

### **3. KOLBEN HYDRAULICS LIMITED**

## NOTICE

**NOTICE** is hereby given that the **16<sup>th</sup>** Annual General Meeting of the Members of **KOLBEN HYDRAULICS LIMITED** will be on held on Thursday, 07<sup>th</sup> September, 2023 at 10.00 AM at the Registered Office of the Company at P B No 5, Koppathimmanahalli Village, Malur-Hosur Main Road, Lakkur Hobli, Malur Taluk, Kolar -563130, 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 31<sup>st</sup> March, 2023, together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. K Gopalkrishna (DIN: 00529760) who retires by rotation, and being eligible, offers himself for re-appointment.

By order of the Board,  
**For KOLBEN HYDRAULICS LIMITED**

**Suresh Kannan Varadhan**  
Whole Time Director  
DIN: 03280922

Date: 25.05.2023  
Place: Bengaluru

### 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  
KOLBEN HYDRAULICS LIMITED.**

The Board of Directors are pleased to present the 16<sup>th</sup> Annual Report of the business and operations of the Company together with the audited financial statements for the year ended 31<sup>st</sup> March, 2023.

### FINANCIAL RESULTS:

**Financial highlights:**

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2023	31.03.2022
<b>Total Income</b>	<b>962.58</b>	<b>959.19</b>
Total expenditure	878.29	909.99
<b>Profit/(Loss) before interest, depreciation and tax</b>	<b>84.29</b>	<b>49.20</b>
Finance cost	-	-
Depreciation	14.84	10.21
<b>Profit/(Loss) before tax</b>	<b>69.45</b>	<b>38.99</b>
Provision for taxation (Net of deferred tax)	11.30	(0.65)
<b>Profit/(loss) after tax</b>	<b>58.15</b>	<b>39.64</b>
Net comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>58.15</b>	<b>39.64</b>
Balance in Statement of profit and loss	(160.92)	(200.55)
<b>Amount available for appropriation</b>	<b>(102.77)</b>	<b>(160.92)</b>
<b>Appropriations:</b>		
Equity dividend paid		-
Tax on Equity Dividend		-
<b>Balance carried to Balance Sheet</b>	<b>(102.77)</b>	<b>(160.92)</b>

### PERFORMANCE REVIEW:

During the year, your Company has earned total revenue of Rs. 962.58 lakhs as compared to Rs. 959.19 lakhs of previous year. The growth is around 0.35% over the previous year. The Company has registered net Profit of Rs. 58.15 lakhs as compared to previous year profit of Rs. 39.64 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 there by 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 6 (Six) Board Meetings held on the following dates; 24.05.2022, 08.08.2022, 10.09.2022, 22.09.2022, 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 laid down internal financial controls to be followed by the Company as applicable to the subsidiaries of listed companies and such internal financial controls are adequate and were operating effectively; and
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

**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. 31 of the Notes forming part of the financial statements in the Annual Report.

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" 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 31<sup>st</sup> 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 (Amt in INR)	As on 31.03.2022 (Amt in INR)
01	Foreign Exchange Earnings	61,36,575	NIL
02	Foreign Exchange Outgo	2,79,55,527	3,43,47,369

**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.	K Gopalkrishna	Director
2.	H M Narasinga Rao	Director
3	Suresh Kannan Varadhan	Whole-time Director

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

**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.

**KEY MANAGERIAL PERSONNEL:**

Pursuant to provisions of section 196 of the Companies Act, 2013, Mr. Suresh Kannan Varadhan is a Whole-time Director of the Company.

**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 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 31<sup>st</sup> 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 3,00,06,000/- consisting of 30,00,600 equity shares of Rs. 10/- each

During the year under review, the Company has allotted 20,00,000 shares of Rs. 10/- on Rights issue basis to Yuken India Limited.

**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 22<sup>nd</sup> 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 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 KOLBEN HYDRAULICS LIMITED

SURESH KANNAN VARADHAN

Whole-Time Director

DIN: 03280922

H M NARASINGA RAO

Director

DIN: 00529717

Date: 25.05.2023

Place: Bengaluru

**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. 31 of the Notes forming part of the financial statements in the Annual Report.

On behalf of the Board  
For KOLBEN HYDRAULICS LIMITED

**SURESH KANNAN VARADHAN**

Whole-Time Director

DIN: 03280922

**H M NARASINGA RAO**

Director

DIN: 00529717

Date: 25.05.2023

Place: Bengaluru

## Independent Auditor's Report

**To the Members of  
Kolben Hydraulics Limited**

### **Report on the Standalone Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying standalone Ind AS financial statements of Kolben Hydraulics 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 profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit 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) 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

**Padam Prakash Mehta**  
Partner  
Membership No. 230042  
UDIN: 23230042BGXATX2346

Place: Bangalore  
Date: 25<sup>th</sup> 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 Kolben Hydraulics 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 Kolben Hydraulics 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

**Padam Prakash Mehta**  
Partner  
Membership No. 230042  
UDIN: 23230042BGXATX2346

Place: Bangalore  
Date: 25<sup>th</sup> 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 Kolben Hydraulics 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 Company does not own any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to 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 not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets during any point of time of the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (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) According to the records produced and information given to us, the provisions of Section 148(1) of the Companies Act, regarding maintenance of cost records is not applicable to the company.
- (vii) According to the information and explanations given to us, 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
- (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) According to the information and explanations given to us, the Company does not have any loans or other borrowings from any lender. Accordingly, reporting under clause 3(ix) of the Order is not applicable to the Company.
- (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) According to the information and explanations given to us, the Company is not required to have an internal audit system under section 138 of the Act and consequently, does not have an internal audit system. Accordingly, reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management, 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

**Padam Prakash Mehta**

Partner

Membership No. 230042

UDIN: 23230042BGXATX2346

Place: Bangalore

Date: 25<sup>th</sup> May 2023

**Kolben Hydraulics Limited**  
CIN - U29119KA2007PLC043340  
**Balance Sheet as at 31<sup>st</sup> March, 2023**

(₹ in Lakhs)

Particulars	Note No.	As at	As at
		31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
		₹	₹
<b>A ASSETS</b>			
<b>I Non-current assets</b>			
Property, Plant and Equipment	3	57.91	36.15
Other Intangible assets	3	20.02	26.12
Deferred tax assets (Net)	4	70.29	81.60
Financial assets			
(i) Other financial assets	5a	0.65	0.10
Income tax assets	5b	-	5.76
<b>Total Non-current assets</b>		<b>148.87</b>	<b>149.73</b>
<b>II Current assets</b>			
Inventories	6	561.90	236.53
Financial assets			
(i) Trade receivables	7	195.43	154.15
(ii) Cash and cash equivalents	8	11.81	9.95
Current tax assets	9	7.61	-
Other current assets	10	63.53	15.42
<b>Total Current assets</b>		<b>840.28</b>	<b>416.06</b>
<b>Total Assets</b>		<b>989.15</b>	<b>565.79</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
Equity Share capital	11	300.06	100.06
Other equity	12	(102.77)	(160.92)
<b>Total Equity</b>		<b>197.29</b>	<b>(60.86)</b>
<b>II Liabilities</b>			
<b>1 Non-current liabilities</b>			
Provisions	13	19.51	14.21
		<b>19.51</b>	<b>14.21</b>
<b>2 Current liabilities</b>			
Financials Liabilities			
(i) Trade payables	14		
Total outstanding dues of creditors to micro enterprises and small enterprises		0.96	0.15
Total outstanding dues of creditors other than micro enterprises and small enterprises		86.91	77.55
Provisions	15	5.47	0.31
Other current liabilities	16	679.01	534.43
		<b>772.35</b>	<b>612.43</b>
<b>Total Equity and liabilities</b>		<b>989.15</b>	<b>565.78</b>
<b>See accompanying notes forming part of the standalone Ind AS Financial Statements</b>	1-37		

In terms of our report attached

**For V K A N & Associates**

Chartered Accountants

Firm Regn. No: 014226S

**For and on behalf of Board of Directors****Padam Prakash Mehta**  
**Partner**

Membership No: 230042

**H M Narasinga Rao**

Director

DIN: 00529717

**V Suresh Kannan**

Director

DIN: 03280922

Place: Bangalore

Date: 25<sup>th</sup> May 2023

Place: Bangalore

Date: 25<sup>th</sup> May 2023



**Kolben Hydraulics Limited**  
CIN - U29119KA2007PLC043340

**Statement of Profit and Loss for the year ended March 31, 2023** (₹ in Lakhs)

Particulars	Note No.	Year Ended	
		31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
		₹	₹
<b>Income</b>			
Revenue from operations	17	959.99	957.14
Other income	18	2.59	2.05
		<b>962.58</b>	<b>959.19</b>
<b>Expenses</b>			
Cost of materials consumed	19	968.00	920.73
Changes in stock of finished goods, work-in-progress and stock-in-trade	20	(239.21)	(123.21)
Employee benefits expenses	21	78.56	45.88
Depreciation and amortisation expense	3	14.84	10.21
Other expenses	22	70.94	66.60
<b>Total Expenses</b>		<b>893.13</b>	<b>920.20</b>
<b>Profit/(loss) before tax</b>		<b>69.45</b>	<b>38.99</b>
<b>Tax expense/(benefit):</b>	23		
Current tax		-	-
Deferred tax		11.30	(0.65)
<b>Profit/(Loss) after tax</b>		<b>58.15</b>	<b>39.64</b>
<b>Other Comprehensive Income</b>			
A) (i) Items that will not be reclassified to profit or loss		-	-
A) (ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B) (i) Items that may be reclassified to profit or loss		-	-
B) (ii) Income tax relating to items that may be reclassified to profit or loss		-	-
<b>Total Other comprehensive Income for the year</b>		-	-
<b>Total Comprehensive Income for the year</b>		<b>58.15</b>	<b>39.64</b>
<b>Earnings per share (of Rs. 10/- each)</b>			
Basic and diluted (in Rs.)	30	2.84	3.96
<b>See accompanying notes forming part of the standalone Ind AS Financial Statements</b>	1-37		

In terms of our report attached

**For V K A N & Associates**

Chartered Accountants

Firm Regn. No: 014226S

**For and on behalf of Board of Directors**

**Padam Prakash Mehta**  
**Partner**

Membership No: 230042

**H M Narasinga Rao**  
**Director**

DIN: 00529717

**V Suresh Kannan**  
**Director**

DIN: 03280922

Place: Bangalore

Date: 25<sup>th</sup> May 2023

Place: Bangalore

Date: 25<sup>th</sup> May 2023

**Kolben Hydraulics Limited**  
CIN - U29119KA2007PLC043340

**Cash Flow Statement for the year ended 31<sup>st</sup> March, 2023**

(₹ in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2023		Year ended 31 <sup>st</sup> March 2022	
	₹		₹	
<b>A. Cash flow from operating activities :</b>				
Net profits/(Loss) Extraordinary, Prior Year Items and Tax		69.45		38.99
<b>Adjustments for :</b>				
Depreciation	14.84	-	10.21	-
Assets Written Off	-	-	0.00	-
CWIP Expensed Off	-	-	2.60	-
Bad Debts Written Off	1.91	-	2.76	-
		16.75		15.57
<b>Operating profit / (loss) before working capital changes</b>		86.20		54.56
<b>Changes in working capital:</b>				
<b>Adjustments for (increase) / decrease in operating assets:</b>				
Inventories	(325.37)		(163.11)	
Trade Receivables	(41.28)		(77.08)	
Other non-current assets	5.21		4.01	
Other Current assets	(55.72)		(10.66)	
<b>Adjustments for increase / (decrease) in operating liabilities:</b>				
Trade payables	(10.17)		(47.53)	
Other Current liabilities	(142.67)		(145.49)	
Long Term Provisions	(5.30)		(6.38)	
Short Term Provisions	(5.16)	(253.85)	0.42	(47.86)
<b>Cash Generated from Operations</b>		(167.64)		6.70
Direct tax paid	-	-	1.84	1.84
<b>Cashflow before extra ordinary items</b>		(167.64)		8.54
<b>Net cash flow from / (used in) operating activities (A)</b>		(167.64)		8.54
<b>B. Cashflow from investing Activities</b>				
Purchase of fixed assets including Capital WIP	(30.57)		(3.04)	
Sale of fixed assets	0.07	(30.50)		(3.04)
<b>Net cash flow from / (used in) investing activities (B)</b>		(30.50)		(3.04)
<b>C. Cash flow from financing activities</b>				
Increase / (Decrease) in share capital	200.00			
Receipt / (Repayment) of Unsecured Loan during the year	-	200.00		-
<b>Net cash flow from / (used in) financing activities (C)</b>		200.00		-
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		1.86		5.50
<b>Cash and cash equivalent as at</b>				
<b>Opening balance</b>		9.95		4.45
<b>Closing balance</b>		11.81		9.95
<b>See accompanying notes forming part of the standalone Ind AS Financial Statements</b>			1-37	

In terms of our report attached

For V K A N &amp; Associates

Chartered Accountants

Firm Regn. No: 014226S

For and on behalf of Board of Directors

Padam Prakash Mehta

Partner

Membership No: 230042

Place: Bangalore

Date: 25<sup>th</sup> May 2023

H M Narasinga Rao

Director

DIN: 00529717

Place: Bangalore

Date: 25<sup>th</sup> May 2023

V Suresh Kannan

Director

DIN: 03280922

**Kolben Hydraulics Limited**  
CIN - U29119KA2007PLC043340

**Statement of Changes in Other Equity**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2023		As at 31 <sup>st</sup> March, 2022	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
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>(b) Issued, subscribed and fully paid up</b>				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	30,00,600	300.06	10,00,600	100.06
	<b>30,00,600</b>	<b>300.06</b>	<b>10,00,600</b>	<b>100.06</b>

(₹ in Lakhs)

Particulars	Reserve and Surplus	
	Retained earnings	Other comprehensive income
	₹	₹
<b>Balance as at 1st April, 2021</b>	(200.55)	-
<b>Additions during the year</b>		
Profit during the year	39.64	-
<b>Items of the OCI, net of tax-</b>		
Re-measurement of net defined benefit liability/(asset)		-
<b>Total</b>	<b>39.64</b>	<b>-</b>
<b>Balance as at 31st March, 2022</b>	<b>(160.92)</b>	<b>-</b>
<b>Balance as at 1st April, 2022</b>	<b>(160.92)</b>	<b>-</b>
<b>Additions during the year</b>		
Profit during the year	58.15	-
<b>Items of the OCI, net of tax-</b>		
Re-measurement of net defined benefit liability/(asset)		-
<b>Total</b>	<b>58.15</b>	<b>-</b>
<b>Reductions during the year:</b>		
Transfer to general reserve	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31st March, 2023</b>	<b>(102.77)</b>	<b>-</b>
<b>See accompanying notes forming part of the standalone Ind AS Financial Statements</b>	<b>1-37</b>	

In terms of our report attached  
For V K A N & Associates  
Chartered Accountants  
Firm Regn. No: 014226S

For and on behalf of Board of Directors

**Padam Prakash Mehta**  
Partner  
Membership No: 230042

**H M Narasinga Rao**  
Director  
DIN: 00529717

**V Suresh Kannan**  
Director  
DIN: 03280922

Place: Bangalore  
Date: 25<sup>th</sup> May 2023

Place: Bangalore  
Date: 25<sup>th</sup> May 2023

**Kolben Hydraulics Limited**  
CIN - U29119KA2007PLC043340

## Summary of significant accounting policies and other explanatory information for the year ended 31<sup>st</sup> 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 subsidiary of Yuken India Limited, hydraulics major and a listed Company. The company carries on its manufacturing operations from Malur (Karnataka).

### 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 standalone preparation of 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 Equipments	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.

The estimated useful lives of intangible assets for the current and comparative years are as follows:

Assets Description	Useful Life (Years)
Knowhow	5 Years

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 Weighted average 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 workings 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 workings done at the year end. Actuarial Valuation is not applicable to the company as the number of employees is less than 20.

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 the standalone financial statements**

**3. Property, Plant and Equipment (Amounts in brackets indicate previous year balances)** (₹ in Lakhs)

Sl No	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01 <sup>st</sup> April 2022 ₹	Additions during the year ₹	Deletions during the year ₹	As on 31 <sup>st</sup> March 2023 ₹	Up to 01 <sup>st</sup> April 2022 ₹	For the year ₹	Deletions during the year ₹	Up to 31 <sup>st</sup> March 2023 ₹	As on 31 <sup>st</sup> March 2023 ₹	As on 31 <sup>st</sup> March 2022 ₹
	<b>Tangible assets (A)</b>										
1	Plant & Machinery	63.87 (61.83)	21.18 (2.04)	- -	85.05 (63.87)	38.78 (34.59)	5.26 (4.19)	- -	44.04 (38.78)	41.01 (25.09)	25.09 (27.24)
2	Factory & Office Equipment	3.62 (3.31)	5.62 (0.37)	0.22 (0.07)	9.02 (3.62)	2.26 (1.88)	0.52 (0.46)	0.15 (0.07)	2.63 (2.26)	6.39 (1.35)	1.35 (1.44)
3	Computers	12.81 (12.83)	3.78 -	- (0.02)	16.59 (12.81)	11.02 (9.53)	1.54 (1.51)	- (0.02)	12.56 (11.02)	4.03 (1.79)	1.79 (3.30)
4	Electrical Installation	6.43 (6.43)	- (0.11)	- (0.11)	6.43 (6.43)	3.07 (2.56)	0.56 (0.62)	- (0.11)	3.63 (3.07)	2.80 (3.36)	3.36 (3.88)
5	Furniture & Fixtures	12.62 (12.10)	- (0.52)	- -	12.62 (12.62)	8.06 (7.07)	0.86 (0.99)	- -	8.92 (8.06)	3.70 (4.56)	4.56 (5.03)
	<b>Total (A)</b>	<b>99.35</b>	<b>30.57</b>	<b>0.22</b>	<b>129.70</b>	<b>63.19</b>	<b>8.74</b>	<b>0.15</b>	<b>71.78</b>	<b>57.91</b>	<b>36.15</b>
	<b>PY Numbers</b>	<b>(96.51)</b>	<b>(3.04)</b>	<b>(0.20)</b>	<b>(99.35)</b>	<b>(55.63)</b>	<b>(7.77)</b>	<b>(0.20)</b>	<b>(63.19)</b>	<b>(36.15)</b>	<b>(40.88)</b>
	<b>Intangible assets (B)</b>										
1	Software	8.60 (8.81)	- -	- (0.21)	8.60 (8.60)	7.47 (5.25)	1.10 (2.42)	- (0.21)	8.56 (7.47)	0.04 (1.13)	1.13 (3.56)
2	Knowhow	25.00 -	- (25.00)	- -	25.00 (25.00)	0.01 -	5.00 (0.01)	- -	5.01 (0.01)	19.99 (24.99)	24.99 -
	<b>Total (B)</b>	<b>33.60</b>	<b>-</b>	<b>-</b>	<b>33.60</b>	<b>7.48</b>	<b>6.10</b>	<b>-</b>	<b>13.58</b>	<b>20.02</b>	<b>26.12</b>
	<b>PY Numbers</b>	<b>(8.81)</b>	<b>(25.00)</b>	<b>(0.21)</b>	<b>(33.60)</b>	<b>(5.25)</b>	<b>(2.44)</b>	<b>(0.21)</b>	<b>(7.48)</b>	<b>(26.12)</b>	<b>(3.56)</b>
	<b>Grand Total (A+B)</b>	<b>132.95</b>	<b>30.57</b>	<b>0.22</b>	<b>163.30</b>	<b>70.67</b>	<b>14.84</b>	<b>0.15</b>	<b>85.36</b>	<b>77.93</b>	<b>62.27</b>
		<b>(105.31)</b>	<b>(28.04)</b>	<b>(0.41)</b>	<b>(132.94)</b>	<b>(60.88)</b>	<b>(10.21)</b>	<b>(0.41)</b>	<b>(70.67)</b>	<b>(62.27)</b>	<b>(44.44)</b>

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

**4. Deferred tax Asset / (Liability)**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
<b>Tax effect on items constituting deferred tax liability / (asset):</b>		
On difference between book balance and tax balance of fixed assets	(9.25)	(8.33)
Provision for compensated absences, gratuity, other employee benefits and provision for doubtful debts / advances	19.82	14.51
Unabsorbed depreciation carried forward / brought forward business losses	242.11	287.13
<b>Deferred Tax Asset / (Liability) - Net</b>	<b>252.68</b>	<b>293.31</b>
<b>Tax effect on the above - deferred tax Asset / (Liability)</b>	<b>70.29</b>	<b>81.60</b>

**5a. Other Financial Assets**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
Advance to employees	0.55	-
Security deposits	0.10	0.10
<b>Total</b>	<b>0.65</b>	<b>0.10</b>

**5b. Income Tax Assets**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
Advance Tax - Net of Provision (PY Rs. Nil)	-	5.76
<b>Total</b>	<b>-</b>	<b>5.76</b>

**6. Inventories**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
Raw materials and Components	126.87	40.71
Work-in-progress	16.12	1.12
Finished goods	406.41	194.70
Material in transit	12.50	-
<b>Total</b>	<b>561.90</b>	<b>236.53</b>

**7. Trade receivables**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
<b>Trade receivables</b>		
(a) Unsecured, considered good	195.43	154.15
(b) Doubtful	-	-
Less: Allowance for credit losses	-	-
<b>Total</b>	<b>195.43</b>	<b>154.15</b>

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

**Aging of receivables as at 31<sup>st</sup> March 2023**

(₹ in Lakhs)

Particulars	Outstanding for following periods from the due date					Total
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 Years	
	₹	₹	₹	₹	₹	
<b>Undisputed Trade receivables</b>						
considered good	185.14	0.62	8.37	1.29	-	<b>195.43</b>
which have significant increase in credit risk	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-
<b>Disputed Trade receivables</b>						
considered good	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>185.14</b>	<b>0.62</b>	<b>8.37</b>	<b>1.29</b>	<b>-</b>	<b>195.43</b>

**Aging of receivables as at 31<sup>st</sup> March 2022**

(₹ in Lakhs)

Particulars	Outstanding for following periods from the due date					Total
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 Years	
	₹	₹	₹	₹	₹	
<b>Undisputed Trade receivables</b>						
considered good	143.13	6.56	1.10	3.36	-	<b>154.15</b>
which have significant increase in credit risk	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-
<b>Disputed Trade receivables</b>						
considered good	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>143.13</b>	<b>6.56</b>	<b>1.10</b>	<b>3.36</b>	<b>-</b>	<b>154.15</b>

**8. Cash and cash equivalents**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
Cash on hand	0.61	0.61
Balance with banks:		
- In current account	11.20	9.35
<b>Total</b>	<b>11.81</b>	<b>9.95</b>
Of the above, the balances that meet the definition of cash and cash equivalents as per IND AS 7 'Statement of Cash Flows' is	11.81	9.95

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

**9. Current Tax Assets**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
Current Tax Assets	7.61	-
<b>Total</b>	<b>7.61</b>	<b>-</b>

**10. Other current assets**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
<b>Unsecured, considered good</b>		
Trade and other advances	10.92	2.15
Prepaid expenses	0.85	0.69
Balances with government authorities:		
- GST advance	-	-
- GST input tax credit	51.76	12.58
<b>Total</b>	<b>63.53</b>	<b>15.42</b>

**11(a). Share capital**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
<b>Authorised</b>		
50,00,000 Equity shares of Rs. 10/- each with voting rights	500.00	500.00
(For Previous year-20,00,000 Equity shares of Rs. 10/- each with voting rights)		
<b>Total</b>	<b>500.00</b>	<b>500.00</b>
<b>Issued, subscribed and fully paid-up</b>		
30,00,600 Equity shares of Rs. 10/- each fully paid with voting rights	300.06	100.06
<b>Total</b>	<b>300.06</b>	<b>100.06</b>

**11(b). Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	No. of Shares	₹	No. of Shares	₹
Equity share of Rs. 10/- each				
Opening balance	10,00,600	100.06	10,00,600	100.06
Issued during the year	20,00,000	200.00	-	-
<b>Closing balance</b>	<b>30,00,600</b>	<b>300.06</b>	<b>10,00,600</b>	<b>100.06</b>

\*Rights issue:

On 22 September 2022, the company made a rights issue to its single existing shareholder of 20,00,000 shares at an issue price of Rs.10/- per share.

**11(c). Detail of the rights, preferences and restrictions attaching to each class of shares outstanding  
Equity shares of Rs. 10/- each:**

The Company has only one class of equity shares, having a par value of Rs.10/-. The holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all other parties concerned. The distribution will be in proportion to number of equity shares held by the shareholders.

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

**11(d). Details of equity shares held by each shareholder holding more than 5% of shares:**

Particulars	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	No. of Shares	% of shares	No. of Shares	% of shares
Yuken India Ltd	28,59,698	95.30%	8,59,698	85.92%
Suresh Kannan	1,40,600	4.69%	1,40,600	14.05%
<b>Total</b>	<b>30,00,298</b>	<b>100.00%</b>	<b>10,00,298</b>	<b>100.00%</b>

**11(e). Shareholding of Promotor**

Shares held by promotor as at March 31, 2023:

Particulars	As at 31 <sup>st</sup> March 2023	
	No. of Shares	% of shares
Yuken India Ltd	28,59,698	95.30%
Suresh Kannan	1,40,600	4.69%
<b>Total</b>	<b>30,00,298</b>	<b>100.00%</b>

**12. Other Equity**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
<b>Surplus in statement of profit and loss</b>		
<b>Profit/(loss)</b>		
Opening balance	(160.92)	(200.55)
Additions during the period	58.15	39.64
<b>Closing balance</b>	<b>(102.77)</b>	<b>(160.92)</b>
<b>Total</b>	<b>(102.77)</b>	<b>(160.92)</b>

**13. Provisions (Non-current)**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
<b>Provision for employee benefits:</b>		
- Gratuity	10.53	7.50
- Compensated absence	8.98	6.71
<b>Total</b>	<b>19.51</b>	<b>14.21</b>

**14. Trade payables**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
<b>Current</b>		
Total outstanding dues of creditors to micro enterprises and small enterprises	0.96	0.15
Total outstanding dues of creditors other than micro enterprises and small enterprises	86.91	77.55
<b>Total</b>	<b>87.87</b>	<b>77.70</b>

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

**Ageing of Trade Payables as at 31<sup>st</sup> March 2023:**

(₹ in Lakhs)

Particulars	Unbilled	Not Due	Outstanding for following periods from the due date				Total
			Less than 1 year	1 to 2 years	2 to 3 years	More than 3 Years	
			₹	₹	₹	₹	
<b>Undisputed trade payables</b>							
MSME	-	-	0.96	-	-	-	<b>0.96</b>
Others	3.87	-	54.05	12.79		16.20	<b>86.91</b>
<b>Disputed trade payables</b>							
MSME	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total</b>	<b>3.87</b>	<b>-</b>	<b>55.01</b>	<b>12.79</b>	<b>-</b>	<b>16.20</b>	<b>87.87</b>

**Ageing of Trade Payables as at 31<sup>st</sup> March 2022:**

(₹ in Lakhs)

Particulars	Unbilled	Not Due	Outstanding for following periods from the due date				Total
			Less than 1 year	1 to 2 years	2 to 3 years	More than 3 Years	
			₹	₹	₹	₹	
<b>Undisputed trade payables</b>							
MSME	-	-	0.15	-	-	-	<b>0.15</b>
Others	4.54	-	70.24	0.43	0.18	2.16	<b>77.55</b>
<b>Disputed trade payables</b>							
MSME	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total</b>	<b>4.54</b>	<b>-</b>	<b>70.38</b>	<b>0.43</b>	<b>0.18</b>	<b>2.16</b>	<b>77.70</b>

**15. Provisions (Current)**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
<b>Provision for employee benefits:</b>		
- Bonus	5.47	0.31
<b>Total</b>	<b>5.47</b>	<b>0.31</b>

**16. Other current liabilities**

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
Other payables:		
Statutory remittances (PT, ESI & TDS)	1.83	0.79
Advances from customers	2.23	2.88
Provision for tax (net of advance tax PY- Nil)	2.49	-
Advances received - Related Parties	672.46	530.75
<b>Total</b>	<b>679.01</b>	<b>534.43</b>

**Kolben Hydraulics Limited**  
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**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2023 (cont'd)**

**17. Revenue from operations**

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
	₹	₹
Sale of products	925.99	929.22
Sale of services	33.99	27.92
<b>Total</b>	<b>959.99</b>	<b>957.14</b>

**18. Other income**

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
	₹	₹
Packing and Forwarding Charges Collected	2.23	1.08
Provision no longer required written back	-	0.02
Miscellaneous income	0.36	0.95
<b>Total</b>	<b>2.59</b>	<b>2.05</b>

**19. Cost of materials consumed****(a). Raw material under broad heads**

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
	₹	₹
Opening Stock	40.71	0.82
Add: Purchases	1,054.15	960.63
	<b>1,094.87</b>	<b>961.44</b>
Less: Consumed	968.00	920.73
Closing Stock	126.87	40.71
<b>Total</b>	<b>968.00</b>	<b>920.73</b>

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

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
	₹	₹
Inventories at the end of the year:		
Finished goods	418.91	194.70
Work-in-progress	16.12	1.12
	<b>435.03</b>	<b>195.82</b>
Inventories at the beginning of the year:		
Finished goods	194.70	69.28
Work-in-progress	1.12	3.33
	<b>195.82</b>	<b>72.61</b>
<b>Net (increase) / decrease</b>	<b>(239.21)</b>	<b>(123.21)</b>



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

**21. Employee benefit expenses**

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
	₹	₹
Salaries and wages	68.02	35.40
Contributions to provident and other funds	6.04	3.70
Staff welfare Expenses	4.50	6.77
<b>Total</b>	<b>78.56</b>	<b>45.88</b>

**22. Other expenses**

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
	₹	₹
Sub-contracting charges	7.73	7.33
Communication Expenses	1.47	1.29
Power and fuel	4.13	4.68
Packing & forwarding	0.09	0.08
Rates and Taxes	1.95	1.48
Exchange Loss (Net)	0.36	2.88
Insurance	0.18	0.16
Rent	7.58	5.02
Repair and Maintenance		
- Building	-	2.10
- Machinery	0.01	3.39
- Others	2.15	1.44
Printing & Stationery	1.00	1.66
Freight, Transport & Other Charges	7.39	3.26
Legal and Professional charges	14.11	13.55
Payment to auditors		
- Statutory audit	1.44	0.98
- Tax audit	0.33	0.33
- Other services	-	0.30
Travelling & Conveyance	15.03	9.41
Sales Promotion Expenses	2.28	1.75
Bad Debts Written Off	1.91	2.76
Bank Charges	1.09	1.93
Miscellaneous Expenses	0.72	0.83
<b>Total</b>	<b>70.94</b>	<b>66.60</b>

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

**23. Tax expense**

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
	₹	₹
Current tax	-	-
Deferred tax	11.30	(0.65)
<b>Total</b>	<b>11.30</b>	<b>(0.65)</b>

**24.**

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
	₹	₹
<b>24.1 Expenditure in foreign currency:</b>		
Raw materials & Components	279.56	343.47
Foreign Travel	-	-
<b>24.2. Estimated amount of contracts remaining to be executed on capital account and not provided for</b>	<b>-</b>	<b>-</b>

**25. Contingent liabilities (to the extent not provided for)**

There are no capital commitments and contingent liabilities as on 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022.

**26. Foreign Currency Exposure**

Foreign Currency Exposure as at March 31, 2023 that have not been hedged by a derivative instrument or other wise: (₹ in Lakhs)

Particulars	31st March 2023		31st March 2022	
	Amount in INR.	Amt-Foreign Currency	Amount in INR.	Amt-Foreign Currency
Receivables -USD	-	-	-	-
Receivables -EURO	71.46	0.83	31.40	0.37
<b>Total</b>	<b>71.46</b>	<b>0.83</b>	<b>31.40</b>	<b>0.37</b>
Payables- USD	-	-	0.42	0.01
Payables- EURO	29.05	0.33	26.97	0.32
<b>Total</b>	<b>29.05</b>	<b>0.33</b>	<b>27.38</b>	<b>0.33</b>

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

**27. Dues to micro and small suppliers**

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
	₹	₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	0.96	0.15
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.55	0.02
(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	0.55	0.02
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.55	0.02
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.		

**28. CSR provision**

As the company did not meet any of the criteria specified in Section 135 (1) of the Companies act, 2013, hence provisions of Section 135 are not applicable.

**29. 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.

**30. Earnings Per share**

Particulars	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Net Profit after Tax	58.15	39.64
Weighted average number of equity shares (No.s)	20,47,175	10,00,600
Earnings per share from operations - Basic and diluted	2.84	3.96
Nominal Value of Equity Shares	10	10

**31. Related Party Disclosures**

Party where the Control Exists	Name of Related Party
Enterprises and their relatives exercise significant influence	M/s Yuken India Ltd
Fellow Associate	M/s Sai India Ltd
Fellow Subsidiary	M/s Coretec Engineering India Pvt Ltd
	M/s Grotek Enterprises India Pvt Ltd
	M/s Yuflow Engineering Private Limited
Relative of a Director	Mrs. S K Vijaya
Key Managerial Personnel	Mr. V Suresh Kannan

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

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
	₹	₹
<b>Enterprises and their relatives exercise significant influence</b>		
M/s Yuken India Ltd		
- Issue of Equity shares	200.00	-
- Sales & Services	238.79	303.66
- Purchase	752.68	596.00
- Rent paid	1.70	1.70
- Expenses reimbursed	12.05	5.92
- Fixed Asset Sale	0.08	-
<b>Fellow Subsidiary</b>		
M/s Coretec Engineering India Pvt Ltd		
- Purchase	-	-
- Sales & Services	-	-
M/s Grotek Enterprises India Pvt Ltd		
- Sales & Services	-	2.17
- Purchase	36.07	50.39
<b>Fellow Associate</b>		
M/s Sai India Limited		
- Sales & Services	-	-
<b>Key Management Personnel</b>		
Mr. Suresh Kannan		
- Remuneration paid during the year	34.63	20.49
Mr. Suresh Kannan		
- Vehicle Lease Rent	6.14	3.58

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
	₹	₹
<b>Balances at the end</b>		
M/s Yuken India Ltd	672.46	533.70
M/s Coretec Engineering India Pvt Ltd	-	-
M/s Grotek Enterprises India Pvt Ltd	36.07	26.72
Mr. Suresh Kannan	0.11	0.01

## Kolben Hydraulics Limited

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

**32. Financial Ratios**

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for variance
Current ratio (times)	Current assets	Current liabilities	1.09	0.68	60.15%	Due to increase in stock, current assets have increased improving the current asset ratio.
Debt-equity ratio (times)	Total Debt	Shareholder's Equity	No Debt			
Debt service coverage ratio (times)	Earnings available for debt service	Debt Service	No Debt			
Return on equity (%)	Net Profits after taxes	Average Shareholder's Equity	0.29	0.65	54.75%	Due to tax provisions, Net profits have come down when compared to previous year. Resulting in decrease in return on equity.
Inventory turnover ratio (times)	COGS	Average inventory	2.42	5.94	-59.19%	Due to increase in average inventory, Inventory turnover ratio has reduced.
Trade receivables turnover ratio (times)	Revenue	Average Trade Receivable	5.49	8.18	-32.87%	Due to increase in trade receivables, Trade receivable turnover ratio has reduced.
Trade payable turnover ratio (times)	Purchases of services and other expenses	Average Trade Payables	13.59	19.05	-28.64%	Due to increase in trade payables when compared to previous year, the ratio has reduced.
Net capital turnover ratio (times)	Revenue	Working Capital	14.13	(4.87)	-389.94%	Due to increase in current asset over current liabilities, Net capital turnover ratio has become positive
Net profit ratio (%)	Net Profit	Revenue	0.06	0.04	-46.26%	Net profit ratio when compared to previous year has reduced due to Income tax expenses in current year
Return on capital employed (%)	Earning before interest and taxes	Capital Employed	0.35	0.64	45.05%	Due to increase in average capital employed by issue of new equity, EBIT on capital ratio has reduced.
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

## Kolben Hydraulics Limited

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

#### 33. Fair value measurements

##### (i) Financial instruments by category

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

Particulars	Note No.	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
<b>Assets :</b>				
Cash and cash equivalents	8	11.81	-	-
Other financial assets				
(i) Security deposits	5a	0.65	-	-
Trade receivables	7	195.43	-	-
<b>Total</b>		<b>207.89</b>	-	-
<b>Liabilities:</b>				
Other financial liabilities				
(i) Trade payables	14	87.87	-	-
<b>Total</b>		<b>87.87</b>	-	-

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

Particulars	Note No.	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
<b>Assets :</b>				
Cash and cash equivalents	8	9.95	-	-
Other financial assets				
(i) Security deposits	5a	0.10	-	-
Trade receivables	7	154.15	-	-
<b>Total</b>		<b>164.20</b>	-	-
<b>Liabilities:</b>				
Other financial liabilities				
(i) Trade payables	14	77.70	-	-
<b>Total</b>		<b>77.70</b>	-	-

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables, working capital loans and other financial liabilities approximate the carrying amount largely due to short-term maturity of this instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

##### (ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

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

**34. 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.	2022-23	2021-22
		₹	₹
<b>Financials measured at amortized costs:</b>			
Financial assets			
Trade receivable *	7	195.43	154.15
<b>Cash and cash equivalents and other bank balances</b>			
Cash and cash equivalents #	8	11.81	9.95
<b>Financial liabilities measured at amortized cost:</b>			
Trade Payables *	14	87.87	77.70

\*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.

**35. 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 it's 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.

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

**(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 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	₹	₹
Cash and cash equivalents	11.81	9.95
Security deposits	0.65	0.10
Trade receivables	195.43	154.15
	<b>207.89</b>	<b>164.20</b>

**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.

**(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.



**Kolben Hydraulics Limited**  
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**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2023 (cont'd)**

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 <sup>st</sup> March 2023	Less than 1 year	1 year to 5 years	More than 5 years
	₹	₹	₹
Trade payables	87.87	-	-
	<b>87.87</b>	-	-

**Maturities of financial liabilities**

(₹ in Lakhs)

As at 31 <sup>st</sup> March 2022	Less than 1 year	1 year to 5 years	More than 5 years
	₹	₹	₹
Trade payables	77.70	-	-
	<b>77.70</b>	-	-

**(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.

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

(₹ in Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
	₹	₹
<b>Accounting profit before tax and exceptional item</b>	69.45	38.99
Tax on accounting profit at statutory income tax rate [27.82%] (PY 27.82%)	19.32	10.85
<b>Reconciling items:</b>		
Tax effect on permanent non-deductible expenses		-
Tax adjustments of Prior Years		-
Others	(8.02)	(11.50)
<b>At the effective income tax rate of 27.82% (PY 27.82%)</b>	<b>11.30</b>	<b>(0.65)</b>
Income tax expense reported in the Statement of Profit and Loss	<b>11.30</b>	<b>(0.65)</b>

**37. Previous year figures**

Previous year figures have been regrouped / reclassified wherever necessary to confirm to current year's classification / disclosure.

In terms of our report attached

**For V K A N & Associates**

Chartered Accountants

Firm Regn. No: 014226S

**For and on behalf of Board of Directors**

**Padam Prakash Mehta**

**Partner**

Membership No: 230042

**H M Narasinga Rao**

Director

DIN: 00529717

**V Suresh Kannan**

Director

DIN: 03280922

Place: Bangalore

Date: 25<sup>th</sup> May 2023

Place: Bangalore

Date: 25<sup>th</sup> May 2023