

2. CORETEC ENGINEERING INDIA PRIVATE LIMITED

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Members of **CORETEC ENGINEERING INDIA PRIVATE LIMITED** will be held on Friday, 08th September, 2023 at 12.00 Noon at the Registered Office of the Company situated at B-59, Dyavasandra Industrial Estate, Mahadevapura, Whitefield Road, Bengaluru – 560048, to transact the following business:

ORDINARY BUSINESS:

1. To consider, approve and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2023, together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Kandachar Gopal Rao Ravi (DIN: 03520396), who retires by rotation and being eligible, offers himself for re-appointment.

By order of the Board,

For CORETEC ENGINEERING INDIA PRIVATE LIMITED

Shashikant Kala Naik

Director

DIN: 03533778

Place: Bengaluru

Date: 25.05.2023

NOTES:

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend & vote instead of himself/herself. The proxy need not be a member of the Company. The proxy form duly signed must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting.
2. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
3. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least seven days before the date of Annual General Meeting to enable the Company to keep the information ready at the meeting.

BOARD'S REPORT

To,
The Members of
Coretec Engineering India Private Limited

The Board of Directors are pleased to present the 25th Annual Report of the business and operations of the Company together with the audited financial statements for the year ended 31st March, 2023.

FINANCIAL RESULTS:

Financial highlights:

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2023	31.03.2022
Total Income	3,668.57	2,761.54
Total expenditure	3433.32	2,745.75
Profit/(Loss) before interest, depreciation and tax	235.25	15.79
Finance cost	101.01	114.76
Depreciation	131.36	98.06
Profit/(Loss) before Tax	2.88	(197.03)
Provision for taxation (Net of deferred tax)	24.22	(41.28)
Profit/(loss) after tax	(21.34)	(155.75)
Net comprehensive income for the year	0.55	3.59
Total comprehensive income for the year	(20.79)	(152.16)
Balance in Statement of profit and loss	(251.34)	(99.18)
Amount available for appropriation	(272.13)	(251.34)
Appropriations:		
Equity dividend paid	-	-
Tax on Equity Dividend	-	-
Balance carried to Balance Sheet	(272.13)	(251.34)

PERFORMANCE REVIEW:

During the year, your Company has earned total revenue of Rs. 3,668.57 lakhs as compared to previous year total revenue of Rs. 2,761.54 lakhs. The growth is around 33% over the previous year. The Company has incurred net loss of Rs. 20.79 lakhs.

Your Directors are making all efforts to ensure optimal operational results in coming years and achieving higher

margins. Directors are putting effort to control the cost and thereby improving the profitability in line with the increase in the revenue.

ANNUAL RETURN:

As per Section 92 (3) of the Companies Act, 2013 the Company shall place a copy of the annual return on the website of the Company, if any. Since the Company do not have its website, hence the web-link is not given.

NUMBER OF MEETINGS OF THE BOARD:

During the financial year 2022-23, there were 4 (Four) Board Meetings held on the following dates; 24.05.2022, 08.08.2022, 08.11.2022 and 13.02.2023.

DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, the Board hereby submits its Responsibility Statement:

- (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 devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

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

The Company has not made any loans or advances or given guarantees or provided securities or made investments in other bodies corporate during the financial year.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH 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.

As per requirements of Indian Accounting Standard 24, the transactions with related parties are disclosed in the Note No. 33 of the Notes forming part of the financial statements.

A statement in Form AOC-2 pursuant to the provisions of Clause (h) of sub-section (3) of section 134 of the Act read with sub-rule (2) of rule 8 of Companies (Accounts) Rules, 2014 is furnished in "Annexure-1" is forming part of this report.

DETAILS OF AMOUNTS TRANSFERRED TO RESERVES:

The Company has not transferred any amount to reserves during the year.

DIVIDEND:

Your directors do not recommend any dividend for the financial year ended 31st March, 2023 to conserve cash for the future expansion.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company was not required to transfer any amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN END OF FINANCIAL YEAR AND DATE OF REPORT:

There has been no 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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014:

In terms of clause (m) of sub-section (3) of section 134 of the Companies Act, 2013 and the rules framed there under,

the particulars relating to conservation of energy, technology absorption and foreign earnings and outgo is given below:

1) CONSERVATION OF ENERGY:

The consumption of electricity during the year is minimal. The management is taking conscious efforts to conserve the energy.

2) TECHNOLOGY ABSORPTION:

The Company has no activity relating to technology absorption.

3) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Sl. No.	Particulars	As on 31.03.2023 (Amount in INR)	As on 31.03.2022 (Amount in INR)
01	Foreign Exchange Earnings	NIL	NIL
02	Foreign Exchange Outgo	11,65,000	26,56,515

DETAILS OF CHANGE IN NATURE OF BUSINESS, IF ANY:

There was no change in the nature of business of the Company during the year 2022-23.

BOARD OF DIRECTORS:

The Board comprises following Directors:

Sl. No	Name of the Directors	Designation
1	Kandachar Gopalarao Ravi	Director
2	Shashikant Kala Naik	Director
3	A Venkatakrishnan	Director

Mr. Kandachar Gopalarao Ravi - Director, retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

DECLARATION BY INDEPENDENT DIRECTORS:

The Company was not required to appoint Independent Directors under Section 149(4) and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no declaration was obtained.

REMUNERATION POLICY:

The provisions of Section 178(1) of the Companies Act, 2013 is not applicable to Company. However, remuneration policy as adopted by the Company envisages payment of remuneration according to qualification, experience and performance at different levels of the organization. The employees at the

factory as well as those rendering clerical, administrative and professional services are suitably remunerated according to the industry norms.

SUBSIDIARY:

The Company do not have any subsidiary companies, associate companies and joint ventures.

STATUS OF THE COMPANY:

The Company is a wholly-owned subsidiary of YUKEN INDIA LIMITED.

INTERNAL FINANCIAL CONTROLS:

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of 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 disclosures.

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 (MCA) notification amending the Companies (Acceptance of Deposits) Rules, 2014, the Company has filed with the Registrar of Companies (ROC) the requisite returns for outstanding receipt of money/loan by the Company, which is not considered as deposits.

MATERIAL ORDERS PASSED BY REGULATORY AUTHORITIES:

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

RISK MANAGEMENT POLICY:

Risks are events, situations or circumstances which may lead to negative consequences on the Company's businesses. Risk Management is a structured approach to manage uncertainty. Although the Company does not have a formal risk management policy but a formal enterprise-wide approach to Risk Management is being adopted by the Company and key risks will now be managed within a unitary framework. Key business risks and their mitigation are also considered in the annual / strategic business plans and in periodic management reviews.

DETAILS OF REVISION OF FINANCIAL STATEMENTS:

There was no revision of the financial statements of the Company, during the year 2022-23.

CORPORATE SOCIAL RESPONSIBILITY:

The provisions of section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the Company.

SECRETARIAL STANDARDS:

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

THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH 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 31st March, 2023.

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.

DISCLOSURE FOR MAINTENANCE OF COST RECORDS AS PER SECTION 148(1):

The Company is not required to maintain the books of accounts and other related records as per rules prescribed by the Central Government under section 148(1) of the Companies Act, 2013.

PARTICULARS OF EMPLOYEES:

During the year under review, the Company had no employees who earned remuneration beyond the limits specified under Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

HUMAN RESOURCES:

The management has always carried out systematic appraisal of performance and imparted training at periodic intervals. The company has always recognized talent and has judiciously followed the principle of rewarding performance.

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

As on March 31, 2023 the authorized share capital of the Company is Rs. 5,00,00,000/- consisting of 50,00,000 equity shares of Rs. 10/- each. The paid up share capital of the Company is Rs. 3,61,96,000/- consisting of 36,19,600 equity shares of Rs. 10/- each.

STATUTORY AUDITORS:

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. V K A N & Associates, Chartered Accountants, Bengaluru have been appointed as statutory auditors of the Company at the Annual General Meeting held on 31st July, 2019, for a period of 5 years and to hold the office up to the conclusion Annual General Meeting of the Company to be held in the year 2024.

The Statutory Auditor's Report for FY 2022-23 does not contain any qualifications reservation or adverse remark.

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.

SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit is not applicable to the Company.

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

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the Company's premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company does not have a formal Anti Sexual Harassment policy in place but has adequate measures including checks and corrections in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. During the year 2022-23, no complaint of sexual harassment has been received.

ACKNOWLEDGEMENTS:

Your Directors place on record their sincere thanks to the Customers, bankers, business associates, consultants, Regulatory authorities, 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.

On behalf of the Board

For CORETEC ENGINEERING INDIA PRIVATE LIMITED

Date: 25.05.2023

Place: Bengaluru

Shashikant Kala Naik

Director

DIN: 03533778

A. Venkatakrishnan

Director

DIN: 08219189

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 arms' length transactions under third proviso thereto.

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

(a)	Name(s) of the related party and nature of relationship	NA
(b)	Nature of contracts/arrangements/transactions	NA
(c)	Duration of the contracts / arrangements/transactions	NA
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	NA
(e)	Justification for entering into such contracts or arrangements or transactions	NA
(f)	date(s) of approval by the Board	NA
(g)	Amount paid as advances, if any	NA
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

2. Details of material contracts or arrangement or transactions at arm's length basis:

(a)	Name(s) of the related party and nature of relationship	-
(b)	Nature of contracts/arrangements/transactions	-
(c)	Duration of the contracts / arrangements/transactions	-
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	-
(e)	Date(s) of approval by the Board, if any	-
(f)	Amount paid as advances, if any	-

Note: All related party transactions are in the ordinary course of business and on arm's length basis. Please refer transactions reported in Note No. 33 of the Notes forming part of the financial statements in the Annual Report.

For CORETEC ENGINEERING INDIA PRIVATE LIMITED

Date: 25.05.2023

Place: Bengaluru

Shashikant Kala Naik

Director

DIN: 03533778

A. Venkatakrishnan

Director

DIN: 08219189

Independent Auditor's Report

**To the Members of
Coretec Engineering India Private Limited**

Report on the standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Coretec Engineering India Private Limited ("*the Company*") which comprises the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS financial statements.

Management's responsibility for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India, specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 implementation and maintenance of 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
 - iv. a. The management has represented that, to the best of its knowledge and belief, 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 or entity, 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, no funds have been received by the Company from any person or entity, 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 attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year ended March 31, 2023.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For V K A N & Associates
Chartered Accountants
 ICAI Firm Registration No 014226S

Anand Kumar Daga
 Partner
 Membership No. 216281
 UDIN: 23216281BGGVSE8882

Place: Hyderabad
 Date: 25th May 2023

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Coretec Engineering India Private Limited of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Coretec Engineering India Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively

as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V K A N & Associates
Chartered Accountants
ICAI Firm Registration No 014226S

Anand Kumar Daga
Partner
Membership No. 216281
UDIN: 23216281BGVVSE8882

Place: Hyderabad
Date: 25th May 2023

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Coretec Engineering India Private Limited of even date)

- (i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The fixed assets were physically verified during the year by the Management with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, 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 any of its Property, Plant and Equipment and 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 been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, from banks or financial institutions on the basis of security of current assets and the company is regular in filing statements on a quarterly basis with the banks or financial institutions. The quarterly statements filed with banks or financial institutions are in agreement with books of accounts.
- (iii) The Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.
- (v) 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 not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us and on the basis of our examination of books of accounts in respect of statutory dues,
- a) The Company is regular in depositing 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, with the appropriate authorities. 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 to in subclause (a) above that have not been deposited with the appropriate authorities on account of any dispute as on March 31, 2023 except as per details below:

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.in Lakhs)
Income tax act, 1961	Dispute on account of additional tax demanded	Assessing Officer	AY 2008-09	5.68
Income tax act, 1961	Dispute on account of additional tax demanded	Assessing Officer	AY 2006-07	3.64

(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 representation received from the management of the Company, 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 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 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.
- (f) According to the information and explanations given to us, the Company has not raised any loans by way of pledge of securities held in its subsidiaries, joint ventures or associates hence reporting on clause 3(ix)(f) of the Order is not applicable.
- (x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (x) (a) of the Order is not applicable.
- (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 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 were unable to obtain some of the Internal Audit Reports of the Company on timely basis, hence the Internal Audit Reports have been considered by us, only to the extent made available to us.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi)(a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) of the Order is not applicable.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year without a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the financial year but had incurred cash losses amounting to Rs. 130.25 lakhs in 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, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is 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) According to the information and explanations given to us, The Company does not fulfill the criteria as specified under section 135(1) of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and according, reporting under clause (xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause (xxi) 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 V K A N & Associates

Chartered Accountants

ICAI Firm Registration No 014226S

Anand Kumar Daga

Partner

Membership No. 216281

Place: Hyderabad

Date: 25th May 2023

Coretec Engineering India Private Limited

CIN - U29246KA1998PTC023863

Balance Sheet as at 31st March, 2023

(₹ in Lakhs)

Particulars	Note No.	As at	As at
		31 st March 2023	31 st March 2022
		₹	₹
ASSETS			
Non-current assets			
Property, Plant and Equipment	3.a	1,860.34	1,377.30
Capital work in progress	3.b	81.71	305.00
Other intangible assets	3.b	20.77	27.58
Financial assets			
(i) Other financial assets	4	22.25	22.18
Income tax assets	4a	11.60	7.86
Deferred tax Assets (net)	13	106.00	130.22
Total non-current assets		2,102.67	1,870.14
Current assets			
Inventories	5	1,169.62	972.93
Financial assets			
(i) Trade receivables	6	1,238.66	1,501.70
(ii) Cash and cash equivalents	7	6.60	7.54
(iii) Loans and advances	8	0.23	1.08
Other current assets	9	241.86	151.31
Total current assets		2,656.97	2,634.56
TOTAL ASSETS		4,759.64	4,504.70
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	10.a	361.96	361.96
Other equity	10.b	(272.13)	(251.34)
TOTAL EQUITY		89.83	110.62
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	11	37.50	162.50
Provisions	12	56.83	47.22
Total non - current liabilities		94.33	209.72
Current liabilities			
Financial liabilities			
(i) Borrowings	11	662.59	887.83
(ii) Trade payables	14		
Total outstanding dues of micro enterprises and small enterprises		81.64	48.31
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,219.67	1,070.16
(iii) Other financial liabilities	15	2.58	1.74
Provisions	12	1.50	1.23
Other current liabilities	16	2,607.50	2,175.09
Total current liabilities		4,575.48	4,184.36
TOTAL LIABILITIES		4,669.81	4,394.08
TOTAL EQUITY AND LIABILITIES		4,759.64	4,504.70
See accompanying notes to the standalone IND AS financial statements	1-39		

In terms of our report of even date attached

For V K A N & Associates

Chartered Accountants

Firm Regn. No: 014226S

For and on behalf of the Board of Directors

Anand Kumar Daga

Partner

Membership No: 216281

Place: Hyderabad

Date: 25th May 2023

A. Venkatakrisnan

Director

DIN: 08219189

Place: Bangalore

S.K. Naik

Director

DIN: 03533778

Place: Bangalore

Coretec Engineering India Private Limited
CIN - U29246KA1998PTC023863
Statement of Profit and Loss and Other comprehensive income
as at 31st March, 2023

(₹ in Lakhs)

Particulars	Note No.	As at	As at
		31 st March, 2023	31 st March, 2022
		₹	₹
Income			
Revenue from operations	17	3,667.87	2,694.36
Other income	18	0.70	67.18
Total Income		3,668.57	2,761.54
Expenses			
Cost of materials consumed	19	2,172.25	1,636.67
Changes in stock of finished goods, work-in-progress and stock-in-trade	20	(67.14)	(24.08)
Employee benefit expense	21	321.16	291.78
Finance costs	22	101.01	114.76
Depreciation and amortisation expense	23	131.36	98.06
Other expenses	24	1,007.05	841.38
Total expenses		3,665.69	2,958.57
Profit / (Loss) before tax		2.88	(197.03)
Tax expense/(benefit):			
Current tax		-	-
Deferred tax	25	24.22	(41.28)
		24.22	(41.28)
Profit/ (Loss) after tax		(21.34)	(155.75)
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans	30	0.76	4.98
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.21)	(1.39)
Other comprehensive income for the year		0.55	3.59
Total loss and comprehensive income for the year		(20.79)	(152.16)
Earnings per equity share:			
Basic and diluted (in Rs.)	31	(0.59)	(4.30)
See accompanying notes to the standalone IND AS financial statements	1-39		

In terms of our report of even date attached

For V K A N & Associates

Chartered Accountants

Firm Regn. No: 014226S

Anand Kumar Daga**Partner**

Membership No: 216281

Place: Hyderabad

Date: 25th May 2023**For and on behalf of the Board of Directors****A. Venkatakrishnan****Director**

DIN: 08219189

Place: Bangalore

S.K. Naik**Director**

DIN: 03533778

Place: Bangalore

Coretec Engineering India Private Limited
CIN - U29246KA1998PTC023863
Cash Flow Statement for the year ended 31st March 2023 (₹ in Lakhs)

Particulars	Year ended 31 st March, 2023		Year ended 31 st March, 2022	
	₹	₹	₹	₹
A. Cash flow from operating activities				
Net profit / (loss) before extraordinary items and tax		2.88		(197.03)
<i>Adjustments for:</i>				
Depreciation and amortization	131.36		98.06	
Profit on sale of assets	(0.70)		(32.36)	
Finance costs	101.01		114.76	
Bad debts written off	-		1.08	
		231.67		181.54
Operating profit / (loss) before working capital changes-(1)		234.55		(15.49)
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:-(2)</i>				
Inventories	(196.69)		(170.61)	
Trade receivables	263.04		(746.60)	
Loans and advances	0.85		(1.03)	
Other financial assets	(0.07)		(1.55)	
Other current assets	(90.55)		(27.61)	
<i>Adjustments for (increase) / decrease in operating liabilities:-(3)</i>				
Trade payables	182.84		183.03	
Provisions(short term and long term)	10.49		12.19	
Other financial liabilities	0.84		0.26	
Other current liabilities	432.41		1,112.39	
		603.16		360.47
Cash generated from operations-(1)+(2)-(3)		837.71		344.98
Net income tax (paid) / refunds		(3.74)		(3.26)
Net cash flow from / (used in) operating activities (A)		833.97		341.72
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(388.79)		(162.24)	
Proceeds from Sale of fixed assets	5.12		75.41	
		(383.66)		(86.84)
Net cash flow from / (used in) investing activities (B)		(383.66)		(86.84)
C. Cash flow from financing activities				
Issue of share capital (net of issue expenses paid)	-		-	
Net increase / (decrease) in working capital borrowings	-		-	
Term loan taken during the year	-		-	
Repaid during the year				
Finance cost	(350.24)		(139.93)	
	(101.01)		(114.76)	
		(451.25)		(254.69)
Net cash flow from / (used in) financing activities (C)		(451.25)		(254.69)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(0.94)		0.19
Cash and cash equivalents at the beginning of the year		7.54		7.35
Cash and cash equivalents at the end of the year(Refer Note No. 7)		6.60		7.54
See accompanying notes to the standalone IND AS financial statements	1-39			

In terms of our report of even date attached

For V K A N & Associates

Chartered Accountants

Firm Regn. No: 014226S

Anand Kumar Daga

Partner

Membership No: 216281

Place: Hyderabad

Date: 25th May 2023

For and on behalf of the Board of Directors

A. Venkatakrishnan

Director

DIN: 08219189

Place: Bangalore

S.K. Naik

Director

DIN: 03533778

Place: Bangalore

Coretec Engineering India Private Limited

CIN - U29246KA1998PTC023863

Statement of Changes in Equity for the year ended 31st March 2023 (₹ in Lakhs)

Particulars	As at 31 st March, 2023		As at 31 st March, 2022	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	50,00,000	500.00	50,00,000.00	500.00
(b) Issued, subscribed and fully paid up				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	36,19,600	361.96	36,19,600.00	361.96
Total	36,19,600	361.96	36,19,600.00	361.96

(₹ in Lakhs)

Particulars	Reserve and Surplus	
	Retained earnings	Other comprehensive income
	₹	₹
Balance as at 1st April, 2021	(104.99)	5.82
<u>Additions during the year</u>		
Profit during the year	(155.75)	-
<u>Items of the OCI, net of tax-</u>		
Re-measurement of net defined benefit liability/(asset)	-	3.59
Total	(155.75)	3.59
Balance as at 31st March, 2022	(260.74)	9.41
Balance as at 1st April, 2022	(260.74)	9.41
<u>Additions during the year</u>		
Profit during the year	(21.34)	-
<u>Items of the OCI, net of tax-</u>		
Re-measurement of net defined benefit liability/(asset)	-	0.55
Total	(21.34)	0.55
Balance as at 31st March, 2023	(282.08)	9.95
See accompanying notes to the standalone IND AS financial statements		1-39

In terms of our report of even date attached

For V K A N & Associates

Chartered Accountants

Firm Regn. No: 014226S

For and on behalf of the Board of Directors

Anand Kumar Daga

Partner

Membership No: 216281

Place: Hyderabad

Date: 25th May 2023

A. Venkatakrisnan

Director

DIN: 08219189

Place: Bangalore

S.K. Naik

Director

DIN: 03533778

Place: Bangalore

Coretec Engineering India Private Limited

CIN - U29246KA1998PTC023863

Summary of significant accounting policies and other explanatory information for the year ended 31st March 2023

1. Corporate information:

The Company is engaged in the business of manufacture of hydraulic components and sub-assemblies for use in hydraulic applications. The company is a 100% subsidiary of Yuken India Limited, hydraulics major and a listed Company. The company carries on its manufacturing operations from Mahadevapura industrial area, Whitefield, Bangalore and Malur, Kolar(dt).

2. Significant accounting policies:

2.1 Basis of preparation

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

2.2 Summary of the other significant accounting policies

a) Use of estimates

The preparation of standalone financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

b) 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 realised or intended to be sold or consumed in normal operating cycle
- ▶ Held primarily for the purpose of trading
- ▶ Expected to be realised 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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c) Property, plant and equipment

Under previous GAAP (Indian GAAP), Property Plant & Equipment were stated at their original cost, net of Cenvat Credit where applicable (including expenses related to acquisition and installation) except certain Fixed Assets which are adjusted for revaluation. The company has elected to regard those values of property plant & equipment as deemed cost as on 01-04-2017. Cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the company capitalises them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Depreciation is calculated on a straight line basis over the useful lives of the assets as follows:

Assets Description	Useful Life (Years)
General plant and machinery	15
Vehicles	10
Computers and data processing equipment	3
Electrical Installation	10
Factory Building	30
Furniture & Fixtures	10
Office Equipment's	10

On fixed assets added/disposed of during the year, depreciation is charged on pro-rata basis with reference to the date of addition/disposal.

d) Leases

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Since the lease is of short-term (<12 months), Ind AS 116 has no impact on the balances.

e) 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.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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 or loss when the asset is derecognised.

g) Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the

cumulative effect method. There is no impact of the adoption of the standard on the standalone financial statements of the Company.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, including excise duty and excluding GST and other taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership and control of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest income

Income is recognized on time proportion basis taking into account the outstanding amount and the applicable rate of interest. Interest income is included in finance income in the statement of profit and loss.

Dividend income

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a First-In-First-Out (FIFO) method.

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.

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

i) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

j) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred

tax liabilities are recognised for all taxable temporary differences, except:

- ▶ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ▶ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- ▶ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ▶ In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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 tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k) Provisions and contingencies

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the standalone financial statements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

l) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already

paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Gratuity liability is provided based on actuarial valuation arrived on the basis of projected unit credit method are determined at the end of each year.

Liabilities towards Leave Encashment Benefit are provided for based on actuarial valuation done at the year end.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

m) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

n) Earnings per share

Basic earnings per share 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. An earnings considered in ascertaining the Company's earnings per share is the net profit for the period attributable to equity shareholders. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

o) Foreign currency transactions and translations

(i) Functional & presentation currency

The standalone financial statements are presented in Indian Rupee (INR), which is the company's functional & presentation currency.

(ii) Transactions & balances

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of 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 profit or loss.

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.

p) Financial instruments

A) Initial recognition and measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

B) Subsequent measurement

a) Financial assets carried at amortised cost (AC)

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

b) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the

financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

C) Other equity investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

D) Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). Expected credit losses are measured through a loss allowance at an amount equal to:

- > The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- > Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss and where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

(ii) Financial liabilities

A. Initial recognition and measurement

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

B. Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(iii) Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

q) Fair value hierarchy:

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.

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Notes forming part of Balance Sheet

3. Property plant & equipment

(₹ in Lakhs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION / IMPAIRMENT				NET BLOCK		
	As at 01 st April, 2022	Additions	Deductions / Adjustments	As at 31 st March, 2023	As at 01 st April, 2022	For the Year	Deductions / Adjustments	Impairment loss	As at 31 st March, 2023	As at 31 st March, 2022
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible assets (A)										
Freehold land	319.36 (319.36)	-	-	319.36 (319.36)	-	-	-	-	319.36 (319.36)	319.36 (319.36)
Factory buildings	268.92 (268.92)	246.41	-	515.33 (268.92)	48.40 (39.48)	15.24 (8.92)	-	63.64 (48.40)	451.69 (220.52)	220.52 (229.44)
Computer systems	23.38 (21.66)	6.90 (5.15)	-	30.28 (23.38)	19.54 (20.08)	2.38 (1.62)	-	21.92 (19.54)	8.36 (3.84)	3.84 (1.57)
Office equipment	25.42 (22.65)	9.89 (7.75)	0.72 (4.98)	34.59 (25.42)	15.69 (12.95)	2.79 (6.97)	0.40 (4.24)	18.08 (15.69)	16.51 (9.74)	9.74 (9.69)
Furniture & fixtures	17.24 (17.24)	18.59 (4.74)	-	40.57 (21.99)	8.02 (6.74)	2.35 (1.27)	-	10.37 (8.02)	30.21 (13.97)	13.97 (10.50)
Plant & machinery	1,089.31 (1,147.04)	319.08 (43.77)	4.64 (101.50)	1,403.75 (1,089.31)	331.77 (327.42)	91.34 (71.44)	0.48 (67.10)	422.63 (331.77)	981.12 (757.54)	757.54 (819.62)
Electrical installation	72.05 (65.84)	7.95 (6.21)	-	80.00 (72.05)	20.94 (15.45)	6.87 (5.49)	-	27.82 (20.94)	52.19 (51.11)	51.11 (50.39)
Vehicles	5.39 (5.92)	-	-	5.39 (5.39)	4.16 (4.06)	0.31 (0.32)	-	4.47 (4.16)	0.92 (1.23)	1.23 (1.86)
Total (A)	1,825.81	608.82	5.36	2,429.27	448.51	121.30	0.88	568.93	1,860.34	1,377.30
PY Numbers	(1868.64)	(67.62)	(110.44)	(1825.81)	(426.19)	(96.03)	(73.72)	-	(1377.30)	(1442.44)
Intangible assets (B)										
Software	44.70 (36.50)	3.25 (8.20)	-	47.95 (44.70)	17.12 (15.10)	10.06 (2.02)	-	27.18 (17.12)	20.77 (27.58)	27.58 (21.40)
Total (B)	44.70	3.25	-	47.95	17.12	10.06	-	27.18	20.77	27.58
PY Numbers	(36.50)	(8.20)	-	(44.70)	(15.10)	(2.02)	-	(17.12)	(27.58)	(21.40)
Total (A) + (B)	1,870.51	612.07	5.36	2,477.22	465.63	131.36	0.88	596.11	1,881.11	1,404.88
PY Numbers	(1,905.14)	(75.82)	(110.44)	(1,870.51)	(441.29)	(98.05)	(73.72)	-	(1,404.88)	(1,463.84)

(₹ in Lakhs)

DESCRIPTION	CWIP		CLOSING BALANCE	
	As at 01 st April, 2022	Additions to CWIP	As at 31 st March, 2023	As at 31 st March, 2022
	₹	₹	₹	₹
Capital work in progress	305.00 (224.89)	388.78 (88.29)	81.71 (305.00)	305.00 (224.89)
Total	305.00	388.78	81.71	305.00
PY Numbers	(224.89)	(88.29)	(305.00)	(224.89)

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Notes forming part of Balance Sheet

Capital work-in-progress as at 31st March 2023

(a) Ageing of CWIP:

(₹ in Lakhs)

DESCRIPTION	Amounts in Capital work-in-progress for				Total
	Less than one year	1 to 2 Years	2 to 3 Years	More than 3 Years	
	₹	₹	₹	₹	
(i) Projects in process	45.72	13.23	-	22.77	81.71
(ii) Projects temporarily suspended	-	-	-	-	-
Total	45.72	13.23	-	22.77	81.71

(b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan:

(₹ in Lakhs)

DESCRIPTION	To be Completed in				Total
	Less than one year	1 to 2 Years	2 to 3 Years	More than 3 Years	
	₹	₹	₹	₹	
(i) Projects in process MALUR UNIT BUILDING EXTENSION	81.71	-	-	-	81.71
(ii) Projects temporarily suspended	-	-	-	-	-
Total	81.71	-	-	-	81.71

Capital work-in-progress as at 31 March 2022

(a) Ageing of CWIP:

(₹ in Lakhs)

DESCRIPTION	Amounts in Capital work-in-progress for				Total
	Less than one year	1 to 2 Years	2 to 3 Years	More than 3 Years	
	₹	₹	₹	₹	
(i) Projects in process	88.29	-	216.71	-	305.00
(ii) Projects temporarily suspended	-	-	-	-	-
Total	88.29	-	216.71	-	305.00

(b) Completion schedule for capital work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan:

(₹ in Lakhs)

DESCRIPTION	To be Completed in				Total
	Less than one year	1 to 2 Years	2 to 3 Years	More than 3 Years	
	₹	₹	₹	₹	
(i) Projects in process MALUR UNIT BUILDING EXTENSION	232.31	-	-	-	232.31
(ii) Projects temporarily suspended	-	-	-	-	-
Total	232.31	-	-	-	232.31

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

4. Other financial assets - non current

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Security deposits	20.63	20.63
Deposit with Banks	1.62	1.55
Total	22.25	22.18

4a. Income tax assets - non current

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Advance tax [net of provision for income tax: Nil (31st March 2022:Nil)]	11.60	7.86
Total	11.60	7.86

5. Inventories

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Raw materials and components	804.68	675.36
Work-in-progress	242.86	178.07
Finished goods	121.29	118.94
Material In-Transit	0.79	0.55
Total	1,169.62	972.93

The mode of valuation of inventories has been stated in note 2 (h)

6. Trade receivables

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Current		
Trade receivables		
(a) Unsecured, considered good	1,238.66	1,501.70
(b) Unsecured, considered doubtful	-	-
Less: Allowance for credit losses	-	-
Total	1,238.66	1,501.70

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

Aging of receivables as at 31st March 2023

(₹ in Lakhs)

Particulars	Outstanding for following periods from the due date					Total
	Less than 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	More than 3 years	
	₹	₹	₹	₹	₹	
Undisputed Trade receivables						
considered good	805.03	276.22	157.41	-	-	1,238.66
which have significant increase in credit risk	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-
Disputed Trade receivables						
considered good	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-
Total	805.03	276.22	157.41	-	-	1,238.66

Aging of receivables as at 31st March 2022

(₹ in Lakhs)

Particulars	Outstanding for following periods from the due date					Total
	Less than 6 months	6 months to 1 year	1 year to 2 years	2 years to 3 years	More than 3 years	
	₹	₹	₹	₹	₹	
Undisputed Trade receivables						
considered good	983.10	429.79	88.81	-	-	1,501.70
which have significant increase in credit risk	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-
Disputed Trade receivables						
considered good	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-
Total	983.10	429.79	88.81	-	-	1,501.70

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

7. Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Cash on hand	0.41	0.75
Balances with banks		
(i) In current accounts	6.20	6.80
Cash and cash equivalents as per balance sheet	6.60	7.54
Cash and cash equivalents as per statement of cash flows	6.60	7.54

8. Loans and advances

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Current		
Advance to employees	0.23	1.08
Total	0.23	1.08

9. Other current assets

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Trade and other advances	148.67	40.39
Prepaid expenses	23.72	33.63
Balance with government authorities (including GST)	69.48	77.30
Total	241.86	151.31

10.a Share capital

(₹ in Lakhs)

Particulars	As at 31 st March,2023		As at 31 st March,2022	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	50,00,000	500.00	50,00,000	500.00
(b) Issued, subscribed and fully paid up				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	36,19,600	361.96	36,19,600	361.96
	36,19,600	361.96	36,19,600.00	361.96

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

Refer notes (i) to (iv) below

(Rs. In Lakhs)

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

Particulars	As at 31 st March,2023	
	Number of shares	₹
Equity shares with voting rights		
As at 31 March,2022	36,19,600	361.96
As at 31 March,2023	36,19,600	361.96

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

Class of shares / Name of shareholder	As at 31 st March,2023	
	Number of shares held	% holding in that class of shares
Equity shares with voting rights		
- Yuken India Ltd	36,19,200	99.99
- K Gopalkrishna	400	0.01

(iii) Right, preferences and restrictions attached to shares

The Company has issued only one class of equity share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by Board of Directors is subject to approval by the share holders at the ensuing Annual General Meeting.

(iv) Shareholding of Promotor

Shares held by promotor as at March 31, 2023

Class of shares / Name of shareholder	As at 31 st March,2023	
	Number of shares held	% holding in that class of shares
- Yuken India Ltd	36,19,200	99.99
- K Gopalkrishna	400	0.01

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

10.b Other equity

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Surplus in statement of profit and loss		
Profit and Loss:		
Opening balance	(260.74)	(104.99)
Additions during the period	(21.34)	(155.75)
Closing Balance	(282.08)	(260.74)
Other Comprehensive Income:		
Opening balance	9.41	5.82
Additions during the period	0.55	3.59
Closing Balance	9.95	9.41
Total	(272.13)	(251.34)

Financial liabilities**11. Borrowings****Non-current borrowings**

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Secured - at amortised cost		
(i) Loans		
from banks*	37.50	162.50
Total	37.50	162.50

Terms of Loan (refer note below):

(₹ in Lakhs)

Repayment Details	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
SMBC term loan		
Principal in 16 equal quarterly instalment over 4 years after 1 year moratorium Interest monthly (even in moratorium period) Facility of ₹ 500.00 lakhs	37.50	162.50

Note : Security details for the term loan taken from Sumitomo Mitsui Banking Corporation:

Corporate Guarantee given by Yuken India Limited amounting to ₹ 1,850/- lakhs

Rate of Interest - 9.30 % reset quarterly

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

Current borrowings

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Secured - at amortised cost		
(i) Loans		
from banks	537.59	762.83
(ii) Current maturities of long term debt	125.00	125.00
Total	662.59	887.83

Notes:

i) Primary security - First charge on inventory, book debts and movable fixed assets of the company

ii) Secondary security

- a) Corporate guarantee by Yuken India Limited

- b) First charge on Industrial Land with shed there on bearing no B59, situated at Industrial Estate, Dyavasandra, Mahadevapura, Bangalore-560048

12. Provisions

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Gratuity	0.97	0.79
Compensated leave absences	0.53	0.45
Current	1.50	1.23
Gratuity	40.57	33.32
Compensated leave absences	16.27	13.89
Non-current	56.83	47.22
Total	58.33	48.45

13. Deferred tax balances

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Deferred tax liabilities	146.34	118.95
On difference between book balance and tax balance of fixed assets	146.34	118.95
Deferred tax assets	252.35	249.17
Provision for compensated absences, gratuity, other employee benefits and provision for doubtful debts / advances	17.44	14.15
Unabsorbed depreciation carried forward / brought forward business losses	234.91	235.02
Net deferred tax liabilities/ (assets)	(106.00)	(130.22)

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

14. Trade payables

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Current		
Trade payables: micro and small enterprises	81.64	48.31
Trade payables: others	1,165.28	911.76
Trade payables to related parties (see note 33)	54.39	158.40
Total	1,301.31	1,118.47

Ageing of Trade Payables for year ended 31st March 2023

(₹ in Lakhs)

Particulars	Unbilled	Not Due	Outstanding for following periods from the due date				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	
			₹	₹	₹	₹	
Undisputed trade payables							
(i) MSME	-	-	81.64	-	-	-	81.64
(ii) Others	22.63	-	1,159.00	38.05	-	-	1,219.67
Disputed trade payables							
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-	-
Total	22.63	-	1,240.64	38.05	-	-	1,301.31

Ageing of Trade Payables for year ended 31st March 2022

(₹ in Lakhs)

Particulars	Unbilled	Not Due	Outstanding for following periods from the due date				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	
			₹	₹	₹	₹	
Undisputed trade payables							
(i) MSME	-	-	48.27	0.04	-	-	48.31
(ii) Others	38.54	-	946.67	84.94	-	-	1,070.15
Disputed trade payables							
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	-	-
Total	38.54	-	994.95	84.98	-	-	1,118.47

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

15. Other financial liabilities

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Current		
Interest accrued but not due on borrowings	2.58	1.74
Total	2.58	1.74

16. Other current liabilities

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Statutory liabilities (includes GST, ESI, TDS, profession tax & provident fund)	78.14	76.04
Advance from customers	2,529.36	2,099.05
Total	2,607.50	2,175.09

17. Revenue from operations

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
(a) Revenue from sale of products	3,626.64	2,631.90
(b) Revenue from sale of services	14.40	36.10
(c) Scrap sale	26.83	26.35
Total revenue from operations	3,667.87	2,694.36

18. Other income**Other non-operating income (net of expenses directly attributable to such income)**

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
a) Rental Income	-	2.10
b) Miscellaneous Income*	-	32.72
c) Profit on sale of Assets	0.70	32.36
Total of other income	0.70	67.18

* Miscellaneous income includes income received on account of transfer of pattern shop .unit, related raw materials and consumables to Grotek.

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

19. Cost of materials consumed

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Opening stock	675.36	528.95
Add: Purchases	2,301.57	1,783.08
	2,976.93	2,312.03
Less: Closing stock	804.68	675.36
Cost of materials consumed	2,172.25	1,636.67

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

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Inventories at the end of the year:		
Finished goods	121.29	118.94
Work-in-progress	242.86	178.07
	364.15	297.01
Inventories at the beginning of the year:		
Finished goods	118.94	89.14
Work-in-progress	178.07	183.79
	297.01	272.93
Net (increase) / decrease	(67.14)	(24.08)

21. Employee benefits expense

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Salaries and wages	264.07	235.57
Contribution to provident and other funds (see note 29)	23.41	18.56
Gratuity	6.37	14.82
Staff welfare expenses	27.31	22.83
Total	321.16	291.78

22. Finance costs

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Interest costs :-		
(i) Interest on bank overdrafts and loans (other than those from related parties)	76.81	84.64
(ii) Other Borrowing costs	24.20	30.12
Total	101.01	114.76

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

23. Depreciation and amortization expense

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Depreciation of property, plant and equipment pertaining to continuing operations	121.30	96.03
Amortisation of intangible assets [Note 3(a)]	10.06	2.02
Total depreciation and amortisation expense	131.36	98.06

24. Other Expenses

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Sub-contracting charges	455.24	399.39
Contract Labour charges	203.63	165.50
Freight charges	54.13	44.88
Power and fuel	71.33	53.34
Rates and taxes	3.60	3.49
Rent	19.82	17.23
Insurance	19.11	13.64
Repairs and maintenance		
- Building	8.15	3.98
- Machinery	40.58	43.46
- Vehicle	2.77	2.74
- Others	7.99	7.54
Legal and professional charges	65.19	30.08
Payment to auditors		
- Statutory audit	2.53	2.25
- Tax audit	0.50	0.50
- Other services	0.98	0.98
Travelling & conveyance expenses	8.50	8.05
Bad debts written off	-	1.08
Communication expenses	4.32	3.62
Printing & stationary	3.05	2.21
Testing charges	-	0.28
Security charges	20.47	17.62
Miscellaneous expenses	15.18	19.53
Total	1,007.05	841.38

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

25. Income Tax Expense/(Benefit)

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Current Tax		
In respect of the current year	-	-
Deferred Tax		
In respect of the current year	24.22	(41.28)
	24.22	(41.28)
Total income tax expense/(benefit) recognised in the current year.	24.22	(41.28)

26.

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
26.1 Expenditure in foreign currency:		
Raw materials & Components	11.65	17.32
Fixed Assets	-	9.25
26.2. Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

27. Contingent liabilities (to the extent not provided for)

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Demand received from tax authorities		
Income tax	9.32	-

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

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	81.64	48.31
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.62	0.76
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.62	0.76

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

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

29. Employee benefits expenses**Defined contribution plans**

The company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident fund for the year aggregated to ₹ 18.56 lakhs (previous year : ₹ 18.60 lakhs)

Defined benefit plans**Gratuity**

The Company offers the following employee benefit schemes to its employees:

(i) Gratuity (included as part of (b) in Note 21 Employee benefits expense)

The following table sets out the funded status of gratuity and the amount recognised in the standalone financial statements:

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Fair value of plan assets		
Present value of obligations	41.54	34.11
Net asset / (liability) recognised in the Balance Sheet	(41.54)	(34.11)

Classification into current and non-current

The liability/(asset) in respect of each of the plan comprises of the following current and non-current portions: (₹ in Lakhs)

Particulars	Non -Current		Current	
	As on 31 st March,2023	As on 31 st March,2022	As on 31 st March,2023	As on 31 st March,2022
	₹	₹	₹	₹
Gratuity	39.60	33.32	0.97	0.79
Total	39.60	33.32	0.97	0.79

Movement in present values of defined benefit obligations

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Defined benefit obligation at the beginning of the year	34.11	27.44
Past Service cost		
Current service cost	3.90	4.21
Interest cost	2.47	1.86
Actuarial (gains) / losses	1.63	5.16
Benefits paid	(0.57)	-
Transfer in/ (out)	-	(4.56)
Present value of defined benefit obligation at year end	41.54	34.11

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

Expense recognised in Statement of profit and loss

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Current service cost	3.90	4.21
Interest on obligation	2.47	1.86
Past Service Cost	-	-
Total expense recognised in the Statement of Profit and Loss	6.37	6.07

30. Expense recognised in Other Comprehensive Income

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	-	-
- change in financial assumptions	(0.76)	(4.98)
- experience variance (i.e. Actual experience vs assumptions)	2.39	10.14
Total expense recognised in Other Comprehensive Income	1.63	5.16

Principal actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages) for gratuity plan:

Particulars	Gratuity		Compensated absences	
	As at 31 March,2023	As at 31 March,2022	As at 31 March,2023	As at 31 March,2022
Discount rate	7.45%	7.25%	7.45%	7.25%
Estimated rate of return on plan assets	-	-	-	-
Attrition rate	-	-	-	-
Future salary increases	4%	2% for the two years and 4% thereafter	4%	2% for the two years and 4% thereafter
Retirement age	58 years	58 years	58 years	58 years

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Assumptions regarding future mortality are based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

Sensitivity analysis :

Particulars	As at 31 st March,2023		As at 31 st March,2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	45.48	38.10	37.62	31.06
(% change compared to base due to sensitivity)	9.50%	-8.30%	10.30%	-8.90%
Salary Growth Rate (- / + 1%)	37.96	45.58	30.94	37.71
(% change compared to base due to sensitivity)	-8.60%	9.70%	-9.30%	10.50%
Attrition Rate (- / + 50% of attrition rates)	40.89	42.13	33.55	34.62
(% change compared to base due to sensitivity)	-1.60%	1.40%	-1.70%	1.50%
Mortality Rate (- / + 10% of mortality rates)	41.50	41.58	34.08	34.14
(% change compared to base due to sensitivity)	-0.10%	0.10%	-0.10%	0.10%

31. Earnings per share

(₹ in Lakhs)

PARTICULARS	As at 31 st March,2023	As at 31 st March,2022
	₹	₹
Basic and diluted		
Net loss for the year from operations attributable to the equity shareholders ₹	(21.34)	(155.75)
Weighted average number of equity shares	36,19,600	36,19,600
Earnings per share from operations - Basic and diluted- ₹	(0.59)	(4.30)

32. Segment reporting

The company's predominant risks and returns are from the segment of hydraulic components and sub-assemblies for use in hydraulic applications, which constitutes a single business segment and is governed by similar set of risks and returns.. The operations of the Company primarily cater to the market in India, which the management views as a single segment. The management monitors the operating results of its single segment for the purpose of making decisions about resource allocation and performance assessment.

33. Related party disclosures

Particulars	Year ended 31 st March,2023
Related party transactions	
Description of relationship	Name of related party
Holding company	Yuken India Limited
Fellow subsidiary	Grotek Enterprises Private Limited
Fellow subsidiary	Yuflow Engineering Private Limited
Fellow subsidiary	Kolben Hydraulics Limited
Company having significant influence	Yuken Kogyo Co Ltd
Key management personnel	S K Naik

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

(₹ in Lakhs)

Details of transactions	Year Ended	
	31 st March,2023	31 st March,2022
	₹	₹
<u>Holding company</u>	-	-
- Sales of goods and services	4,039.43	2,997.41
- Purchase of fixed asset	44.11	18.08
- Purchase of goods and services	50.64	60.92
- Sales of asset	10.57	-
- Corporate guarantee commission	14.16	47.37
<u>Fellow subsidiary</u>	-	-
<u>Yuflow Engineering Private Limited</u>	-	-
- Purchase of goods	-	0.12
- Sales of goods	-	-
- Rental Income	-	2.48
<u>Grotek Enterprises Private Limited</u>	-	-
- Sales of goods	31.39	29.16
- Sales of asset	-	136.63
- Purchase of goods	1.79	3.78
- Purchase of asset	-	-
<u>Kolben Hydraulics Limited</u>	-	-
- Sales of goods	-	-
- Purchase of goods	-	-

(₹ in Lakhs)

Amount outstanding (receivables)	Year ended	
	31 st March,2023	31 st March,2022
	₹	₹
<u>Holding company</u>	-	-
Yuken India Limited	-	-
<u>Fellow subsidiary</u>	-	-
Yuflow Engineering Private Limited	102.83	102.83
Kolben Hydraulics Limited	-	-
Grotek Enterprises Private Limited	356.50	343.28

(₹ in Lakhs)

Amount outstanding (payables)	Year ended	
	31 st March,2023	31 st March,2022
	₹	₹
<u>Holding company</u>	-	-
Yuken India Limited	-	-
- Trade payable	29.52	134.00
- Other advances	1,813.89	1,126.23
<u>Fellow subsidiary</u>	-	-
Kolben Hydraulics Limited	-	-
Yuflow Engineering Private Limited	-	-
Grotek Enterprises Private Limited	-	-

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

(₹ in Lakhs)

Guarantees outstanding	Year ended	
	31 st March,2023	31 st March,2022
	₹	₹
Holding company		
Yuken India Limited	1,850.00	1,850.00

34. Financial Ratios

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for variance
Current ratio (times)	Current assets	Current liabilities	0.58	0.58	-0.22%	
Debt-equity ratio (times)	Total Debt	Shareholder's Equity	1.93	3.29	-41.18%	Debt equity ratio reduced due to repayment of debt
Debt service coverage ratio (times)	Earnings available for debt service	Debt Service	0.88	0.39	123.30%	Debt service coverage improved due to repayment of outstanding loans
Return on equity (%)	Net Profits after taxes	Average Shareholder's Equity	(0.24)	(0.30)	-20.99%	Due to reduction in losses during the period compared to loss in PY, return on equity has been increased
Inventory turnover ratio (times)	COGS	Average inventory	2.20	1.47	50.16%	Due to increase in demand of inventory from parent company, inventory turnover has increased.
Trade receivables turnover ratio (times)	Revenue	Average Trade Receivable	3.68	2.16	70.07%	Due to increase in revenue when compared to previous year, trade receivable turnover ratio has increased
Trade payable turnover ratio (times)	Purchases of services and other expenses	Average Trade Payables	2.54	1.66	53.46%	Due to increase in purchases when compared to previous year, trade payable turnover ratio has increased
Net capital turnover ratio (times)	Revenue	Working Capital	1.91	1.72	10.98%	
Net profit ratio (%)	Net Profit	Revenue	(0.01)	(0.05)	-88.82%	Due to reduction in losses during the period compared to loss in PY, net profit ratio has been increased
Return on capital employed (%)	Earning before interest and taxes	Capital Employed	0.13	(0.05)	-385.56%	Due to increased turnover and decreased borrowings, return on capital has been increased.
Return on investment (%)	Income generated from investments	Time weighted average investments	No investments			

Earning for debt service = Net profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Interest + other adjustments like loss on sale of PP&E etc

Debt service = Interest and principal repayments including lease payments.

Shareholders equity = Contributed capital + retained earnings

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**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

35. Fair value measurements**(i) Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of 31st March 2023 were as follows: (₹ in Lakhs)

Particulars	Note No.	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
		₹	₹	₹
Assets :				
Loans				
(i) Loan to employees	8	0.23	-	-
Cash and cash equivalents	7	6.60	-	-
Other financial assets				
(i) Security deposits	4	22.25	-	-
Trade receivables	6	1,238.66	-	-
Total		1,267.74	-	-
Liabilities:				
Borrowings	11	700.09	-	-
Other financial liabilities				
(i) Trade payables	14	1,301.31	-	-
Current maturities of long term debt	15	-	-	-
Total		2,001.40	-	-

The carrying value and fair value of financial instruments by categories as of 31st March 2022 were as follows: (₹ in Lakhs)

Particulars	Note No.	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
		₹	₹	₹
Assets :				
Loans				
(i) Loan to employees	8	0.05	-	-
Cash and cash equivalents	7	7.35	-	-
Other financial assets				
(i) Security deposits	4	20.63	-	-
Trade receivables	6	756.18	-	-
Total		784.21	-	-
Liabilities:				
Borrowings	11	1,055.24	-	-
Other financial liabilities				
(i) Trade payables	14	935.44	-	-
Current maturities of long term debt	15	135.02	-	-
Total		2,125.70	-	-

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Summary of significant accounting policies and other explanatory information for the year ended 31st March 2023 (cont'd)

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.

36. 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.

The carrying value of financial instruments by categories as follows:

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March,2023	As at 31 st March 2022
		₹	₹
Financials measured at amortized costs:			
Financial assets			
(i) Loan to employees	8	0.23	1.08
Trade receivable *	6	1,238.66	1,501.70
Cash and cash equivalents and other bank balances			
Cash and cash equivalents #	7	6.60	7.54
Financial liabilities measured at amortized cost:			
Borrowings	11	700.09	1,175.33
Trade Payables *	14	1,301.31	1,118.47

*The carrying value of these accounts are considered to be the same as their fair value, due to their short term nature.

Accordingly, these are classified as level 3 of fair value hierarchy.

These accounts are considered to be highly liquid/ liquid and the carrying amount of these are considered to be the same as their fair value.

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Summary of significant accounting policies and other explanatory information for the year ended 31st March 2023 (cont'd)

37. Financial risk management

Risk management framework

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: (₹ in Lakhs)

Assets under credit risk	As at 31 st March,2023	As at 31 st March 2022
	₹	₹
Loan to employees	0.23	1.08
Cash and cash equivalents	6.60	7.54
Security deposits	22.25	-
Trade receivables	1,238.66	1,501.70
Total	1,267.74	1,510.32

A1 Trade and other receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers(Related Parties) primarily located in India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue, Further, management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

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.

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Summary of significant accounting policies and other explanatory information for the year ended 31st March 2023 (cont'd)

(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

(₹ in Lakhs)

As at 31 st March 2023	Less than 1 year	1 year to 5 years	More than 5 years
	₹	₹	₹
Borrowings	662.59	37.50	-
Trade payables	1,301.31	-	-
Other current liabilities	2,607.50	-	-
Total	4,571.40	37.50	-
As at 31 st March 2022	Less than 1 year	1 year to 5 years	More than 5 years
	₹	₹	₹
Borrowings	887.83	162.50	-
Trade payables	1,118.47	-	-
Other current liabilities	2,175.09	-	-
Total	4,181.39	162.50	-

(C) Market risk

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The company has no transactions which would carry any interest rate risk or foreign currency risk in regards to fair value or future cash flows of financial instruments.

Coretec Engineering India Private Limited

CIN - U29246KA1998PTC023863

**Summary of significant accounting policies and other explanatory information
for the year ended 31st March 2023 (cont'd)**

38. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

(₹ in Lakhs)

Particulars	As at 31 st March,2023	As at 31 st March 2022
	₹	₹
Accounting profit before tax and exceptional item	2.88	(197.03)
Tax on accounting profit at statutory income tax rate [27.82%] (PY 27.82%)	0.80	(54.81)
Reconciling items:		
Tax effect on permanent non-deductible expenses	-	-
Tax adjustments of Prior Years	-	-
Others	23.28	13.53
At the effective income tax rate of 27.82% (PY 27.82%)	24.08	(41.28)
Income tax expense reported in the Statement of Profit and Loss	24.22	(41.28)

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

In terms of our report of even date attached

For V K A N & Associates

Chartered Accountants

Firm Regn. No: 014226S

Anand Kumar Daga**Partner**

Membership No: 216281

Place: Hyderabad

Date: 25th May 2023**For and on behalf of the Board of Directors****A. Venkatakrisnan****Director**

DIN: 08219189

Place: Bangalore

S.K. Naik**Director**

DIN: 03533778

Place: Bangalore