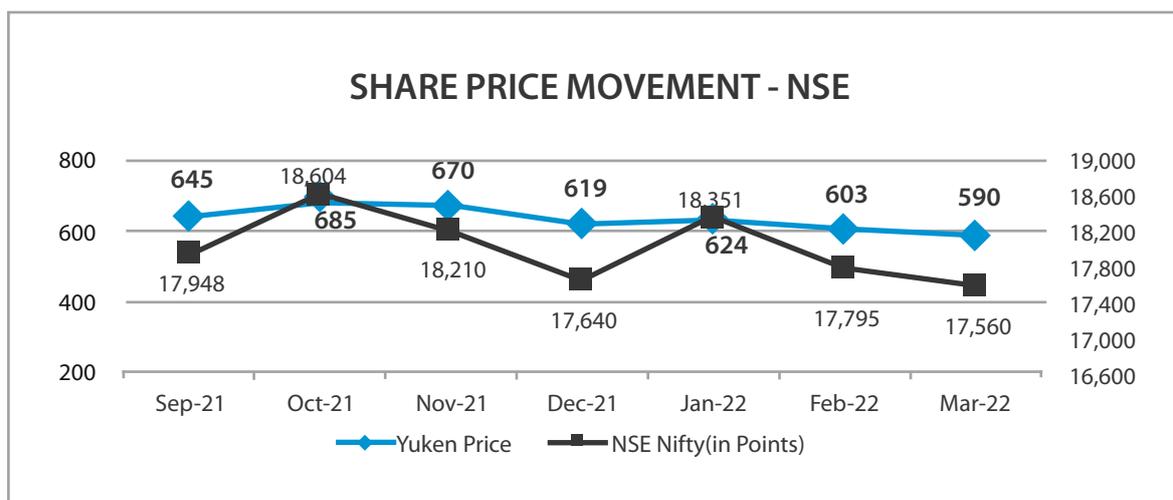
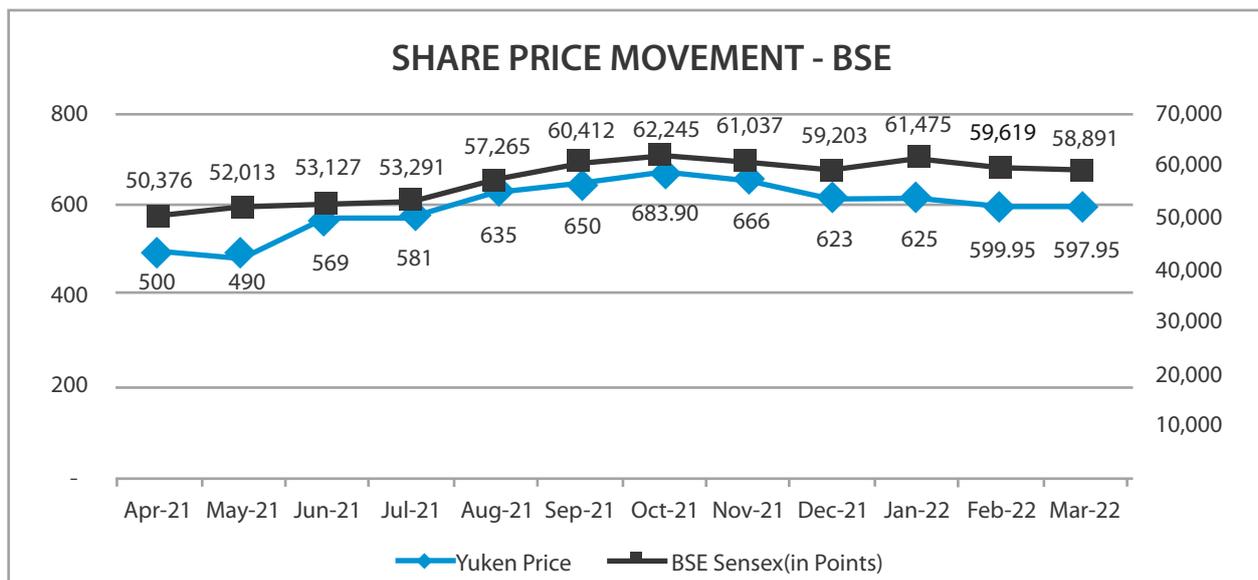
**GENERAL SHAREHOLDER INFORMATION:**

<b>a. 46<sup>th</sup> Annual General Meeting</b>	
Day, date and time	<b>Wednesday, 14<sup>th</sup> September, 2022 at 10.00 AM (IST)</b>
Venue	The Company is conducting the meeting through Video Conferencing ("VC") / Other Audio Visuals Means ("OAVM"). For details please refer to the Notice of this AGM.
<b>b. Financial Calendar</b>	
i) Financial Year	April to March
ii) First Quarter Results	August
iii) Second Quarter Results	November
iv) Third Quarter Results	February
v) Year end Results	May
<b>c. Date of Book Closure</b>	<b>07<sup>th</sup> September, 2022 to 14<sup>th</sup> September, 2022</b>
<b>d. Proposed Dividend</b>	8% on equity shares
<b>e. Dividend Payment Date</b>	30 days from the date of AGM
<b>f. Listing of Equity Shares</b>	<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. Scrip Code: 522108 <b>National Stock Exchange of India Limited</b> Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051 NSE Script Code: YUKEN
<b>g. Listing Fee</b>	Annual listing fee for the financial year 2022-23 paid to the Stock Exchanges.
<b>h. Depository Fee</b>	Annual custody fee for the financial year 2022-23 paid to the depositories.
<b>i. Corporate Identity Number</b>	L29150KA1976PLC003017
<b>j. Details of Registrar and Share Transfer Agents:</b>	KFin Technologies Limited (Formerly known as KFin Technologies Private Limited), Unit: Yuken India Limited Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032. Phone: (040) 6716 1509 E Mail Id: Einward.ris@karvy.com Website: <a href="https://www.kfintech.com">https://www.kfintech.com</a> or <a href="https://ris.kfintech.com/">https://ris.kfintech.com/</a> Toll free No: - 1- 800-309-4001

**k. Market Price Data:**

High – Low market price data during each month in the year 2021-22 at BSE Limited and National Stock Exchange is furnished below:

Sl. No.	Month	BSE Limited (BSE)			National Stock Exchange (NSE)		
		High (in Rs.)	Low (in Rs.)	Volume (in Number)	High (in Rs.)	Low (in Rs.)	Volume (in Number)
1	April	500	409	1,93,454	-	-	-
2	May	490	437	219,401	-	-	-
3	June	569	441	2,90,456	-	-	-
4	July	581	496.20	1,75,574	-	-	-
5	August	635	501.15	1,62,507	-	-	-
6	September	650	566.25	64,528	644.90	562	99,385
7	October	683.90	579	44,163	685	570.70	2,71,136
8	November	666	570	20,543	669.85	561.15	68,830
9	December	623	542.40	11,703	619	542.05	70,645
10	January	625	561	10,471	624	563.50	71,034
11	February	599.95	494.95	6,711	603.25	481.55	60,968
12	March	597.95	521.65	51,383	590	517.60	61,885



\*The Company listed on the National Stock Exchange from 3<sup>rd</sup> September, 2021. Hence, there was no trading in the National Stock Exchange Limited from 01<sup>st</sup> April, 2021 to 02<sup>nd</sup> September, 2021.

**I. Share Transfer System:**

All the transfers/transmission received are processed and approved by the Stakeholders Relationship Committee at its meetings.

The Company's Registrar and Share Transfer Agents M/s. KFIN Technologies Limited, Hyderabad, have adequate infrastructure to process the share transfers/transmission. All transmission received are processed and approved by the Stakeholders Relationship Committee at its meetings. In compliance with the Listing regulations, a Practicing Company Secretary audits the system on yearly basis and a certificate to that effect is issued and the same is submitted to the Stock Exchanges.

The Company has not issued any ADRs / GDRs / Warrants or any Convertible Instruments. The Company had no transfer of shares pending as on 31<sup>st</sup> March, 2022.

**m. Transfer of Shares' into Investor Education and Protection Fund ("IEPF"):**

Pursuant to Sections 124 and 125, and other applicable provisions, if any, of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), came into effect from September 7, 2016, all unclaimed/ unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, were required to be transferred to Investor Education and Protection Fund (IEPF).

Accordingly, all unclaimed/unpaid dividend, remaining unclaimed/unpaid for a period of seven years from the date they became due for payment, have been transferred to the IEPF.

As per Section 124(6) of the Act read with the IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account notified by the Authority. The Company has sent individual notices to all the shareholders whose dividends are lying unpaid/unclaimed against their name for seven consecutive years or more and also advertised on the Newspapers seeking action from the shareholders. Shareholders are requested to claim the same as per procedure laid down in the Rules. In case the dividends are not claimed by the due date(s), necessary steps will be initiated by the Company to transfer shares held by the members to IEPF without further notice. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF. In the event of transfer of shares and the unclaimed dividends to IEPF, shareholders are entitled to claim the same from IEPF Authority by submitting an online application in the prescribed Form IEPF-5 available on the website [www.lepf.gov.in](http://www.lepf.gov.in) and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF- 5. Shareholders can file only one consolidated claim in a financial year as per the IEPF Rules. The information related unclaimed dividend and shares is available in Company website:

<http://www.yukenindia.com/unclaimed-dividend/>

**n. Distribution Schedule – Consolidated as on 31<sup>st</sup> March, 2022 :**

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount (Rs.)	% of Amount
0 – 5000	4,661	85.23	5,89,290	58,92,900	4.91
5001 – 10000	333	6.09	2,57,448	25,74,480	2.15
10001 – 20000	230	4.21	3,44,804	34,48,040	2.87
20001 – 30000	63	1.15	1,57,489	15,74,890	1.31
30001 – 40000	35	0.64	1,31,179	13,11,790	1.09
40001 – 50000	20	0.37	92,319	9,23,190	0.77
50001 – 100000	53	0.97	3,92,874	39,28,740	3.27
100001 & Above	74	1.35	1,00,34,597	10,03,45,970	83.62
<b>Total</b>	<b>5,469</b>	<b>100</b>	<b>1,20,00,000</b>	<b>12,00,00,000</b>	<b>100</b>

**o. Plant location:**

The Company's plants are situated at Bengaluru, Malur, near Bengaluru, Karnataka, Mumbai, Maharashtra and Bahadurgarh, Haryana.

p. **Address for Communication:**

Registrar & Share Transfer Agents (RTA) (matters relating to Shares, Dividends, Annual Reports)	KFin Technologies Limited (Formerly known as KFin Technologies Private Limited), Unit: Yuken India Limited Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032. Phone: (040) 6716 1509 E Mail Id: Einward.ris@karvy.com Website: <a href="https://www.kfintech.com">https://www.kfintech.com</a> or <a href="https://ris.kfintech.com/">https://ris.kfintech.com/</a> Toll free No: - 1- 800-309-4001
For any other general matters or in case of any difficulties/ grievances	Vinayak Hegde Company Secretary & Compliance officer Yuken India Limited PB No. 5, Koppathimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District, Karnataka, India. PIN – 563130. PH: +91- 9731610341 E-Mail: vinayak.hegde@yukenindia.com csyil@yukenindia.com hmn_rao@yukenindia.com
Website address	<a href="http://www.yukenindia.com">www.yukenindia.com</a>
Email ID of Investor Grievances Section	vinayak.hegde@yukenindia.com
Name of the Compliance Officer	Vinayak Hegde – Company Secretary

q. **Shareholding Pattern as on 31<sup>st</sup> March, 2022:**

Sl. No.	Category	No. of shares held	Percentage of Shareholding
1	Promoters' holding	63,00,208	52.50
2	Mutual Funds / UTI	2,000	0.02
3	Private Corporate Bodies	16,75,363	13.96
4	Indian Public	36,74,619	30.62
5	HUF	2,11,398	1.76
6	NRIs/OCBs	63,694	0.53
7	Clearing Members	2,263	0.02
8	IEPF	70,455	0.59
	<b>Grand Total</b>	<b>1,20,00,000</b>	<b>100</b>

r. **Dematerialization of Shares:**

Members are requested to convert their physical holdings demat/electronic form through the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held. Shares received for dematerialization are generally confirmed within maximum period of 21 days from the date of receipt, if the documents are clear in all respects. The number of shares held in dematerialized and physical mode as on 31<sup>st</sup> March, 2022 is as under:

Sl. No.	Description	No of shares	% of total capital issue
1	Held in dematerialized form in National Securities Depository Limited (NSDL)	87,27,836	72.73
2	Held in dematerialized form in Central Depositories India Limited (CDSL)	30,98,330	25.82
3	Physical	1,73,834	1.45
	<b>Total</b>	<b>1,20,00,000</b>	<b>100</b>

**s. Credit Rating:**

Company has obtained the Credit Rating Report from CARE Ratings Limited on 06<sup>th</sup> October, 2021 the status changed from BBB Minus; stable to BBB Minus; positive

The Credit Rating Report is available in Company website:

<http://www.yukenindia.com/credit-rating/>

**t. Payment to statutory Auditors and all entities in Network Firm:**

**To Statutory Auditors:**

During the financial year, payment to statutory Auditors - M/s. Walker Chandio & Co, LLP, is as under:

		Amount in Rs.
Sl. No.	Particulars	Fees paid
1	Statutory audit including Audit of Internal Financial Control & Group Auditing	12,00,000
2	Group Reporting	2,00,000
3	Quarterly Limited Review Report	9,75,000
4	Tax Audit	1,00,000
5	Other Certification Charges	3,50,000
	<b>Total</b>	<b>28,25,000</b>

**Note:** above mentioned amounts is excluding necessary taxes/GST and out of pocket expenses.

**OTHER DISCLOSURES:**

Sl. No.	PARTICULARS	PARTICULARS
1	Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years	No such cases in last three years
2	Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel have been denied access to the audit committee	The policy is available in Company website: <a href="https://www.yukenindia.com/corporate-governance-and-code-of-conduct/">https://www.yukenindia.com/corporate-governance-and-code-of-conduct/</a>
3	Details of compliance with mandatory requirements and adoption of the non-mandatory requirements	The Company has complied the provisions as mentioned in SEBI (LODR) Regulation with respect to preparation of Corporate Governance Report.
4	Recommendations of Committees of the Board:	There were no instances during the financial year 2021-22, wherein the Board had not accepted recommendations made by any committee of the Board.
5	Dividend Distribution Policy:	The Policy is available at the Company's Website: <a href="https://www.yukenindia.com/corporate-governance-and-code-of-conduct/">https://www.yukenindia.com/corporate-governance-and-code-of-conduct/</a>
6	Disclosure by listed entity and its subsidiaries of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.	Not Applicable.
7	Link to the Company's Policies	<a href="https://www.yukenindia.com/corporate-governance-and-code-of-conduct/">https://www.yukenindia.com/corporate-governance-and-code-of-conduct/</a>

## STATUS OF COMPLIANCE OF NON-MANDATORY REQUIREMENTS SPECIFIED IN PART E OF SCHEDULE II OF SEBI (LODR) REGULATION:

- 1. Audit qualifications:**  
There were no qualifications in Auditor's Report, during the year.
  - 2. Reporting of Internal Auditor:**  
The Internal Auditor reports directly to the Audit Committee.
- 

### DECLARATION ON CODE OF CONDUCT:

To,  
The Members of  
**Yuken India Limited**

In compliance with the requirements of the Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2022.

Place: Bengaluru  
Date: 25<sup>th</sup> May, 2022

For **Yuken India Limited**

**C P Rangachar**  
Managing Director  
(DIN: 00310893)

BOARDS REPORT

CG REPORT

BR REPORT

STANDALONE

CONSOLIDATED

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)..

To  
The Members of,  
**Yuken India Limited**

NO. 16-C, Doddanekundi Industrial Area II Phase,  
Mahadevapura, Bengaluru-560048, Karnataka, India

We have examined the registers, records, forms, returns and disclosures received from the Directors of YUKEN INDIA LIMITED ("the listed entity"), bearing CIN: L29150KA1976PLC003017 having its registered office at No. 16-C, Doddanekundi Industrial Area, II Phase, Mahadevapura, Bengaluru, Karnataka- 560048 as produced before us for the purpose of issuing the Certificate under Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

According to the information provided to us and to the best of our information we hereby certify that;

- Following are the details of Directors on the Board of Yuken India Limited.

Sl. No.	DIN	Name of Director	Designation	DIN Status
1	00310893	Rangachar Padmanabhan Cattan Coletore	Managing Director	Approved
2	00043658	Srinivasan Rangarajan	Director	Approved
3	02278652	Premchander	Director	Approved
4	02466671	Needamangalam Srinivasan Mohanram	Director	Approved
5	02612252	Vidya Rangachar	Director	Approved
6	07913414	Hideharu Nagahisa	Director	Approved
7	08494981	Hidemi Yasuki	Director	Approved
8	08678898	Kenichi Takaku	Director	Approved
9	00121917	Indra Menon Prem	Director	Approved

- We further certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority for the Financial Year ending on 31<sup>st</sup> March, 2022.

For **Joseph & Chacko LLP**,  
Company Secretaries

**Binoy Chacko**  
Partner

Date: 13.05.2022  
Place: Bengaluru

FCS No. 4792 / COP No. 4221  
UDIN: F004792D000318424

## CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,

**The Board of Directors,  
Yuken India Limited**

We, C P Rangachar, Chief Executive Officer & Managing Director and H M Narasinga Rao, Chief Financial Officer & Vice President-Finance of Yuken India Limited, Bengaluru, to the best of our knowledge and belief, certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2022 and that to the best of our knowledge and belief:
  1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
  1. significant changes in internal controls over financial reporting during the year;
  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Bengaluru  
Date: 25<sup>th</sup> May, 2022

**H M Narasinga Rao**  
Chief Financial Officer &  
VP - Finance

**C P Rangachar**  
Chief Executive Officer &  
Managing Director

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,  
**The Members**  
**Yuken India Limited**

1. This certificate is issued in accordance with the terms of our engagement letter dated 1 October 2021.
2. We have examined the compliance of conditions of corporate governance by Yuken India Limited ('the Company') for the year ended on 31 March 2022, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

### **Management's Responsibility**

3. The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

### **Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2022.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### **Restriction on use**

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N/N500013

**Vijay Vikram Singh**  
Partner

Membership No.: 059139  
UDIN: 22059139AJOCV4158

Place: Bengaluru  
Date: 25<sup>th</sup> May 2022

**ANNEXURE -6**

# BUSINESS RESPONSIBILITY REPORT (BRR)

[Pursuant to Regulation 34(2) (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARDS REPORT

CG REPORT

BR REPORT

STANDALONE

CONSOLIDATED

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY:

1	Name of the Company :	YUKEN INDIA LIMITED (“YIL” or “The Company”)	
2	Year of registration:	1976	
3	Corporate Identity Number (CIN) of the Company:	L29150KA1976PLC003017	
4	a. Registered office address.	NO. 16-C, Doddanekundi Industrial Area II Phase, Mahadevapura, Bengaluru, Karnataka - 560 048 Contact No. 91 97316 10341, Email:hmn_rao@yukenindia.com vinayak.hegde@yukenindia.com Website : <a href="http://www.yukenindia.com/">http://www.yukenindia.com/</a>	
	b. Corporate office and factory.	PB No. 5, Koppathimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District, Karnataka – 563 130.	
5	Financial Year reported:	2021-22	
6	Sector (s) the Company is engaged in (industrial activity code-wise)	<b>NIC Code</b>	<b>Name and Description of main products / services</b>
		2812	Hydraulic Pumps, Valves and Others
		2812	Hydraulic Power Units
7	List three key products/services that the Company manufactures/provides (as in balance sheet)	Manufacture, sale and servicing of hydraulic equipment 1. Hydraulic Pumps 2. Valves 3. Hydraulic Power Units (Please refer to Company’s website for complete list of products)	
8	Brands (top five by respective share of market) owned and percentage of revenue contributed:	Most the products of the Company are being sold under YUKEN brand. Certain indigenous (local) developed and manufactured products sold under YIL Brand.	

Operations:		
9	<p>Location of plants:</p> <p>a. National (Districts and states - top five by employee strength):</p>	<p><b>Number of National Locations:</b></p> <p><b>A. Manufacturing Plants:</b></p> <ol style="list-style-type: none"> <li><b>Malur – Near Bengaluru:</b> PB No. 5, Koppalthimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District – 563 130, Karnataka.</li> <li><b>Peenya – Bengaluru:</b> B-80, 2<sup>nd</sup> Cross, 1<sup>st</sup> Stage, Peenya Industrial Area, Bengaluru – 560 058, Karnataka.</li> <li><b>Bahadurgarh – Haryana:</b> O-10, Old Industrial Area, Near Civil Hospital, Bahadurgarh-124 507 – Haryana.</li> <li><b>Mumbai –Maharashtra:</b> H-4, Ansa Industrial Premises, Sakivihar Road, Sakinaka, Andheri (E), Mumbai- 400 072, Maharashtra.</li> </ol> <p><b>B. Zonal Sales and Service Offices:</b></p> <ol style="list-style-type: none"> <li><b>North Zone – New Delhi:</b> No. 26A, Community Center, Phase 1, Mayapuri Indl. Area, New Delhi- 110 064.</li> <li><b>South Zone- Bengaluru:</b> B-80, 2<sup>nd</sup> Cross, 1<sup>st</sup> Stage, Peenya Industrial Area, Bengaluru – 560 058, Karnataka.</li> <li><b>East Zone – Kolkata:</b> Indraprastha, 46A, Madan Mohan Malaviya Sarani, (Formerly Chakraberia Road- North) Kolkata- 700 020, West Bengal.</li> <li><b>West Zone – Mumbai</b> H-4, Ansa Industrial Premises, Sakivihar Road, Sakinaka, Andheri(E), Mumbai- 400 072, Maharashtra.</li> </ol>
	<p>b. International (Country - top three by employee)</p>	NIL
10	<p>Location of major offices (in case of service businesses):</p> <p>a. National (Districts and states - top five by employee strength):</p> <p>b. International (Country - top three by employee strength):</p>	Not Applicable.
Employees:		
11	Number of permanent employees.	368
12	Contractual employees (seasonal, non-seasonal)	140
13	Temporary employees	
14	Percentage of women employees	4.34%
	a. On the Governance Structure:	NIL
	b. In top management i.e. business and function heads	NIL
15	Number of permanent women employees	16

16	Number of permanent employees with disabilities.	2
17	Do you have an employee association that is recognized by management?	Yes The Company has Trade Union, affiliated to Centre of Indian Trade Unions (CITU), representing the interest and welfare of all union employees.
18	What percentage of your permanent employees is members of this recognized employee association?	19% of permanent Employees.
<b>Associate entities:</b>		
19	Name of subsidiaries / associates	<p><b>A. Name of subsidiaries:</b></p> <ol style="list-style-type: none"> <li>1. Grotek Enterprises Private Limited</li> <li>2. Coretec Engineering India Private Limited</li> <li>3. Yuflow Engineering Private Limited</li> <li>4. Kolben Hydraulics Limited</li> </ol> <p><b>B. Name of Associates:</b></p> <ol style="list-style-type: none"> <li>1. Sai India Limited</li> <li>2. Bourton Consulting (India) Private Limited</li> </ol>
20	Details of Trust/Society/Section 8 Company to further its CSR agenda: a. Name; b. Organization form (Trust, Society, Company) and year of establishment; c. Main objects/purpose	Not Applicable
21	Contact details of Nodal Officer for this report.	Vinayak Hegde - Company Secretary PH: +91 97316 10341 E mail: vinayak.hegde@yukenindia.com

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

Rs. in lakhs

1	Paid up Capital (INR)	1200.00
2	Total Income (INR)	28,931.64
3	Total profit after taxes (INR)	1,273.62
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2% of average net profits of the Company made during the three immediately preceding financial years. Please refer to Annexure- 3 part of the Board's Report.
5	List of activities in which expenditure in 4 above has been incurred: -	<p>(a) Promotion of Education</p> <p>(b) Protection of Indian Art &amp; Culture</p> <p>(c) Setting up old age homes, day care centers and such other facilities for senior citizens.</p> <p>(d) Disaster management, including - Covid -19 Pandemic Relief</p> <p>(e) Animal Welfare</p> <p>(f) Eradicating hunger, poverty.</p> <p>(g) Rural development Projects.</p> <p>(h) Promoting health care including preventive health care.</p> <p>(i) Promoting Children Welfare</p> <p>Please Refer to Annexure - 3 part of the Board's Report.</p>

## SECTION C: OTHER DETAILS

1	Do the Subsidiary Company/Companies participate in the Business Responsibility Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).	<b>Yes.</b> The Company positively influences and encourages its subsidiaries to adopt Business Responsibility Initiatives. All the Company's subsidiaries are guided to conduct their business in an ethical, transparent and accountable manner.
2	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the Business Responsibility initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company does not mandate its suppliers/distributors to participate in the Company's Business Responsibility initiatives. However, they are encouraged to adopt such practice and follow the concept of being a responsible business entity. (Less than 30%)

## SECTION D: BUSINESS RESPONSIBILITY INFORMATION:

### 1. Details of Director/Directors responsible for Business Responsibility Report:

Sl. No.	Particulars	Director	Business Responsibility Head
1	DIN	00310893	-
2	Name	C P Rangachar	A Venkatakishnan
3	Designation	Managing Director	Chief Executive officer
4	Telephone	+91 97316 10341	+91 95919 98141
5	Email Id:	cp_rangachar@yukenindia.com	venkatakishnan@yukenindia.com

### 2. Principle-wise (as per NVGs) Business Responsibility Policy/policies (Reply in Y/N):

The National Voluntary Guidelines (NVGs) provide the following 9 (Nine) principles:

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 Businesses should promote the wellbeing of all employees.
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are

disadvantaged, vulnerable and marginalized.

- P5 Businesses should respect and promote human rights.
- P6 Business should respect, protect, and make efforts to restore the environment.
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 Businesses should support inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Yes/No):

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for?	YES	YES	YES	YES	YES	YES	YES	YES	YES
2	Has the policy being formulated in consultation with the relevant stakeholders?	YES	YES	YES	YES	YES	YES	YES	YES	YES
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	YES	YES	YES	YES	YES	YES	YES	YES	YES
		An ISO 9001:2015 Company All the policies of the Company are in compliance with national/International standards wherever applicable.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Mandatory policies viz., Code of Conduct, Whistle Blower Policy, Corporate Social Responsibility (CSR) Policy, Insider Trading Policy, Nomination & Remuneration Policy have been adopted by the board and other internal policies have been approved by the management.								
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	YES	YES	YES	YES	YES	YES	YES	YES	YES
		The implementation and adherence to the code of conduct for employees is administered by the Human Resources (HR) Department. The CSR policy is administered by CSR Committee in line with the requirements of the Companies Act, 2013 and other internal policies have been approved by the Management. Audit committee and Board oversees the implementation of various policies / Codes as required under the legal frame work in force from time to time.								
6	Indicate the link for the policy to be viewed online?	Refer to the Whistleblower Policy, Code of Conduct.	NA	Refer to the Code of Conduct	Refer to the CSR Policy	Refer to the Code of Conduct	Refer to the CSR Policy	NA	Refer to the CSR Policy	NA
		Please refer our website <a href="https://www.yukenindia.com/corporate-governance-and-code-of-conduct/">https://www.yukenindia.com/corporate-governance-and-code-of-conduct/</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	YES	YES	YES	YES	YES	YES	YES	YES	YES
		Internal policies have been communicated to all stakeholders to the extent applicable and the same are available on the Company's website.								
8	Does the Company have in-house structure to implement the policy/ policies.	YES	YES	YES	YES	YES	YES	YES	YES	YES
		Company have in-house structure to implement the policy/ policies.								
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	YES	YES	YES	YES	YES	YES	YES	YES	YES
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	YES	YES	YES	YES	YES	YES	YES	YES	YES
		The organization conducts periodic internal audits to determine whether the Quality Management System conforms to the requirements of ISO 9001:2015 and that the quality system has been effectively implemented and maintained.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

Not Applicable

### 3. Governance related to Business Responsibility Report:

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the Business Responsibility performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

The Managing Director and Senior Management reviews the Business Responsibility performance of the Company through their monthly review meetings. The action point emerged from the discussions at these meetings are reviewed in subsequent meetings.

The Board of Directors, committees of the Board, and the Managing Director assess the Business Responsibility performance of the Company from time to time.

Corporate Social Responsibility (CSR) Committee of the Company is responsible for formulating and implementing and monitoring the CSR Policy of the Company. The Committee meets at least once in a year to review the progress of CSR Policy and projects.

- (b) Does the Company publish a Business Responsibility or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business Responsibility Report published as part of the Annual Report for the financial year 2021-22. The web link is as under; <http://www.yukenindia.com/report-result/>

### SECTION E: PRINCIPLE-WISE PERFORMANCE:

#### PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY:

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others? Yes

The Company acts with integrity in accordance with its core

principles of Trust, Value and Service. YIL has adopted the separate code of conduct which specifically pertains to the Company's Directors, Senior Management- one level below the Directors and including all the functional heads.

Our corporate governance practices apply across the YIL & its subsidiaries and extend to our Associates, Suppliers, Customers and other stakeholders. Our Code of Conduct complies with the requirements of applicable laws and regulations, the code of conduct is devised to enable the Directors and Senior Management personnel to strive and to perform their duties with highest standards of integrity accountability, confidentiality and independence. A declaration of the Directors and Senior Management towards annual affirmation to the code of conduct is communicated to all stakeholders by the Chairman and Managing Director, through the Annual Report.

YIL has a well-defined Code of Conduct (CoC) for its employees. All employees are provided a copy of the COC during induction / training. The COC is intended to guide the employees in treatment of each other, as well as their interaction with customers, suppliers, partners, public officials and other stakeholders.

YIL is also has a Whistle Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behavior, suspected fraud or irregularity in the Company practices which is not in line with the CoC. The CoC, Whistle Blower Policy and their implementation are explained in detail under the Report of Board of Directors and the Corporate Governance Report.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

During the year under review, the Company has not received any complaints with respect to violation of the Code of Conduct.

**PRINCIPLE 2:**

**BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE:**

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

(a) **Kiriko Automatic Chip Compactor Machine:**

YIL manufactures the Kiriko Automatic Chip Compactor Machine, which is a metal chip briquette machine. It processes all kind of ferrous and Non-ferrous scraps. Benefits of this machine are as under:

- This significantly reduces impact on environment and supports Green Manufacturing.
- Reduction of accidents in the factory leading to increase in productivity and reduces power consumption.
- Fumes & Blasts are reduced in the factory premises.

(b) **Power Saver Valves:**

YIL manufactures the series of solenoid operated directional Power Saver Valves. These valves are specially designed to reduce power consumption. Standard Valves installed in machines can be retrofitted with interchangeable adapters and are designed to automatically reduce the power drawn by the valve solenoid.

(c) **AC Servo Motor Driven Pump:**

YIL promoting and supplying the series of Electro-Hydraulic Hybrid Pumps. We are a leading supplier of hydraulic products for injection moulding machine. It has strength from both full electric and hydraulic machine, having excellent effect to “energy saving”, “high performance” and “high precision moulding”. In addition to our ASR3, ASR5 & ASR 10, we proudly announce new AC servo motor driven pump, ASE3, ASE5 & ASE10 in the series that is based on an original idea of Yuken Kogyo Company Limited, Japan. Benefits are as under:

- Low noise- meeting the level of noise as per the standard requirements.
- Reduces electrical noise by using environmentally friendly EMC filter.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

a. **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

We regularly focus on reduction and control the wastage of resources.

b. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Yes. Power saver valves and servo motors can absorb many fluctuations of electrical and environmental parameters, to reduce the power consumptions.

3. **Does the Company have procedures in place for sustainable sourcing (including and transportation)? If yes, what percentage of your inputs was sourced sustainably?**

Yes. The Company has taken initiatives to ensure sustainable sourcing.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company encourages major suppliers to set up manufacturing facilities closer to YIL plant locations. The Company is close to industrial areas, where small and medium manufacturers situated.

YIL focuses on building and enhancing capabilities of the supply chain through training and support for improving productivity and quality. The training covers quality management, technology adoption, effective supply etc. YIL is conducting Cluster program to its selected vendors. Cluster Program is conducted by Confederation of Indian Industry (CII), which aims at (a) improving the quality of products, supplied by the selected vendors in terms of Defects Per Unit (DPU) or Parts Per Million (PPM) and (b) Achieve the THIRD STEP- 3S (5 S methodology) on the shop floor.

Currently, YIL is buying around 40%- 50% of its requirements through local sources/MSME Vendors and smaller manufacturers.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).**

**Products - Scraps:**

The Company has adopted the policy for recycling the iron scrap. One of our subsidiary Company engaged in foundry business uses the scrap generated, in the manufacture of iron castings. (90%)

**Waste:**

1. The Company has appointed authorized Agencies for disposal of Industrial waste. (100%)
2. The Company has installed Kiriko Chip Compact Machine in premises to compact the metal scrap (overall 80%)
3. Constructed the Sewage treatment plant for the purpose of waste water treatment and recycled water is used for gardening in the factory premises. (overall 80%)

4. The Company is using the recyclable packing materials. (overall 50%)
5. Recycling the canteen food waste and convert to compost. (100%)
6. Constructed the effluent treatment plant to clean the industrial effluents. (80%)

**PRINCIPLE 3:  
BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES:**

YIL's well-being strategy aims to create a working environment that is supportive of employees' personal lives, while meeting your Company's business needs. YIL gives top priority for the employees to ensure their safety and welfare measures. The Company adopted various policies and measures to ensure the same.

Safety of the employees is considered in the plant. Safety instructions are developed and displayed in the prominent places and awareness training is given to all employees.

Company regularly conducts safety audits through internal team as well as external agencies / authorities and organizes safety awareness programme. Apart from this, Company celebrate National Safety Week, Global Safety Day etc.

**Responding to the Pandemic Crisis:**

**Health & Hygiene:**

- Hygiene and disinfection protocols based on guidance from health authorities were adopted. Some of these safety measures included:
- Checking body temperatures and other symptoms of COVID-19.
- Screening of every person entering the factory.
- Disinfecting all vehicles coming into and leaving the factory.
- Distribution of mask and sanitizers.
- Free Vaccination to Employees.

**Safety and health of employees and stakeholders:**

Safety of our people is of paramount importance to us. For the team members whose work could be conducted remotely, work from home (WFH) facilities were made available during pandemic. Our team members have adapted to the new normal and WFH situation well and worked productively and effectively. For employees who had to be on-site, stringent social distancing, hygiene and disinfection protocols based on guidance from health authorities were adopted.

**The following facilities are provided to the Company's employees-**

- Subsidized foods which includes breakfast, lunch, snacks and tea.

- Subsidized transportation to commute from residence to factory.
- Uniform and shoes allowances.
- Extended health insurance policy coverage for the benefit of the employees and their family members.
- Superannuation Trust created for the purpose of retirement benefits.
- Training to all the employees on rotational basis to equip them and deliver the best.
- Adopted systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.
- Education subsidies, emergency advances, Festival advances and Vehicle Advances to employees.
- Annual health check-up of employees.

**1. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

The Company's policy prohibits engaging of any child labour or involuntary labour. So, there are no complaints relating to child labour, forced labour and involuntary labour. During the year no complaints relating to Sexual harassment were reported.

**2. What percentage of your mentioned employees were given safety & skill up- gradation training in the last year?**

- All Employees undergo safety and skill up-gradation training on regular basis as per the training calendar.
- The Company is providing mandatory training to employees at the time of induction/joining.

**PRINCIPLE 4:  
BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED:**

**1. Has the Company mapped its internal and external stakeholders?**

The Company has mapped its internal and external stakeholders in a structured way and carries out engagements with investors, employees, customers, suppliers, bankers, government, regulatory authorities, trade union and local community.

**To shareholders investors, Bankers:**

YIL regularly interacts with its shareholder, investors, Bankers through results announcements, annual report, Company's website and subject-specific communications. The Annual

General Meeting gives the shareholders an opportunity to engage directly with the Board of Directors and the Management. During this meeting, the Board engages with shareholders and answers their queries on varied matters.

YIL has a designated e-mail address for shareholders. The Investor Services Department regularly engages with the shareholders to resolve queries, grievances, if any, and provides guidance to shareholders for any Company-related matter.

#### To Government:

The Company co-operates and engages with governments, regulators and legislators, both directly and through trade associations, in the development of proposed legislation and regulation which may affect your business interests.

#### To Customers:

To interact directly with customers, YIL has Zonal sales offices located across India namely, North Zone – New Delhi, South Zone- Bengaluru, East Zone – Kolkata and West Zone – Mumbai. Also our service offices are located at Hyderabad, Chennai, Ahmedabad and Pune. We have a network of around 55 dealers all over the country. Our Service engineers are available throughout the India and interacts regularly with customers by collecting their complaints, feedbacks with respect to products, thereby improving our product quality and services.

The Company's distributors are located all over India. Customers also interacts with distributors for any information about the products, complaints and any other necessary information. Our sales and Marketing team directly contact with distributors and resolve the customer issues. The Company is conducting a Dealer conference once in a year. In that conference the Marketing Team will discuss about demand and supply of our products, customer satisfactions, improvements required, complaints and feedback from customers, market situations and other such necessary information. The Company is also participating in industrial Trade shows and Exhibitions throughout the year, this is also an opportunity for the Company's Management to interact with end user of the products.

Needs and expectations of the customers are determined on a continuous basis. They are converted to requirements of the organization. These identified customer requirements are then conveyed to the respective departments and personnel to ensure the achievement of customer satisfaction. This is done by first laying down a suitable system and later reviewing the same in the light of changing customer requirements with the aim of enhancing customer satisfaction. The In-charge of Marketing and sales exercises control on this.

The management demonstrates leadership and commitment with respect to customer focus by ensuring:-

- Applicable statutory and regulatory requirements are determined, understood and consistently met.
- The risks and opportunities that can affect conformity of products and the ability to enhance customer satisfaction are addressed and determined.

#### 2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

No such cases.

#### 3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

No such cases.

#### PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS:

##### 1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

- The Company does not have a separate Human Rights Policy. Code of conduct and Standing Order of the Company will cover the rights and responsibilities of all the employees.
- The Company has a Registered Employee Union to protect the rights of the Employees.
- The Company has Separate Committee and policy with respect to Prevention of Sexual Harassment of woman in work place. The Company has zero tolerance towards sexual harassment at the work place and has adopted a policy on prevention, prohibition and redressal of sexual harassment at work place in line with the provisions of the Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013 and rules thereunder. As required under law, an internal Compliance Committee has been constituted for reporting and conducting inquiry into the complaints made by the victim on the harassments at the work place.

##### 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the year under review, the Company has not received any complaint from any stakeholders except shareholders and customers of the Company. Shareholders Complaints received during the year was reported to stock exchange and also available in the Corporate Governance Report which is part of Annual Report. Complaints received from customers is resolved by the Marketing team on regular basis.

**PRINCIPLE 6:**  
BUSINESSES SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT:

**1. Does the policy relate to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

- The Company does not have a separate environmental Policy. It is a part of Corporate Social Responsibility (CSR) policy which ensures environmental sustainability and ecological balance.
- Further, to conserve the natural resource water in our Malur Plant, we have adopted the rain water harvesting. Further in order to increase the water resources, we have planted different types of trees surrounding the plant.
- The Company is recycling and disposes the waste generated during the course of manufacturing operations in an environmentally and friendly manner.
- Reduction in total energy footprint through various capital projects ranging from installation of energy efficient pumps, solar street lights in pavement and near the shop floors.
- The Company has constructed the Sewage Treatment Plant and Effluent treatment plant in Factory for waste water treatment. The recycled water is used for the purpose of gardening in the factory premises.

**2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

No. The hydraulic equipment manufactured by YIL conforms to standards of environmental safety, in respect of pollution, noise and and material conservation. The advanced design and performance of YIL products results in high productivity and efficiency.

**3. Does the Company identify and assess potential environmental risks?**

Yes. The Company has identified and assessed potential environmental risks from time to time. Manufacture of products to customer requirements including performance, safety compliance to statutory and other regulatory aspects, Conservation of Energy, Materials and Environment Protection.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

- Currently, the Company does not have any project related to Clean Development Mechanism.
- The Company periodically files returns to Pollution control board as per the statutory requirement.

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.**

The Company always focusses on technology with respect to developing products with fuel efficient and environment friendly. The initiatives under taken by the Company for clean technology, energy efficiency, and renewable energy are as under:

- The Company has separate Research and Development (R&D) and New Product Development Department which always focusses on clean technology, energy efficiency and renewable energy.
- Variable frequency Drive is used in the machinery wherever possible to reduce the power consumption.
- Recycling of Hydraulic and Flushing oils.
- Adopted centralized cooling system to control the usage and wastage of coolants and oil in manufacturing process.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes. All parameters of wastage/emission/pollution generated by the Company confirm to the prescribed norms as per the state Pollution Board and other appropriate Government authorities.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil. No show cause notices have been issued by the concerned Government authorities/Pollution Boards.

**PRINCIPLE 7:**  
BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER:

1. **Is your Company a member of any trade and chamber or association?**

Yes. The Company's Membership details are as under:

- (a) Confederation of Indian Industry (CII)
- (b) Indian Machine Tool Manufactures Association (IMTMA)
- (c) All India Plastic Manufacture Association(AIPMA)
- (d) Federation of Karnataka Chambers of Commerce & Industry (FKCCI)
- (e) Society of Indian Defence Manufacturers (SIDM)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas:**

The Company through various industry associations, participates in advocating matters relating to advancement of Industry and public good.

**PRINCIPLE 8:**  
BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT:

1. **Does the Company have specified programmers/initiatives/projects in pursuit of the policy related to Principle 8?**

Yes. The Company's initiatives and projects support inclusive growth. Please refer to CSR Report in Annexure - 3 part of the Board's Report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

**Yuken Hydraulic School:** The Company has established Hydraulic Training School in Peenya, Bengaluru. Yuken Hydraulic School as a medium through which we share complete knowledge of our experience in Hydraulic products, application engineering, maintenance and troubleshooting of hydraulic systems with our customers. The Company has trained more than 17,000 engineers across the industry in India and approx. 12 countries globally. All the participants and their respective organizations have benefited at the most through attending and learning from our hydraulics courses. YIL is conducting hydraulic training classes periodically to its customers and also to the employees

Details of our Hydraulic School information is available in our website <http://www.yukenindia.com/hydraulicstraining/>.

Employees of the Company regularly attends the training

programs conducted by Confederation of Indian Industry (CII) and Indian Machine Tool Manufactures Association (IMTMA).

3. **Have you done any impact assessment of your initiative?**

Yes. Our Hydraulic training school provides education and training to young Engineering Graduates who choose to develop career in Hydraulics manufacturing sector.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

Through Corporate Social Responsibility (CSR) activity, the Company has spent money for community development projects.

During the financial year 2021-22, the Company spent Rs. 30.52 lakhs towards CSR initiatives. Details of the

Projects undertaken by the Company is available in Annexure 3 part of the Board's Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

- Yes. The Company has focused on Promotion of Education, Rural Development, Child Welfare, Protection of Indian Art & Culture and ensuring environmental sustainability, ecological balance.
- Yuken India Hydraulic School aims to inspire, educate and equip the young engineers providing the education, training and complete knowledge of experience, Hydraulic products and application engineering etc.

**PRINCIPLE 9:**  
BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER:

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

**Customer complaints:**

The Company is engaged in the business of design, manufacture, sale and servicing of hydraulic equipment like pumps, valves, power packs, machinery, components and accessories for various applications. Our Service engineers are available throughout the country where they interact with customers and collects their complaints with respect to products and resolve the same. And also collect the feedback, which has influence over its product and service improvements.

As one of the measurements of the performance of the Quality Management System the organization monitors information relating to customer perception as to whether the organization has met customer requirement. The method for obtaining

and using this information is through customer satisfaction questionnaire. Also each and every complaint of the customer with respect to the product and services are analyzed and actions initiated as the case maybe and feedback given to the customer. Customer feedback on the delivered products and services and registered through FIR, service tracker and are monitored, acted upon for each and every case

**Consumer cases:** there is no consumer cases filed or pending during the financial year.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

The Company provides the important information about products to the customers on timely basis. Necessary technical information and product usage instructions are provided to every customer on purchase.

For grievance handling, the Company has provided dedicated contact number in companies Website <http://www.yukenindia.com/contact-us/> where customers can contact.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

There have been no cases relating to unfair trade practices, irresponsible advertising and / or anti-competitive behavior against YIL in the last five years.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

The Company regularly obtains feedback from consumers on areas of satisfaction & similarly on their concerns or areas of dissatisfactions. Senior management actively reviews customer feedback and suggests corrective and/or preventive action as required.

**Note:**

The Company is an ISO 9001-2015 certified Company. The Company has detailed quality manual/policy manual to meet the requirements of ISO 9001: 2015 quality management system. Majority principles of Business responsibility statements are covered in Company Quality Manual.

# Standalone Financial Statements

BOARDS REPORT

CG REPORT

BR REPORT

STANDALONE

CONSOLIDATED

# Independent Auditors' Report

To the Members of Yuken India Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of Yuken India Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow, the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.
2. 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 ('Ind AS') specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, its profit (including other comprehensive loss), its cash flows and the changes in equity for the year ended on that date.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
<p><b>Impairment assessment of investment in a subsidiary company.</b></p> <p>As described in Note 6 to the standalone financial statements, as at 31 March 2022, the Company has an investment aggregating to ₹264.60 lakhs in its wholly own subsidiary company, Yuflow Engineering Private Limited. The subsidiary has been incurring losses, resulting in possible impairment indicators.</p> <p>In view of the above, the management of the Company, during the year ended 31 March 2022 has carried out an impairment test for such investments, whereby the carrying amount of the investment was compared with their fair value for which the management had prepared detailed cash flow projections, based on business plans of the subsidiary company, expected growth rates in the business and other market related factors including the discount rates, etc. .</p>	<p><b>Our audit procedures included, but were not limited to, the following:</b></p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the management process for identification of possible impairment indicators and process performed by the management for impairment testing.</li> <li>• We understood, evaluated and tested controls around management's assessment of the impairment indicators and the testing performed.</li> <li>• We reconciled the cash flow projections to the business plans approved by the Company's board of directors;</li> <li>• We challenged the management on the underlying assumptions used for the cash flow projections including the expected growth rates, considering evidence available to support these assumptions and our understanding of the business;</li> </ul>

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p>Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment of such non-current investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• We assessed the reasonableness of the assumptions used and tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate;</li> <li>• Assessing the appropriateness of the methodology applied in determining the recoverable amount;</li> <li>• We evaluated the sensitivity analysis performed by management in respect of the key assumptions such as discount and growth rates to ensure there was sufficient headroom with respect to the estimation uncertainty impact of such assumptions on the calculation; and</li> <li>• We assessed the appropriateness and adequacy of the disclosures made by the management for the impairment losses in accordance with applicable accounting standards.</li> </ul>
<p><b>Revenue recognition</b></p> <p>We refer to the Company's significant accounting policies in Note 2 and the revenue related disclosure in Note 24 and Note 45 of the standalone financial statements.</p> <p>Ind AS 115, "Revenue from Contracts with Customers", requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers, determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations.</p> <p>Owing to the multiplicity of the Company's products, volume of sales transactions, size of distribution network and varied terms of contracts with customers and also, in line with the requirements of the Standards on Auditing, revenue has been determined as an area involving significant risk and hence we have assessed revenue recognition as a key audit matter.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• assessed the design and operating effectiveness of Company's controls (including the automated controls) around revenue recognition (including rebates / discounts);</li> <li>• assessed the appropriateness of Company's identification of performance obligations in its contracts with customers, its determination of transaction price, including allocation thereof to performance obligations and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115;</li> <li>• scrutinized sales ledgers to verify completeness of sales transactions;</li> <li>• on a sample basis, tested the revenue recognised including testing of cut off assertion as at the year end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches/ deliveries (as the case may be), and approved incentives/discounts schemes;</li> <li>• tested the appropriateness of accruals for various rebates and discounts as at the year-end;</li> <li>• assessed the revenue recognised with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level;</li> <li>• circularized the invoice confirmation for samples of customers and reviewing the reconciling items, if any; and</li> <li>• tested the related disclosures made in notes to the standalone financial statements in respect of the revenue from operations.</li> </ul>

### Information other than the Standalone Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under Section 133 of the Act 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. 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 the management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. 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 Standards on Auditing 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.

11. As part of an audit in accordance with Standards on Auditing, specified under Section 143(10) of the Act 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 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 with reference to standalone financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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; and
  - 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.

12. 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.
13. 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.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

15. As required by Section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure I, as required by Section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

- 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 standalone financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 with reference to standalone financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in Note 36 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022,
  - iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 51 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any

- person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- (b) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 51 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement. and
- iv. The final dividend paid by the Company during the year ended 31 March 2022 in respect of such dividend declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Vijay Vikram Singh**  
Partner  
Membership No.: 059139  
UDIN: 22059139AJOIV5041

Bengaluru  
25 May 2022

## Annexure I referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Yuken India Limited on the standalone financial statements for the year ended 31 March 2022

### Annexure I

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular program of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified in a phased manner over a period of 2 years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment and right of use assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for inventory lying with third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- (b) The Company has a working capital limit in excess of ₹5 crore sanctioned by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods, which were subject to audit.

- (iii) (a) The Company has provided guarantee to Subsidiaries as per details given below:

Particulars	Guarantees (₹ in lakhs)	Security (₹ in lakhs)	Loans (₹ in lakhs)	Advances in nature of loans (₹ in lakhs)
Aggregate amount during the year	694.00	-	-	-
- Subsidiaries				
Balance outstanding as at balance sheet date	4,144.00	-	-	-
- Subsidiaries				

- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, security given and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.
- (c) The Company does not have any outstanding loans and advances in the nature of loans at the beginning of the current year nor has granted any loans or advances in the nature of loans during the year. Accordingly, reporting under clauses 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order is not applicable to the Company.
- (d) There is no overdue amount in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.
- (e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan.
- (f) The Company has not granted any loan or advance in the nature of loan, which are repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, as applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under Sub-section (1) of Section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ in lakhs)	Amount paid under Protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	19.10	-	AY 2009-10	Income Tax Appellate Tribunal
	Income Tax	4.37	-	AY 2011-12	Assessing Officer
	Income Tax	10.83	-	AY 2012-13	Assessing Officer (Post remand back by ITAT)
	Income Tax	16.26	-	AY 2014-15	Commissioner of Income Tax Appeals

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the standalone financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries or associate companies.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
- (b) No report under Section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under Section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under Section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the company as and when they fall due.

(xx) (a) According to the information and explanations given to us, the Company has transferred unspent amount in respect of other than ongoing projects to a Fund specified in Schedule VII to the Act within a period of six months of the expiry of the financial year in compliance with second proviso to Sub-section (5) of Section 135 of the said Act.

(b) The Company has transferred the remaining unspent amount under Sub-section (5) of Section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of Sub-section (6) of section 135 of the Act.

(xxi) The reporting under clause 3(xxii) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Vijay Vikram Singh**  
Partner  
Membership No.: 059139  
UDIN: 22059139AJOIVV5041

Bengaluru  
25 May 2022

## Annexure II to the Independent Auditor's Report of even date to the members of Yuken India Limited on the standalone financial statements for the year ended 31 March 2022

### Annexure II

#### Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Yuken India Limited ('the Company') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal financial controls with reference to standalone financial statements 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 the Company's 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 Act.

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance

Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, 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.
5. 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 with reference to standalone financial statements.

### Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements 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 controls with reference to standalone financial statements include 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 standalone financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2022, based on based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Vijay Vikram Singh**  
Partner  
Membership No.:059139  
UDIN: 22059139AJOIVV5041

Bengaluru  
25 May 2022

## Standalone Balance Sheet as at 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

	Note	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	9,045.46	7,092.15
Capital work-in-progress	3A	1,304.85	998.28
Intangible assets	4	363.02	411.22
Right-of-use assets	5	120.73	53.54
<b>Financial assets</b>			
(i) Investments	6	1,277.36	1,277.36
(ii) Loans	7	41.26	0.59
(iii) Other financial assets	10	23.43	19.67
Deferred tax asset	40	-	17.25
Other non-current assets	12	800.99	463.39
		<b>12,977.10</b>	<b>10,333.45</b>
<b>Current assets</b>			
Inventories	13	14,938.67	17,737.71
<b>Financial assets</b>			
(i) Trade receivables	14	10,364.04	8,834.47
(ii) Cash and cash equivalents	8	338.13	544.10
(iii) Bank balances other than cash and cash equivalents	9	92.77	64.18
(iv) Loans	7	38.41	4.54
(v) Other financial assets	10	283.24	456.33
Current tax assets	11	301.28	296.37
Other current assets	12	3,720.62	2,849.28
		<b>30,077.16</b>	<b>30,786.98</b>
<b>TOTAL ASSETS</b>		<b>43,054.26</b>	<b>41,120.43</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	1,200.00	1,200.00
Other equity	16	18,892.19	17,690.57
		<b>20,092.19</b>	<b>18,890.57</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	17	1,016.92	807.50
(ii) Lease liabilities	18	72.73	40.75
(iii) Other financial liabilities	19	16.42	438.57
Provisions	20	175.71	187.40
Deferred tax liabilities (net)	40	335.14	241.07
Other non-current liabilities	23	-	63.36
		<b>1,616.92</b>	<b>1,778.65</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	17	7,741.93	7,252.64
(ii) Lease liabilities	18	49.58	16.96
(iii) Trade payables	21	-	-
Total outstanding dues of micro enterprises and small enterprises		1,899.76	209.15
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,480.22	3,775.75
(iv) Other financial liabilities	19	1,437.54	1,379.94
Provisions	20	306.85	294.63
Current tax liabilities (net)	22	-	42.01
Other current liabilities	23	7,429.27	7,480.13
		<b>21,345.15</b>	<b>20,451.21</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>43,054.26</b>	<b>41,120.43</b>

See accompanying notes (1-52) forming part of these standalone financial statements.

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

For Walker Chandio & Co LLP  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

Vijay Vikram Singh  
Partner  
Membership No.: 059139

Place: Bengaluru  
Date: 25 May 2022

For and on behalf of the Board of Directors of Yuken India Limited

Capt. N S Mohanram  
Director  
DIN: 02466671

H M Narasinga Rao  
Chief Financial Officer

Dr. Premchandrar  
Director  
DIN: 02278652

Vinayak Hegde  
Company Secretary  
FCS No : 11653

Place: Bengaluru  
Date: 25 May 2022

C P Rangachar  
Managing Director  
DIN: 00310893

## Standalone Statement of Profit and Loss for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

	Note	Year ended 31 March 2022	Year ended 31 March 2021
<b>Income</b>			
Revenue from operations	24	28,482.30	18,336.07
Other income	25	449.34	1,025.61
		<b>28,931.64</b>	<b>19,361.68</b>
<b>Expenses</b>			
Cost of materials consumed	26	14,534.00	8,649.08
Purchases of stock-in-trade	27	2,057.01	1,324.40
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(473.57)	65.60
Employee benefits expense	29	3,588.29	2,801.34
Finance costs	30	647.60	814.76
Depreciation and amortisation expense	31	603.59	483.29
Other expenses	32	6,087.62	4,263.99
		<b>27,044.54</b>	<b>18,402.46</b>
<b>Net profit before tax</b>		<b>1,887.10</b>	<b>959.22</b>
Exceptional item	34	-	-
<b>Profit before tax after exceptional item</b>		<b>1,887.10</b>	<b>959.22</b>
<b>Tax expense:</b>	40		
Current tax		473.31	151.98
Tax for prior periods		24.87	(10.62)
MAT credit entitlement of prior periods		(2.96)	-
Deferred tax charge		104.22	66.81
<b>Total tax expense</b>		<b>599.44</b>	<b>208.17</b>
<b>Profit after tax</b>		<b>1,287.66</b>	<b>751.05</b>
<b>Other comprehensive loss</b>			
<b>Items that will not be reclassified to profit / (loss)</b>			
Remeasurement (gains)/losses on defined benefit plans		24.19	31.93
Income tax effect		(10.15)	(8.88)
<b>Other comprehensive loss for the year</b>		<b>14.04</b>	<b>23.05</b>
<b>Total comprehensive income for the year</b>		<b>1,273.62</b>	<b>728.00</b>
<b>Earnings per equity share :</b>			
Basic and diluted	35	10.73	6.26

See accompanying notes (1-52) forming part of these standalone financial statements.

This is the Standalone Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay Vikram Singh

Partner

Membership No.: 059139

Place: Bengaluru

Date: 25 May 2022

For and on behalf of the Board of Directors of Yuken India Limited

Capt. N S Mohanram

Director

DIN: 02466671

Dr. Premchandar

Director

DIN: 02278652

C P Rangachar

Managing Director

DIN: 00310893

H M Narasinga Rao

Chief Financial Officer

Vinayak Hegde

Company Secretary

FCS No : 11653

Place: Bengaluru

Date: 25 May 2022

## Standalone Statement of Cash Flows for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

	Year ended 31 March 2022	Year ended 31 March 2021
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>1,887.10</b>	<b>959.22</b>
Adjustments for:		
Depreciation and amortisation	573.47	465.90
Depreciation on right of use assets	30.12	17.39
Net unrealised exchange loss/(gain)	7.48	(9.58)
Interest expense	517.57	638.95
Provision for doubtful trade receivables	50.26	152.00
Bad trade and other receivables written off	15.53	62.65
Interest income	(15.00)	(9.16)
Guarantee commission income	(58.72)	(58.58)
Net (income)/expense on discounting of deposits	-	50.32
(Profit)/loss on sale of assets or scrapping of assets(net)	(0.09)	(588.29)
Dividend income	(0.06)	-
Liabilities / provisions no longer required written back	(22.93)	(97.42)
<b>Operating profit before working capital changes</b>	<b>2,984.73</b>	<b>1,583.40</b>
<b>Movements in working capital</b>		
Increase in inventories	(1,111.58)	(328.04)
Increase in trade receivables	(1,577.64)	(1,812.36)
(Increase) / Decrease in loans	(74.54)	0.58
Decrease / (Increase) in other financial assets	174.07	(115.37)
Increase in other assets	(886.65)	(422.77)
Increase in trade payables	393.56	1,503.56
Increase in other financial liabilities	120.58	160.63
(Decrease) in provisions	(23.66)	(9.64)
(Decrease) / Increase in non-financial liabilities	(151.20)	230.99
<b>Cash generated from operations</b>	<b>(152.33)</b>	<b>790.98</b>
Net income tax paid	(540.16)	(100.38)
<b>Net cash (used in) / generated from operating activities (A)</b>	<b>(692.49)</b>	<b>690.60</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment including capital advances	(3,077.71)	(1,148.53)
Proceeds from sale of property, plant and equipment.	0.85	703.16
Bank balance not considered as cash and cash equivalent	(28.59)	2.30
Advance received on account of joint development of property	4,034.93	3,306.05
Security Deposit recovery on account of joint development of property	(550.00)	(450.00)
Interest received	10.26	4.84
Dividend received	0.06	-
<b>Net cash generated from Investing activities (B)</b>	<b>389.80</b>	<b>2,417.82</b>

## Standalone Statement of Cash Flows for the year ended 31 March 2022 (Contd.)

All amounts are in ₹ lakhs, unless otherwise stated

	Year ended 31 March 2022	Year ended 31 March 2021
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings	1,037.47	-
Repayment of long-term borrowings	(828.05)	(929.20)
Net increase / (decrease) in working capital borrowings	489.29	(973.36)
Repayment of principal amount on lease liability	(32.71)	(15.48)
Repayment of interest amount on lease liability	(6.76)	(6.09)
Interest expense paid	(489.62)	(639.72)
Dividend paid including dividend distribution tax and unclaimed dividend	(72.15)	(71.76)
<b>Net cash used in financing activities (C)</b>	<b>97.47</b>	<b>(2,635.61)</b>
<b>Net increase in cash and cash equivalents ( A + B + C )</b>	<b>(205.22)</b>	<b>472.81</b>
Cash and cash equivalents at the beginning of the year	544.10	70.75
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(0.75)	0.54
<b>Cash and cash equivalents at the end of the year</b>	<b>338.13</b>	<b>544.10</b>
<b>Cash and cash equivalents as per Note 8</b>	<b>338.13</b>	<b>544.10</b>

See accompanying notes (1-52) forming part of these standalone financial statements.

This is the Standalone Cash Flow Statement referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay Vikram Singh

Partner

Membership No.: 059139

Place: Bengaluru

Date: 25 May 2022

For and on behalf of the Board of Directors of Yuken India Limited

Capt. N S Mohanram

Director

DIN: 02466671

H M Narasinga Rao

Chief Financial Officer

Dr. Premchandar

Director

DIN: 02278652

Vinayak Hegde

Company Secretary  
FCS No : 11653

Place: Bengaluru

Date: 25 May 2022

C P Rangachar

Managing Director

DIN: 00310893

BOARDS REPORT

CG REPORT

BR REPORT

STANDALONE

CONSOLIDATED

## Standalone Statement of Changes in Equity for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### A. Equity share capital

	Equity shares	
	Number (in lakhs)	Amount
As at 01 April 2020	120.00	1,200.00
Add: Issued and subscribed during the year	-	-
As at 31 March 2021	120.00	1,200.00
Add: Issued and subscribed during the year	-	-
As at 31 March 2022	120.00	1,200.00

### B. Other Equity

	General reserve	Retained earnings	Total
Balance as at 01 April 2020	559.58	16,474.99	17,034.57
<b>Additions during the year</b>			
Profit for the year	-	751.05	751.05
<b>Items of the other comprehensive income, net of tax</b>			
Remeasurement gains/(losses) on defined benefit plans	-	(23.05)	(23.05)
<b>Reductions during the year:</b>			
Dividends paid	-	(72.00)	(72.00)
Balance as at 31 March 2021	559.58	17,130.99	17,690.57
<b>Additions during the year</b>			
Profit for the year	-	1,287.66	1,287.66
<b>Items of the other comprehensive income, net of tax</b>			
Remeasurement gains/(losses) on defined benefit plans	-	(14.04)	(14.04)
<b>Reductions during the year:</b>			
Dividends paid	-	(72.00)	(72.00)
Balance as at 31 March 2022	559.58	18,332.61	18,892.19

See accompanying notes (1-52) forming part of these standalone financial statements.

This is the Standalone Statement of Changes in Equity referred to in our report of even date.

For Walker Chandiok & Co LLP  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

Vijay Vikram Singh  
Partner  
Membership No.: 059139

Place: Bengaluru  
Date: 25 May 2022

For and on behalf of the Board of Directors of Yuken India Limited

Capt. N S Mohanram Director DIN: 02466671	Dr. Premchandar Director DIN: 02278652	C P Rangachar Managing Director DIN: 00310893
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H M Narasinga Rao Chief Financial Officer	Vinayak Hegde Company Secretary FCS No : 11653
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Place: Bengaluru  
Date: 25 May 2022

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

## Note 1

### General Information

Yuken India Limited was established in 1976 in technical and financial collaboration with Yuken Kogyo Co. Limited, Japan. The Company's manufacturing units are located in Malur, Kolar(dt), Peenya Industrial Area, Bengaluru and Haryana. Sales and distribution network is spread across India. The Company has its registered office at No 16-C, Doddanekundi Industrial Area II Phase, Mahadevapura, Bangalore - 560 048, India and its corporate office at PB No. 5, Koppalthimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District - 563 130, India. The Company is amongst the most preferred source of supply by most of the original equipment manufacturers in India. The Company manufactures a wide range of vane pumps, piston pumps, gear pumps, pressure controls, flow controls, directional controls, modular control valves, servo valves, custom built/standard hydraulic systems and chip compactor. The Company is listed on BSE and NSE.

## Note 2

### Summary of significant accounting policies

#### (a) Statement of compliance

The standalone financial statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Accounting Standards) Amendment Rules, 2016 and guidelines issued by the Securities and Exchange Board of India (SEBI). The aforesaid standalone financial statements have been approved by the Board of Directors in the meeting held on 25 May 2022.

#### (b) Basis of accounting and preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company is required to prepare its standalone financial statements as per the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016 with effect from 1 April, 2017. Accordingly, the Company has prepared these standalone financial statements which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended 31 March 2022, and accounting policies and other explanatory information (together hereinafter referred to as "standalone financial statements").

The standalone financial Statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in these standalone financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

The standalone financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

#### (c) Use of estimates

The preparation of the standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its estimates and assumptions on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the amounts recognized in the standalone financial statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### *Classification of leases*

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

### *Recognition of deferred tax assets*

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

### *Evaluation of indicators for impairment of assets*

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### *Provision for warranty*

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Company's obligation.

### *Recoverability of advances / receivables*

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

### *Useful lives of depreciable / amortisable assets*

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

### *Defined benefit obligation (DBO)*

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

### *Fair value measurements*

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## **(d) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as 12 months.

Deferred tax assets/ liabilities are classified as non-current assets/ liabilities.

### (e) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the standalone financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013:

Asset Category	Useful lives (in years)
Buildings	30-60
Plant and machinery	15
Furniture and fixtures	10
Vehicles	8
Office equipment and Electrical installations*	21
Computer equipment*	6

The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives. Schedule II requires the Company to identify and depreciate significant components with different useful lives separately.

\*Based on an internal technical assessment, the management believes that the useful lives as given above represents the period over which management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### (f) Intangible assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company amortises intangible over their estimated useful lives using the straight-line method. The estimated useful lives of intangible assets are as follows:

Asset Category	Useful lives (in years)
ERP software	5
Intellectual property	5

### (g) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

### (h) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue from Contracts is measured at transaction price net of variable consideration. Transaction price are net of returns, trade allowances, rebates, other similar allowances, goods and services tax and amounts collected on behalf of third parties, if any.

#### *Sale of goods*

Revenue from the sale of goods is recognised at point in time when controls of promised goods are transferred to the customer (i.e. upon satisfaction of performance obligation), generally on dispatch of the goods. The Company collects Goods and Services Tax ('GST') on behalf of the Government and therefore, these are not economic benefits flowing to the Company and hence, they are excluded from revenue.

#### *Dividend income*

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

#### *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, 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.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### *Rental income*

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

### *Training and other service income*

Revenue from training and other service income is recognised over the period when these services using an input method to measure the progress towards complete satisfaction of the training and other services because the customer simultaneously receives and consumes the benefits provided by the Company.

### *Duty drawback*

Income from export incentives such as duty drawback is recognised on accrual basis when there is no significant uncertainty as to the amount of consideration that would be derived and as to its ultimate collections exists.

### (i) (a) **Sale of developmental rights under Joint Development Agreement**

For projects executed through joint development arrangements, wherein the Company provides land and the Developer undertakes to develop properties on such land and in lieu of the Company providing land, the Developer has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, the revenue from sale of developmental rights is being accounted on a gross basis when the developmental rights are transferred. The revenue is measured at the estimated standalone selling prices of the residential units that will be received by the Company, adjusted by the amount of any cash or cash equivalents transferred.

### (b) **Sale of residential units under Joint Development Agreement**

For residential units sold under joint development agreements, the revenue from the sale of residential units is recognised at point in time when controls of promised goods are transferred to the customer (i.e. upon satisfaction of performance obligation) i.e. on execution of registration of residential units in the name of the owner.

### (j) **Employee benefits**

Employee benefits include provident fund, employee state insurance scheme, superannuation fund, gratuity and compensated absences. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

#### *Defined contribution plan*

Retirement benefit in the form of provident fund and employee state insurance scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and employee state insurance scheme. The Company recognises contribution payable to the schemes as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### *Defined benefit plan*

##### *Gratuity*

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

##### *Compensated absences*

The Company provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

not deferred. The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

### *Short-term employee benefits*

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee

## (k) Leases

### **The Company as a lessee**

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

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

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

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

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

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

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

### (l) Foreign currency transactions

#### *Functional and presentation currency*

The functional currency of the Company is the Indian Rupee. These standalone financial statements are presented in Indian Rupees (₹)

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### (m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### (n) Inventories

Inventories are valued at lower of costs or net realisable value.

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. Cost is computed on a weighted average basis. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

Work-in-progress, finished goods and stock-in-trade are valued at lower of cost or net realisable value. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Proceeds in respect of sale of raw materials/stores are credited to the respective heads. Obsolete, defective and unserviceable inventory is duly provided for.

### (o) Investments in subsidiaries and associates

The Company's investment in equity instruments in subsidiaries and associates are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### (p) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

While determining the tax provisions, the Company assesses whether each uncertain tax position is to be considered separately or together with one or more uncertain tax positions depending upon the nature and circumstances of each uncertain tax position.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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 utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### (q) Provisions and contingencies

#### *Provisions*

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### *Contingent liabilities*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the standalone financial statements.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### *Contingent assets*

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

## (r) Financial instruments

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost;
- ii. Debt instruments at fair value through other comprehensive income (FVTOCI);
- iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
- iv. Equity investments.

#### *i. Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

#### *ii. Debt instrument at FVTOCI*

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit & loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of profit & loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### *iii. Debt instrument at FVTPL*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

#### iv. *Equity investments*

All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 Business Combinations, applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

#### **De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

*Gains or losses on liabilities held for trading are recognised in the profit or loss.*

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

*Loans and borrowings*

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to borrowings.

*Financial guarantee contracts*

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 Financial Instruments and the amount recognised less cumulative amortisation.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **(s) 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 for financial assets.

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 cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument 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.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### *Trade receivables*

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

### *Other financial assets*

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

### **(t) Fair value measurement**

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

### **(u) Cash and cash equivalents**

Cash and cash equivalent in the statement of financial position comprises cash at banks and on hand, demand deposits, short-term deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value.

### **(v) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is engaged in the business of manufacturing hydraulic pumps and power units, which constitutes its single reportable segment.

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

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

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

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

### (w) Earnings/ (Loss) per Share (EPS)

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### (x) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, Key amendments are as below:

#### Ind AS 16: Property Plant and equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

#### Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

None of the amendments notified by MCA which are applicable from April 1, 2022 are expected to have any material impact on the financial statements of the Company.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 3: Property, plant and equipment

	Freehold land	Buildings	Plant and machinery	Electrical installation	Furniture and fixtures	Office equipment	Jigs and fixtures	Motor vehicles	Total
<b>Gross carrying amount</b>									
Balance as at 01 April 2020	2,233.85	2,858.32	2,171.80	199.99	103.66	495.43	388.92	12.89	8,464.86
Additions	-	314.88	259.35	14.99	29.15	92.34	150.52	-	861.23
Disposals	(65.29)	(46.96)	(3.60)	(5.00)	(0.12)	(25.01)	-	-	(145.98)
<b>Balance as at 31 March 2021</b>	<b>2,168.56</b>	<b>3,126.24</b>	<b>2,427.55</b>	<b>209.98</b>	<b>132.69</b>	<b>562.76</b>	<b>539.44</b>	<b>12.89</b>	<b>9,180.11</b>
Additions	-	1,086.44	987.00	81.25	81.98	91.84	90.61	-	2,419.12
Disposals	-	-	(1.55)	-	-	-	-	-	(1.55)
<b>Balance as at 31 March 2022</b>	<b>2,168.56</b>	<b>4,212.68</b>	<b>3,413.00</b>	<b>291.23</b>	<b>214.67</b>	<b>654.60</b>	<b>630.05</b>	<b>12.89</b>	<b>11,597.68</b>
<b>Accumulated depreciation</b>									
Balance as at 01 April 2020	-	728.09	653.27	45.92	30.34	196.95	69.03	7.69	1,731.29
Depreciation for the year	-	82.58	194.66	11.10	10.28	57.24	31.28	0.64	387.78
Disposals	-	(9.32)	(0.02)	(2.82)	(0.02)	(18.93)	-	-	(31.11)
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>801.35</b>	<b>847.91</b>	<b>54.20</b>	<b>40.60</b>	<b>235.26</b>	<b>100.31</b>	<b>8.33</b>	<b>2,087.96</b>
Depreciation for the year	-	105.73	223.90	13.45	14.63	66.80	39.90	0.64	465.05
Disposals	-	-	(0.79)	-	-	-	-	-	(0.79)
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>907.08</b>	<b>1,071.02</b>	<b>67.65</b>	<b>55.23</b>	<b>302.06</b>	<b>140.21</b>	<b>8.97</b>	<b>2,552.22</b>
<b>Net carrying amount</b>									
Balance as at 31 March 2021	2,168.56	2,324.89	1,579.64	155.78	92.09	327.50	439.13	4.56	7,092.15
Balance as at 31 March 2022	2,168.56	3,305.60	2,341.98	223.58	159.44	352.54	489.84	3.92	9,045.46

#### Note:

(a) **Contractual obligations**

Refer note 36

(b) **Capitalised borrowing cost**

The amount of borrowing costs capitalised during the year ended 31 March 2022 is ₹38.54 (31 March 2021: ₹50.92). The rate of capitalisation is 8%.

(c) **Property, plant and equipment pledged as security**

Details of properties pledged are as per note 17.

(d) Title deeds of the various freehold lands held by the Company are in the name of the Company.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 3: Property, plant and equipment (Contd.)

- d) The Company has leased out assets to its subsidiaries on which rental income is earned amounting to ₹76.48 (31 March 2021: ₹71.33). Details of such assets are as follows:

	Freehold land	Buildings	Total
<b>Gross carrying amount</b>			
Balance as at 01 April 2020	140.07	684.46	824.53
Additions	-	-	-
Disposals	-	-	-
<b>Balance as at 31 March 2021</b>	<b>140.07</b>	<b>684.46</b>	<b>824.53</b>
Additions	-	-	-
Disposals	-	-	-
<b>Balance as at 31 March 2022</b>	<b>140.07</b>	<b>684.46</b>	<b>824.53</b>
<b>Accumulated depreciation</b>			
Balance as at 01 April 2020	-	96.21	96.21
Depreciation for the year	-	25.13	25.13
Disposals	-	-	-
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>121.34</b>	<b>121.34</b>
Depreciation for the year	-	25.13	25.13
Disposals	-	-	-
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>146.47</b>	<b>146.47</b>
<b>Net carrying amount</b>			
Balance as at 31 March 2021	140.07	563.12	703.19
Balance as at 31 March 2022	140.07	537.99	678.06

### Note 3A: Capital work-in-progress

	As at 31 March 2022	As at 31 March 2021
Opening balance	998.28	1,105.87
Add: Additions during the year	2,725.69	753.64
Less: Capitalised during the year	(2,419.12)	(861.23)
	1,304.85	998.28

### Capital work in progress ageing schedule

	Amount in Capital work in progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at 31 March 2022</b>					
Projects in progress	1,208.36	83.00	2.55	10.94	1,304.85
	<b>1,208.36</b>	<b>83.00</b>	<b>2.55</b>	<b>10.94</b>	<b>1,304.85</b>
<b>As at 31 March 2021</b>					
Projects in progress	87.86	2.79	907.63	-	998.28
	<b>87.86</b>	<b>2.79</b>	<b>907.63</b>	<b>-</b>	<b>998.28</b>

#### Note:

- (A) There are no projects that are overdue its completion as on 31 March 2022 and 31 March 2021.  
 (B) There are no projects that have been suspended as on 31 March 2022 and 31 March 2021.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 4: Intangible assets

	ERP software	Technical fee	Intellectual property	Total
<b>Gross carrying amount</b>				
Balance as at 01 April 2020	196.17	4.06	147.91	348.14
Additions	-	-	261.60	261.60
Disposals	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>196.17</b>	<b>4.06</b>	<b>409.51</b>	<b>609.74</b>
Additions	60.22	-	-	60.22
Disposals	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>256.39</b>	<b>4.06</b>	<b>409.51</b>	<b>669.96</b>
<b>Accumulated depreciation</b>				
Balance as at 01 April 2020	99.93	4.05	16.42	120.40
Amortisation for the year	30.47	-	47.65	78.12
Disposals	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>130.40</b>	<b>4.05</b>	<b>64.07</b>	<b>198.52</b>
Amortisation for the year	33.58	-	74.84	108.42
Disposals	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>163.98</b>	<b>4.05</b>	<b>138.91</b>	<b>306.94</b>
<b>Net carrying amount</b>				
Balance as at 31 March 2021	65.77	0.01	345.44	411.22
Balance as at 31 March 2022	92.41	0.01	270.60	363.02

### Note 5: Right of use asset

	Servers	Laptops	Total
<b>Gross carrying amount</b>			
Balance as at 01 April 2020	86.84	-	86.84
Additions	-	-	-
Disposals	-	-	-
<b>Balance as at 31 March 2021</b>	<b>86.84</b>	<b>-</b>	<b>86.84</b>
Additions	-	97.31	97.31
Disposals	-	-	-
<b>Balance as at 31 March 2022</b>	<b>86.84</b>	<b>97.31</b>	<b>184.15</b>
<b>Accumulated amortisation</b>			
Balance as at 01 April 2020	15.91	-	15.91
Amortisation for the year	17.39	-	17.39
Disposals	-	-	-
<b>Balance as at 31 March 2021</b>	<b>33.30</b>	<b>-</b>	<b>33.30</b>
Amortisation for the year	17.37	12.75	30.12
Disposals	-	-	-
<b>Balance as at 31 March 2022</b>	<b>50.67</b>	<b>12.75</b>	<b>63.42</b>
<b>Net carrying amount</b>			
Balance as at 31 March 2021	53.54	-	53.54
Balance as at 31 March 2022	36.17	84.56	120.73

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 6: Investments

	Face value	As at 31 March 2022		As at 31 March 2021	
		No of Shares	Amount	No of Shares	Amount
<b>Trade (Unquoted)</b>					
<b>Valued at cost</b>					
<b>Investment in equity shares of subsidiaries:</b>					
Yuflow Engineering Private Limited (Refer note (C) and (D) below)	10	19,96,000	264.60	19,96,000	264.60
Coretec Engineering India Private Limited	10	36,19,200	380.06	36,19,200	380.06
Grotek Enterprises Private Limited	10	50,10,000	523.00	50,10,000	523.00
Kolben Hydraulics Limited	10	8,59,700	85.97	8,59,700	85.97
<b>Investment in equity shares of associates:</b>					
Sai India Limited	10	3,60,000	20.00	3,60,000	20.00
Bourton Consulting (India) Private Limited	10	37,300	3.73	37,300	3.73
<b>Investments measured at fair value through OCI</b>					
Hycom Engineering (India) Private Limited (Refer note (E))	10	9,41,330	94.13	9,41,330	94.13
The Shamrao Vittal Co-operative Bank Limited (Refer note (E))	10	2,000	0.50	2,000	0.50
Less : Provision for other than temporary diminution in value			(94.63)		(94.63)
			<b>1,277.36</b>		<b>1,277.36</b>

#### Notes

(A) Aggregate value of unquoted investments	1,371.99	1,371.99
(B) Aggregate value of impairment recorded	94.63	94.63

#### (C) Evaluation of indicators for impairment of investment

The evaluation of applicability of indicators of impairment of investment requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the investment. In assessing impairment, management estimates the recoverable amount of the investment or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

The management of the Company, during the year ended 31 March 2022, has carried out an impairment test for investment in Yuflow Engineering Private Limited, whereby the carrying amount of the investment was compared with their value-in-use for which the management had prepared detailed cash flow projections based on business plans of the subsidiary, expected growth rates in the business and other market related factors including the discount rates, etc.

The above impairment test resulted in no impairment required to be recognized in the carrying value of investment in Yuflow Engineering Private Limited, as at 31 March 2022.

#### (D) Scheme of Amalgamation of Yuflow Engineering Private Limited with the Company

The Board of Directors in their meeting held on 15 April 2021 approved a Scheme of Amalgamation ('Scheme') of its wholly owned subsidiary, Yuflow Engineering Private Limited with its Holding Company. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has furnished the Scheme details to the stock exchange.

#### (E) The Company has made an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of equity investments that are not held for trading.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 7: Loans

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
<i>(Unsecured, considered good)</i>		
Loan to related parties (Refer note 44)	40.96	-
Loan to employees	0.10	0.39
Others	0.20	0.20
	<b>41.26</b>	<b>0.59</b>
<b>Current</b>		
<i>(Unsecured, considered good)</i>		
Loan to related parties (Refer note 44)	33.36	-
Loan to employees	5.05	4.54
	<b>38.41</b>	<b>4.54</b>

### Note 8: Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Cash on hand	2.43	1.48
Balances with banks		
(i) In current accounts	332.35	512.37
(ii) In EEFC accounts	3.35	30.25
	<b>338.13</b>	<b>544.10</b>

### Note 9: Bank balances other than cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
<b>Current</b>		
In earmarked accounts		
(i) Unpaid dividend accounts	6.44	6.59
(ii) Unspent CSR accounts	6.39	-
(iii) Balance held as margin money	79.94	57.59
	<b>92.77</b>	<b>64.18</b>

### Note 10: Other financial assets

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Balance held as margin money	23.43	19.67
	<b>23.43</b>	<b>19.67</b>
<b>Current</b>		
Security deposits	255.95	256.43
Interest accrued on deposits	17.85	13.11
Other receivables from related parties (Refer note 44)	9.44	186.79
	<b>283.24</b>	<b>456.33</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 11: Income tax assets (net)

	As at 31 March 2022	As at 31 March 2021
<b>Current</b>		
Advance income tax (net of provision for tax)	301.28	296.37
	<b>301.28</b>	<b>296.37</b>

### Note 12: Other assets

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Prepaid expenses	8.91	0.64
Deferred loan discounting	7.04	-
Other receivables	50.00	50.00
Capital advances	735.04	412.75
	<b>800.99</b>	<b>463.39</b>
<b>Current</b>		
Advance to related parties (Refer note 44)	3,339.65	2,531.87
Advance to suppliers	206.23	189.50
Deferred loan discounting	3.64	-
Prepaid expenses	164.60	120.51
Duty drawback receivable	5.58	5.84
Others	0.92	1.56
	<b>3,720.62</b>	<b>2,849.28</b>

### Note 13: Inventories

	As at 31 March 2022	As at 31 March 2021
<i>(Lower of cost or net realisable value)</i>		
Raw materials and components (includes goods in transit amounting to ₹4.92 (31 March 2021: ₹10.02)	2,612.30	1,974.29
Work-in-progress	1,403.27	1,116.47
Finished goods (other than those acquired for trading)	946.29	804.10
Stock-in-trade	340.55	295.97
Residential units from Joint development of property	9,636.26	13,546.88
	<b>14,938.67</b>	<b>17,737.71</b>

### Note 14: Trade receivables

	As at 31 March 2022	As at 31 March 2021
<i>(Unsecured)</i>		
Considered good	10,364.04	8,834.47
Credit impaired	301.28	251.02
	<b>10,665.32</b>	<b>9,085.49</b>
Less: Allowance for doubtful trade receivables	301.28	251.02
	<b>10,364.04</b>	<b>8,834.47</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 14: Trade receivables (Contd.)

#### Trade receivables ageing schedule

	Outstanding for following periods from date of transaction					
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at 31 March 2022</b>						
Undisputed Trade receivables - considered good	9,016.44	328.21	380.07	317.02	322.30	<b>10,364.04</b>
Undisputed Trade Receivables - credit impaired	-	-	9.79	46.07	245.42	<b>301.28</b>
	<b>9,016.44</b>	<b>328.21</b>	<b>389.86</b>	<b>363.09</b>	<b>567.72</b>	<b>10,665.32</b>
<b>As at 31 March 2021</b>						
Undisputed Trade receivables - considered good	7,008.53	202.70	856.23	562.83	204.18	<b>8,834.47</b>
Undisputed Trade Receivables - credit impaired	-	-	51.03	121.72	78.27	<b>251.02</b>
	<b>7,008.53</b>	<b>202.70</b>	<b>907.26</b>	<b>684.55</b>	<b>282.45</b>	<b>9,085.49</b>

### Note 15: Equity share capital

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
Equity shares of ₹10 each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
	<b>1,50,00,000</b>	<b>1,500.00</b>	<b>1,50,00,000</b>	<b>1,500.00</b>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹10 each	1,20,00,000	1,200.00	1,20,00,000	1,200.00
	<b>1,20,00,000</b>	<b>1,200.00</b>	<b>1,20,00,000</b>	<b>1,200.00</b>

#### (a) Reconciliation of the number of shares

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
<b>Equity shares of ₹10 each, par value</b>				
Balances as at the beginning of the year	1,20,00,000	1,200.00	1,20,00,000	1,200.00
Add: Issued and subscribed during the year	-	-	-	-
Balance at the end of the year	<b>1,20,00,000</b>	<b>1,200.00</b>	<b>1,20,00,000</b>	<b>1,200.00</b>

#### (b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each equity share is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian rupees. In the event of liquidation of the Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) During the year ended 31 March 2019, the Company had issued 9,000,000 fully paid equity shares of face value ₹10 each pursuant to a bonus issue approved by the shareholders through e-voting and physical ballot. The bonus shares were issued by capitalization of profits transferred from its reserves. In the period of five years immediately preceding the Balance Sheet date, the Company has not bought back any shares.

(d) The Board of Directors, in its meeting held on 25 May 2022, proposed a final dividend of ₹0.80 per equity share. The proposal is subject to the approval of shareholders at the upcoming Annual General Meeting and if approved would result in a cash outflow of ₹96.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 15: Equity share capital (Contd.)

#### (c) Details of shareholders holding more than 5% shares

	As at 31 March 2022		As at 31 March 2021	
	Number	Percentage	Number	Percentage
<b>Equity shares of ₹10 each, par value</b>				
Yuken Kogyo Co. Limited	48,00,000	40.00%	48,00,000	40.00%
Benefic Investments & Finance Co. Private Limited	13,91,808	11.60%	13,91,808	11.60%
GKK Capital Markets Private Limited	7,46,000	6.22%	6,15,800	5.13%

#### (d) Disclosure of Shareholding of Promoters

Equity shares of ₹10 each with voting rights:

Promoter Name	No. of Shares	% Of total shares	% Change during the Year
<b>As at 31 March 2022:</b>			
1. Yuken Kogyo Co. Limited	48,00,000	40.00%	-
2. Benefic Investments & Finance Co. Private Limited	13,91,808	11.60%	-
3. C P Rangachar	84,400	0.70%	-
4. Vidya Rangachar	16,000	0.13%	-
5. Madhuri Rangachar	8,000	0.07%	-
	<b>63,00,208</b>	<b>52.50%</b>	<b>-</b>
<b>As at 31 March 2021:</b>			
1. Yuken Kogyo Co. Limited	48,00,000	40.00%	-
2. Benefic Investments & Finance Co. Private Limited	13,91,808	11.60%	-
3. C P Rangachar	84,400	0.70%	-
4. Vidya Rangachar	16,000	0.13%	-
5. Madhuri Rangachar	8,000	0.07%	-
	<b>63,00,208</b>	<b>52.50%</b>	<b>-</b>

### Note 16: Other equity

	As at 31 March 2022	As at 31 March 2021
General reserve	559.58	559.58
Retained earnings	18,332.61	17,130.99
	<b>18,892.19</b>	<b>17,690.57</b>

#### General reserve:

General reserve represents appropriation of profits.

#### Retained earnings:

All the profits made or losses incurred by the Company are transferred to Retained earnings from the Statement of Profit and Loss.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 17: Borrowings

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
(Secured)		
Term loans from banks	1,793.40	1,635.55
	<b>1,793.40</b>	<b>1,635.55</b>
Less: Current maturities of long-term borrowings	776.48	828.05
	<b>1,016.92</b>	<b>807.50</b>
<b>Current</b>		
(Secured)		
Loans repayable on demand from banks	5,665.45	5,624.59
Current maturities of long-term borrowings	776.48	828.05
(Unsecured)		
Working capital loans from banks	1,300.00	800.00
	<b>7,741.93</b>	<b>7,252.64</b>

### Details of limit, repayment, rate of interest, guarantee and security

#### (a) Secured borrowings

##### (i) Term loans from banks

	As at 31 March 2022	As at 31 March 2021
<b>Mizuho Bank Limited</b>		
Loan limit	1,695.25	1,695.25
Loan availed	1,695.25	1,695.25
Amount outstanding	-	298.05
Repayable in 17 quarterly instalments without moratorium		
Interest rate - 7.05% (31 March 2021: 7.05%)		
<b>Mizuho Bank Limited</b>		
Loan limit	2,000.00	2,000.00
Loan availed	2,000.00	2,000.00
Amount outstanding	807.50	1,337.50
Repayable in 15 quarterly instalments with 1 year moratorium		
Interest rate - 7.35% (31 March 2021: 6.90%)		
<b>Mizuho Bank Limited</b>		
Loan limit	2,500.00	-
Loan availed	2,000.00	-
Amount outstanding	985.90	-
Repayable in 15 quarterly instalments with 1 year moratorium		
Interest rate - 6.95%		

### Security Details for the term loans taken from Mizuho Bank Limited:

- a Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹4,500.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 17: Borrowings (Contd.)

#### (b) Secured working capital loans from banks

	As at 31 March 2022	As at 31 March 2021
<b>Mizuho Bank Limited</b>		
Loan limit	3,000.00	2,300.00
Amount outstanding	2,300.00	2,100.00
Repayable on demand		
Interest rate - MCLR rates		
<b>HDFC Bank Limited</b>		
Loan limit	1,200.00	1,200.00
Amount outstanding	-	-
Repayable on demand		
Interest rate - MCLR rates +2.60%		
<b>State Bank of India (SBI)</b>		
Loan limit	150.00	200.00
Amount outstanding	-	-
Repayable on demand		
Interest rate - MCLR rates + 2.50%		
<b>Sumitomo Mitsui Banking Corporation(SMBC)</b>		
Loan limit	5,000.00	5,000.00
Amount outstanding	3,365.45	3,524.59
Repayable on demand		
Interest rate - MCLR rates		

#### Details of security given

##### State Bank of India (SBI)

- (i) Primary security : Hypothecation on stocks, receivables and other current assets- paripassu charge with HDFC Bank Limited
- (ii) Collateral security details:
  - (a) Equitable mortgage on freehold rights on land and building- Doddanekundi industrial area, Mahadevapura, Bengaluru.
  - (b) Equitable mortgage of freehold rights on factory land and building located in Peenya, Bengaluru.
  - (c) Hypothecation of unencumbered fixed assets of the Company

##### HDFC Bank Limited

- (i) First pari pasu charge on stocks, book debts and other current assets with SBI Bank
- (ii) First charge by way of extension of mortgage of factory land and building located in Hedegabanahalli Village, Malur.
- (iii) Exclusive charge by way of equitable mortgage on land and building located in Koppathimmanahalli Village, Malur.
- (iv) First charge on all movable fixed assets of the company - first paripassu charge with SBI Bank

##### Sumitomo Mitsui Banking Corporation (SMBC)

- (i) Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹5,000.

##### Mizuho Bank Limited

- (i) Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹3,000.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 17: Borrowings (Contd.)

#### Assets pledged as security

The carrying amounts of assets pledged as security for current and non current borrowings are:

	As at 31 March 2022	As at 31 March 2021
<b>Term Loans and Loans repayable on demand.</b>		
Land and building (Net carrying value)	5,474.16	4,243.73
Stock	5,302.41	4,190.82
Trade receivables	10,364.04	8,834.47
Other current assets	4,473.17	3,918.43
Movable Property, plant and equipment	3,571.30	2,598.70

#### Note:

The Company has filed quarterly statements of inventory and trade receivables with banks from whom borrowings have been obtained by pledging these assets. The Company has carried out a reconciliation between these statements filed with the books of account which did not result in any material discrepancy.

#### Reconciliation of liabilities arising from Company's financing activities

	As at 31 March 2022	As at 31 March 2021
<b>Opening balance</b>	8,060.14	9,962.70
Net cash flow from loans availed/repaid during the year	698.71	(1,902.56)
<b>Closing balance</b>	<b>8,758.85</b>	<b>8,060.14</b>

### Note 18: Lease liabilities

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Lease liabilities (Refer note 47)	72.73	40.75
	<b>72.73</b>	<b>40.75</b>
<b>Current</b>		
Lease liabilities (Refer note 47)	49.58	16.96
	<b>49.58</b>	<b>16.96</b>
<b>Movement in lease liabilities</b>		
Balance at the beginning of the year	57.71	73.20
Lease liability recognised during the year	97.31	-
Finance cost incurred during the year	6.76	6.09
Payment of lease liabilities	(39.47)	(21.58)
<b>Balance at the end of the year</b>	<b>122.31</b>	<b>57.71</b>

### Note 19: Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Security deposit received towards joint development of property	-	419.97
Uncharged guarantee commission income (Refer note 44)	12.95	15.63
Others	3.47	2.97
	<b>16.42</b>	<b>438.57</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 19: Other financial liabilities (Contd.)

	As at 31 March 2022	As at 31 March 2021
<b>Current</b>		
Trade / security deposits received	542.51	548.51
Payable to employees	406.83	375.11
Uncharged guarantee commission income (Refer note 44)	23.64	33.68
Interest accrued but not due on borrowings	17.06	17.66
Unpaid dividends	6.44	6.59
Capital creditors	181.20	150.71
Interest accrued on trade payables (Refer note 37)	27.04	20.52
Accrued liabilities	230.07	180.58
Commission payable on account of Joint development of property	1.65	44.35
Others	1.10	2.23
	<b>1,437.54</b>	<b>1,379.94</b>

### Note 20: Provisions

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Provision for defined benefit obligations (Refer note 41)	175.71	187.40
	<b>175.71</b>	<b>187.40</b>
<b>Current</b>		
Provision for compensated absences (Refer note 41)	266.10	202.22
Provision for superannuation (Refer note 41)	40.75	92.41
	<b>306.85</b>	<b>294.63</b>

### Note 21: Trade payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer note 37)	1,899.76	209.15
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,480.22	3,775.75
	<b>4,379.98</b>	<b>3,984.90</b>

### Trade payables ageing schedule

	Outstanding for following periods from date of transaction				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at 31 March 2022</b>					
Dues to MSME	1,898.46	1.29	0.01	-	1,899.76
Dues to Others	2,437.25	19.37	11.84	11.76	2,480.22
	<b>4,335.71</b>	<b>20.66</b>	<b>11.85</b>	<b>11.76</b>	<b>4,379.98</b>
<b>As at 31 March 2021</b>					
Dues to MSME	206.26	0.46	1.96	0.47	209.15
Dues to Others	3,759.47	4.87	10.95	0.46	3,775.75
	<b>3,965.73</b>	<b>5.33</b>	<b>12.91</b>	<b>0.93</b>	<b>3,984.90</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 22: Income tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Provision for tax (net of advance tax)	-	42.01
	-	42.01

### Note 23: Other liabilities

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Deferred liability on discounting of deposits	-	63.36
	-	63.36
<b>Current</b>		
Statutory dues	157.58	164.00
Deferred liability on discounting of deposits	-	66.67
Revenue received in advance	7,271.69	7,249.46
	7,429.27	7,480.13

### Note 24: Revenue from operations

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of products (Refer note 44 and 45)	28,411.11	18,264.98
	28,411.11	18,264.98
<b>Other operating revenue</b>		
Training and other services rendered	62.12	63.41
Duty drawback	9.07	7.68
	71.19	71.09
	28,482.30	18,336.07

### Note 25: Other income

	Year ended 31 March 2022	Year ended 31 March 2021
Interest income:		
- on deposits with banks	5.12	4.32
- on overdue trade receivables	51.00	2.39
- on others	9.88	4.84
Dividend income	0.06	-
Liabilities/ provisions no longer required written back	22.93	97.42
Profit on sale of property, plant and equipment (net)	0.09	588.29
Rental income (Refer note 44)	76.48	71.33
Sale of scrap	49.94	27.86
Miscellaneous income	233.84	229.16
	449.34	1,025.61

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 26: Cost of materials consumed

	Year ended 31 March 2022	Year ended 31 March 2021
Opening stock	1,974.29	1,562.93
<b>Add : Purchases</b>	<b>15,172.01</b>	<b>9,060.44</b>
	<b>17,146.30</b>	<b>10,623.37</b>
<b>Less : Closing stock</b>	<b>2,612.30</b>	<b>1,974.29</b>
	<b>14,534.00</b>	<b>8,649.08</b>

### Note 27: Purchases of stock-in-trade

	Year ended 31 March 2022	Year ended 31 March 2021
Purchase of traded goods	2,057.01	1,324.40
	<b>2,057.01</b>	<b>1,324.40</b>

### Note 28: Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Inventories at the end of the year:</b>		
Finished goods	946.29	804.10
Work-in-progress	1,403.27	1,116.47
Stock-in-trade	340.55	295.97
	<b>2,690.11</b>	<b>2,216.54</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	804.10	1,128.81
Work-in-progress	1,116.47	922.79
Stock-in-trade	295.97	230.54
	<b>2,216.54</b>	<b>2,282.14</b>
	<b>(473.57)</b>	<b>65.60</b>

### Note 29: Employee benefits expense

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	3,067.36	2,361.71
Contributions to provident and other funds (Refer note 41)	306.71	274.15
Staff welfare expenses	214.22	165.48
	<b>3,588.29</b>	<b>2,801.34</b>

### Note 30: Finance costs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest expenses on borrowings	461.88	606.91
Interest on dealers deposits and others	170.46	207.85
Interest on income tax	15.26	-
	<b>647.60</b>	<b>814.76</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 31: Depreciation and amortisation expense

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on Property, plant and equipment (Refer note 3)	465.05	387.78
Amortisation on intangible assets (Refer note 4)	108.42	78.12
Depreciation on right-of-use assets (Refer note 5)	30.12	17.39
	<b>603.59</b>	<b>483.29</b>

### Note 32: Other expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Consumption of stores and spare parts	291.63	162.48
Tools consumed	241.68	141.15
Consumption of packing materials	405.95	221.92
Subcontracting	1,685.58	1,129.43
Contract labour wages	353.86	246.71
Power and fuel	205.50	154.31
Rent including lease rentals	164.68	157.74
Repairs and maintenance - Buildings	141.16	95.14
Repairs and maintenance - Machinery	345.01	228.69
Repairs and maintenance - Others	18.89	4.93
Vehicle maintenance	36.21	25.29
Insurance	22.64	19.59
Rates and taxes	44.85	16.94
Travelling and conveyance	477.27	266.14
Freight and forwarding	472.34	358.11
Legal and professional charges	326.67	238.98
Remuneration to auditors (Refer note 33 below)	22.90	22.75
Bad trade and other receivables written off	15.53	62.65
Net loss on foreign currency transactions and translation	110.93	13.33
Provision for doubtful trade receivables	50.26	152.00
Corporate social responsibility expenses (Refer note 50)	30.53	16.26
Miscellaneous expenses	623.55	529.45
	<b>6,087.62</b>	<b>4,263.99</b>

### Note 33: Remuneration to auditors comprises (excluding applicable taxes):

	Year ended 31 March 2022	Year ended 31 March 2021
Statutory audit	21.75	21.75
Tax audit	1.00	1.00
Reimbursement of expenses	0.15	-
	<b>22.90</b>	<b>22.75</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 34: Exceptional items

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from sale of residential flats under Joint development of property	3,910.62	-
Less: Cost of sales	(3,910.62)	-
	-	-

The Company ('the landowner') had entered into a Joint Development Agreement ('JDA') with Brigade Enterprises Limited ('the Developer') for construction of a multi-storied residential building. As per the agreement, the Company was required to provide the land and the developer would construct the residential building. In accordance with the same, the Company provided a land with a carrying book value of ₹64.90. The land which was earlier recorded as Investment property was derecognised during FY 2018-19.

The Company had sold its land developmental rights and in consideration of giving up the developmental rights, the Company will receive a fixed percentage of the total built up area, i.e., its share of developed residential apartments.

The above 'Joint development agreement' comprises of the following performance obligations:

- Sale of development rights in lieu of construction services provided by the Developer
- Sale of Company's share of apartments in lieu of revenue sharing to the extent of the total built-up area received

#### Sale of development rights:

During the year ended 31 March 2019, the sale of developmental rights had taken place and hence the Company had accordingly recorded the revenue from the sale of such rights. The sale of developmental rights was in exchange of construction services and hence was accounted as 'non-cash consideration' under Ind AS 115. In accordance with Para 66 of Ind AS 115 - Revenue from contract with customers, the consideration for the sale of development rights was measured at the estimated standalone selling price of the residential units. The non-cash consideration was accounted as an exceptional item.

#### Sale of Company's share of residential units:

During the year, the Company fulfilled its performance obligation with respect to the sale of certain Company's share of residential units by registering the said units in the name of the unit owner due to which the control over these units were transferred to the unit owner. Accordingly the Company recorded the revenue from sale of such units in accordance with Ind AS 115.

### Note 35: Earnings per share

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Basic and diluted</b>		
Net profit for the year attributable to the equity shareholders	1,287.66	751.05
Weighted average number of equity shares	1,20,00,000	1,20,00,000
Par value per share	10.00	10.00
Earnings per share - Basic and diluted	10.73	6.26

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 36: Contingencies and commitments

	As at 31 March 2022	As at 31 March 2021
<b>Contingent liabilities</b>		
Claims against the Company not acknowledged as debts		
Disputed income tax liabilities		
(i) AY 2009-10	19.10	19.10
(ii) AY 2011-12	4.37	4.37
(iii) AY 2012-13	10.83	10.83
(iv) AY 2014-15	16.26	16.26
	<b>50.56</b>	<b>50.56</b>

#### Others

The Hon'ble Supreme Court of India had passed a judgement relating to definition of wages under the Provident Fund Act, 1952 on 28 February 2019. However, considering that there are numerous interpretative issues related to the judgement and in the absence of reliable measurement of the provision for the earlier period, the Company had made provision for provident fund contribution from the date of order. The Company will evaluate its position and update provision, if required, after receiving further clarity in this regard.

	As at 31 March 2022	As at 31 March 2021
<b>Commitments</b>		
Estimated amounts of contracts remaining to be executed on capital account and not provided for		
Capital commitments	392.02	675.59
	<b>392.02</b>	<b>675.59</b>
<b>Other commitments</b>		
Corporate guarantees given to subsidiaries	4,144.00	3,450.00

### Note 37: Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2022 has been made in the financial statement based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the Balance Sheet date.

	As at 31 March 2022	As at 31 March 2021
Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,899.76	206.73
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	20.52	20.16
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	5.64	12.35
The amount of interest due and payable for the year	12.16	12.71
The amount of interest accrued and remaining unpaid at the end of the accounting year	27.04	20.52

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 38: Disclosure in respect of loans given, investment made, guarantees given and security provided as per Section 186(4) of the Companies Act, 2013

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Guarantees given during the year</b>		
Grotek Enterprises Private Limited	694.00	-

### Note 39: Capital management

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity shareholders of the Entity having significant influence. The primary objective of the Company's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash.

	As at 31 March 2022	As at 31 March 2021
Borrowings (refer note 17)	8,758.85	8,060.14
Trade payables (refer note 21)	4,379.98	3,984.90
Less: Cash and cash equivalents (refer note 8)	(338.13)	(544.10)
Less: Bank balances other than cash and cash equivalents (refer note 9)	(92.77)	(64.18)
<b>Net debt</b>	<b>12,707.93</b>	<b>11,436.76</b>
Equity	1,200.00	1,200.00
Other equity	18,892.19	17,690.57
<b>Capital and net debt</b>	<b>32,800.12</b>	<b>30,327.33</b>
Gearing ratio	39%	38%

### Note 40: Income Tax

	Year ended 31 March 2022	Year ended 31 March 2021
The major components of income tax expense are:		
<b>Current income tax:</b>		
Current income tax charge	473.31	151.98
MAT credit entitlement of prior periods	(2.96)	-
Tax reversal for prior periods	24.87	(10.62)
	<b>495.22</b>	<b>141.36</b>
<b>Deferred tax charge</b>		
Relating to the origination and reversal of temporary differences	104.22	66.81
<b>Income tax expense reported in Statement of Profit and Loss</b>	<b>599.44</b>	<b>208.17</b>
<b>Deferred tax related to items recognised in OCI</b>		
Income tax relating to re-measurement gains on defined benefit plans	(10.15)	(8.88)
	<b>(10.15)</b>	<b>(8.88)</b>
	<b>589.29</b>	<b>199.29</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 40: Income Tax (Contd.)

	As at 31 March 2022	As at 31 March 2021
<b>Reconciliation of deferred tax liabilities (net)</b>		
Opening balance	241.07	183.14
Deferred tax charge during the year recognised in statement of profit and loss	104.22	66.81
Deferred tax charge/(credit) during the year recognised in OCI	(10.15)	(8.88)
<b>Closing balance</b>	<b>335.14</b>	<b>241.07</b>

### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Accounting profit before tax</b>	1,887.10	959.22
Tax on accounting profit at statutory income tax rate at 29.12% (31 March 2021: 27.82%)	549.52	266.85
<b>Reconciling items:</b>		
<b>Expenses/(Income) disallowed under the provisions of Income tax Act, 1961</b>		
Donations and others	13.63	16.05
Guarantee commission income	-	(16.30)
Tax reduction on account of indexation w.r.t transfer of capital asset	-	(30.22)
Tax reduction on account of special rates of tax on capital gains	-	(17.59)
Tax reversals of prior periods	24.87	(10.62)
MAT credit entitlement of prior periods	(2.96)	-
Change in income tax rate	14.38	-
	<b>599.44</b>	<b>208.17</b>
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>599.44</b>	<b>208.17</b>

### Details of items disclosed under deferred tax assets / (liabilities):

	As at 31 March 2022	As at 31 March 2021
Deferred tax assets	243.71	203.34
Deferred tax liabilities	(578.85)	(444.41)
<b>Deferred tax liability, net</b>	<b>(335.14)</b>	<b>(241.07)</b>
MAT credit entitlement	-	17.25
<b>Deferred tax asset, net</b>	<b>-</b>	<b>17.25</b>

### Significant components of deferred tax asset / (liability) for the year ended 31 March 2022 are as follows :

	Opening balance	Recognised in SPL	Recognised in OCI	MAT Credit claimed/ written off	Closing balance
(i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act, 1961.	(444.41)	(134.44)	-	-	(578.85)
(ii) Provision for doubtful receivables and advances	69.83	17.90	-	-	87.73
(iii) Re-measurement of defined benefit liability	108.38	11.19	10.15	-	129.72
(iv) Fair value measurement of financial asset/liability	23.97	1.14	-	-	25.11
(v) Lease liabilities net of lease assets	1.16	(0.01)	-	-	1.15
<b>Deferred tax liability, net</b>	<b>(241.07)</b>	<b>(104.22)</b>	<b>10.15</b>	<b>-</b>	<b>(335.14)</b>
(vi) MAT credit entitlement	17.25	2.96	-	(20.21)	-
<b>Deferred tax asset, net</b>	<b>17.25</b>	<b>2.96</b>	<b>-</b>	<b>(20.21)</b>	<b>-</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 40: Income Tax (Contd.)

**Significant components of deferred tax asset / (liability) for the year ended 31 March 2021 are as follows :**

	Opening balance	Recognised in SPL	Recognised in OCI	MAT Credit claimed/ written off	Closing balance
(i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act, 1961.	(352.62)	(91.79)	-	-	(444.41)
(ii) Provision for doubtful receivables and advances	43.84	25.99	-	-	69.83
(iii) Re-measurement of defined benefit liability	101.04	(1.54)	8.88	-	108.38
(iv) Fair value measurement of financial asset/liability	23.97	-	-	-	23.97
(v) Lease liabilities net of lease assets	0.63	0.53	-	-	1.16
<b>Deferred tax liability, net</b>	<b>(183.14)</b>	<b>(66.81)</b>	<b>8.88</b>	<b>-</b>	<b>(241.07)</b>
(vi) MAT credit entitlement	121.82	-	-	(104.57)	17.25
<b>Deferred tax asset, net</b>	<b>121.82</b>	<b>-</b>	<b>-</b>	<b>(104.57)</b>	<b>17.25</b>

### Note 41: Defined benefit obligations

The Company has provided for the gratuity liability and leave encashment (defined benefit plan), as per actuarial valuation carried out by an independent actuary on the Balance Sheet date.

#### A Defined benefit contributions

The Company makes contributions to statutory provident fund as per the Employees Provident Fund and Miscellaneous Provision Act, 1952 and superannuation fund which are defined contribution plans as per Ind AS 19, Employee benefits. The Company recognised ₹193.38 (31 March 2021: ₹130.03) for provident fund contributions and ₹42.07 (31 March 2021: ₹93.47) for superannuation fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### B Defined benefit plans

The Company has provided for gratuity and leave encashment liability, for its employees as per actuarial valuation carried out by an independent actuary on the balance sheet date. The valuation has been carried out using the Projected Unit Credit Method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The gratuity plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

##### a Interest rate risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in financial statements.

##### b Liquidity risk

This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 41: Defined benefit obligations (Contd.)

#### c Salary escalation risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the rate of interest in future for employees from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

#### d Demographic risk

The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

#### e Regulatory risk

Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts

#### f Asset liability mismatching or market risk

The duration of the liability is longer compared to duration of assets, exposing the company to market risk for volatilities/fall in interest rate.

#### g Investment risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows :

	As at 31 March 2022	As at 31 March 2021
Current service cost	51.39	33.22
Interest cost	31.42	27.44
Expected return on plan assets	(18.68)	(16.41)
<b>Components of defined benefit costs recognised in Standalone Statement of Profit or Loss</b>	<b>64.13</b>	<b>44.25</b>
<b>Re-measurement on the net defined benefit liability :</b>		
Actuarial gains and losses arising from change in financial , demographic and experience adjustments	21.47	26.04
Return on Plan assets excluding amount recognised in net interest expense	2.72	5.89
<b>Components of defined benefit costs recognised in Standalone Other Comprehensive Income</b>	<b>24.19</b>	<b>31.93</b>
<b>Actual contribution and benefit payments for year :</b>		
Actual benefit payments	32.15	25.30
Actual contributions	100.01	50.00
<b>Net asset / (liability) recognised in the Standalone Balance Sheet :</b>		
Present value of defined benefit obligations	(534.46)	(462.33)
Fair value of plan assets	358.75	274.93
<b>Funded status [surplus / (deficit)]</b>	<b>(175.71)</b>	<b>(187.40)</b>
Unrecognised past service costs	-	-
<b>Net asset / (liability) recognised in the Standalone Balance Sheet</b>	<b>(175.71)</b>	<b>(187.40)</b>
<b>Change in defined benefit obligations (DBO) during the year :</b>		
Present value of DBO at the beginning of the year	462.33	400.93
Current service cost	51.39	33.22
Interest cost	31.42	27.44

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 41: Defined benefit obligations (Contd.)

	As at 31 March 2022	As at 31 March 2021
Actuarial (gains) / losses	21.47	26.04
Benefits paid	(32.15)	(25.30)
<b>Present value of DBO at the end of the year</b>	<b>534.46</b>	<b>462.33</b>
<b>Change in fair value of assets during the year :</b>		
Plan assets at the beginning of the year	274.93	239.71
Expected return on plan assets	18.68	16.41
Actual company contributions	100.01	50.00
Actuarial gains / (losses)	(2.72)	(5.89)
Benefits paid	(32.15)	(25.30)
<b>Plan assets at the end of the year</b>	<b>358.75</b>	<b>274.93</b>
Actual return on plan assets	15.96	10.52
<b>Composition of the plan assets is as follows :</b>		
Others- insurer managed funds	100%	100%
<b>Actuarial assumptions :</b>		
Discount rate	7.30%	6.80%
Expected return on plan assets	6.80%	6.85%
Salary escalation	2.00% for first year and 4% thereafter	2.00% for first 2 years and 5% thereafter
Attrition		
- Below 44 years	2.00%	2.00%
- 44 years and above	1.00%	2.00%

#### Note:

- The Company is estimated to contribute ₹221.59 (March 2021: ₹221.55) towards gratuity funds during the next year.
- Details of fund assets which are managed by an insurance company have not been disclosed since the details have not been provided by them.
- The assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

#### A quantitative sensitivity analysis for significant assumption is as shown below :

	As at 31 March 2022	As at 31 March 2021
<b>Impact of change in the discount rate</b>		
Impact due to increase of 1%	(41.65)	(38.09)
Impact due to decrease of 1%	48.44	44.37
<b>Impact of change in the salary growth rate</b>		
Impact due to increase of 1%	49.39	44.67
Impact due to decrease of 1%	(43.17)	(38.94)

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 41: Defined benefit obligations (Contd.)

	As at 31 March 2022	As at 31 March 2021
<b>Impact of change in the attrition rate</b>		
Impact due to increase of 50%	8.82	4.14
Impact due to decrease of 50%	(9.67)	(4.51)
<b>Impact of change in the mortality rate</b>		
Impact due to increase of 10%	0.40	0.20
Impact due to decrease of 10%	(0.40)	(0.20)

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.

There is no change in the method of valuation for the prior periods.

#### Effect of plan on entity's future cash flows

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. The weighted average duration of the plan is estimated to be 9 years. Following is a maturity profile of the defined benefit obligation:

#### Expected cash flows over the next: (valued on undiscounted basis)

	As at 31 March 2022	As at 31 March 2021
1 year	75.40	29.14
2 - 5 years	210.67	199.31
6 - 10 years	183.62	189.54
More than 10 years	707.21	565.92

#### Compensated absences

	As at 31 March 2022	As at 31 March 2021
Charge in the Statement of Profit and Loss	130.12	62.22
Liability as at the year end	266.10	202.22
<b>Actuarial assumptions</b>		
Discount rate	7.30%	6.80%
Salary escalation	2.00% for first year and 4% thereafter	2.00% for first 2 years and 5% thereafter
<b>Attrition</b>		
- Below 44 years	2.00%	2.00%
- 44 years and above	1.00%	1.00%

The discount rate is based on the prevailing market yields of government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 42: Fair value measurements

#### (i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
<b>Assets:</b>				
Investments	6	1,277.36	-	0.00
Loans	7			
Loan to related parties		74.32	-	-
Loan to employees		5.15	-	-
Others		0.20	-	-
Cash and cash equivalents	8	338.13	-	-
Bank balances other than cash and cash equivalents	9	92.77	-	-
Other financial assets	10			
Balance held as margin money account		23.43	-	-
Security deposits		255.95	-	-
Interest accrued on deposits		17.85	-	-
Other receivables from related parties		9.44	-	-
Trade receivables	14	10,364.04	-	-
<b>Total</b>		<b>12,458.64</b>	<b>-</b>	<b>0.00</b>
<b>Liabilities:</b>				
Borrowings	17	8,758.85	-	-
Trade payables	21	4,379.98	-	-
Lease liabilities	18	122.31	-	-
Other financial liabilities	19			
Uncharged guarantee commission income		36.59	-	-
Trade / security deposits received		542.51	-	-
Payable to employees		406.83	-	-
Interest accrued but not due on borrowings		17.06	-	-
Unpaid dividends		6.44	-	-
Payables on purchase of fixed assets		181.20	-	-
Interest accrued on trade payables		27.04	-	-
Accrued liabilities		230.07	-	-
Commission payable on account of Joint development of property		1.65	-	-
Others		4.57	-	-
<b>Total</b>		<b>14,715.10</b>	<b>-</b>	<b>-</b>

#### (i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
<b>Assets:</b>				
Investments	6	1,277.36	-	0.00
Loans	7			
Loan to employees		4.93	-	-
Others		0.20	-	-

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 42: Fair value measurements (Contd.)

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
Cash and cash equivalents	8	544.10	-	-
Bank balances other than cash and cash equivalents	9	64.18	-	-
Other financial assets	10			
Balance held as margin money account		19.67	-	-
Security deposits		256.43	-	-
Interest accrued on deposits		13.11	-	-
Other receivables from related parties		186.79	-	-
Trade receivables	14	8,834.47	-	-
<b>Total</b>		<b>11,201.24</b>	<b>-</b>	<b>0.00</b>
<b>Liabilities:</b>				
Borrowings	17	8,060.14	-	-
Trade payables	21	3,984.90	-	-
Lease liabilities	18	57.71	-	-
Other financial liabilities	19			
Security deposit received towards joint development of property		419.97	-	-
Uncharged guarantee commission income		49.31	-	-
Trade / security deposits received		548.51	-	-
Payable to employees		375.11	-	-
Interest accrued but not due on borrowings		17.66	-	-
Unpaid dividends		6.59	-	-
Payables on purchase of fixed assets		150.71	-	-
Interest accrued on trade payables		20.52	-	-
Accrued liabilities		180.58	-	-
Commission payable on account of Joint development of property		44.35	-	-
Others		5.20	-	-
<b>Total</b>		<b>13,921.25</b>	<b>-</b>	<b>-</b>

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, working capital loans and other financial liabilities approximate the carrying amount largely due to short-term maturity of this instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### (ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

#### (iii) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1: quoted prices (unadjusted) in active markets for financial instruments.**

**Level 2: the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.**

**Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.**

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 42: Fair value measurements (Contd.)

#### a) Assets and liabilities measured at fair value - recurring fair value measurement

As at 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Non current investments	6	-	-	0	0.00

As at 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Non current investments	6	-	-	0.00	0.00

### Note 43: Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange exposure risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Company's risk management activity focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

#### (A) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company, resulting in a financial loss. The Company is exposed to this risk for various financial instruments. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets, as summarised below:

#### Assets under credit risk

	As at 31 March 2022	As at 31 March 2021
Investments	1,277.36	1,277.36
Loan to related parties	74.32	-
Loan to employees	5.15	4.93
Others	0.20	0.20
Cash and cash equivalents	338.13	544.10
Bank balances other than cash and cash equivalents	92.77	64.18
Balance held as margin money account	23.43	19.67
Security deposits	255.95	256.43
Interest accrued on deposits	17.85	13.11
Other receivables from related parties	9.44	186.79
Trade receivables	10,364.04	8,834.47
	<b>12,458.64</b>	<b>11,201.24</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 43: Financial risk management (Contd.)

#### A1 Trade and other receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company's exposure to customers is diversified and no single customer contributes to more than 10 percent of outstanding trade receivables. On account of adoption of Ind AS 109, Financial Instruments, the Company uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors and Company's historical experience for customers.

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning	251.02	157.59
Impairment loss recognised	50.26	152.00
Impairment loss reversed	-	(58.57)
<b>Balance at the end</b>	<b>301.28</b>	<b>251.02</b>

#### A2 Cash and cash equivalents

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

#### Financial assets that are neither past due nor impaired

Cash and cash equivalents, advances recoverable, loans and advances to employees, security deposit and other financial assets are neither past due nor impaired.

#### Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired.

### (B) Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

#### Maturities of financial liabilities

As at 31 March 2022	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	7,741.93	1,016.92	-	8,758.85
Lease liabilities	49.67	89.78	-	139.45
Trade payables	4,379.98	-	-	4,379.98
Other financial liabilities	1,437.54	16.42	-	1,453.96
<b>Total</b>	<b>13,609.12</b>	<b>1,123.12</b>	<b>-</b>	<b>14,732.24</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 43: Financial risk management (Contd.)

As at 31 March 2021	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	7,252.64	807.50	-	8,060.14
Lease liabilities	21.57	44.94	-	66.51
Trade payables	3,984.90	-	-	3,984.90
Other financial liabilities	1,379.94	438.57	-	1,818.51
<b>Total</b>	<b>12,639.05</b>	<b>1,291.01</b>	<b>-</b>	<b>13,930.05</b>

### (C) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

#### Foreign currency sensitivity

The Company operates internationally and a significant portion of the business is transacted in USD, JPY, GBP and EURO currencies and consequently the Company is exposed to foreign exchange risk through its sales and purchases from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. These include outstanding derivatives contracts entered into by the Company and unhedged foreign currency exposures.

Included In	Currency	As at 31 March 2022		As at 31 March 2021	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
<b>Financial assets</b>					
Trade receivables	USD	2.46	186.73	3.75	275.37
	JPY	30.55	18.79	9.90	6.56
	GBP	0.25	24.85	0.09	8.76
	EURO	0.27	22.53	-	-
EEFC balances	USD	0.04	3.35	0.41	30.25
<b>Financial liabilities</b>					
Trade payables	USD	10.53	799.57	11.83	869.22
	EURO	1.80	150.15	0.74	62.20

#### Sensitivity

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies. 1% 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 sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

	Increase 31 March 2022	Decrease 31 March 2022	Increase 31 March 2021	Decrease 31 March 2021
<b>Sensitivity</b>				
INR/USD	(6.09)	6.09	5.64	(5.64)
INR/EURO	(1.28)	1.28	(0.62)	0.62
INR/JPY	0.19	(0.19)	0.07	(0.07)
INR/GBP	0.25	(0.25)	0.09	(0.09)

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 43: Financial risk management (Contd.)

#### Interest rate risk

##### Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2022, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

##### Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

	As at 31 March 2022	As at 31 March 2021
Variable rate borrowing	8,758.85	7,762.09
Fixed rate borrowing	-	298.05
<b>Total borrowings</b>	<b>8,758.85</b>	<b>8,060.14</b>
Amount disclosed under borrowings	8,758.85	8,060.14

##### Sensitivity

Below is the sensitivity of profit or loss in interest rates.

	31 March 2022	31 March 2021
<b>Interest sensitivity</b>		
Interest rates – increase by 100 basis points (100 bps)	87.59	77.62
Interest rates – decrease by 100 basis points (100 bps)	(87.59)	(77.62)

### Note 44: Related party disclosures

Nature of relationship	Name of related parties
<b>I Subsidiary Companies</b>	Yuflow Engineering Private Limited Coretec Engineering India Private Limited Grotek Enterprises Private Limited Kolben Hydraulics Limited
<b>II Associate companies</b>	Sai India Limited Bourton Consulting (India) Private Limited
<b>III Key Management Personnel (KMP)</b>	
Managing Director	C P Rangachar
Chief Financial Officer	H M Narasinga Rao
Chief Executive Officer	A. Venkatakrishnan
Company Secretary	Vinayak Hegde
Executive Director	K. GopalKrishna
Non Executive Directors:	N S Mohanram Premchander Indra Prem Menon Vidya Rangachar R Srinivasan Kenichi Takaku Hideemi Yasuki Hideharu Nagahisa
<b>IV Relatives of KMP</b>	Madhuri Rangachar
<b>V Entity having significant influence</b>	Yuken Kogyo Co Limited
<b>VI Entities controlled by significant shareholder</b>	Yuken Hydraulics (T.W) Co Limited Yuken Europe Limited Yuken Korea Co Limited Yuken Kogyo (Foshan) Co Limited Yuken Sea Co Limited

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 44: Related party disclosures (Contd.)

Nature of relationship	Name of related parties
VII Parties in which key management personnel or their relatives have significant influence	Al Khor Pumps and Hydraulic Machines TR. (LLC) Benefic Investment and Finance Company Private Limited
VIII Other related parties	Yuken India Employees Gratuity Trust Yuken India Employees Superannuation Fund

### IX Details of related parties transactions for the year ended 31 March 2022 and 31 March 2021 are as follows :

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2022	Year ended 31 March 2021
<b>Purchase of Property, plant and equipment</b>			
Coretec Engineering India Private Limited	Subsidiary	18.08	152.26
Grotek Enterprises Private Limited	Subsidiary	185.58	4.97
<b>Purchase of goods and services received</b>			
Coretec Engineering India Private Limited	Subsidiary	2,996.89	2,035.46
Yuflow Engineering Private Limited	Subsidiary	231.28	77.52
Yuken Kogyo Co Limited	Entity having significant influence	2,274.31	1,380.65
Yuken Hydraulics (T.W) Co Limited	Entity controlled by significant shareholder	734.24	454.56
Sai India Limited	Associate	7.14	-
Kolben Hydraulics Limited	Subsidiary	303.66	89.78
Bourton Consulting (India) Private Limited	Associate	5.08	5.42
Grotek Enterprises Private Limited	Subsidiary	2,313.87	1,325.77
<b>Brand fees paid</b>			
Yuken Kogyo Co Limited	Entity having significant influence	103.63	65.48
<b>Sale of Property, plant and equipment</b>			
Coretec Engineering India Private Limited	Subsidiary	1.00	2.69
<b>Sale of goods and services</b>			
Coretec Engineering India Private Limited	Subsidiary	60.92	9.18
Yuken Kogyo Co Limited	Entity having significant influence	29.18	6.94
Yuken Hydraulics (T.W) Co Ltd	Entity controlled by significant shareholder	8.68	11.64
Yuken Europe Limited	Entity controlled by significant shareholder	74.77	22.00
Yuken Korea Co Ltd	Entity controlled by significant shareholder	-	22.33
Yuken Sea Co Limited	Entity controlled by significant shareholder	0.11	-
Kolben Hydraulics Limited	Subsidiary	596.00	270.32
Sai India Limited	Associate	29.84	14.86
Grotek Enterprises Private Limited	Subsidiary	86.63	41.10
Al Khor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	8.76	4.90
<b>Rent received</b>			
Grotek Enterprises Private Limited	Subsidiary	86.77	82.64
Yuflow Engineering Private Limited	Subsidiary	1.88	-
Kolben Hydraulics Limited	Subsidiary	1.70	1.53
<b>Dividend paid</b>			
Yuken Kogyo Co Limited	Entity having significant influence	28.80	28.80
C P Rangachar	KMP	0.51	0.51
Vidya Rangachar	KMP	0.10	0.10
Madhuri Rangachar	Relative of KMP	0.05	0.05
Benefic Investment and Finance Company Private Limited	Parties in which KMP or their relatives have significant influence	8.35	8.35

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 44: Related party disclosures (Contd.)

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2022	Year ended 31 March 2021
<b>Guarantee Commission Income</b>			
Coretec Engineering India Private Limited	Subsidiary	35.54	37.42
Grotek Enterprises Private Limited	Subsidiary	33.75	31.71
<b>Guarantees given</b>			
Grotek Enterprises Private Limited	Subsidiary	694.00	-
<b>Loans or Advances provided</b>			
K. Gopalkrishna	KMP	85.00	-
<b>Remuneration including commission</b>			
C P Rangachar	KMP	97.86	62.23
H M Narasinga Rao	KMP	58.21	48.91
Vinayak Hegde	KMP	8.93	6.85
K. GopalKrishna	KMP	64.80	56.88
A. Venkatakrishnan	KMP	38.50	26.93
N S Mohanram	KMP	2.45	0.55
Premchander	KMP	2.45	0.55
Indra Prem menon	KMP	2.45	0.55
Vidya Rangachar	KMP	2.45	0.55
R Srinivasan	KMP	2.45	0.55
Kenichi Takaku	KMP	2.45	0.55
Hidemi Yasuki	KMP	2.45	0.55
Hideharu Nagahisa	KMP	2.45	0.55
<b>Director's Sitting fee</b>			
N S Mohanram	KMP	1.76	2.08
Premchander	KMP	2.60	1.92
Indra Prem menon	KMP	0.80	0.48
Vidya Rangachar	KMP	0.96	0.96
R Srinivasan	KMP	2.36	2.24
Kenichi Takaku	KMP	0.96	0.64
Hidemi Yasuki	KMP	0.96	0.64
Hideharu Nagahisa	KMP	0.96	0.64
<b>Payment towards expenses</b>			
Vidya Rangachar	KMP	1.80	1.80
<b>Reimbursement of expense(net)</b>			
Yuken Kogyo Co Limited	Entity having significant influence	-	0.77
Coretec Engineering India Private Limited	Subsidiary	-	4.52
Grotek Enterprises Private Limited	Subsidiary	15.66	14.62
Kolben Hydraulics Limited	Subsidiary	5.92	0.08
<b>Contribution to post employment benefit plans</b>			
Yuken India Employees Gratuity Trust	Post -employment benefit plan	100.01	50.00
Yuken India Employees Superannuation Fund	Post -employment benefit plan	92.30	97.55

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 44: Related party disclosures (Contd.)

#### X Details of amounts outstanding from related parties as at 31 March 2022 and 31 March 2021 are as follows :

Nature of transactions/ Name of related party	Description of the relationship	As on 31 March 2022	As on 31 March 2021
<b>Advance towards purchase of goods and services</b>			
Yuflow Engineering Private Limited	Subsidiary	662.12	548.77
Coretec Engineering India Private Limited	Subsidiary	1,170.47	632.07
Grotek Enterprises Private Limited	Subsidiary	1,507.06	1,224.87
Kolben Hydraulics Limited	Subsidiary	-	126.17
<b>Trade Receivables</b>			
Coretec Engineering India Private Limited	Subsidiary	97.94	47.63
Yuflow Engineering Private Limited	Subsidiary	4.28	4.16
Yuken Kogyo Co Limited	Entity having significant influence	21.94	3.63
Yuken Hydraulics (T.W) Co Ltd	Entity controlled by significant shareholder	2.40	3.85
Yuken Europe Limited	Entity controlled by significant shareholder	24.88	8.76
Yuken Sea Co Limited	Entity controlled by significant shareholder	0.12	-
Grotek Enterprises Private Limited	Subsidiary	20.57	106.62
Sai India Limited	Associate	46.16	16.33
Kolben Hydraulics Limited	Subsidiary	587.82	243.69
Al Khooor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	171.12	185.66
<b>Rent receivable</b>			
Grotek Enterprises Private Limited	Subsidiary	7.53	179.61
Yuflow Engineering Private Limited	Subsidiary	1.77	-
Kolben Hydraulics Limited	Subsidiary	0.14	7.18
<b>Loans or Advances receivable</b>			
K. Gopalkrishna	KMP	85.00	-
<b>Trade Payables</b>			
Yuken Kogyo Co Limited	Entity having significant influence	604.64	804.86
Yuken Hydraulics (T.W) Co Ltd	Entity controlled by significant shareholder	185.27	143.89
Al Khooor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	0.11	0.11
Kolben Hydraulics Limited	Subsidiary	54.26	-
Sai India Limited	Associate	7.14	-
Bourton Consulting (India) Private Limited	Associate	1.06	0.29
<b>Capital Payables</b>			
Coretec Engineering India Private Limited	Subsidiary	8.18	19.59
Yuflow Engineering Private Limited	Subsidiary	-	0.30
Grotek Enterprises Private Limited	Subsidiary	6.91	4.97
<b>Remuneration payable</b>			
C P Rangachar	KMP	13.40	4.00
H M Narasinga Rao	KMP	21.19	20.98
Vinayak Hegde	KMP	0.61	0.58
K. Gopalkrishna	KMP	21.29	21.87
A. Venkatakrisnan	KMP	8.21	6.80
<b>Guarantees outstanding</b>			
Coretec Engineering India Private Limited	Subsidiary	1,850.00	1,850.00
Grotek Enterprises Private Limited	Subsidiary	2,294.00	1,600.00

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 45: Ind AS 115 – Revenue from Contracts with Customers

#### i) Disaggregated revenue information

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition:

	Timing of revenue recognition	Year ended 31 March 2022	Year ended 31 March 2021
<b>Sale of products</b>			
Finished goods	At point in time	28,411.11	18,264.98
Sale of residential units	At point in time	3,910.62	-
<b>Other operating revenue</b>			
Training and other services rendered	Over a period of time	62.12	63.41
Duty drawback	At point in time	9.07	7.68
<b>Sale of products comprises :</b>			
<b>Manufactured goods</b>			
Hydraulic pumps, valves, etc		16,376.52	10,893.10
Hydraulic systems		9,753.29	5,927.49
		<b>26,129.81</b>	<b>16,820.59</b>
<b>Traded goods</b>			
Other Items		2,281.30	1,444.39
		<b>2,281.30</b>	<b>1,444.39</b>
		<b>28,411.11</b>	<b>18,264.98</b>

#### ii) Contract balances

	As at 31 March 2022	As at 31 March 2021
Trade receivables	10,364.04	8,834.47
Contract liabilities – Revenue received in advance	7,271.69	7,249.46

Contract liabilities include advances received from customers. The outstanding balances of these accounts has increased primarily on account of satisfaction of performance obligation subsequent to year-end against which the advances were received.

Contract liabilities - Advance from customers include the advances received from customers on the booking of residential units.

#### iii) Performance obligation

Information about the Company's performance obligations are summarised below:

##### Sale of goods

The performance obligation is satisfied upon shipment of the goods and transfer of control. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price is allocated.

##### Sale of services

The performance obligation is satisfied over-time or point in time based on the nature of services and payment is generally due upon completion of services.

##### Sale of residential units

The performance obligation is satisfied at a point in time when the obligation of transferring the control of residential units is fulfilled.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 46: Segment information

The Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108- Operating Segments. The CODM evaluates the Company performance and allocates resources based on Single Segment - Hydraulics

Entity-wide disclosure as required by Ind AS 108 "Operating Segment" are as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Revenues from external customers for each product or each group of similar products</b>		
Sale of products	28,411.11	18,264.98
	<b>28,411.11</b>	<b>18,264.98</b>
<b>Revenues from external customers attributed to the Company's country of domicile and attributed to all foreign countries from which the Company derives revenues</b>		
India	28,083.81	17,989.80
Outside India	327.30	275.18
	<b>28,411.11</b>	<b>18,264.98</b>
<b>Non-current assets (other than financial assets and deferred tax assets) located in the Company's country of domicile and in all foreign countries in which the Company holds assets</b>		
India	11,635.05	9,018.58
Outside India	-	-
	<b>11,635.05</b>	<b>9,018.58</b>

**Details in respect of percentage of revenues generated from top customer and revenues from transactions with customers amounts to 10 percent or more of Company's revenues from product sale**

No single customer contributes 10 percent or more of the Company's total revenue for the years ended 31 March 2022 and 31 March 2021.

### Note 47: Leases

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2022 on an undiscounted basis:

	As at 31 March 2022	As at 31 March 2021
Within one year	49.67	21.57
After one year but not more than five years	89.78	44.94
Less: Future finance expense	(17.14)	(8.80)
	<b>122.31</b>	<b>57.71</b>

#### Amount recognised in Statement of Profit and Loss

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on right of use assets	30.12	17.39
Interest on lease liabilities	6.76	6.09
Expenses relating to short term leases	164.68	157.74

#### Amount recognised in Statement of Cash Flow Statement

	Year ended 31 March 2022	Year ended 31 March 2021
Total cash outflow for leases - principal	32.71	15.48
Total cash outflow for leases - interest	6.76	6.09

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.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 48: Ratio analysis

Ratio	Numerator	Denominator	31 March 2022	31 March 2021	% Change	Reason for variance
Current Ratio	Current Assets	Current Liabilities	1.41	1.51	-6%	NA
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.44	0.43	2%	NA
Debt Service Coverage Ratio	Earning for Debt Service = Net Profit after taxes + Depreciation and other amortisations + Interest	Debt service = Interest & Lease Payments + Principal Repayments	2.93	2.16	36%	Opening up of economy in FY 22 on account of reduced COVID-19 cases and increased vaccination drive resulted in increase in the operations of the Company resulting in higher profits being earned during the year.
Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	0.07	0.04	67%	Increase in operations during the year resulted in increase of Inventory Turnover ratio
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory (excl. Residential units from JDA)	3.40	2.49	36%	Increase in operations during the year resulted in higher revenues, thereby resulting in higher receivable turnover.
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	2.96	2.28	30%	Increase in operations during the year resulted in higher purchases, thereby resulting in higher payable turnover.
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.12	3.19	29%	Increase in operations during the year resulted in higher revenues, thereby resulting in higher Capital turnover.
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	3.25	1.77	84%	NA
Net Profit Ratio	Net Profits after taxes	Net sales = Total sales - sales return	0.04	0.04	12%	NA
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.07	0.05	34%	Increase in the operations of the Company resulting in higher profits being earned during the year.

#### Notes

- Reasons for variance has been provided for ratios that have a % change of more than 25%
- Net profits after taxes considered is after including other comprehensive income/loss
- Equity Share Capital and Other Equity has been used to derive Average Shareholder's Equity
- Average Shareholder's Equity, Average Inventory, Average Trade Receivable and Average Trade Payables for the year ended 31 March 2022 have been arrived at using the average values as at 31 March 2022 and 31 March 2021 and for 31 March 2021 have been arrived at using the average values as at 31 March 2021 and 31 March 2020.
- Ratios that are Nil or Not applicable have not been disclosed

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 49: Impact of COVID-19 on the operations of the Company

The spread of the COVID-19 pandemic and consequent lockdown imposed by the Government of India had temporarily impacted the business of the Company especially during the first three months of the year on account of the second wave of COVID-19. While there was also a third wave of COVID-19 in the last quarter, the Company has witnessed a recovery in its product's demand due to the increased vaccinations, consequent reduction in the number of positive cases and easing of restriction, has resulted in a significant increase in the revenue and profit before taxes during the year.

The Company's management has considered the possible effects that may result from the COVID-19 pandemic on the carrying value of assets (including Property, plant and equipment, Capital work-in-progress, intangible assets, investments, trade receivables and inventories). In developing the assumptions relating to the possible future uncertainties in the domestic/global economic conditions because of the pandemic, the Company has, as at the date of approval of these standalone financial statements, used internal and external sources of information, including economic forecasts and estimates from market sources, on the expected future performance of the Company.

On the basis of evaluation and current indicators of future economic conditions, the Company expects to recover the carrying amounts of these assets and does not anticipate any impairment to these financial and non-financial assets. The actual impact of the pandemic may be different from that estimated as at the date of these standalone financial statements and the Company does not foresee any risk on account of any uncertainties arising out of the pandemic and will continue to closely monitor any material changes due to economic conditions which may have an impact on the operation of the Company.

### Note 50: Corporate social responsibility ('CSR')

The Company has incurred CSR expenses mainly towards promoting education, healthcare, animal welfare, Rural development programmes, Water treatment, setting up old age homes and setting up homes for orphans which are specified in Schedule VII of the Companies Act, 2013.

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Gross amount required to be spent during the year</b>	17.65	23.74
<b>Amount spent during the year</b>	30.53	16.26
<b>In cash</b>		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	30.53	16.26
iii) Transferred to separate bank account	-	-
<b>Yet to be paid in cash</b>		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	-

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 51: Other statutory information

1. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
2. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
3. The Company has reviewed transactions to identify if there are any transactions with struck off companies. To the extent information is available on struck off companies, there are no transactions with struck off companies.

### Note 52: Previous period comparatives

Prior year amounts have been regrouped/reclassified wherever necessary, to conform to the current years' presentation.

As per our report of even date.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

**Vijay Vikram Singh**

Partner

Membership No.: 059139

**Place: Bengaluru**

**Date: 25 May 2022**

For and on behalf of the Board of Directors of Yuken India Limited

**Capt. N S Mohanram**

Director

DIN: 02466671

**H M Narasinga Rao**

Chief Financial Officer

**Dr. Premchandar**

Director

DIN: 02278652

**Vinayak Hegde**

Company Secretary

FCS No : 11653

**Place: Bengaluru**

**Date: 25 May 2022**

**C P Rangachar**

Managing Director

DIN: 00310893

# Consolidated Financial Statements

CONSOLIDATED

STANDALONE

BR REPORT

CG REPORT

BOARDS REPORT

# Independent Auditors' Report

To the Members of Yuken India Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of Yuken India Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates as listed in Annexure I, which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associates 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 ('Ind AS') specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, and its associates, as at 31 March 2022, their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Section of our report. We are independent of the Group and its associates 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter Section below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and the associates, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>We refer to the Group's significant accounting policies in Note 2 and the revenue related disclosure in Note 24 and Note 44 of the consolidated financial statements.</p> <p>Ind AS 115, "Revenue from Contracts with Customers", requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers, determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations.</p> <p>Owing to the multiplicity of the Holding Company's products, volume of sales transactions, size of distribution network and varied terms of contracts with customers and also, in line with the requirements of the Standards on Auditing, revenue has been determined as an area involving significant risk and hence we have assessed revenue recognition as a key audit matter.</p>	<p><b>Our audit procedures included, but were not limited to, the following:</b></p> <ul style="list-style-type: none"> <li>• assessed the design and operating effectiveness of Holding Company's controls (including the automated controls) around revenue recognition (including rebates / discounts);</li> <li>• assessed the appropriateness of Holding Company's identification of performance obligations in its contracts with customers, its determination of transaction price, including allocation thereof to performance obligations and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115;</li> <li>• scrutinized sales ledgers to verify completeness of sales transactions;</li> <li>• on a sample basis, tested the revenue recognised including testing of cut off assertion as at the year end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches/deliveries (as the case may be), and approved incentives/ discounts schemes;</li> <li>• tested the appropriateness of accruals for various rebates and discounts as at the year-end;</li> <li>• assessed the revenue recognised with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level;</li> <li>• circularized the invoice confirmation for samples of customers and reviewing the reconciling items, if any; and</li> <li>• tested the related disclosures made in notes to the consolidated financial statements in respect of the revenue from operations.</li> </ul>

### Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated 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, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation 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 changes in equity and consolidated cash flows of the Group including its associates in accordance with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. 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 Standards on Auditing 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.
11. As part of an audit in accordance with Standards on Auditing specified under Section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our

opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to consolidated financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates 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 and its associates 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; and
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, and its associates, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. 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.
13. 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
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

15. We did not audit the financial statements of four subsidiaries, whose financial statements reflects total assets of ₹10,644.10 Lakhs and net assets of ₹(4.80) Lakhs as at 31 March 2022, total revenues of ₹10,528.04 Lakhs and net cash outflows amounting to ₹(11.05) Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹62.30 Lakhs for the year ended 31 March 2022, as considered in the consolidated financial statements, in respect of two associates, whose financial statements has not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management

and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of Sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associates, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

16. As required by Section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries and its associates, we report that the Holding Company and 1 associate company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to 4 subsidiary companies and 1 associate company incorporated in India whose financial statements have been audited under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.
17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements for the year ended 31 March 2022 and covered under the Act we report that:

- A. Following are the qualifications reported by the other auditors in the Order report of the companies included in the consolidated financial statements for the year ended 31 March 2022 for which such Order reports have been issued till date and made available to us:

S No	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Sai India Limited	U29120KA1989FLC010358	Associate	Clause ii (b)

18. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The consolidated financial statements 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 Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e) On the basis of the written representations received from the directors of the Holding Company, and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary companies and associate companies, covered under the Act, none of the directors of the Group companies and its associate companies, are disqualified as on 31 March 2022 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 with reference to financial statements of the Holding Company, and its subsidiary companies and associate companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in Annexure II wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated

in India whose financial statements have been audited under the Act:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates as detailed in Note 36 to the consolidated financial statements;
- ii. The Holding Company, its subsidiary companies and associate companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate companies during the year ended 31 March 2022;
- iv. (a) The respective managements of the Holding Company, its subsidiary companies and associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in Note 52 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies or its associate companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies or its associate companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- (b) The respective managements of the Holding Company, its subsidiary companies and associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief,

- disclosed in the Note 52 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies and its associate companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, and its associates, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors'

notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement. and

- v. The final dividend paid by the Holding Company during the year ended 31 March 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Vijay Vikram Singh**  
Partner  
Membership No.: 059139  
UDIN: 22059139AJJAE1523

Bengaluru  
25 May 2022

## Annexure I

List of entities included in the Consolidated Financial Statements

### Subsidiaries:

- a) Yuflow Engineering Private Limited;
- b) Coretec Engineering India Private Limited;
- c) Grotek Enterprises Private Limited; and
- d) Kolben Hydraulics Limited

### Associates:

- a) Sai India Limited;
- b) Bourton Consulting (India) Private Limited.

## Annexure II to the Independent Auditor's Report of even date to the members of Yuken India Limited on the consolidated financial statements for the year ended 31 March 2022

### Annexure

#### Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Yuken India Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, as at that date.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal financial controls with reference to consolidated financial statements 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 the Company's 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 Act.

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects..
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements includes obtaining an understanding of such internal financial controls, 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 consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies as aforesaid.

### Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 consolidated 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 consolidated financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies and its

associate companies, the Holding Company, its subsidiary companies and, its associate companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements 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.

### Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to four subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹10,644.10 Lakhs and net assets of ₹(4.80) Lakhs as at 31 March 2022, total revenues of ₹10,528.04 Lakhs and net cash outflows amounting to ₹11.05 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income of ₹62.30 Lakhs for the year ended 31 March 2022, in respect of two associate companies, which are companies covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies and associate companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies and associate companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Vijay Vikram Singh**  
Partner  
Membership No.: 059139  
UDIN: 22059139AJ0JAE1523

Bengaluru  
25 May 2022

## Consolidated Balance Sheet as at 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

	Note	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	13,444.81	11,412.69
Capital work-in-progress	3A	1,591.53	1,255.90
Right-of-use Assets	5	120.73	53.54
Goodwill		165.30	165.30
Other intangible assets	4	419.24	446.15
Goodwill arising on consolidation		92.57	92.57
<b>Financial assets</b>			
(i) Investments	6	510.80	447.20
(ii) Loans	7	41.26	0.59
(iii) Other financial assets	10	45.71	49.41
Deferred tax asset	39	243.40	218.71
Other non-current assets	12	755.11	465.88
		<b>17,430.46</b>	<b>14,607.94</b>
<b>Current assets</b>			
Inventories	13	16,922.75	19,288.92
<b>Financial assets</b>			
(i) Trade receivables	14	11,840.09	9,220.86
(ii) Cash and cash equivalents	8	367.61	584.61
(iii) Bank balances other than cash and cash equivalents	9	92.77	64.18
(iv) Loans	7	42.15	4.59
(v) Other financial assets	10	273.80	269.54
Current tax assets	11	323.86	306.43
Other current assets	12	938.92	675.59
		<b>30,801.95</b>	<b>30,414.72</b>
<b>TOTAL ASSETS</b>		<b>48,232.41</b>	<b>45,022.66</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	15	1,200.00	1,200.00
Other equity	16	17,888.78	16,606.79
		<b>19,088.78</b>	<b>17,806.79</b>
Non-controlling interests		2.18	(3.40)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	17	1,544.73	1,613.74
(ii) Lease Liabilities	18	72.73	40.75
(iii) Other financial liabilities	19	3.47	422.94
Provisions	20	266.90	254.65
Deferred tax liabilities (net)	39	522.85	395.87
Other non current liabilities	23	-	63.36
		<b>2,410.68</b>	<b>2,791.31</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	17	9,512.12	8,957.93
(ii) Lease Liabilities	18	49.58	16.96
(iii) Trade payables	21		
Total outstanding dues of micro enterprises and small enterprises		2,605.08	858.52
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,290.13	5,275.90
(iv) Other financial liabilities	19	1,406.26	1,322.64
Provisions	20	384.16	353.18
Current tax liabilities	22	23.47	42.01
Other current liabilities	23	8,459.97	7,600.82
		<b>26,730.77</b>	<b>24,427.96</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>48,232.41</b>	<b>45,022.66</b>

See accompanying notes (1-53) forming part of these consolidated financial statements.

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

For Walker Chandio & Co LLP  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

Vijay Vikram Singh  
Partner  
Membership No.: 059139

Place: Bengaluru  
Date: 25 May 2022

For and on behalf of the Board of Directors of Yuken India Limited

Capt. N S Mohanram  
Director  
DIN: 02466671

H M Narasinga Rao  
Chief Financial Officer

Dr. Premchandar  
Director  
DIN: 02278652

Vinayak Hegde  
Company Secretary  
FCS No : 11653

Place: Bengaluru  
Date: 25 May 2022

C P Rangachar  
Managing Director  
DIN: 00310893

## Consolidated Statement of Profit and Loss for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

	Note	Year ended 31 March 2022	Year ended 31 March 2021
<b>Income</b>			
Revenue from operations	24	33,111.94	21,306.37
Other income	25	416.82	1,040.64
		<b>33,528.76</b>	<b>22,347.01</b>
<b>Expenses</b>			
Cost of materials consumed	26	14,746.81	8,582.63
Purchases of stock-in-trade	27	2,057.01	1,324.40
Changes in stock of finished goods, work-in-progress and stock-in-trade	28	(605.02)	90.22
Employee benefits expense	29	4,501.89	3,549.85
Finance costs	30	837.24	1,012.69
Depreciation and amortisation expense	31	1,046.07	872.18
Other expenses	32	9,016.82	6,341.54
		<b>31,600.82</b>	<b>21,773.51</b>
<b>Net Profit before tax</b>		<b>1,927.94</b>	<b>573.50</b>
Exceptional Item	34	-	-
<b>Profit before tax after exceptional items</b>			
<b>Tax expense:</b>			
Current tax		496.78	151.98
Tax for prior periods		24.87	(10.62)
MAT credit entitlement of prior periods		(2.96)	-
Deferred tax charge/(credit)		95.18	(75.56)
<b>Total tax expense</b>		<b>613.87</b>	<b>65.80</b>
<b>Profit after tax</b>		<b>1,314.07</b>	<b>507.70</b>
Equity earnings of associates		62.30	10.91
<b>Profit for the year</b>		<b>1,376.37</b>	<b>518.61</b>
Profit attributable to owners of parent		1,370.79	525.41
Profit/(loss) attributable to non- controlling Interest		5.58	(6.80)
<b>Other comprehensive loss</b>			
<b>Items that will not be reclassified to profit / (loss)</b>			
Remeasurement (gains)/losses on defined benefit plans		28.40	31.88
Income tax effect		(11.60)	(8.94)
<b>Other comprehensive loss for the year</b>		<b>16.80</b>	<b>22.94</b>
<b>Total comprehensive income for the year</b>		<b>1,359.57</b>	<b>495.67</b>
<b>Total comprehensive Income attributable to</b>			
Owners of the parent:		1,353.99	502.47
Non controlling interest		5.58	(6.80)
<b>Earnings per equity share:</b>			
Basic and diluted	35	11.42	4.38

See accompanying notes (1-53) forming part of these consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay Vikram Singh

Partner

Membership No.: 059139

Place: Bengaluru

Date: 25 May 2022

For and on behalf of the Board of Directors of Yuken India Limited

Capt. N S Mohanram

Director

DIN: 02466671

H M Narasinga Rao

Chief Financial Officer

Dr. Premchandar

Director

DIN: 02278652

Vinayak Hegde

Company Secretary

FCS No : 11653

Place: Bengaluru

Date: 25 May 2022

C P Rangachar

Managing Director

DIN: 00310893

## Statement of Consolidated Cash Flows for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

	Year ended 31 March 2022	Year ended 31 March 2021
<b>A) Cash flow from operating activities</b>		
<b>Profit before tax</b>	1,927.94	573.50
Adjustments for:		
Depreciation and amortisation	1,015.95	854.79
Depreciation on right-of-use assets	30.12	17.39
Loss on sale or on assets scrapped	1.89	-
Net unrealised exchange loss/(gain)	7.48	(9.58)
Provision for doubtful trade receivables	50.26	152.00
Bad trade and other receivables written off	19.45	62.72
Interest expense	707.21	836.88
Net Expenses/ (income) on discounting of deposits	-	50.32
Interest income	(15.00)	(9.16)
Dividend income	(0.06)	-
Liabilities / provisions no longer required written back	(23.16)	(97.42)
Guarantee Commission Income	-	(58.58)
Profit on sale of assets	-	(590.46)
<b>Operating profit before working capital changes</b>	<b>3,722.08</b>	<b>1,782.40</b>
<b>Movements in working capital</b>		
(Increase) in inventories	(1,546.01)	(382.20)
(Increase) in trade receivables	(2,664.59)	(1,581.67)
(Increase)/decrease in loans	(78.23)	5.59
Decrease/(Increase) in other financial assets	4.18	(29.78)
(Increase) in non-financial assets	(278.65)	(157.21)
Increase in trade payables	752.86	1,860.28
Increase in other financial liabilities	75.85	105.88
Increase/(decrease) in provisions	14.84	(46.96)
Increase in non-financial liabilities	758.82	277.12
<b>Cash generated from operations</b>	<b>761.15</b>	<b>1,833.45</b>
Net income tax paid	(551.58)	(103.27)
<b>Net cash generated from operating activities (A)</b>	<b>209.57</b>	<b>1,730.18</b>
<b>B) Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(3,654.66)	(1,669.66)
Proceeds from sale of property, plant and equipment	67.00	724.50
Bank balance not considered as cash and cash equivalents	(28.59)	2.30
Interest received	10.26	4.84
Investment in Associate	(1.30)	-
Advance received on account of joint development of property	4,036.49	3,306.05
Security Deposit recovery on account of joint development of property	(550.00)	(450.00)
Dividend received	0.06	-
<b>Net cash generated (used in) / from Investing activities (B)</b>	<b>(120.74)</b>	<b>1,918.03</b>

## Statement of Consolidated Cash Flows for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

	Year ended 31 March 2022	Year ended 31 March 2021
<b>C) Cash flow from financing activities</b>		
Proceeds from long-term borrowings	1,161.96	-
Repayment of long-term borrowings	(1,230.98)	(1,248.95)
Net increase in working capital borrowings	554.20	(978.55)
Repayment of principal amount of Lease liability	(32.71)	(15.48)
Repayment of interest amount on Lease liability	(6.76)	(6.09)
Interest expense	(678.64)	(840.86)
Dividends and tax thereon paid	(72.16)	(71.76)
<b>Net cash flow used in from financing activities (C)</b>	<b>(305.08)</b>	<b>(3,161.69)</b>
<b>Net (decrease) / increase in Cash and cash equivalents (A+B+C)</b>	<b>(216.25)</b>	<b>486.52</b>
Cash and cash equivalents at the beginning of the year	584.61	97.55
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	(0.75)	0.54
<b>Cash and cash equivalents at the end of the year</b>	<b>367.61</b>	<b>584.61</b>
<b>Cash and cash equivalents at the end of the year as per Note 8)</b>	<b>367.61</b>	<b>584.61</b>

See accompanying notes (1-53) forming part of these consolidated financial statements.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

**Vijay Vikram Singh**

Partner

Membership No.: 059139

Place: Bengaluru

Date: 25 May 2022

For and on behalf of the Board of Directors of Yuken India Limited

**Capt. N S Mohanram**

Director

DIN: 02466671

**H M Narasinga Rao**

Chief Financial Officer

**Dr. Premchandar**

Director

DIN: 02278652

**Vinayak Hegde**

Company Secretary

FCS No : 11653

Place: Bengaluru

Date: 25 May 2022

**C P Rangachar**

Managing Director

DIN: 00310893

## Consolidated Statement of Changes in Equity for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### A. Equity share capital

	Equity shares	
	Number (in lakhs)	Amount
As at 01 April 2020	120.00	1,200.00
Add: Issued and subscribed during the year	-	-
As at 31 March 2021	120.00	1,200.00
Add: Issued and subscribed during the year	-	-
As at 31 March 2022	120.00	1,200.00

### B. Other Equity

	General reserve	Retained earnings	Capital reserve	Total
Balance as at 01 April 2020	596.08	15,537.83	42.41	16,176.32
<b>Additions during the year</b>				
Profit for the year	-	525.41	-	525.41
<b>Items of the other comprehensive income, net of tax</b>				
Remeasurement gains/(losses) on defined benefit plans	-	(22.94)	-	(22.94)
<b>Reductions during the year:</b>				
Dividends paid	-	(72.00)	-	(72.00)
Balance as at 31 March 2021	596.08	15,968.30	42.41	16,606.79
<b>Additions during the year</b>				
Profit for the year	-	1,370.79	-	1,370.79
<b>Items of the other comprehensive income, net of tax</b>				
Remeasurement gains/(losses) on defined benefit plans	-	(16.80)	-	(16.80)
<b>Reductions during the year:</b>				
Dividends and tax on dividend	-	(72.00)	-	(72.00)
Balance as at 31 March 2022	596.08	17,250.29	42.41	17,888.78

See accompanying notes (1-53) forming part of these consolidated financial statements.

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For Walker Chandio & Co LLP  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

Vijay Vikram Singh  
Partner  
Membership No.: 059139

Place: Bengaluru  
Date: 25 May 2022

For and on behalf of the Board of Directors of Yuken India Limited

Capt. N S Mohanram Director DIN: 02466671	Dr. Premchandar Director DIN: 02278652	C P Rangachar Managing Director DIN: 00310893
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H M Narasinga Rao Chief Financial Officer	Vinayak Hegde Company Secretary FCS No : 11653
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Place: Bengaluru  
Date: 25 May 2022

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 1

#### General Information

Yuken India Limited ('the Company' / 'the Holding Company') was established in 1976 in technical and financial collaboration with Yuken Kogyo Co. Limited, Japan. The Company's manufacturing units are located in Malur, Kolar(dt),Peenya Indl Area, Bangalore and New Delhi.. Sales and distribution network is spread across India. The Company has its registered office at No 16-C, Doddanekundi Industrial Area II Phase, Mahadevapura, Bangalore - 560 048, India and its corporate office at PB No. 5, Koppathimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District - 563 130, India. The Company is amongst the most preferred source of supply by most of the original equipment manufacturers in India. The Company manufactures a wide range of vane pumps, piston pumps, gear pumps, pressure controls, flow controls, directional controls, modular control valves, servo valves, custom built/standard hydraulic systems and chip compactor. The Company is listed on BSE and NSE.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as 'the Group') and associates listed below:

Name of the entities	Country of incorporationn	Ownership interest (%)	
		As on 31 March 2022	As on 31 March 2021
<b>Subsidiaries:</b>			
Yuflow Engineering Private Limited	India	100.00%	100.00%
Coretec Engineering India Private Limited	India	100.00%	100.00%
Grotek Enterprises Private Limited	India	100.00%	100.00%
Kolben Hydraulics Limited	India	85.92%	85.92%
<b>Associates:</b>			
Sai India Limited	India	40.00%	40.00%
Bourton Consulting (India) Private Limited	India	29.54%	29.54%

### Note 2

#### Summary of significant accounting policies

##### (a) Basis of consolidation

###### Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2022. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

## Associates

Investment in entities in which there exists significant influence but not a controlling interest are accounted for under the equity method i.e. the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition, as the case may be, which will be inherent in investment. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from associate ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and associates are eliminated to the extent of the Group's interest in these entities.

## (b) Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Accounting Standards) Amendment Rules, 2016 and guidelines issued by the Securities and Exchange Board of India (SEBI). The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 25 May 2022.

## (c) Basis of accounting and preparation

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in these financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

## (d) Use of estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### *Classification of leases*

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

### *Recognition of deferred tax assets*

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### *Evaluation of indicators for impairment of assets*

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### *Provision for warranty*

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

### *Recoverability of advances / receivables*

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

### *Useful lives of depreciable / amortisable assets*

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

### *Defined benefit obligation (DBO)*

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

### *Fair value measurements*

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## **(e) Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has evaluated and considered its operating cycle as 12 months.

Deferred tax assets/ liabilities are classified as non-current assets/ liabilities.

### (f) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The Group depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013:

Asset Category	Useful lives (in years)
Buildings	30-60
Plant and machinery	15
Furniture and fixtures	10
Vehicles	8
Office equipment and Electrical installations*	5-21
Computer equipment*	3-6

The Group has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives. Schedule II requires the Group to identify and depreciate significant components with different useful lives separately.

\*Based on an internal technical assessment, the management believes that the useful lives as given above represents the period over which management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

### (g) Intangible assets

The Company has elected to continue with the carrying value for all of its intangible assets as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Group amortises intangible over their estimated useful lives using the straight-line method. The estimated useful lives of intangible assets are as follows:

Asset Category	Useful lives (in years)
ERP software	5
Technical Fee	5
Intellectual Property	5

### (h) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

### (i) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue from Contracts is measured at transaction price net of variable consideration. Transaction price are net of returns, trade allowances, rebates, other similar allowances, goods and services tax and amounts collected on behalf of third parties, if any.

#### *Sale of goods*

Revenue from the sale of goods is recognised at point in time when controls of promised goods are transferred to the customer (i.e. upon satisfaction of performance obligation), generally on dispatch of the goods.

#### *Dividend income*

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

#### *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, 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.

#### *Rental income*

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

#### *Training and other service income*

Revenue from training and other service income is recognised over the period when these services using an input method to measure the progress towards complete satisfaction of the training and other services because the customer simultaneously receives and consumes the benefits provided by the Company.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### *Duty drawback*

Income from export incentives such as duty drawback is recognised on accrual basis when there is no significant uncertainty as to the amount of consideration that would be derived and as to its ultimate collections exists.

### (j) (a) **Sale of developmental rights under Joint Development Agreement**

For projects executed through joint development arrangements, wherein the Company provides land and the Developer undertakes to develop properties on such land and in lieu of the Company providing land, the Developer has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, the revenue from sale of developmental rights is being accounted on a gross basis when the developmental rights are transferred. The revenue is measured at the estimated standalone selling prices of the residential units that will be received by the Company, adjusted by the amount of any cash or cash equivalents transferred.

### (b) **Sale of residential units under Joint Development Agreement**

For residential units sold under joint development agreements, the revenue from the sale of residential units is recognised at point in time when controls of promised goods are transferred to the customer (i.e. upon satisfaction of performance obligation), on execution of sale deed.

### (k) **Employee benefits**

Employee benefits include provident fund, employee state insurance scheme, superannuation fund, gratuity and compensated absences. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

#### *Defined contribution plan*

Retirement benefit in the form of provident fund and employee state insurance scheme is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund and employee state insurance scheme. The Group recognises contribution payable to the schemes as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### *Defined benefit plan*

##### *Gratuity*

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

##### *Compensated absences*

The Group provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the projected unit credit method. The Group treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Group presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Group transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

### *Short-term employee benefits*

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee

## (I) Leases

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

The Group's lease asset classes primarily consist of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Group has the right to direct the use of the asset.

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

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

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

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

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

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

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### (m) Foreign currency transactions

#### *Functional and presentation currency*

The functional currency of the Group is the Indian Rupee. These financial statements are presented in Indian Rupees (₹)

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### (n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### (o) Inventories

Inventories are valued at lower of costs or net realisable value.

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. Cost is computed on a weighted average basis. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

Work-in-progress, finished goods and stock-in-trade are valued at lower of cost or net realisable value. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Proceeds in respect of sale of raw materials/stores are credited to the respective heads. Obsolete, defective and unserviceable inventory is duly provided for.

### (p) Investments in associates

The Group's investment in equity instruments in associates are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

### (q) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

While determining the tax provisions, the Group assesses whether each uncertain tax position is to be considered separately or together with one or more uncertain tax positions depending upon the nature and circumstances of each uncertain tax position.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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 utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### (r) Provisions and contingencies

#### *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### *Contingent liabilities*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

#### *Contingent assets*

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

# Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

## (s) Financial instruments

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost;
- ii. Debt instruments at fair value through other comprehensive income (FVTOCI);
- iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
- iv. Equity investments.

#### i. *Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

#### ii. *Debt instrument at FVTOCI*

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit & loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of profit & loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### iii. *Debt instrument at FVTPL*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### iv. Equity investments

All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 Business Combinations, applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

### De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

*Gains or losses on liabilities held for trading are recognised in the profit or loss.*

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

*Loans and borrowings*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

*Financial guarantee contracts*

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 Financial Instruments and the amount recognised less cumulative amortisation.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **(t) 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 for financial assets.

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 cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument 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.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

*Trade receivables*

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### *Other financial assets*

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

### **(u) Fair value measurement**

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

### **(v) Cash and cash equivalents**

Cash and cash equivalent in the statement of financial position comprises cash at banks and on hand, demand deposits, short-term deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value.

### **(w) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group is engaged in the business of manufacturing hydraulic pumps and power units and other business (foundry), which constitutes multiple reportable segment.

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

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

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

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

### (x) Earnings/ (Loss) per Share (EPS)

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### (y) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, Key amendments are as below:

#### Ind AS 16: Property Plant and equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

#### Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

None of the amendments notified by MCA which are applicable from April 1, 2022 are expected to have any material impact on the financial statements of the Group.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 3: Property, plant and equipment

	Freehold land	Buildings	Plant and machinery	Electrical installation	Furniture and fixtures	Office equipment	Jigs and fixtures	Motor vehicles	Total
<b>Gross carrying amount</b>									
Balance as at 01 April 2020	2,553.20	3,235.44	5,178.97	437.02	144.02	552.55	595.10	25.73	12,722.03
Additions	-	343.49	1,565.62	90.09	32.17	101.82	150.49	2.12	2,285.80
Disposals	(65.29)	(49.93)	(16.34)	(5.00)	(0.12)	(25.01)	(12.99)	-	(174.68)
<b>Balance as at 31 March 2021</b>	<b>2,487.91</b>	<b>3,529.00</b>	<b>6,728.25</b>	<b>522.11</b>	<b>176.07</b>	<b>629.36</b>	<b>732.60</b>	<b>27.85</b>	<b>14,833.15</b>
Additions	-	1,126.79	1,454.74	91.35	90.69	128.37	91.79	5.13	2,988.86
Disposals	-	-	(191.97)	(2.64)	-	(8.50)	-	(0.53)	(203.64)
<b>Balance as at 31 March 2022</b>	<b>2,487.91</b>	<b>4,655.79</b>	<b>7,991.02</b>	<b>610.82</b>	<b>266.76</b>	<b>749.23</b>	<b>824.39</b>	<b>32.45</b>	<b>17,618.37</b>
<b>Accumulated depreciation</b>									
Balance as at 01 April 2020	-	766.01	1,395.52	99.79	43.53	227.46	150.71	14.98	2,698.00
Depreciation for the year	-	107.59	483.28	29.62	14.45	71.49	54.85	1.81	763.09
Disposals	-	(11.60)	(2.44)	(2.82)	(0.02)	(18.93)	(4.82)	-	(40.63)
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>862.00</b>	<b>1,876.36</b>	<b>126.59</b>	<b>57.96</b>	<b>280.02</b>	<b>200.74</b>	<b>16.79</b>	<b>3,420.46</b>
Depreciation for the year	-	127.91	569.52	35.56	18.48	83.42	62.67	2.40	899.96
Disposals	-	(0.79)	(104.72)	(34.64)	-	(6.50)	-	(0.21)	(146.86)
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>989.12</b>	<b>2,341.16</b>	<b>127.51</b>	<b>76.44</b>	<b>356.94</b>	<b>263.41</b>	<b>18.98</b>	<b>4,173.56</b>
<b>Net carrying amount</b>									
Balance as at 31 March 2021	2,487.91	2,667.00	4,851.89	395.52	118.11	349.34	531.86	11.06	11,412.69
Balance as at 31 March 2022	2,487.91	3,666.67	5,649.86	483.31	190.32	392.29	560.98	13.47	13,444.81

Note:

(a) **Contractual obligations**

Refer note 36

(b) **Capitalised borrowing cost**

The amount of borrowing costs capitalised during the year ended 31 March 2022 is ₹ 38.54 (31 March 2021: ₹ 50.92). The rate of capitalisation is 8%.

(c) **Property, plant and equipment pledged as security**

Details of properties pledged are as per Note 17.

(d) Title deeds of the various freehold lands held by the Company and its subsidiaries are in the name of the Company and its subsidiaries.

### Note 3A: Capital work-in-progress

	As at 31 March 2022	As at 31 March 2021
Opening balance	1,255.90	2,312.70
Add: Additions during the year	3,324.49	1,229.00
Less: Capitalised during the year	(2,988.86)	(2,285.80)
	<b>1,591.53</b>	<b>1,255.90</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 3A: Capital work-in-progress (Contd.)

#### Capital work in progress ageing schedule

	Amount in Capital work in progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at 31 March 2022</b>					
Projects in progress	1,262.72	83.00	234.87	10.94	1,591.53
	<b>1,262.72</b>	<b>83.00</b>	<b>234.87</b>	<b>10.94</b>	<b>1,591.53</b>
<b>As at 31 March 2021</b>					
Projects in progress	88.29	232.38	907.63	27.60	1,255.90
	<b>88.29</b>	<b>232.38</b>	<b>907.63</b>	<b>27.60</b>	<b>1,255.90</b>

#### Note:

(A) There are no projects that are overdue its completion as on 31 March 2022 and 31 March 2021.

(B) There are no projects that have been suspended as on 31 March 2022 and 31 March 2021.

### Note 4: Intangible assets

	ERP software	Technical fee	Intellectual property	Goodwill	Others	Total
<b>Gross carrying amount</b>						
Balance as at 01 April 2020	238.82	4.06	147.91	165.30	49.09	605.18
Additions	1.42	-	261.60	-	-	263.02
Disposals	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>240.24</b>	<b>4.06</b>	<b>409.51</b>	<b>165.30</b>	<b>49.09</b>	<b>868.20</b>
Additions	68.62	25.00	-	-	-	93.62
Disposals	(4.76)	-	-	-	-	(4.76)
<b>Balance as at 31 March 2022</b>	<b>304.10</b>	<b>29.06</b>	<b>409.51</b>	<b>165.30</b>	<b>49.09</b>	<b>957.06</b>
<b>Accumulated amortisation</b>						
Balance as at 01 April 2020	120.43	4.05	16.42	-	24.15	165.05
Amortisation for the year	44.05	-	47.65	-	-	91.70
Disposals	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>164.48</b>	<b>4.05</b>	<b>64.07</b>	<b>-</b>	<b>24.15</b>	<b>256.75</b>
Amortisation for the year	41.14	0.01	74.84	-	-	115.99
Disposals	(0.21)	-	-	-	-	(0.21)
<b>Balance as at 31 March 2022</b>	<b>205.41</b>	<b>4.06</b>	<b>138.91</b>	<b>-</b>	<b>24.15</b>	<b>372.53</b>
<b>Net carrying amount</b>						
Balance as at 31 March 2021	75.76	0.01	345.44	165.30	24.94	611.45
<b>Balance as at 31 March 2022</b>	<b>98.69</b>	<b>25.00</b>	<b>270.60</b>	<b>165.30</b>	<b>24.94</b>	<b>584.54</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 5: Right of use asset

	Servers	Laptops	Total
<b>Gross carrying amount</b>			
Balance as at 01 April 2020	86.84	-	86.84
Additions	-	-	-
Disposals	-	-	-
<b>Balance as at 31 March 2021</b>	<b>86.84</b>	<b>-</b>	<b>86.84</b>
Additions	-	97.31	97.31
Disposals	-	-	-
<b>Balance as at 31 March 2022</b>	<b>86.84</b>	<b>97.31</b>	<b>184.15</b>
<b>Accumulated Depreciation</b>			
Balance as at 01 April 2020	15.91	-	15.91
Depreciation for the year	17.39	-	17.39
Disposals	-	-	-
<b>Balance as at 31 March 2021</b>	<b>33.30</b>	<b>-</b>	<b>33.30</b>
Depreciation for the year	17.37	12.75	30.12
Disposals	-	-	-
<b>Balance as at 31 March 2022</b>	<b>50.67</b>	<b>12.75</b>	<b>63.42</b>
<b>Net carrying amount</b>			
Balance as at 31 March 2021	53.54	-	53.54
<b>Balance as at 31 March 2022</b>	<b>36.17</b>	<b>84.56</b>	<b>120.73</b>

### Note 6: Investments

	Face value	As at 31 March 2022		As at 31 March 2021	
		No of Shares	Amount	No of Shares	Amount
<b>Trade (Unquoted)</b>					
<b>Valued at cost</b>					
<b>Investment in equity shares of associates</b>					
Sai India Limited	10	3,60,000	505.65	3,60,000	441.80
Bourton Consulting (India) Private Limited	10	37,300	3.85	37,300	5.40
<b>Investment in others</b>					
AEPL Grotek Renewable Energy Private Limited	10	13,000	1.30	-	-
<b>Investments measured at fair value through OCI</b>					
Hycom Engineering (India) Private Limited (Refer note (C))	10	9,41,330	94.13	9,41,330	94.13
The Shamrao Vittal Co-operative Bank Limited (Refer note (C))	10	2,000	0.50	2,000	0.50
Less : Provision for other than temporary diminution in value			(94.63)		(94.63)
			<b>510.80</b>		<b>447.20</b>

#### Notes

- (A) Aggregate value of unquoted investments 605.43 541.83
- (B) Aggregate value of impairment recorded 94.63 94.63
- (C) The Group has made an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of equity investments that are not held for trading.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 7: Loans

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
<i>(Unsecured, considered good)</i>		
Loan to related parties (Refer note 45)	40.96	-
Loan to employees	0.10	0.39
Others	0.20	0.20
	<b>41.26</b>	<b>0.59</b>
<b>Current</b>		
<i>(Unsecured, considered good)</i>		
Loan to related parties (Refer note 45)	33.36	-
Loan to employees	8.79	4.59
	<b>42.15</b>	<b>4.59</b>

### Note 8: Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Cash on hand	4.05	3.52
Balances with banks		
(i) In current account	359.21	549.84
(ii) In EEFC account	4.35	31.25
	<b>367.61</b>	<b>584.61</b>

### Note 9: Bank balances other than cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
In earmarked accounts		
(i) Unpaid dividend accounts	6.44	6.59
(ii) Unspent CSR accounts	6.39	-
(iii) Balance held as margin money	79.94	57.59
	<b>92.77</b>	<b>64.18</b>

### Note 10: Other financial assets

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Security deposits	22.28	29.74
Balance held as margin money account	23.43	19.67
	<b>45.71</b>	<b>49.41</b>
<b>Current</b>		
Security deposits	255.95	256.43
Interest accrued on deposits	17.85	13.11
	<b>273.80</b>	<b>269.54</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 11: Income tax assets (net)

	As at 31 March 2022	As at 31 March 2021
<b>Current</b>		
Advance income tax (net of provision for tax)	323.86	306.43
	<b>323.86</b>	<b>306.43</b>

### Note 12: Other assets

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Prepaid expenses	8.91	0.64
Deferred loan discounting	7.04	-
Capital advances	739.16	465.24
	<b>755.11</b>	<b>465.88</b>
<b>Current</b>		
Advance to suppliers	479.32	412.03
Deferred loan discounting	3.64	-
Prepaid expenses	249.21	101.61
Duty drawback receivable	5.58	5.84
Balances with government authorities	142.28	102.08
Others	58.89	54.03
	<b>938.92</b>	<b>675.59</b>

### Note 13: Inventories

	As at 31 March 2022	As at 31 March 2021
<i>(Lower of cost or net realisable value)</i>		
Raw materials and components (includes goods in transit amounting to ₹ 5.24 (31 March 2021: ₹ 11.23))	3,694.39	2,754.96
Work-in-progress	1,684.69	1,351.22
Finished goods (other than those acquired for trading)	1,566.86	1,339.90
Stock-in-trade	340.55	295.96
Residential units from Joint development of property	9,636.26	13,546.88
	<b>16,922.75</b>	<b>19,288.92</b>

### Note 14: Trade receivables

	As at 31 March 2022	As at 31 March 2021
<i>(Unsecured)</i>		
Considered good	11,840.09	9,220.86
Credit impaired	301.28	252.70
	<b>12,141.37</b>	<b>9,473.56</b>
Less: Allowances for doubtful trade receivables	301.28	252.70
	<b>11,840.09</b>	<b>9,220.86</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Trade receivables ageing schedule:

	Outstanding for following periods from date of transaction					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at 31 March 2022</b>						
Undisputed Trade receivables - considered good	10,762.67	303.75	329.96	280.93	162.78	11,840.09
Undisputed Trade Receivables - credit impaired	-	-	9.79	46.07	245.42	301.28
	<b>10,762.67</b>	<b>303.75</b>	<b>339.75</b>	<b>327.00</b>	<b>408.20</b>	<b>12,141.37</b>
<b>As at 31 March 2021</b>						
Undisputed Trade receivables - considered good	7,390.13	222.31	865.30	548.76	194.36	9,220.86
Undisputed Trade Receivables - credit impaired	1.68	-	51.03	121.72	78.27	252.70
	<b>7,391.81</b>	<b>222.31</b>	<b>916.33</b>	<b>670.48</b>	<b>272.63</b>	<b>9,473.56</b>

### Note 15: Equity share capital

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
Equity shares of ₹10 each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
	<b>1,50,00,000</b>	<b>1,500.00</b>	<b>1,50,00,000</b>	<b>1,500.00</b>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹10 each	1,20,00,000	1,200.00	1,20,00,000	1,200.00
	<b>1,20,00,000</b>	<b>1,200.00</b>	<b>1,20,00,000</b>	<b>1,200.00</b>
<b>(a) Reconciliation of the number of shares</b>				
<b>Equity shares of ₹10 each, par value</b>				
Balance as at the beginning of the year	1,20,00,000	1,200.00	1,20,00,000	1,200.00
Add: Issued and subscribed during the year	-	-	-	-
Balance at the end of the year	<b>1,20,00,000</b>	<b>1,200.00</b>	<b>1,20,00,000</b>	<b>1,200.00</b>

### (b) Terms and rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹ 10 per share. Each equity share is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian rupees. In the event of liquidation of the Holding Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (c) Details of shareholders holding more than 5% shares

	As at 31 March 2022		As at 31 March 2021	
	Number	Percentage	Number	Percentage
<b>Equity shares of ₹10 each, par value</b>				
Yuken Kogyo Co. Limited	48,00,000	40.00%	48,00,000	40.00%
Benefic Investments & Finance Co. Private Limited	13,91,808	11.60%	13,91,808	11.60%
GKK Capital Markets Private Limited	7,46,000	6.22%	6,15,800	5.13%

(d) During the year ended 31 March 2019, the Company had issued 9,000,000 fully paid equity shares of face value ₹ 10 each pursuant to a bonus issue approved by the shareholders through e-voting and physical ballot. The bonus shares were issued by capitalization of profits transferred from its reserves. In the period of five years immediately preceding the Balance Sheet date, the Company has not bought back any shares.

(e) The Board of Directors, in its meeting held on 25 May 2022, proposed a final dividend of ₹ 0.80 per equity share. The proposal is subject to the approval of shareholders at the upcoming Annual General Meeting and if approved would result in a cash outflow of ₹ 96.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 15: Equity share capital (Contd.)

#### (f) Disclosure of Shareholding of Promoters

Equity shares of ₹10 each with voting rights:

Promoter Name	No.of Shares	% Of total shares	% Change during the Year
<b>As at 31 March 2022:</b>			
1. Yuken Kogyo Co. Limited	48,00,000	40.00%	-
2. Benefic Investments & Finance Co. Private Limited	13,91,808	11.60%	-
3. C P Rangachar	84,400	0.70%	-
4. Vidya Rangachar	16,000	0.13%	-
5. Madhuri Rangachar	8,000	0.07%	-
	<b>63,00,208</b>	<b>52.50%</b>	<b>-</b>
<b>As at 31 March 2021:</b>			
1. Yuken Kogyo Co. Limited	48,00,000	40.00%	-
2. Benefic Investments & Finance Co. Private Limited	13,91,808	11.60%	-
3. C P Rangachar	84,400	0.70%	-
4. Vidya Rangachar	16,000	0.13%	-
5. Madhuri Rangachar	8,000	0.07%	-
	<b>63,00,208</b>	<b>52.50%</b>	<b>-</b>

### Note 16: Other equity

	As at 31 March 2022	As at 31 March 2021
General reserve	596.08	596.08
Capital reserve	42.41	42.41
Retained earnings	17,250.29	15,968.30
	<b>17,888.78</b>	<b>16,606.79</b>

#### General reserve:

General reserve represents appropriation of profits.

#### Retained earnings:

All the profits made or losses incurred by the Group are transferred to Retained earnings from the Statement of Profit and Loss.

#### Capital reserve:

Reserves transferred when the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds purchase consideration payable for such acquisition

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 17: Borrowings

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
<i>(Secured)</i>		
Term loans from banks	2,702.22	2,839.31
	<b>2,702.22</b>	<b>2,839.31</b>
Less:- Current maturities of long-term borrowings	1,157.49	1,225.57
	<b>1,544.73</b>	<b>1,613.74</b>
<b>Current</b>		
<i>(Secured)</i>		
Loans repayable on demand from banks	7,054.63	6,932.36
<i>Current maturities of long-term debt</i>	1,157.49	1,225.57
<i>(Unsecured)</i>		
Working capital demand loans from banks	1,300.00	800.00
	<b>9,512.12</b>	<b>8,957.93</b>

### Details of limit, repayment, rate of interest, guarantee and security

#### (a) Secured borrowings

(i) Term loan from a bank (Refer notes below)

	As at 31 March 2022	As at 31 March 2021
<b>Mizuho Bank Limited</b>		
Loan limit	1,695.25	1,695.25
Loan availed	1,695.25	1,695.25
Amount outstanding	-	298.05
Repayable in 17 quarterly instalments without moratorium		
Interest rate - 7.05% (31 March 2021: 7.05%)		
<b>Mizuho Bank Limited</b>		
Loan limit	2,000.00	2,000.00
Loan availed	2,000.00	2,000.00
Amount outstanding	807.50	1,337.50
Repayable in 15 quarterly instalments without moratorium		
Interest rate - 7.35% (31 March 2021: 6.90%)		
<b>Mizuho Bank Limited</b>		
Loan limit	2,500.00	-
Loan availed	2,500.00	-
Amount outstanding	985.90	-
Repayable in 15 quarterly instalments without moratorium		
Interest rate - 6.95%		
<b>HDFC Bank Limited (subsidiary)</b>		
Loan limit	150.00	150.00
Loan availed	130.22	130.22
Amount outstanding	-	10.01
Repayable in 4 years with 6 months moratorium		
MCLR rates		
<b>Sumitomo Mitsui Banking Corporation (subsidiary)</b>		
Loan limit	500.00	500.00
Loan availed	500.00	500.00
Amount outstanding	287.50	412.50

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 17: Borrowings (Contd.)

	As at 31 March 2022	As at 31 March 2021
Repayable in 16 quarterly instalments years with 1 year moratorium		
MCLR rates		
<b>Sumitomo Mitsui Banking Corporation (subsidiary)</b>		
Loan limit	1,000.00	1,000.00
Loan availed	1,000.00	1,000.00
Amount outstanding	621.33	781.25
Repayable in 16 quarterly instalments years with 1 year moratorium		
MCLR rates		

#### Notes - Term loans

(i) Security Details for the term loan taken from Mizuho Bank Limited:

- a Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹4,500.

(ii) Security Details for the term loans taken from HDFC Bank Limited (subsidiary):

- a Primary : First charge on fixed assets, stock and book debts of the company.  
b Secondary : Corporate guarantee given by Yuken India Limited and equitable mortgage of property at B59, Dyavasandra Industrial Estate Mahadevapura.

(iii) Security Details for the term loans taken from Sumitomo Mitsui Banking Corporation (subsidiary):

Letter of Guarantee from Yuken India Limited

(b) Secured working capital loans from banks (Refer notes below)

	As at 31 March 2022	As at 31 March 2021
<b>Mizuho Bank Limited</b>		
Loan limit	3,000.00	2,300.00
Amount outstanding	2,300.00	2,100.00
Repayable on demand		
Interest rate - MCLR rates		
<b>HDFC Bank Limited</b>		
Loan limit	1,200.00	1,200.00
Amount outstanding	-	-
Repayable on demand		
Interest rate - MCLR rates +2.60% (31 March 2021: MCLR +2.6%)		
<b>SBI Bank</b>		
Loan limit	150.00	200.00
Amount outstanding	-	-
Repayable on demand		
Interest rate - MCLR rates + 2.50% (31 March 2021: MCLR +2.30%)		
<b>Sumitomo Mitsui Banking Corporation</b>		
Loan limit	5,000.00	5,000.00
Amount outstanding	3,365.45	3,524.59
Repayable on demand		
Interest rate - MCLR rates		

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 17: Borrowings (Contd.)

	As at 31 March 2022	As at 31 March 2021
<b>HDFC Bank Limited (subsidiary)</b>		
Loan limit	600.00	600.00
Amount outstanding	327.35	540.02
Repayable on demand		
Interest rate - MCLR rates		
<b>Sumitomo Mitsui Banking Corporation (subsidiary)</b>		
Loan limit	500.00	-
Amount outstanding	299.00	-
Repayable on demand		
Interest rate - MCLR rates		
<b>HDFC Bank Limited (subsidiary)</b>		
Loan limit	500.00	500.00
Amount outstanding	462.83	467.75
Repayable on demand		
Interest rate - MCLR rates		
<b>Sumitomo Mitsui Banking Corporation (subsidiary)</b>		
Loan limit	600.00	600.00
Amount outstanding	300.00	300.00
Repayable on demand		
Interest rate - MCLR rates		

#### Details of security given

##### SBI Bank

- (i) Primary security : Hypothecation on stocks, receivables and other current assets-paripassu charge with HDFC Bank Limited
- (ii) Collateral security details:
  - (a) Equitable mortgage on freehold rights on land and building- Doddanekundi industrial area, Mahadevapura, Bengaluru.
  - (b) Equitable mortgage of freehold rights on factory land and building located in Peenya, Bengaluru.
  - (c) Hypothecation of unencumbered fixed assets of the Company

##### HDFC Bank Limited

- (i) First pari pasu charge on stocks, book debts and other current assets with SBI
- (ii) First charge by way of extension of mortgage of factory land and building located in Hedegabanahalli Village, Malur
- (iii) Exclusive charge by way of equitable mortgage on land and building located in Koppathimmanahalli Village, Malur
- (iv) First charge on all movable fixed assets of the company - first paripassu charge with SBI.

##### Mizuho Bank Limited

Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹3,000.

##### Sumitomo Mitsui Banking Corporation

- (i) Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹5,000.

##### HDFC Bank Limited (subsidiary)

- (i) Primary : First charge on fixed assets, stock and book debts of the company.
- (ii) Secondary : Corporate guarantee given by Yuken India Limited

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 17: Borrowings (Contd.)

#### HDFC Bank Limited (subsidiary)

- (i) Primary : First charge on fixed assets, stock and book debts of the company.
- (ii) Secondary : Corporate guarantee given by Yuken India Limited and equitable mortgage of property at B59, Dyavasandra Industrial Estate Mahadevapura.

#### Sumitomo Mitsui Banking Corporation (subsidiary)

- (i) Letter of Guarantee from Yuken India Limited

#### Assets pledged as security

The carrying amounts of assets pledged as security for current and non current borrowings are:

	As at 31 March 2022	As at 31 March 2021
<b>Term Loans and loans repayable on demand</b>		
Land and building (Net carrying value)	5,534.70	4,304.27
Stock	6,862.06	5,570.71
Trade receivables	11,654.00	9,129.65
Other current assets	1,182.05	1,199.77
Movable property, plant and equipment	7,214.14	6,147.94

#### Note:

The Company and its subsidiaries have filed quarterly statements of inventory and trade receivables with banks from whom borrowings have been obtained by pledging these assets. The Company and its subsidiaries have carried out a reconciliation between these statements filed with the books of account which did not result in any material discrepancy.

#### Reconciliation of liabilities arising from Company's financing activities

	As at 31 March 2022	As at 31 March 2021
Opening balance	10,571.67	12,799.18
Net cash flow from loans availed/repaid during the year	485.18	(2,227.51)
<b>Closing balance</b>	<b>11,056.85</b>	<b>10,571.67</b>

### Note 18: Lease liabilities

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Lease liabilities (Refer note 46)	72.73	40.75
	<b>72.73</b>	<b>40.75</b>
<b>Current</b>		
Lease liabilities (Refer note 46)	49.58	16.96
	<b>49.58</b>	<b>16.96</b>
<b>Movement in lease liabilities</b>		
Balance at the beginning of the year	57.71	73.20
Lease liability recognised during the year	97.31	-
Finance cost incurred during the year	6.76	6.09
Payment of lease liabilities	(39.47)	(21.58)
Balance at the end of the year	<b>122.31</b>	<b>57.71</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 19: Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Security deposit received towards joint development of property	-	419.97
Others	3.47	2.97
	<b>3.47</b>	<b>422.94</b>
<b>Current</b>		
Trade / security deposits received	542.51	548.51
Payable to employees	407.13	375.83
Interest accrued but not due on borrowings	18.80	19.14
Unpaid dividends	6.44	6.59
Capital creditors	166.11	121.17
Interest accrued on trade payables	27.04	20.52
Accrued liabilities	235.48	184.30
Commission payable on account of Joint development of property	1.65	44.35
Others	1.10	2.23
	<b>1,406.26</b>	<b>1,322.64</b>

### Note 20: Provisions

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Payable towards defined benefit obligations (Refer note 40)	266.90	254.65
	<b>266.90</b>	<b>254.65</b>
<b>Current</b>		
Provision for compensated absences (Refer note 40)	333.27	255.53
Payable towards defined benefit obligations (Refer note 40)	2.06	-
Provision for superannuation (Refer note 40)	48.83	97.65
	<b>384.16</b>	<b>353.18</b>

### Note 21: Trade payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer note 37)	2,605.08	858.52
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,290.13	5,275.90
	<b>6,895.21</b>	<b>6,134.42</b>

### Trade payables ageing schedule

	Outstanding for following periods from date of transaction				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at 31 March 2022</b>					
Dues to MSME	2,504.12	10.77	8.69	81.50	<b>2,605.08</b>
Dues to Others	4,082.98	196.53	10.62	-	<b>4,290.13</b>
	<b>6,587.10</b>	<b>207.30</b>	<b>19.31</b>	<b>81.50</b>	<b>6,895.21</b>
<b>As at 31 March 2021</b>					
Dues to MSME	764.66	9.93	1.96	81.97	<b>858.52</b>
Dues to Others	5,112.90	111.27	51.27	0.46	<b>5,275.90</b>
	<b>5,877.56</b>	<b>121.20</b>	<b>53.23</b>	<b>82.43</b>	<b>6,134.42</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 22: Income tax liabilities

	As at 31 March 2022	As at 31 March 2021
Provision for tax ( net of advance tax)	23.47	42.01
	<b>23.47</b>	<b>42.01</b>

### Note 23: Other liabilities

	As at 31 March 2022	As at 31 March 2021
<b>Non-current</b>		
Deferred liability on discounting of deposits	-	63.36
	-	<b>63.36</b>
<b>Current</b>		
Statutory dues	246.02	262.18
Deferred liability on discounting of deposits	-	66.67
Revenue received in advance	8,213.95	7,271.97
	<b>8,459.97</b>	<b>7,600.82</b>

### Note 24: Revenue from operations

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from sale of products (Refer note 44 and 45)	33,012.83	21,215.55
	<b>33,012.83</b>	<b>21,215.55</b>
<b>Other operating revenues</b>		
Training and other services rendered	90.04	83.14
Duty drawback	9.07	7.68
	<b>99.11</b>	<b>90.82</b>
	<b>33,111.94</b>	<b>21,306.37</b>

### Note 25: Other income

	Year ended 31 March 2022	Year ended 31 March 2021
Interest income:		
- on deposits with banks	5.12	4.32
- on overdue trade receivables	51.00	2.39
- on others	9.88	4.84
Dividend income	0.06	-
Liabilities/ provisions no longer required written back	23.16	101.37
Sale of scrap	69.05	34.74
Profit on sale of property, plant and equipment (net)	32.81	590.46
Miscellaneous income	225.74	302.52
	<b>416.82</b>	<b>1,040.64</b>

### Note 26: Cost of materials consumed

	Year ended 31 March 2022	Year ended 31 March 2021
Opening stock	2,754.96	2,259.16
Add: Purchases	15,686.24	9,078.43
	<b>18,441.20</b>	<b>11,337.59</b>
Less: Closing stock	3,694.39	2,754.96
	<b>14,746.81</b>	<b>8,582.63</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 27: Purchases of stock-in-trade

	Year ended 31 March 2022	Year ended 31 March 2021
Purchase of traded goods	2,057.01	1,324.40
	<b>2,057.01</b>	<b>1,324.40</b>

### Note 28: Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Inventories at the end of the year:</b>		
Finished goods	1,566.86	1,339.90
Work-in-progress	1,684.69	1,351.22
Stock-in-trade	340.55	295.96
	<b>3,592.10</b>	<b>2,987.08</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	1,339.90	1,758.51
Work-in-progress	1,351.22	1,088.25
Stock-in-trade	295.96	230.54
	<b>2,987.08</b>	<b>3,077.30</b>
	<b>(605.02)</b>	<b>90.22</b>

### Note 29: Employee benefits expense

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	3,825.07	3,020.82
Contribution to provident and other funds	379.17	336.76
Staff welfare expenses	297.65	192.27
	<b>4,501.89</b>	<b>3,549.85</b>

### Note 30: Finance costs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest expenses on borrowings	651.06	803.73
Interest on dealers deposits and others	170.92	208.96
Interest on income tax	15.26	-
	<b>837.24</b>	<b>1,012.69</b>

### Note 31: Depreciation and amortisation expense

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on tangible assets (Refer note 3)	899.96	763.09
Amortisation on intangible assets (Refer note 4)	115.99	91.70
Depreciation on right-of-use assets (Refer note 5)	30.12	17.39
	<b>1,046.07</b>	<b>872.18</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 32: Other expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Consumption of stores and spare parts	293.16	162.48
Tools consumed	242.79	141.31
Consumption of packing materials	405.95	221.98
Subcontracting	2,329.21	1,558.82
Contract Labour wages	949.91	602.69
Power and fuel	1,233.99	905.05
Rent including lease rentals	199.27	188.75
Repairs and maintenance - Buildings	153.63	105.73
Repairs and maintenance - Machinery	530.21	384.36
Repairs and maintenance - Others	42.55	39.91
Vehicle maintenance	38.95	27.28
Insurance	63.59	52.77
Rates and taxes	55.51	34.77
Travelling and conveyance	528.76	294.51
Freight and forwarding	551.16	405.05
Legal and professional charges	419.90	323.76
Remuneration to auditors (Refer note 33)	35.29	35.82
Bad debts written off	19.45	62.72
Loss on sale or scrapping of fixed assets	1.89	-
Net loss on foreign currency transactions and translations	120.82	17.68
Provision for doubtful trade receivables	50.26	152.00
Corporate social responsibility expenses (Refer note 51)	30.53	16.26
Miscellaneous expenses	720.04	607.84
	<b>9,016.82</b>	<b>6,341.54</b>

### Note 33: Remuneration to auditors comprises (excluding applicable taxes):

	Year ended 31 March 2022	Year ended 31 March 2021
For statutory audit	30.23	30.23
For taxation matters	2.33	2.33
For other services	2.58	2.84
Reimbursement of expenses	0.15	0.43
	<b>35.29</b>	<b>35.82</b>

### Note 34: Exceptional items

	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from sale of residential flats under Joint development of property	3,910.62	-
Less: Cost of sales	(3,910.62)	-
	-	-

The Company ('the landowner') had entered into a Joint Development Agreement ('JDA') with Brigade Enterprises Limited ('the Developer') for construction of a multi-storied residential building. As per the agreement, the Company was required to provide the land and the developer would construct the residential building. In accordance with the same, the Company provided a land with a carrying book value of ₹ 64.90. The land which was earlier recorded as Investment property was derecognised during FY 2018-19.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 34: Exceptional items (Contd.)

The Company had sold its land developmental rights and in consideration of giving up the developmental rights, the Company will receive a fixed percentage of the total built up area, i.e., its share of developed residential apartments.

The above 'Joint development agreement' comprises of the following performance obligations:

- Sale of development rights in lieu of construction services provided by the Developer
- Sale of Company's share of apartments in lieu of revenue sharing to the extent of the total built-up area received"

#### Sale of development rights:

During the year ended 31 March 2019, the sale of developmental rights had taken place and hence the Company had accordingly recorded the revenue from the sale of such rights. The sale of developmental rights is in exchange of construction services and hence was accounted as 'non-cash consideration' under Ind AS 115. In accordance with Para 66 of Ind AS 115 - Revenue from contract with customers, the consideration for the sale of development rights was measured at the estimated standalone selling price of the residential units. The non-cash consideration was accounted as an exceptional item.

#### Sale of Company's share of residential units:

During the year, the Company fulfilled its performance obligation with respect to the sale of certain Company's share of residential units by registering the said units in the name of the unit owner due to which the control over these units were transferred to the unit owner. Accordingly the Company recorded the revenue from sale of such units in accordance with Ind AS 115.

### Note 35: Earnings per share

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Basic and diluted</b>		
Net profit for the year attributable to the equity shareholders	1,370.79	525.41
Weighted average number of equity shares	1,20,00,000	1,20,00,000
Par value per share	10.00	10.00
Earnings per share - Basic and diluted	11.42	4.38

### Note 36: Contingencies and commitments

	As at 31 March 2022	As at 31 March 2021
<b>Contingent liabilities</b>		
Disputed income tax liabilities		
(i) AY 2009-10	19.10	19.10
(ii) AY 2011-12	4.37	4.37
(iii) AY 2012-13	10.83	10.83
(iv) AY 2014-15	16.26	16.26
(v) Other years	-	2.72
	<b>50.56</b>	<b>53.28</b>

#### Others

The Hon'ble Supreme Court of India had passed a judgement relating to definition of wages under the Provident Fund Act, 1952 on 28 February 2019. However, considering that there are numerous interpretative issues related to the judgement and in the absence of reliable measurement of the provision for the earlier period, the Company had made provision for provident fund contribution from the date of order. The Company will evaluate its position and update provision, if required, after receiving further clarity in this regard.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 36: Contingencies and commitments (Contd.)

#### Commitments

##### Estimated amounts of contracts remaining to be executed on capital account and not provided for

	As at 31 March 2022	As at 31 March 2021
Capital commitments	476.31	759.88
	<b>476.31</b>	<b>759.88</b>

### Note 37: Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2022 has been made in the financial statement based on information received and available with the Group. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Group has not received any claim for interest from any supplier as at the Balance Sheet date.

	As at 31 March 2022	As at 31 March 2021
Principal amount remaining unpaid to any supplier as at the end of the accounting year	2,605.08	858.52
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	24.53	20.44
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	5.64	12.35
The amount of interest due and payable for the year	17.12	15.66
The amount of interest accrued and remaining unpaid at the end of the accounting year	36.01	23.75

### Note 38: Capital management

For the purpose of the Group's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity shareholders of the Entity having significant influence. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade payables, less cash.

	As at 31 March 2022	As at 31 March 2021
Borrowings (Refer note 17)	11,056.85	10,571.67
Trade payables (Refer note 21)	6,895.21	6,134.42
Less: Cash and cash equivalents (Refer note 8)	(367.61)	(584.61)
Less: Bank balances other than cash and cash equivalents (Refer note 9)	(92.77)	(64.18)
<b>Net debt</b>	<b>17,491.68</b>	<b>16,057.30</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 38: Capital management (Contd.)

	As at 31 March 2022	As at 31 March 2021
Equity	1,200.00	1,200.00
Other Equity	17,888.78	16,606.79
<b>Capital and net debt</b>	<b>36,580.46</b>	<b>33,864.09</b>
Gearing ratio	48%	47%

### Note 39: Income Tax

	Year ended 31 March 2022	Year ended 31 March 2021
The major components of income tax expense are:		
<b>Current income tax:</b>		
Current tax	496.78	151.98
Tax reversal for prior periods	24.87	(10.62)
MAT credit entitlement of prior periods	(2.96)	-
	<b>518.69</b>	<b>141.36</b>
<b>Deferred tax charge/ (credit)</b>		
Relating to the origination and reversal of temporary differences	95.18	(75.56)
<b>Income tax expense reported in Statement of Profit and Loss</b>	<b>613.87</b>	<b>65.80</b>
<b>Deferred tax related to items recognised in OCI</b>		
Income tax relating to re-measurement gains on defined benefit plans	(11.60)	(8.94)
	<b>(11.60)</b>	<b>(8.94)</b>
	<b>602.27</b>	<b>56.86</b>

	As at 31 March 2022	As at 31 March 2021
<b>Reconciliation of deferred tax liabilities (net)</b>		
Opening balance	395.87	365.76
Tax expense/(credit) during the year recognised in Statement of Profit and Loss	138.58	39.05
Tax expense/(credit) during the year recognised in OCI	(11.60)	(8.94)
<b>Closing balance</b>	<b>522.85</b>	<b>395.87</b>

	As at 31 March 2022	As at 31 March 2021
<b>Reconciliation of deferred tax assets (net)</b>		
Opening balance	218.71	208.87
Additions during the year	41.94	114.41
Additions/Deletions pertaining to prior periods	2.96	(104.57)
Utilized during the year against tax payment	(20.21)	-
<b>Closing Balance</b>	<b>243.40</b>	<b>218.71</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 39: Income Tax (Contd.)

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Accounting profit before tax</b>	1,927.94	573.50
Add/(less):- Intra group eliminations	90.40	15.26
<b>Accounting profit</b>	<b>2,018.34</b>	<b>588.76</b>
Add: (Profit) / Loss of subsidiaries considered separately	(127.94)	370.46
<b>Accounting profit before tax</b>	<b>1,890.40</b>	<b>959.22</b>
Tax on accounting profit at statutory income tax rate at 29.12% (31 March 2021: 27.82%)	550.48	266.86
Tax on subsidiary at lower rates	36.17	(102.63)
<b>Reconciling items:</b>		
(Incomes)/Expenses disallowed under Income tax Act, 1961	(17.36)	(7.85)
Deferred tax not created on unabsorbed losses	8.29	6.23
Tax reduction on account of Indexation w.r.t transfer of capital asset	-	(30.22)
Tax reduction on account of special rates of tax on Income	-	(17.59)
Tax reversals of earlier years	-	(10.63)
Deferred tax of earlier years	-	(38.38)
MAT credit entitlement of prior periods	(2.96)	-
Tax reversals of prior periods	24.87	-
Change in income tax rate	14.38	-
	<b>613.87</b>	<b>65.80</b>
Income tax expense reported in the Statement of Profit and Loss	<b>613.87</b>	<b>65.80</b>

#### Details of items disclosed under deferred tax liabilities:

	As at 31 March 2022	As at 31 March 2021
Deferred tax assets	451.01	403.39
Deferred tax liabilities	(973.86)	(799.26)
<b>Deferred tax (liability), net</b>	<b>(522.85)</b>	<b>(395.87)</b>

#### Details of Items disclosed under deferred tax asset

	As at 31 March 2022	As at 31 March 2021
Deferred tax assets	211.58	169.64
MAT credit entitlement	31.82	49.07
<b>Deferred tax asset, net</b>	<b>243.40</b>	<b>218.71</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 39: Income Tax (Contd.)

**Significant components of deferred tax asset / (liability) for the year ended 31 March 2022 are as follows :**

	Opening balance	Recognised in SPL	Recognised in OCI	MAT Credit claimed/ written off	Closing balance
(i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961.	(799.26)	(174.60)	-	-	(973.86)
(ii) Provision for doubtful receivables and advances	69.98	17.90	-	-	87.88
(iii) Re-measurement of defined benefit liability	130.76	18.30	11.60	-	160.66
(iv) Fair value measurement of financial asset/liability	23.97	1.14	-	-	25.11
(v) Lease liabilities net of lease assets	1.16	(0.01)	-	-	1.15
(vi) Brought forward business losses	177.52	(1.31)	-	-	176.21
<b>Deferred tax liability, net</b>	<b>(395.87)</b>	<b>(138.58)</b>	<b>11.60</b>	<b>-</b>	<b>(522.85)</b>
(i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961.	(102.11)	(19.40)	-	-	(121.51)
(ii) Re-measurement of defined benefit liability	13.34	4.85	-	-	18.19
(iii) MAT credit entitlement	49.07	2.96	-	(20.21)	31.82
(iv) Brought forward business losses/Unabsorbed depreciation carried forward	258.41	56.49	-	-	314.90
<b>Deferred tax asset, net</b>	<b>218.71</b>	<b>44.90</b>	<b>-</b>	<b>(20.21)</b>	<b>243.40</b>

**Significant components of deferred tax asset / (liability) for the year ended 31 March 2021 are as follows :**

	Opening balance	Recognised in SPL	Recognised in OCI	MAT Credit claimed/ written off	Closing balance
(i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961.	(839.22)	39.96	-	-	(799.26)
(ii) Provision for doubtful receivables and advances	43.99	25.99	-	-	69.98
(iii) Re-measurement of defined benefit liability	145.56	(23.74)	8.94	-	130.76
(iv) Fair value measurement of financial asset/liability	26.32	(2.35)	-	-	23.97
(v) Lease liabilities net of lease assets	0.63	0.53	-	-	1.16
(vi) Brought forward business losses	256.96	(79.44)	-	-	177.52
<b>Deferred tax liability, net</b>	<b>(365.76)</b>	<b>(39.05)</b>	<b>8.94</b>	<b>-</b>	<b>(395.87)</b>
(i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961.	(77.34)	(24.77)	-	-	(102.11)
(ii) Re-measurement of defined benefit liability	14.82	(1.48)	-	-	13.34
(iii) MAT credit entitlement	153.64	-	-	(104.57)	49.07
(vi) Brought forward business losses	117.55	140.86	-	-	258.41
<b>Deferred tax asset, net</b>	<b>208.67</b>	<b>114.61</b>	<b>-</b>	<b>(104.57)</b>	<b>218.71</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 40: Defined benefit obligations

The Group has provided for the gratuity liability and leave encashment (defined benefit plan), as per actuarial valuation carried out by an independent actuary on the balance sheet date.

#### A Defined benefit contributions

The Group makes contributions to statutory provident fund as per the Employees Provident Fund and Miscellaneous Provision Act, 1952 and superannuation fund which are defined contribution plans as per Ind AS 19, Employee benefits. The Group recognised ₹ 236.37 (31 March 2021: ₹ 163.59) for provident fund contributions and ₹ 50.09 (31 March 2021: ₹ 101.08) for superannuation fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

#### B Defined benefit plans

The Group has provided for gratuity and leave encashment liability, for its employees as per actuarial valuation carried out by an independent actuary on the balance sheet date. The valuation has been carried out using the Project Unit Credit Method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The gratuity plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Group is exposed to various risks in providing the above benefit which are as follows:

##### a Interest rate risk

The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in financial statements.

##### b Liquidity risk

This is the risk that the Group is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

##### c Salary escalation risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the rate of interest in future for employees from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

##### d Demographic risk

The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.

##### e Regulatory risk

Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts

##### f Asset liability mismatching or market risk

The duration of the liability is longer compared to duration of assets, exposing the Group to market risk for volatilities/fall in interest rate.

##### g Investment risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 40: Defined benefit obligations (Contd.)

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows :

	As at 31 March 2022	As at 31 March 2021
Current service cost	64.94	41.38
Interest cost	35.75	33.31
Expected return on plan assets	(18.68)	(16.41)
<b>Components of defined benefit costs recognised in Consolidated Statement of Profit and Loss</b>	<b>82.01</b>	<b>58.28</b>
<b>Re-measurement on the net defined benefit liability</b>		
Actuarial gains and losses arising from change in financial , demographic and experience adjustments	35.82	25.99
Return on plan assets excluding amount recognised in net interest expense	2.72	5.89
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>38.54</b>	<b>31.88</b>
<b>Actual contribution and benefit payments for year</b>		
Actual benefit payments	38.38	63.42
Actual contributions	100.01	50.00
<b>Net asset / (liability) recognised in the Consolidated Balance Sheet</b>		
Present value of defined benefit obligations	(627.71)	(529.58)
Fair value of plan assets	358.75	274.93
<b>Net asset / (liability) recognised in the Consolidated Balance Sheet</b>	<b>(268.96)</b>	<b>(254.65)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at the beginning of the year	529.58	494.11
Current service cost	64.94	39.59
Interest cost	35.75	33.31
Actuarial (gains) / losses	35.82	25.99
Benefits paid	(38.38)	(63.42)
<b>Present value of DBO at the end of the year</b>	<b>627.71</b>	<b>529.58</b>
<b>Change in fair value of assets during the year</b>		
Plan assets at the beginning of the year	274.93	239.71
Expected return on plan assets	18.68	16.41
Actual Group contributions	100.01	50.00
Actuarial gains / (loses)	(2.72)	(5.89)
Benefits paid	(32.15)	(25.30)
<b>Plan assets at the end of the year</b>	<b>358.75</b>	<b>274.93</b>
Actual return on plan assets	15.96	10.52
<b>Composition of the plan assets is as follows:</b>		
Others- Insurer managed funds	100%	100%
<b>Actuarial assumptions</b>		
Discount rate	7.25-7.30%	6.80 -6.85%
Expected return on plan assets	6.80%	6.85%
Salary escalation	2.00% for 1-2 years and 4% thereafter	2.00% for 1-2 years and 4% thereafter
<b>Attrition</b>		
- Below 44 years	1-2%	1-2%
- 44 years and above	0.60-1.00%	0.60-1.00%

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 40: Defined benefit obligations (Contd.)

#### Note

- a The Group is estimated to contribute ₹ 221.59 (31 March 2022: ₹ 221.55) towards gratuity funds during the next year.
- b Details of fund assets which are managed by an insurance Group have not been disclosed since the details have not been provided by them.
- c The assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

A quantitative sensitivity analysis for significant assumption is as shown below:

	As at 31 March 2022	As at 31 March 2021
<b>Impact of change in the discount rate</b>		
Impact due to increase of 1%	(49.73)	(44.62)
Impact due to decrease of 1%	57.76	51.98
<b>Impact of change in the salary growth rate</b>		
Impact due to increase of 1%	58.04	52.39
Impact due to decrease of 1%	(50.78)	(45.67)
<b>Impact of change in the attrition rate</b>		
Impact due to increase of 50%	10.38	4.82
Impact due to decrease of 50%	(11.36)	(5.26)
<b>Impact of change in the mortality rate</b>		
Impact due to increase of 10%	0.48	0.24
Impact due to decrease of 10%	(0.48)	(0.24)

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.

There is no change in the method of valuation for the prior periods.

#### Effect of plan on entity's future cash flows

The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Group carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group. The weighted average duration of the plan is estimated to be 10 years. Following is a maturity profile of the defined benefit obligation:

Expected cash flows over the next: (valued on undiscounted basis)

	As at 31 March 2022	As at 31 March 2021
1 year	77.46	31.14
2 - 5 years	225.63	209.47
6 - 10 years	252.97	225.99
More than 10 years	824.57	670.62

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 40: Defined benefit obligations (Contd.)

#### Compensated absences

	As at 31 March 2022	As at 31 March 2021
Charge in the Consolidated Statement of Profit and Loss	156.01	70.10
Liability as at the year end	333.27	255.53
<b>Actuarial assumptions</b>		
Discount rate	7.25-7.30%	6.80 -6.85%
Salary escalation	2.00% for 1-2 years and 4% thereafter	2.00% for 1-2 years and 4% thereafter
Attrition	1-2%	1-2%

The discount rate is based on the prevailing market yields of Government of India securities as at the consolidated balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 41: Segment information

The Managing Director of the Group has been identified as the Chief Operating Decision Maker(CODM) as defined by Ind AS 108- Operating Segments. The CODM evaluates the Group performance and allocates resources based on hydraulic business performance and other business performance. Accordingly the segment information has been presented.

The Group has identified business segments as its primary segment. India is the only major geographical segment, constituting over 95% of the Group's revenues for the reporting period. Hence geographical segment is not reported. Business segments are primarily hydraulic business segment and other business segment. Hydraulic business segment consists of hydraulic pumps, valves and hydraulic systems. Other business segment consists of cast iron castings. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

	Year ended 31 March 2022				
	Hydraulic business	Other business	Eliminations	Unallocated	Total
Revenue from sale of products	32,239.73	6,519.42	(3,575.18)	-	35,183.97
Operating income	99.11	-	-	-	99.11
Less: Inter segment revenue	(292.19)	(1,878.95)	-	-	(2,171.14)
	<b>32,046.65</b>	<b>4,640.47</b>	<b>(3,575.18)</b>	-	<b>33,111.94</b>
Segment result before interest, other income and taxes	4,308.01	452.29	(116.07)	(2,295.87)	2,348.36
Add:Other income	308.76	33.59	(162.20)	236.67	416.82
Less: Finance costs	-	-	-	(837.24)	(837.24)
<b>Profit before taxes</b>	<b>4,616.77</b>	<b>485.88</b>	<b>(278.27)</b>	<b>(2,896.44)</b>	<b>1,927.94</b>
Taxes	-	-	-	-	613.87
Profit after taxes	-	-	-	-	1,314.07
Add:- Share of profit of associates	-	-	-	-	62.30
Add:- Other comprehensive Income	(11.95)	(9.19)	-	(7.26)	(28.40)
<b>Taxes</b>					<b>(11.60)</b>
<b>Total Comprehensive Income</b>	-	-	-	-	<b>1,359.57</b>

	Year ended 31 March 2021				
	Hydraulic business	Other business	Eliminations	Unallocated	Total
Revenue from sale of products	20,822.78	3,880.89	(2,234.83)	-	22,468.84
Operating income	90.82	-	-	-	90.82
Less:- Inter segment revenue	(102.94)	(1,150.35)	-	-	(1,253.29)
	<b>20,810.66</b>	<b>2,730.54</b>	<b>(2,234.83)</b>	-	<b>21,306.37</b>
Segment result before interest, other income and taxes	2,198.26	(112.59)	139.08	(1,679.20)	545.55
Add:Other income	750.50	140.39	(154.35)	304.10	1,040.64
Less: Finance costs	-	-	-	(1,012.69)	(1,012.69)
<b>Profit/(loss) before taxes</b>	<b>2,948.76</b>	<b>27.80</b>	<b>(15.27)</b>	<b>(2,387.79)</b>	<b>573.50</b>
Taxes	-	-	-	-	65.80
<b>Profit after taxes</b>	-	-	-	-	<b>507.70</b>
Add:- Share of profit of associates	-	-	-	-	10.91
Add:- Other comprehensive Income	(20.90)	(1.40)	-	(9.58)	(31.88)
Taxes					(8.94)
<b>Total Comprehensive Income</b>	-	-	-	-	<b>495.67</b>

#### Note:

Assets and liabilities used in the Group's business are not identified to any of the operating segments, as they can be used interchangeably between segments.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 41: Segment information (Contd.)

Entity-wide disclosure as required by Ind AS 108 "Operating Segment" are as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Revenues from external customers for each product or each group of similar products</b>		
Sale of products	33,012.83	21,215.55
	<b>33,012.83</b>	<b>21,215.55</b>
<b>Revenues from external customers attributed to the Group's country of domicile and attributed to all foreign countries from which the Group derives revenues</b>		
India	32,299.74	20,769.94
Outside India	713.09	445.61
	<b>33,012.83</b>	<b>21,215.55</b>
<b>Non-current assets (other than financial instruments and deferred tax assets) located in the Group's country of domicile and in all foreign countries in which the Group holds assets</b>		
India	16,375.99	13,745.92
Outside India	-	-
	<b>16,375.99</b>	<b>13,745.92</b>

Details in respect of percentage of revenues generated from top customer and revenues from transactions with customers amounts to 10 percent or more of Group's revenues from product sale

No single customer contributes 10 percent or more of the Group's total revenue for the years ended 31 March 2022 and 31 March 2021.

### Note 42: Fair value measurements

#### (i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:

Particulars	Notes	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
<b>Assets:</b>				
Investments	6	510.80	-	0.00
Loans	7			
Loan to employees		8.89	-	-
Loan to related parties		74.32	-	-
Others		0.20	-	-
Cash and cash equivalents	8	367.61	-	-
Bank balances other than cash and cash equivalents	9	92.77	-	-
Other financial assets	10			
Balance held as margin money account		23.43	-	-
Security deposits		278.23	-	-
Interest accrued on deposits		17.85	-	-
Trade receivables	14	11,840.09	-	-
<b>Total</b>		<b>13,214.19</b>	<b>-</b>	<b>0.00</b>
<b>Liabilities:</b>				
Borrowings	17	11,056.85	-	-
Trade payables	21	6,895.21	-	-
Lease Liabilities	18	122.31	-	-
Other financial liabilities	19			

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 42: Fair value measurements (Contd.)

The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows: (contd.)

Particulars	Notes	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
Trade / security deposits received		542.51	-	-
Payable to employees		407.13	-	-
Interest accrued but not due on borrowings		18.80	-	-
Unpaid dividends		6.44	-	-
Payables on purchase of fixed assets		166.11	-	-
Interest accrued on trade payables		27.04	-	-
Commission payable on account of Joint development of property		1.65	-	-
Accrued liabilities		235.48	-	-
Others		4.57	-	-
<b>Total</b>		<b>19,484.10</b>	-	-

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

Particulars	Notes	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
<b>Assets:</b>				
Investments	6	447.20	-	0.00
Loans	7			
Loan to employees		4.98	-	-
Others		0.20	-	-
Cash and cash equivalents	8	584.61	-	-
Bank balances other than cash and cash equivalents	9	64.18	-	-
Other financial assets	10			
Balance held as margin money account		19.67	-	-
Security deposits		286.17	-	-
Interest accrued on deposits		13.11	-	-
Trade receivables	14	9,220.86	-	-
<b>Total</b>		<b>10,640.98</b>	-	<b>0.00</b>
<b>Liabilities:</b>				
Borrowings	17	10,571.67	-	-
Trade payables	21	6,134.42	-	-
Lease Liabilities	18	57.71		
Other financial liabilities	19			
Security deposit received towards joint development of property		419.97	-	-
Trade / security deposits received		551.48	-	-
Payable to employees		375.83	-	-
Interest accrued but not due on borrowings		19.14	-	-
Unpaid dividends		6.59	-	-
Payables on purchase of fixed assets		121.17	-	-
Interest accrued on trade payables		20.52	-	-
Commission payable on account of Joint development of property		44.35	-	-
Accrued liabilities		184.30	-	-
Others		2.23	-	-
<b>Total</b>		<b>18,509.38</b>	-	-

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 42: Fair value measurements (Contd.)

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, working capital loans and other financial liabilities approximate the carrying amount largely due to short-term maturity of this instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### (ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

#### (iii) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

#### a) Assets and liabilities measured at fair value - recurring fair value measurement

As at 31 March 2022	Notes	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Non current investments	6	-	-	-	-

As at 31 March 2021	Notes	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>					
Non current investments	6	-	-	-	-

### Note 43: Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on it's financial performance. The primary market risk to the Group is foreign exchange exposure risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Group's risk management activity focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

#### (A) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group, resulting in a financial loss. The Group is exposed to this risk for various financial instruments. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets, as summarised below:

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 43: Financial risk management (Contd.)

#### Assets under credit risk

	As at 31 March 2022	As at 31 March 2021
Investments	510.80	447.20
Loan to employees	8.89	4.98
Loan to related parties	74.32	-
Others	0.20	0.20
Cash and cash equivalents	367.61	584.61
Bank balances other than cash and cash equivalents	92.77	64.18
Balance held as margin money account	23.43	19.67
Security deposits	278.23	286.17
Interest accrued on deposits	17.85	13.11
Trade receivables	11,840.09	9,220.86
	<b>13,214.19</b>	<b>10,640.98</b>

#### A1 Trade and other receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group's exposure to customers is diversified and no single customer contributes to more than 10 percent of outstanding trade receivables. On account of adoption of Ind AS 109, Financial Instruments, the Group uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors and Group's historical experience for customers.

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning	252.70	158.12
Impairment loss recognised	50.26	152.00
Impairment loss reversed	(1.68)	(57.42)
<b>Balance at the end</b>	<b>301.28</b>	<b>252.70</b>

#### A2 Cash and cash equivalents

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

#### Financial assets that are neither past due nor impaired

Cash and cash equivalents, advances recoverable, loans and advances to employees, security deposit and other financial assets are neither past due nor impaired.

#### Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired.

#### (B) Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 43: Financial risk management (Contd.)

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

#### Maturities of financial liabilities

As at 31 March 2022	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	9,512.12	1,544.73	-	11,056.85
Lease liabilities	49.67	89.78	-	139.45
Trade payables	6,895.21	-	-	6,895.21
Other financial liabilities	1,406.26	3.47	-	1,409.73
<b>Total</b>	<b>17,863.26</b>	<b>1,637.98</b>	<b>-</b>	<b>19,501.24</b>

As at 31 March 2021	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	8,957.93	1,613.74	-	10,571.67
Lease liabilities	21.57	44.94	-	66.51
Trade payables	6,134.42	-	-	6,134.42
Other financial liabilities	1,322.64	422.94	-	1,745.58
<b>Total</b>	<b>16,436.56</b>	<b>2,081.62</b>	<b>-</b>	<b>18,518.18</b>

#### (C) Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

##### Foreign currency sensitivity

The Group operates internationally and a significant portion of the business is transacted in USD, JPY, GBP and EURO currencies and consequently the Group is exposed to foreign exchange risk through its sales and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. These include outstanding derivatives contracts entered into by the Group and unhedged foreign currency exposures.

Included In	Currency	As at 31 March 2022		As at 31 March 2021	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
<b>Financial assets</b>					
Trade receivables	USD	2.84	214.34	3.98	291.84
	JPY	30.55	18.79	9.90	6.56
	GBP	0.25	24.85	0.09	8.76
	EURO	2.12	176.56	0.18	16.48
EEFC balances	USD	0.04	3.35	0.41	30.25
<b>Financial liabilities</b>					
Trade payables	USD	10.53	799.57	11.83	869.22
	EURO	1.80	150.15	0.83	69.90

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 43: Financial risk management (Contd.)

#### Sensitivity

The following table details the Group's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies. 1% 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 sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

	Increase 31 March 2022	Decrease 31 March 2022	Increase 31 March 2021	Decrease 31 March 2021
<b>Sensitivity</b>				
INR/USD	(5.82)	5.82	(5.46)	5.46
INR/EURO	0.26	(0.26)	0.55	(0.55)
INR/JPY	0.19	(0.19)	0.07	(0.07)
INR/GBP	0.25	(0.25)	0.08	(0.08)

#### Interest rate risk

##### Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2022, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

##### Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

	As at 31 March 2022	As at 31 March 2021
Variable rate borrowing	11,056.85	10,273.62
Fixed rate borrowing	-	298.05
<b>Total borrowings</b>	<b>11,056.85</b>	<b>10,571.67</b>
Amount disclosed under borrowings	11,056.85	10,571.67

##### Sensitivity

Below is the sensitivity of profit or loss in interest rates.

	31 March 2022	31 March 2021
<b>Interest sensitivity</b>		
Interest rates – increase by 100 basis points (100 bps)	110.57	102.74
Interest rates – decrease by 100 basis points (100 bps)	(110.57)	(102.74)

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 44: Ind AS 115 – Revenue from Contracts with Customers

#### i) Disaggregated revenue information

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition:

	Timing of revenue recognition	Year ended 31 March 2022	Year ended 31 March 2021
<b>Sale of products</b>			
Finished goods	At point in time	33,012.83	21,215.55
Sale of residential units	At point in time	3,910.62	-
<b>Other operating revenue</b>			
Training and other services rendered	Over a period of time	90.04	83.14
Duty drawback	At point in time	9.07	7.68

#### ii) Contract balances

	As at 31 March 2022	As at 31 March 2021
Trade receivables	11,840.09	9,220.86
Contract liabilities – Revenue received in advance	8,213.95	7,271.97

Contract liabilities include advances received from customers. The outstanding balances of these accounts has increased primarily on account of satisfaction of performance obligation subsequent to year-end against which the advances were received during the year.

Contract liabilities - Advance from customers include the advances received from customers on the booking of residential units

#### iii) Performance obligation

Information about the Group's performance obligations are summarised below:

##### Sale of goods

The performance obligation is satisfied upon shipment of the goods and transfer of control. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price is allocated

##### Sale of services

The performance obligation is satisfied over-time or point in time based on the nature of services and payment is generally due upon completion of services.

##### Sale of developmental rights

The performance obligation is satisfied at a point in time when the obligation of transferring the control of residential units is fulfilled.

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 45: Related party disclosures

Nature of relationship	Name of related parties
<b>I Associate companies</b>	Sai India Limited Bourton Consulting (India) Private Limited
<b>II Key Management Personnel (KMP)</b>	
Managing Director	C P Rangachar
Chief Financial Officer	H M Narasinga Rao
Chief Executive Officer	A. Venkatakrishnan
Company Secretary	Vinayak Hegde
Whole Time Director	Suresh Kannan
Executive Director	K. GopalKrishna
Non Executive Directors:	N S Mohanram Premchander Indra Prem Menon Vidya Rangachar R Srinivasan Kenichi Takaku Hidemi Yasuki
<b>III Relatives of KMP</b>	Madhuri Rangachar
<b>IV Entity having significant influence</b>	Yuken Kogyo Co Limited
<b>V Entities controlled by significant shareholder</b>	Yuken Hydraulics (T.W) Co Limited Yuken Europe Limited Yuken Korea Co Limited Yuken Kogyo (Foshan) Co Limited Yuken Sea Co Limited
<b>VI Parties in which key management personnel or their relatives have significant influence</b>	Al Khor Pumps and Hydraulic Machines TR. (LLC) Benefic Investment and Finance Company (Private) Limited
<b>VII Other related parties</b>	Yuken India Employees Gratuity Trust Yuken India Employees Superannuation Fund

### VIII Details of related parties transactions for the year ended 31 March 2022 and 31 March 2021 are as follows:

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2022	Year ended 31 March 2021
<b>Purchase of goods and services received</b>			
Yuken Kogyo Co Limited	Entity having significant influence	2,274.31	1,380.65
Yuken Hydraulics (T.W) Co Limited	Entity controlled by significant shareholder	734.24	454.56
Sai India Limited	Associate	7.14	-
Bourton Consulting (India) Private Limited	Associate	5.08	5.42
<b>Brand fees paid</b>			
Yuken Kogyo Co Limited	Entity having significant influence	103.63	65.48
<b>Sale of goods and services</b>			
Yuken Kogyo Co Limited	Entity having significant influence	29.18	6.94
Yuken Hydraulics (T.W) Co Ltd	Entity controlled by significant shareholder	8.68	11.64
Yuken Europe Limited	Entity controlled by significant shareholder	74.77	22.00
Yuken Korea Co Ltd	Entity controlled by significant shareholder	-	22.33
Yuken Sea Co Limited	Entity controlled by significant shareholder	0.11	-
Sai India Limited	Associate	29.84	14.86
Al Khor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	8.76	4.90

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 45: Related party disclosures (Contd.)

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2022	Year ended 31 March 2021
<b>Dividend paid</b>			
Yuken Kogyo Co Limited	Entity having significant influence	28.80	28.80
C P Rangachar	KMP	0.51	0.51
Vidya Rangachar	KMP	0.10	0.10
Madhuri Rangachar	Relative of KMP	0.05	0.05
Benefic Investment and Finance Company (Private) Limited	Parties in which KMP or their relatives have significant influence	8.35	8.35
<b>Loans or Advances provided</b>			
K. Gopalkrishna	KMP	85.00	-
<b>Remuneration including commission</b>			
C P Rangachar	KMP	97.86	62.23
H M Narasinga Rao	KMP	58.21	48.91
Vinayak Hegde	KMP	10.43	8.35
K. GopalKrishna	KMP	64.80	56.88
A. Venkatakrisnan	KMP	38.50	26.93
N S Mohanram	KMP	2.45	0.55
Premchander	KMP	2.45	0.55
Indra Prem Menon	KMP	2.45	0.55
Vidya Rangachar	KMP	2.45	0.55
R Srinivasan	KMP	2.45	0.55
Kenichi Takaku	KMP	2.45	0.55
Hidemi Yasuki	KMP	2.45	0.55
Hideharu Nagahisa	KMP	2.45	0.55
Suresh Kannan	KMP	20.48	15.93
<b>Director's Sitting fee</b>			
N S Mohanram	KMP	1.76	2.08
Premchander	KMP	2.60	1.92
Indra Prem menon	KMP	0.80	0.48
Vidya Rangachar	KMP	0.96	0.96
R Srinivasan	KMP	2.36	2.24
Kenichi Takaku	KMP	0.96	0.64
Hidemi Yasuki	KMP	0.96	0.64
Hideharu Nagahisa	KMP	0.96	0.64
<b>Lease rentals</b>			
Suresh Kannan	KMP	3.58	-
<b>Payment towards expenses</b>			
Vidya Rangachar	KMP	1.80	1.80
<b>Reimbursement of expense(net)</b>			
Yuken Kogyo Co Limited	Entity having significant influence	-	0.77
<b>Contribution to post employment benefit plans</b>			
Yuken India Employees Gratuity Trust	Post -employment benefit plan	100.01	50.00
Yuken India Employees Superannuation Fund	Post -employment benefit plan	92.30	97.55

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 45: Related party disclosures (Contd.)

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2022	Year ended 31 March 2021
<b>Trade Receivables</b>			
Yuken Kogyo Co Limited	Entity having significant influence	21.94	3.63
Yuken Hydraulics (T.W) Co Ltd	Entity controlled by significant shareholder	2.40	3.85
Yuken Europe Limited	Entity controlled by significant shareholder	24.88	8.76
Yuken Sea Co Limited	Entity controlled by significant shareholder	0.12	-
Grotek Enterprises Private Limited	Subsidiary	20.57	106.62
Sai India Limited	Associate	46.16	16.33
Al Khor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	171.12	185.66

X Details of amounts outstandings from related parties as at 31 March 2022 and 31 March 2021 are as follows :

Nature of transactions/ Name of related party	Description of the relationship	As at 31 March 2022	As at 31 March 2021
<b>Loans or Advances receivable</b>			
K. Gopalkrishna	KMP	85.00	-
<b>Trade Payables</b>			
Yuken Kogyo Co Limited	Entity having significant influence	604.64	804.86
Yuken Hydraulics (T.W) Co Ltd	Entity controlled by significant shareholder	185.27	143.89
Al Khor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	0.11	0.11
Sai India Limited	Associate	7.14	-
Bourton Consulting (India) Private Limited	Associate	1.06	0.29
<b>Remuneration payable</b>			
C P Rangachar	KMP	13.40	4.00
H M Narasinga Rao	KMP	21.19	20.98
Vinayak Hegde	KMP	0.61	0.58
K. Gopalkrishna	KMP	21.29	21.87
A. Venkatakrishnan	KMP	8.21	6.80

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 46: Leases

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2022 and its comparatives on an undiscounted basis:

	As at 31 March 2022	As at 31 March 2021
Within one year	49.67	21.57
After one year but not more than five years	89.78	44.94
Less: Future finance expense	(17.14)	(8.80)
	<b>122.31</b>	<b>57.71</b>
	Year ended 31 March 2022	Year ended 31 March 2021
<b>Amount recognised in Statement of Profit and Loss</b>		
Depreciation on right of use assets	30.12	17.39
Interest on lease liabilities	6.76	6.09
Expenses relating to short term leases	199.27	188.75
<b>Amount recognised in Statement of Cash Flow Statement</b>		
Total cash outflow for leases - principal	32.71	15.48
Total cash outflow for leases - interest	6.76	6.09

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

### Note 47: Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 (net of eliminations)

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit/ (loss)		Share of OCI		Share of total profit/(loss) for the year	
	%	Amount	%	Amount	%	Amount	%	Amount
<b>Yuken India Limited</b>	77%	14,712.43	395%	5,435.24	84%	(14.04)	399%	5,421.20
<b>Subsidiaries</b>								
Yuflow Engineering Private Limited	1%	227.78	-17%	(230.26)	0%	-	-17%	(230.26)
Coretec Engineering India Private Limited	5%	1,033.95	-192%	(2,638.52)	-21%	3.59	-194%	(2,634.93)
Grotek Enterprises Private Limited	14%	2,608.22	-115%	(1,582.16)	38%	(6.35)	-117%	(1,588.51)
Kolben Hydraulics Limited	3%	508.58	24%	329.77	0%	-	24%	329.77
<b>Associates (Investment as per the equity method)</b>								
Sai India Limited	-	-	5%	66.67	-	-	5%	66.67
Bourton Consulting (India) Private Limited	-	-	0%	(4.37)	-	-	0%	(4.37)
<b>Total</b>	<b>100%</b>	<b>19,090.96</b>	<b>100%</b>	<b>1,376.37</b>	<b>100%</b>	<b>(16.80)</b>	<b>100%</b>	<b>1,359.57</b>

### Note 48: Details of equity accounted in associates are as follows:

	Original Cost of Investment	Goodwill/ (Capital Reserve)	Accumulated Profit/ (Loss) as at 31 March 2022	Carrying amount of Investment at 31 March 2022
Sai India Limited	20.00	(20.60)	485.65	505.65
Bourton Consulting (India) Private Limited	3.73	-	0.12	3.85
<b>Total</b>	<b>23.73</b>	<b>(20.60)</b>	<b>485.77</b>	<b>509.50</b>

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 49: Ratio analysis

Ratio	Numerator	Denominator	31 March 2022	31 March 2021	% Change	Reason for variance
Current Ratio	Current Assets	Current Liabilities	1.15	1.25	-7%	NA
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.58	0.59	-2%	NA
Debt Service Coverage Ratio	Earning for Debt Service = Net Profit after taxes + Depreciation and other amortizations + Interest	Debt service = Interest & Lease Payments + Principal Repayments	2.52	1.88	34%	Opening up of economy in FY 22 on account of reduced COVID-19 cases and increased vaccination drive resulted in increase in the operations of the Group resulting in higher profits being earned during the year.
Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	0.07	0.03	162%	Increase in operations during the year and increase in demand for the machine tool products resulted in increase of Inventory Turnover ratio
Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory (excl. Residential units from JDA)	0.62	0.45	38%	Increase in operations during the year resulted in higher revenues, thereby resulting in higher receivable turnover.
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	3.13	2.49	26%	Increase in operations during the year resulted in higher purchases, thereby resulting in higher payable turnover.
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	2.72	1.99	37%	Increase in operations during the year resulted in higher revenues, thereby resulting in higher Capital turnover.
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	8.11	3.54	129%	Increase in the operations of the Group resulted in higher profits being earned during the year.
Net Profit Ratio	Net Profits after taxes	Net sales = Total sales - sales return	0.04	0.02	76%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.09	0.06	64%	

#### Notes

- Reasons for variance has been provided for ratios that have a % change of more than 25%
- Net profits after taxes considered is after including other comprehensive income/loss
- Equity Share Capital and Other Equity has been used to derive Average Shareholder's Equity
- Average Shareholder's Equity, Average Inventory, Average Trade Receivable and Average Trade Payables for the year ended 31 March 2022 have been arrived at using the average values as at 31 March 2022 and 31 March 2021 and for 31 March 2021 have been arrived at using the average values as at 31 March 2021 and 31 March 2020.
- Ratios that are Nil or Not applicable to the Group have not been disclosed

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 50: Impact of COVID-19 on the operations of the Company

The spread of the COVID-19 pandemic and consequent lockdown imposed by the Government of India had temporarily impacted the business of the Group especially during the first three months of the year on account of the second wave of COVID-19. While there was also a third wave of COVID-19 in the last quarter, the Group has witnessed a recovery in its product's demand due to the increased vaccinations, consequent reduction in the number of positive cases and easing of restriction, has resulted in a significant increase in the revenue and profit before taxes during the year.

The Group's management has considered the possible effects that may result from the COVID-19 pandemic on the carrying value of assets (including Property, plant and equipment, Capital work-in-progress, intangible assets, investments, trade receivables and inventories). In developing the assumptions relating to the possible future uncertainties in the domestic/ global economic conditions because of the pandemic, the Group has, as at the date of approval of these consolidated financial statements, used internal and external sources of information, including economic forecasts and estimates from market sources, on the expected future performance of the Group.

On the basis of evaluation and current indicators of future economic conditions, the Group expects to recover the carrying amounts of these assets and does not anticipate any impairment to these financial and non-financial assets. The actual impact of the pandemic may be different from that estimated as at the date of these consolidated financial results and the Group does not foresee any risk on account of any uncertainties arising out of the pandemic and will continue to closely monitor any material changes due to economic conditions which may have an impact on the operation of the Group.

### Note 51: Corporate social responsibility ('CSR')

The Company has incurred CSR expenses mainly towards promoting education, healthcare, animal welfare, Rural development programmes, Water treatment, setting up old age homes and setting up homes for orphans which are specified in Schedule VII of the Companies Act, 2013.

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Gross amount required to be spent during the year</b>	17.65	23.74
<b>Amount spent during the year</b>	30.53	16.26
<b>In cash</b>		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	30.53	16.26
iii) Transferred to separate bank account	-	-
<b>Yet to be paid in cash</b>		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	-

## Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

All amounts are in ₹ lakhs, unless otherwise stated

### Note 52: Other statutory information

1. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
2. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
3. The Group has reviewed transactions to identify if there are any transactions with struck off companies. To the extent information is available on struck off companies, there are no transactions with struck off companies.

### Note 53: Previous period comparatives

Prior year amounts have been regrouped/reclassified wherever necessary, to conform to the current years' presentation.

As per our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

**Vijay Vikram Singh**

Partner

Membership No.: 059139

**Place: Bengaluru**

**Date: 25 May 2022**

For and on behalf of the Board of Directors of Yuken India Limited

**Capt. N S Mohanram**

Director

DIN: 02466671

**Dr. Premchandar**

Director

DIN: 02278652

**C P Rangachar**

Managing Director

DIN: 00310893

**H M Narasinga Rao**

Chief Financial Officer

**Vinayak Hegde**

Company Secretary

FCS No : 11653

**Place: Bengaluru**

**Date: 25 May 2022**

# YUKEN INDIA LIMITED

**CIN: L29150KA1976PLC003017**

**Regd. Office:** No. 16-C, Doddanekundi Industrial Area, II Phase, Mahadevapura, Bengaluru - 560 048.

E mail Id: vinayak.hegde@yukenindia.com. Contact No.+91 97316 10341

Website: www.yukenindia.com.

## **E COMMUNICATION REGISTRATION FORM**

To

**KFIN TECHNOLOGIES LIMITED**

**UNIT: YUKEN INDIA LIMITED**

Karvy Selenium Tower B, Plot 31-32,

Gachibowli, Financial District.

Nanakramguda, Hyderabad - 500 032

### **GREEN INITIATIVE IN CORPORATE GOVERNANCE**

I/we hereby exercise my/our option to receive all communications from the Company such as Notice of General Meeting, Explanatory Statement, Audited Financial Statements, Board's Report, Auditor's Report etc. In electronic mode pursuant to the 'Green Initiative in Corporate Governance' taken by the Ministry of Corporate Affairs. Please register my E-Mail id as given below, in your records, for sending the communications and you can also register your details in below mentioned link:

<https://forms.office.com/Pages/ResponsePage.aspx?id=50YGarI49U-14qW1r929neOqM593jO9MhQvF7NJUcxUOVhES0xlUFdIMEhXQTVVTTfZRVCT09VTC4u>

<b>Folio No./ DP Id &amp; Client Id No.</b>	
<b>Name of 1st Registered Holder</b>	
<b>Name of Joint Holder(s), If Any</b>	
<b>Registered Address of the Sole/ 1st Registered Holder</b>	
<b>No. of Shares Held</b>	
<b>E-Mail Id (to be registered)</b>	

Date: .....

Signature.....

#### **NOTE:**

1. On registration, all communications will be sent to the E-Mail Id registered.
2. The form is also available on the website of the Company www.Yukenindia.com under the section Investor - Investor Services.
3. Shareholders are requested to keep the Company's registrar-KFIN Technologies Limited informed as and when there is any change in the E-Mail address.











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