

## **2. CORETEC ENGINEERING INDIA PVT. LTD.**

## NOTICE

**NOTICE** is hereby given that the **21<sup>st</sup>** Annual General Meeting of the Members of M/s. **CORETEC ENGINEERING INDIA PRIVATE LIMITED** will be held on Wednesday 31<sup>st</sup> July, 2019 at 11.00 AM at the Registered Office of the Company situated at B-59, Dyavasandra Industrial Estate, Mahadevapura, Whitefield Road, Bengaluru - 560048 to transact the following business:

### ORDINARY BUSINESS:

1. To consider, approve and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2019, together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. A Venkatakrishnan (DIN: 08219189), who retires by rotation and being eligible, offers himself for re-appointment.
3. Appointment of Statutory Auditors:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and Section 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under, M/s. V K A N & Associates, Chartered Accountants (Registration No. 014226S), be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 26<sup>th</sup> Annual General Meeting of the Company and the Board of Directors be and are hereby authorised to fix the remuneration for the said auditors in consultation with them.”

**By order of the Board,  
For Coretec Engineering India Private Limited**

**(Shashikant Kala Naik)**  
Director  
DIN: 03533778

Place: Bengaluru  
Date: 27.05.2019

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The proxy form, in order to be effective, must be deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting. The blank proxy form is annexed to this notice.
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.

## DIRECTORS' REPORT

To

The Members of

Coretec Engineering India Private Limited

The Board of Directors are pleased to present the 21<sup>st</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, 2019.

### FINANCIAL RESULTS:

#### Financial highlights:

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2019	31.03.2018
<b>Gross Income</b>	3,098.26	2,329.47
<b>Less: Excise Duty</b>	-	55.06
<b>Net Income</b>	<b>3,098.26</b>	<b>2,274.42</b>
Total expenditure	3,002.78	2,090.52
Profit/(Loss) before interest, depreciation and tax	95.48	183.90
Finance cost	106.24	59.10
Depreciation	71.65	42.15
<b>Profit/(Loss) before Exceptional items and tax</b>	<b>(82.41)</b>	<b>82.65</b>
Exceptional items	-	-
Profit/(Loss) after Exceptional items & before tax	<b>(82.41)</b>	<b>82.65</b>
Provision for taxation (Net of deferred tax)	(20.98)	21.66
<b>Profit/(loss) after tax</b>	<b>(61.43)</b>	<b>60.99</b>
Net comprehensive income for the year	0.11	3.26
<b>Total comprehensive income for the year</b>	<b>(61.32)</b>	<b>64.25</b>
Balance in Statement of profit and loss	<b>230.04</b>	<b>165.79</b>
<b>Amount available for appropriation</b>	<b>168.72</b>	<b>230.04</b>
<b>Appropriations:</b>		
Equity dividend paid	-	-
Tax on Equity Dividend	-	-
<b>Balance carried to Balance Sheet</b>	<b>168.72</b>	<b>230.04</b>

During the year, your Company has earned total revenue of Rs. 3,098.26 lakhs as compared to previous year of Rs. 2,274.42 lakhs and registered net loss of Rs. 61.43 lakhs as compare to previous year net profit of Rs. 60.99 lakhs.

Your directors expect that the performance of the Company would improve during the current financial year.

### EXTRACT OF ANNUAL RETURN (FORM MGT-9):

As per provisions of Section 92 (3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the extract of the Annual Return in the Form MGT-9 is given in “Annexure-1” is forming part of this report.

### NUMBER OF MEETINGS OF THE BOARD:

During the financial year 2018-19, there were 07 Board Meetings held on the following dates; 02.04.2018, 30.05.2018, 16.07.2018, 01.10.2018, 27.12.2018, 04.02.2019, and 27.02.2019.

### DIRECTORS RESPONSIBILITY STATEMENT:

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

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

**EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLOSURES MADE BY THE AUDITORS:**

The observations made by the auditors in their report and notes to the accounts referred to in the Auditors Report are self-explanatory. There were no qualifications, reservations or adverse remarks made by the Auditors in their respective reports.

**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/arrangements/transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. The Company presents a statement of all related party transactions before the Board of Directors of the Company for their approval. Your Directors would like to draw your attention to the notes to the financial statements which sets out related party disclosures. 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-2" is forming part of this report.

**DETAILS OF AMOUNTS TRANSFERRED TO RESERVES:**

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

**DIVIDEND:**

Your directors do not recommend any dividend for the financial year ended 31<sup>st</sup> March, 2019.

**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 are no material changes and commitments affecting the financial position between end of financial year and date of 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 31.03.2019 (Amount in INR)	As on 31.03.2018 (Amount in INR)
01	Foreign Exchange Earnings	Nil	Nil
02	Foreign Exchange Outgo	73,24,965	1,08,07,506

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

There was no change in the nature of business of the Company during the year 2018-19.

**BOARD OF DIRECTORS:**

The Board comprises following Directors:

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

During the financial year, Mr. A Venkatakrishnan was appointed as an Additional Director w.e.f 01<sup>st</sup> October, 2018 and re- designated as Director at the Extraordinary General Meeting held on 28<sup>th</sup> January, 2019.

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

#### **DECLARATION BY INDEPENDENT DIRECTORS:**

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

#### **REMUNERATION POLICY:**

The Company is not covered under the provisions of Section 178(1) of the Companies Act, 2013. However, remuneration policy as adopted by the Company envisages payment of remuneration according to qualification, experience and performance at different levels of the organization. The employees at the factory as well as those rendering clerical, administrative and professional services are suitably remunerated according to the industry norms.

#### **SUBSIDIARY:**

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

#### **STATUS OF THE COMPANY:**

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

#### **INTERNAL FINANCIAL CONTROLS:**

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

#### **DEPOSITS:**

The Company has neither accepted nor renewed any deposits during the financial year and as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

#### **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 2018-19.

#### **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, 2019 the authorized share capital of the Company is Rs. 75,00,000/- consisting of 7,50,000 equity shares of Rs. 10/- each. The paid up share capital of the Company is Rs. 61,96,000/- consisting of 6,19,600 equity shares of Rs. 10/- each. During the year under review, Company has not issued any shares or any convertible instruments.

**STATUTORY AUDITORS:**

M/s. V K A N & ASSOCIATES, Chartered Accountants, Bengaluru, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and Auditors are confirmed their eligibility and willingness to accept the office of the Auditors if reappointed. Accordingly, certificate U/s.141 of the Companies Act, 2013, has been received from them.

The Board hereby proposes re-appointment for the further period of five years subject to approval of shareholders at the ensuing Annual General Meeting.

**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 endeavours 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 2018-19, no complaint of sexual harassment has been received.

**ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation of the dedicated and untiring hard work put by the employees at all levels. Your Directors would like to thank the Banks, Consultants, Auditors and above all, the shareholders and valued Customers for their continued support and patronage.

On behalf of the Board  
**For Coretec Engineering India Private Limited**

Date: 27.05.2019  
Place: Bengaluru

**Shashikant Kala Naik**  
Director  
DIN: 03533778

**Kandachar Gopal Rao Ravi**  
Director  
DIN: 03520396

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31<sup>st</sup> March, 2019[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

REGISTRATION AND OTHER DETAILS:		
	CIN	U29246KA1998PTC023863
	Registration Date	18/06/1998
	Name of the Company	<b>CORETEC ENGINEERING INDIA PRIVATE LIMITED</b>
(i)	Category / Sub-Category of the Company	Private company/Company having share Capital / Non-Government Company
(ii)	Address of the Registered office and contact details	B-59, Dyavasandra Industrial Estate, Mahadevapura, Whitefield Road, Bengaluru- 560048, Karnataka, India. e-mail: coretecengg@gmail.com Contact no. +91 9845191995
	Whether listed company Yes / No	No
(iii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the company
1.	Iron Core & Spool	2812	32.13
2.	Coil	2812	27.00
3.	Cylinders	2812	35.00

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	<b>YUKEN INDIA LIMITED</b> No. 16-C, Doddanekundi Industrial Area II Phase, Mahadevapura, Bengaluru – 560 048.	L29150KA1976PLC003017	Holding Company	100%	2(46)



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):****(i) Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	400	400	0.06	-	400	400	0.06	-
b) Central Govt.		-	-	-	-	-	-	-	-
c) State Govt(s)	-								
d) Bodies Corp.	-	6,19,200	6,19,200	99.94	-	6,19,200	6,19,200	99.94	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1):-</b>	-	<b>6,19,600</b>	<b>6,19,600</b>	<b>100</b>		<b>6,19,600</b>	<b>6,19,600</b>	<b>100</b>	-
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
<b>b) Other – Individuals</b>	-	-	-	-	-	-	-	-	-
c) Bodies Corp.									
d) Banks/FI									
e) Any other....									
<b>Sub-Total (A)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of promoter (A) = (A)(1) + (A)(2)</b>	-	<b>6,19,600</b>	<b>6,19,600</b>	<b>100</b>		<b>6,19,600</b>	<b>6,19,600</b>	<b>100</b>	-
<b>B. Public Shareholding:</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds									
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions:</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas									



b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share capital upto Rs.1 Lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>6,19,600</b>	<b>6,19,600</b>	<b>100</b>	-	<b>6,19,600</b>	<b>6,19,600</b>	<b>100</b>	-

## (ii) Shareholding of Promoters:

Si. No	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1.	Yuken India Limited	6,19,200	99.94	-	6,19,200	99.94	-	-
2	Santhappan Antony Cruz	400	0.06	-	-	-	-	(0.06)
3	K Gopalkrishna	-	-	-	400	0.06	-	0.06

Note: Changes in shareholding of promoters due to transfer of shares from Mr. Santhappan Antony Cruz to Mr. K Gopalkrishna on 16.07.2018.

## (iii) Change in Promoter's Shareholding (please specify, if there is no change):

Si. No.	Name of the promoter	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	<b>Yuken India Limited</b>				
	At the beginning of the year	6,19,200	99.94	6,19,200	99.94
	<b>At the end of the year</b>	<b>6,19,200</b>	<b>99.94</b>	<b>6,19,200</b>	<b>99.94</b>
2	<b>Santhappan Antony Cruz</b>				
	At the beginning of the year	400	0.06	-	-
	Less: Shares Transferred to K Gopalkrishna on 16.07.2018	400	0.06	-	-
	<b>At the end of the year</b>	-	-	-	-

3	<b>K Gopalkrishna</b>				
	At the beginning of the year	-	-	-	-
	Add: Shares Transferred from Santhappan Antony Cruz on 16.07.2018	-	-	400	0.06
	<b>At the end of the year</b>			<b>400</b>	<b>0.06</b>

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	For each of top 10 shareholders				
		<i>All the shareholders of the Company are promoters.</i>			

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	For each of the Directors and KMP				
1.	<b>Shashikant Kala Naik</b>				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
2	<b>Kandachar Gopal Rao Ravi</b>				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-

## V. INDEBTNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year:</b>				
i) Principal Amount	811.45	-	-	811.45
	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>811.45</b>	<b>-</b>	<b>-</b>	<b>811.45</b>
<b>Changes in Indebtedness during the financial year</b>				
• Addition	416.92	-	-	416.92
• Reduction	(40.06)	-	-	(40.06)
<b>Net Change</b>	<b>376.86</b>	<b>-</b>	<b>-</b>	<b>376.86</b>
<b>Indebtedness at the end of the financial year:</b>				
i) Principal Amount	1,188.31	-	-	1,188.31
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1,188.31</b>	<b>-</b>	<b>-</b>	<b>1,188.31</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-time Director and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Name-1	Name-2	Name-3	(in Rs.)
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961. (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961. (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.	<b>No Remuneration was paid to Managing Director, Whole-time Director and / or manager during the financial year 2018-19.</b>			
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	Total (A)				
	Ceiling as per the Act				

**B. Remuneration to other Directors:**

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Name – 1	Name – 2	Name – 3	(in Rs.)
	<b>1. Independent Directors:</b> * Fee for attending board / committee meetings * Commission * Others, please specify	<b>No Remuneration was paid to other Directors during the financial year 2018-19</b>			
	<b>Total (1)</b>				
	<b>2. Other Non-Executive Directors:</b> * Fee for attending board / committee meetings * Commission * Others, please specify				
	<b>Total (2)</b>				
	Total (B) = (1+2)				
	Total Managerial Remuneration (A+B)				
	Overall Ceiling as per the Act				

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTd:**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	(in Rs.)
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961. (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961. (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.	<b>No Remuneration was paid to Key Managerial Personnel other than Managing Director, Whole-time Director and / or Manager during the financial year 2018-19.</b>			
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	<b>Total</b>				

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding Fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.				
Punishment					
Compounding					

For Coretec Engineering India Private Limited

**Shashikant Kala Naik**  
Director  
DIN: 03533778

**Kandachar Gopalarao Ravi**  
Director  
DIN: 03520396

Date: 27.05.2019  
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	Nil
(b)	Nature of contracts/arrangements/transactions	Nil
(c)	Duration of the contracts / arrangements/transactions	Nil
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
(e)	Date(s) of approval by the Board, if any	Nil
(f)	Amount paid as advances, if any	Nil

For Coretec Engineering India Private Limited

**Shashikant Kala Naik**  
Director  
DIN: 03533778

**Kandachar Gopalarao Ravi**  
Director  
DIN: 03520396

Date: 27.05.2019  
Place: Bengaluru

## Independent Auditor's Report

### To the Members of Coretec Engineering Private Limited

#### Report on the Ind AS Financial Statements

##### Opinion

We have audited the accompanying Ind AS financial statements of Coretec Engineering Private Limited (*"the Company"*) which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, 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 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 31 March 2019, and its profit/loss, total comprehensive income/loss, 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 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 Ind AS financial statements.

### Management's responsibility for the 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 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 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 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 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 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 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.
- 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 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 Ind AS financial statements, including the disclosures, and whether the 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 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 Ind AS financial statements comply with the 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) Reporting on the adequacy of Internal Financial Control Over Financial Reporting of the Company and the operating effectiveness of such controls, under section 143(3)(i) of the Act is not applicable in view of the exemption available to the Company in terms of the



notification no. G.S.R. 583(E) dated 13 June 2017 issued by the Ministry of Corporate Affairs, Government of India, read with general circular No. 08/2017 dated 25 July 2017

- g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration not applicable
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

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 A" 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 Mehta

**Partner**

Membership No. 230042

Place: Bangalore

Date: 27.05.2019

## Annexure A to the Independent Auditor's Report

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

- |  |  |
|--|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) The fixed assets were physically verified during the year by the Management with a regular program 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.</p> <p>(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date</p> <p>(ii) According to the information and explanations given to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.</p> <p>(iii) According to the information and explanations given to us and on the basis of our examination of books of accounts, the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under Section 189 of the Companies Act, 2013 and hence paragraph 3(iii) of the order is not applicable.</p> <p>(iv) The Company does not have any loan, guarantees or security. As the Company's principle business is acquisition of securities, the provisions of Section 186 as are applicable to other companies are not applicable to this Company.</p> <p>(v) According to the information and explanations made available to us, the Company has not accepted deposits from the public.</p> | <p>(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act.</p> <p>(vii) According to the information and explanations given to us and on the basis of our examination of books of accounts in respect of statutory dues,</p> <p style="padding-left: 20px;">a) The Company has generally been regular in depositing undisputed statutory dues including Income Tax, Goods and Service Tax and other material statutory dues with the appropriate authorities. The statutes governing Provident Fund, Employees' State Insurance and Excise duty and Sales Tax are not applicable to the Company</p> <p style="padding-left: 20px;">b) There are no undisputed amounts payable in respect of Income Tax, Goods and Service Tax and other material statutory dues as at March 31, 2019 for a period of more than six months from the date they became payable. The statutes governing Provident Fund, Employees' State Insurance, and Excise duty and Sales Tax are not applicable to the Company.</p> <p style="padding-left: 20px;">c) There are no dues of Income Tax, Goods and Service Tax, Customs Duty and other material statutory dues as on March 31, 2019 on account of any disputes. The statutes governing Provident Fund, Employees' State Insurance, and Excise duty and Sales Tax are not applicable to the Company.</p> <p>(viii) The Company has not borrowed any amounts from any financial institution, bank or debenture holders.</p> <p>(ix) According to the information and explanations given to us and on the basis of our examination of books of accounts, 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.</p> <p>(x) According to the information and explanations given to us, no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.</p> |
|--|--|

- (xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with section 177 and 188 of the Act where ever applicable and details of such transactions with related parties have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and on the basis of our examination of books of accounts, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and on the basis of our examination of books of accounts, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

**Padam Mehta**  
**Partner**  
Membership No. 230042

Place: Bangalore  
Date: 27.05.2019

**Coretec Engineering Private Limited**  
**Balance Sheet as at 31 March, 2019**

Particulars	Note No.	As at 31 March, 2019	As at 31 March, 2018
		₹	₹
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3a	109,238,804	49,900,055
Other intangible assets	3b	2,415,537	1,891,191
Capital work in progress		14,720,452	-
Financial assets			
(i) Other financial assets	4a	570,282	1,980,302
Income tax assets	4b	84,265	2,024,985
Other non current assets	4c	3,573,137	1,970,000
<b>Total non-current assets</b>		<b>130,602,477</b>	<b>57,766,532</b>
<b>Current assets</b>			
Inventories	5	54,332,963	29,583,648
Financial assets			
(i) Trade receivables	6	69,881,164	97,667,380
(ii) Cash and cash equivalents	7	1,185,847	271,015
(iii) Loans and advances	8	418,480	244,707
Other current assets	9	5,505,645	7,550,036
<b>Total current assets</b>		<b>131,324,099</b>	<b>135,316,786</b>
<b>Total assets</b>		<b>261,926,576</b>	<b>193,083,318</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10a	6,196,000	6,196,000
Other equity	10b	16,872,108	23,003,862
<b>Total Equity</b>		<b>23,068,108</b>	<b>29,199,862</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	11	15,008,395	9,015,087
Provisions	12	3,554,113	2,957,811
Deferred tax liabilities (net)	13	1,371,907	3,466,790
<b>Total non - current liabilities</b>		<b>19,934,415</b>	<b>15,439,688</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	11	99,815,958	68,123,413
(ii) Trade payables	14	113,801,540	72,490,024
Provisions	12	94,245	83,315
Current tax liabilities (net)	15	-	2,092,614
Other current liabilities	16	5,212,310	5,654,402
<b>Total current liabilities</b>		<b>218,924,053</b>	<b>148,443,768</b>
<b>Total liabilities</b>		<b>238,858,468</b>	<b>163,883,456</b>
<b>Total equity and liabilities</b>		<b>261,926,576</b>	<b>193,083,318</b>
<b>See accompanying notes to the IND AS financial statements</b>	<b>1-38</b>		

In terms of our report of even date attached

For V K A N &amp; Associates

Chartered Accountants

Firm Regn. No: 014226s

For and on behalf of the Board of Directors

Padam Prakash Mehta

Partner

Membership No.: 230042

K.G. Ravi

Director

DIN: 03533778

S.K. Naik

Director

DIN: 03520396

Place: Bangalore

Date: 27 May 2019

## Coretec Engineering Private Limited

## Statement of Profit and Loss for the year ended 31 March, 2019

Particulars	Note No.	Year ended 31 March,2019	Year ended 31 March,2018
		₹	₹
<b>Income</b>			
Revenue from operations	17	308,487,008	231,960,985
Other income	18	1,339,191	986,334
		<b>309,826,199</b>	<b>232,947,319</b>
<b>Expenses</b>			
Cost of materials consumed	19	172,004,486	126,347,164
Changes in stock of finished goods, work-in-progress and stock-in-trade	20	(14,044,680)	(9,235,553)
Excise duty on sale of goods		-	5,505,541
Employee benefit expense	21	29,241,037	25,946,839
Finance costs	22	10,624,097	5,910,101
Depreciation and amortisation expense	23	7,165,561	4,214,768
Other expenses	24	113,077,137	65,993,537
<b>Total expenses</b>		<b>318,067,638</b>	<b>224,682,397</b>
<b>Profit/(loss) before tax</b>		<b>(8,241,439)</b>	<b>8,264,922</b>
<b>Tax expense/(benefit):</b>			
Current tax	25	-	1,546,242
Deferred tax	25	(2,098,694)	619,931
		(2,098,694)	2,166,173
<b>Profit/(Loss) after tax</b>		<b>(6,142,745)</b>	<b>6,098,749</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans	30	14,803	439,316
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3,812)	(113,124)
<b>Other comprehensive income for the year</b>		<b>10,991</b>	<b>326,192</b>
<b>Total Comprehensive income for the year</b>		<b>(6,131,754)</b>	<b>6,424,941</b>
<b>Earnings per equity share (for continuing operation):</b>			
Basic and diluted (in ₹)	31	(9.91)	9.84
<b>See accompanying notes to the IND AS financial statements</b>	<b>1-38</b>		

In terms of our report of even date attached

For V K A N &amp; Associates

Chartered Accountants

Firm Regn. No: 014226s

Padam Prakash Mehta

Partner

Membership No.: 230042

For and on behalf of the Board of Directors

K.G. Ravi

Director

DIN: 03533778

S.K. Naik

Director

DIN: 03520396

Place : Bangalore

Date : 27 May 2019

## Coretec Engineering Private Limited

## Cash Flow Statement for the year ended 31 March 2019

Particulars	Year ended 31 March, 2019		Year ended 31 March, 2018	
	₹	₹	₹	₹
<b>A. Cash flow from operating activities</b>				
Net profit / (loss) before tax		(8,241,439)		8,264,922
<u>Adjustments for:</u>				
Depreciation and amortization	7,165,561		4,214,768	
Profit on sale of assets	-		(79,735)	
Finance costs	10,624,097		5,910,101	
Provisions no longer required written back	(1,097,379)		-	
Bad debts written off	141,058		-	
Advances written off	49,064		-	
		16,882,401		10,045,134
Operating profit / (loss) before working capital changes-(1)		8,640,962		18,310,056
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:-(2)</u>				
Inventories	(24,749,315)		(12,286,143)	
Trade receivables	27,645,162		(66,120,538)	
Loans and advances	(173,773)		(83,482)	
Other financial assets	1,410,020		(57,070)	
Other current assets	2,297,704		(5,624,718)	
<u>Adjustments for (increase) / decrease in operating liabilities:-(3)</u>				
Trade payables	(42,359,832)		(22,242,417)	
Provisions(short term and long term)	(618,223)		(1,262,166)	
Non-financial liabilities	2,530,895		2,914,257	
		46,876,958		(63,581,625)
Cash generated from operations-(1)+(2)-(3)		55,517,920		(45,271,569)
Net income tax (paid) / refunds		84,265		(2,000,000)
<b>Net cash flow from / (used in) operating activities (A)</b>		55,602,185		(47,271,569)
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(81,749,108)		(17,955,167)	
Proceeds from Sale of fixed assets	-		124,909	
		(81,749,108)		(17,830,258)
<b>Net cash flow from / (used in) investing activities (B)</b>		(81,749,108)		(17,830,258)
<b>C. Cash flow from financing activities</b>				
Net increase / (decrease) in working capital borrowings	31,692,545		71,230,584	
Term loan taken during the year	10,000,000		-	
Repaid during the year	(4,006,692)		-	
Finance cost	(10,624,097)		(5,910,101)	
		27,061,755		65,320,483
<b>Net cash flow from / (used in) financing activities (C)</b>		27,061,755		65,320,483
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		914,832		218,656
Cash and cash equivalents at the beginning of the year		271,015		52,359
<b>Cash and cash equivalents at the end of the year(Refer Note No. 7)</b>		1,185,847		271,015
<b>See accompanying notes to the IND AS financial statements</b>	<b>1 to 38</b>			

In terms of our report of even date attached

For V K A N &amp; Associates

Chartered Accountants

Firm Regn. No: 014226s

For and on behalf of the Board of Directors

Padam Prakash Mehta

Partner

Membership No.: 230042

Place : Bangalore

Date : 27 May 2019

K.G. Ravi

Director

DIN: 03533778

S.K. Naik

Director

DIN: 03520396

## Coretec Engineering Private Limited

## Statement of Changes in Equity for the year ended 31 March 2019

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	750,000	7,500,000	750,000	7,500,000
<b>(b) Issued, subscribed and fully paid up</b>				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	619,600	6,196,000	619,600	6,196,000
	<b>619,600</b>	<b>6,196,000</b>	<b>619,600</b>	<b>6,196,000</b>

Particulars	Reserve and Surplus	
	Retained earnings	Other comprehensive income
	₹	
<b>Balance as at 01 April, 2017</b>	16,399,080	179,841
<b>Additions during the year</b>		
Profit during the year	6,098,749	-
<b>Items of the OCI, net of tax-</b>		
Re-measurement of net defined benefit liability/(asset)	-	326,192
<b>Total</b>	<b>22,497,829</b>	<b>506,033</b>
<b>Reductions during the year:</b>		
Transfer to general reserve	-	-
<b>Balance as at 31 March, 2018</b>	<b>22,497,829</b>	<b>506,033</b>
<b>Additions during the year</b>		
Profit/(loss) during the year	(6,142,745)	-
<b>Items of the OCI, net of tax-</b>		
Re-measurement of net defined benefit liability/(asset)	-	10,991
<b>Total</b>	<b>(6,142,745)</b>	<b>10,991</b>
<b>Reductions during the year:</b>		
Transfer to general reserve	-	-
<b>Balance as at 31 March, 2019</b>	<b>16,355,084</b>	<b>517,024</b>
<b>See accompanying notes to the IND AS financial statements</b>	<b>1-38</b>	

In terms of our report of even date attached

For V K A N &amp; Associates

Chartered Accountants

Firm Regn. No: 014226s

For and on behalf of the Board of Directors

Padam Prakash Mehta

Partner

Membership No.: 230042

K.G. Ravi

Director

DIN: 03533778

S.K. Naik

Director

DIN: 03520396

Place : Bangalore

Date : 27 May 2019



## Coretec Engineering Private Limited

## Summary of significant accounting policies and explanatory information for the year ended 31 March 2019

### 1. Corporate information:

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

### 2. Significant accounting policies:

#### 2.1 Basis of preparation

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

#### 2.2 Summary of the other significant accounting policies

##### a) Use of estimates

The preparation of 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 01-04-2016.

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) 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.

#### **e) Intangible assets**

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

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### **f) 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 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 control of the goods have passed to the buyer.

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.

***g) Inventories***

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

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

Work-in-progress, finished goods and stock-in-trade are valued at lower of cost or net realisable value. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

***h) 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 Companies 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.

***i) 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.

#### **j) 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 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.

#### **k) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

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

**l) 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.

**m) 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.

**n) Foreign currency transactions and translations****(i) Functional & presentation currency**

The 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.

**o) 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.

### **p) Fair value hierarchy:**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## **2.3 Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

### **IND AS- 116**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

### **Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

#### **Ind AS 109 – Prepayment features with negative compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

#### **Ind AS 19 – Plan amendment, curtailment or settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after

the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

#### **Ind AS 23 – Borrowing costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

#### **Ind AS 28 – Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

#### **Ind AS 103 – Business combinations and Ind AS 111 – joint arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.



## Coretec Engineering India Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

## Note 3 Property plant &amp; equipment

DESCRIPTION	Gross carrying amount				Accumulated Depreciation			Net Carrying amount	
	As at 01 April, 2018	Additions	Deductions / Adjustments	As at 31 March, 2019	As at 01 April, 2018	Depreciation For the year	Deductions / Adjustments	As at 31 March, 2019	As at 31 March, 2019
	Amounts in ₹								
<b>Tangible assets (a)</b>									
Freehold land	-	31,935,720	-	31,935,720	-	-	-	-	31,935,720
Factory buildings	6,519,096	13,783,637	-	20,302,733	1,914,464	427,878	-	2,342,342	17,960,391
Computer systems	1,812,824	308,959	-	2,121,783	1,165,379	388,145	-	1,553,524	568,259
Office equipment	704,988	565,714	-	1,270,702	259,457	70,194	-	329,651	941,051
Furniture & fixtures	538,117	467,883	-	1,006,000	442,577	48,255	-	490,832	515,168
Plant & machinery	57,863,286	18,770,256	-	76,633,542	14,718,772	5,394,783	-	20,113,555	56,519,987
Electrical installation	1,181,945	254,017	-	1,435,962	685,612	236,870	-	922,482	513,480
Vehicles	553,115	39,070	-	592,185	219,980	87,457	-	307,437	284,748
<b>Total (A)</b>	<b>69,173,371</b>	<b>66,125,256</b>	-	<b>135,298,627</b>	<b>19,406,241</b>	<b>6,653,582</b>	-	<b>26,059,823</b>	<b>109,238,804</b>
<b>DESCRIPTION</b>	<b>Gross carrying amount</b>				<b>Accumulated Amortization</b>			<b>Net Carrying amount</b>	
	As at 01 April, 2018	Additions	Deductions / Adjustments	As at 31 March, 2019	As at 01 April, 2018	Amortisation For the year	Deductions / Adjustments	As at 31 March, 2019	As at 31 March, 2019
<b>Intangible assets (b)</b>									
Software	2,089,920	903,400	-	2,993,320	65,804	511,979	-	577,783	2,415,537
<b>Total (B)</b>	<b>2,089,920</b>	<b>903,400</b>	-	<b>2,993,320</b>	<b>65,804</b>	<b>511,979</b>	-	<b>577,783</b>	<b>2,415,537</b>
<b>Total (A) + (B)</b>	<b>71,263,291</b>	<b>67,028,656</b>	-	<b>138,291,947</b>	<b>19,472,045</b>	<b>7,165,561</b>	-	<b>26,637,606</b>	<b>111,654,341</b>
Capital work in progress	-	14,720,452	-	14,720,452	-	-	-	-	14,720,452
<b>Total</b>	<b>71,263,291</b>	<b>81,749,108</b>	-	<b>153,012,399</b>	<b>19,472,045</b>	<b>7,165,561</b>	-	<b>26,637,606</b>	<b>126,374,793</b>

**Amounts in ₹**

TANGIBLE ASSETS	Gross carrying amount			Accumulated Depreciation			Net carrying amount
Particulars	Balance as at 01 April, 2017	Additions	Deductions/ Adjustments	Balance as at 31 March, 2018	Balance as at 01 April, 2017	Eliminated on Deductions /Adjustments	Balance as at 31 March, 2018
<b>Owned</b>							
Computer Systems	1,232,037	580,787	-	1,812,824	859,689	305,690	1,165,379
Office Equipment	267,988	437,000	-	704,988	225,243	34,214	259,457
Furniture & Fixtures	523,804	14,313	-	538,117	421,389	21,188	442,577
Plant & Machinery	45,351,007	12,688,846	46,306	57,993,547	11,330,968	3,388,937	14,716,108
Factory Buildings	4,196,068	2,323,028	-	6,519,096	1,760,818	153,647	1,914,464
Electrical Installation	1,181,945	-	-	1,181,945	567,418	118,195	685,612
Vehicles	489,724	124,398	61,007	553,115	221,014	59,974	219,980
<b>Total (A)</b>	<b>53,242,573</b>	<b>16,168,372</b>	<b>107,313</b>	<b>69,303,632</b>	<b>15,386,537</b>	<b>4,081,843</b>	<b>19,403,577</b>
INTANGIBLE ASSETS	Gross carrying amount			Accumulated Amortisation			Net carrying amount
Particulars	Balance as at 01 April, 2017	Additions	Deductions/ Adjustments	Balance as at 31 March, 2018	Balance as at 01 April, 2017	Amortisation expense for the year	Balance as at 31 March, 2018
<b>Other than Internally Generated Software</b>							
	303,125	1,786,795	-	2,089,920	65,804	132,925	1,891,191
<b>Total (B)</b>	<b>303,125</b>	<b>1,786,795</b>	<b>-</b>	<b>2,089,920</b>	<b>65,804</b>	<b>132,925</b>	<b>1,891,191</b>
<b>Total (A) + (B)</b>	<b>53,545,698</b>	<b>17,955,167</b>	<b>107,313</b>	<b>71,393,552</b>	<b>15,452,341</b>	<b>4,214,768</b>	<b>51,791,246</b>
Capital work in progress	-	-	-	-	-	-	-
<b>Total</b>	<b>53,545,698</b>	<b>17,955,167</b>	<b>107,313</b>	<b>71,393,552</b>	<b>15,452,341</b>	<b>4,214,768</b>	<b>51,791,246</b>

## Coretec Engineering Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 4a Other financial assets - non current**

Particulars	As at 31 March,2019	As at 31 March,2018
	₹	₹
Security deposits	570,282	1,980,302
	<b>570,282</b>	<b>1,980,302</b>

**Note 4b Income tax assets - non current**

Particulars	As at 31 March,2019	As at 31 March,2018
	₹	₹
Advance tax	84,265	2,024,985
	<b>84,265</b>	<b>2,024,985</b>

**Note 4c Other non current assets**

Particulars	As at 31 March,2019	As at 31 March,2018
	₹	₹
Capital advances	3,573,137	1,970,000
	<b>3,573,137</b>	<b>1,970,000</b>

**Note 5 Inventories**

Particulars	As at 31 March,2019	As at 31 March,2018
	₹	₹
(i) Raw materials and components	27,628,932	16,924,297
(ii) Work-in-progress	11,588,205	9,103,319
(iii) Finished goods	15,115,826	3,556,032
	<b>54,332,963</b>	<b>29,583,648</b>

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

**Note 6 Trade receivables**

Particulars	As at 31 March,2019	As at 31 March,2018
	₹	₹
<b>Current</b>		
Trade receivables		
(a) Unsecured, considered good	69,881,164	97,667,380
(b) Doubtful	-	-
Less: Allowance for credit losses	-	-
	<b>69,881,164</b>	<b>97,667,380</b>

## Coretec Engineering Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

**Note 7 Cash and cash equivalents**

Particulars	As at 31 March,2019	As at 31 March,2018
	₹	₹
Cash on hand	54,607	9,459
Balances with banks		
(i) In current accounts	1,131,240	261,556
<b>Cash and cash equivalents as per balance sheet</b>	<b>1,185,847</b>	<b>271,015</b>
<b>Cash and cash equivalents as per statement of cash flows-(A)</b>	<b>1,185,847</b>	<b>271,015</b>

**Note 8 Loans and advances**

Particulars	As at 31 March,2019	As at 31 March,2018
	₹	₹
<b>Current</b>		
Advance to employees	418,480	244,707
	<b>418,480</b>	<b>244,707</b>

**Note 9 Other assets**

Particulars	As at 31 March,2019	As at 31 March,2018
	₹	₹
Trade and other advances	3,334,546	7,073,810
Prepaid expenses	651,739	476,226
Balance with government authorities (including GST)	1,519,360	-
	<b>5,505,645</b>	<b>7,550,036</b>

**Note 10a Share capital**

Particulars	As at 31 March,2019		As at 31 March,2018	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	750,000	7,500,000	750,000	7,500,000
<b>(b) Issued, subscribed and fully paid up</b>				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	619,600	6,196,000	619,600	6,196,000
	<b>619,600</b>	<b>6,196,000</b>	<b>619,600</b>	<b>6,196,000</b>

Refer notes (i) to (iii) below

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

Particulars	Number of shares	Amount (₹ In Lakhs)
<b>Equity shares with voting rights</b>		
As at 31 March,2018	619,600	61.96
As at 31 March,2019	619,600	61.96

## Coretec Engineering Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

(ii) Details of shares held by each shareholder holding more than 5% shares:		
Class of shares / Name of shareholder	As at 31 March,2019	
	Number of shares held	% holding in that class of shares
Equity shares with voting rights - Yuken India Ltd	619,200	99.94

## (iii) Right, preferences and restrictions attached to shares

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

## Note 10b Other equity

	As at 31 March,2019	As at 31 March,2018
	₹	₹
<b>Surplus in statement of profit and loss</b>		
Opening balance	23,003,862	16,578,921
Add :- Transferred from other comprehensive Income for the year	10,991	326,192
Add:- Net profit/(loss) for the year	(6,142,745)	6,098,749
<b>Closing balance</b>	<b>16,872,108</b>	<b>23,003,862</b>

## Financial liabilities

## Note 11 Borrowings

## Non-current borrowings

Particulars	As at 31 March,2019	As at 31 March,2018
	₹	₹
<b>Secured - at amortised cost</b>		
(i) Loans from banks*	15,008,395	9,015,087
	<b>15,008,395</b>	<b>9,015,087</b>
<b>*Terms of loan :</b>		
Repayment Details	As at 31 March,2019	As at 31 March,2018
<b>HDFC term loan</b>		
4 years (including 6 months moratorium) Facility of ₹ 15,000,000 at 11.5% rate of interest	9,015,087	13,021,779
<b>SMBC term loan</b>		
Principal in 16 equal quarterly installement over 4 years after 1 year moratorium Interest monthly (even in moratorium period) Facility of ₹ 50,000,000 at 9.3% rate of interest quarterly reset	10,000,000	-

## Coretec Engineering Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

<b>Current borrowings</b>		
<b>Particulars</b>	<b>As at 31 March,2019</b>	<b>As at 31 March,2018</b>
	<b>₹</b>	<b>₹</b>
<b>Secured - at amortised cost</b>		
(i) Loans from banks	99,815,958	68,123,413
	<b>99,815,958</b>	<b>68,123,413</b>
<b>Notes:</b>		
i) Primary security - First charge on inventory, book debts and movable fixed assets of the company		
ii) Secondary security - a) Corporate guarantee by Yuken India Limited		
b) First charge on Industrial Land with shed there on bearing no B59, situated at Industrial Estate, Dyavasandra, Mahadevapura, Bangalore-560048		

**Note 12 Provisions**

<b>Particulars</b>	<b>As at 31 March,2019</b>	<b>As at 31 March,2018</b>
	<b>₹</b>	<b>₹</b>
Gratuity	60,310	52,814
Compensated leave absences	33,935	30,501
<b>Current</b>	<b>94,245</b>	<b>83,315</b>
Gratuity	2,471,741	2,039,131
Compensated leave absences	1,082,372	918,680
<b>Non-current</b>	<b>3,554,113</b>	<b>2,957,811</b>
	<b>3,648,358</b>	<b>3,041,126</b>

**Note 13 Deferred tax balances**

<b>Particulars</b>	<b>As at 31 March,2019</b>	<b>As at 31 March,2018</b>
	<b>₹</b>	<b>₹</b>
Deferred tax liabilities	5,629,418	3,707,801
Deferred tax assets	4,257,511	241,011
<b>Net deferred tax liabilities/ (assets)</b>	<b>1,371,907</b>	<b>3,466,790</b>

**Note 14 Trade payables**

<b>Particulars</b>	<b>As at 31 March,2019</b>	<b>As at 31 March,2018</b>
	<b>₹</b>	<b>₹</b>
<b>Current</b>		
Total outstanding dues of creditors to micro enterprises and small enterprises	20,235,365	15,103,604
Total outstanding dues of creditors other than micro enterprises and small enterprises	93,566,175	57,386,420
	<b>113,801,540</b>	<b>72,490,024</b>

## Coretec Engineering Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 15 Current tax liabilities(net)**

Particulars	As at 31 March, 2019	As at 31 March,2018
	₹	₹
Provision for tax	-	2,092,614
	-	<b>2,092,614</b>

**Note 16 Other liabilities**

Particulars	As at 31 March,2019	As at 31 March,2018
	₹	₹
<b><u>Current</u></b>		
Statutory liabilities (includes GST, ESI, TDS, professional tax & provident fund)	1,205,618	1,647,710
Current maturities of long term debt	4,006,692	4,006,692
	<b>5,212,310</b>	<b>5,654,402</b>

**Note 17 Revenue from operations**

Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
(a) Revenue from sale of products	308,438,258	231,154,491
(b) Revenue from sale of services	48,750	806,494
<b>Total revenue from operations</b>	<b>308,487,008</b>	<b>231,960,985</b>

**Note 18 Other income**

<b>c) Other non-operating income (net of expenses directly attributable to such income)</b>		
Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
a) Provisions no longer required written back	1,097,379	-
b) Gain on sale of asset	-	79,735
c) Miscellaneous receipts	241,812	906,599
<b>Total of other income</b>	<b>1,339,191</b>	<b>986,334</b>



## Coretec Engineering Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

**Note 19 Cost of materials consumed**

Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
Opening stock	16,924,297	13,873,706
Add: Purchases	182,709,121	129,397,755
	<b>199,633,418</b>	<b>143,271,461</b>
Less: Closing stock	27,628,932	16,924,297
<b>Cost of materials consumed</b>	<b>172,004,486</b>	<b>126,347,164</b>

**Note 20 changes in inventories of finished goods, work in progress and stock-in-trade**

Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
<b>Inventories at the end of the year:</b>		
Finished goods	15,115,826	3,556,032
Work-in-progress	11,588,205	9,103,319
	<b>26,704,031</b>	<b>12,659,351</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	3,556,032	710,265
Work-in-progress	9,103,319	2,713,533
	<b>12,659,351</b>	<b>3,423,798</b>
<b>Net (increase) / decrease</b>	<b>(14,044,680)</b>	<b>(9,235,553)</b>

**Note 21 employee benefits expense**

Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
Salaries and wages	24,816,950	22,260,687
Contribution to provident and other funds (see note 29)	2,390,063	2,061,178
Staff welfare expenses	2,034,024	1,624,974
<b>Total</b>	<b>29,241,037</b>	<b>25,946,839</b>

**Note 22 Finance costs**

Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
Interest costs :-		
(i) Interest on bank overdrafts and loans (other than those from related parties)	10,624,097	5,821,578
(ii) Other Borrowing costs	-	88,523
<b>Total interest expense for financial liabilities not classified as at FVTPL</b>	<b>10,624,097</b>	<b>5,910,101</b>
<b>Less: amounts included in the cost of qualifying assets</b>	<b>-</b>	<b>-</b>
	<b>10,624,097</b>	<b>5,910,101</b>

## Coretec Engineering Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 23 Depreciation and amortisation expense**

Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
Depreciation of property, plant and equipment	6,653,582	4,081,843
Amortisation of intangible assets	511,979	132,925
<b>Total depreciation and amortisation</b>	<b>7,165,561</b>	<b>4,214,768</b>

**Note 24 Other Expenses**

Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
Sub-contracting charges	77,827,112	39,982,894
Contract Labour charges	14,599,023	8,962,567
Freight charges	3,708,462	492,490
Power and fuel	4,558,737	2,595,434
Rates and taxes	528,973	379,210
Rent	1,493,600	2,103,822
Insurance	495,361	24,371
Repair and maintenance		
- Building	665,019	1,117,340
- Machinery	1,755,236	1,658,746
- Others	1,304,161	821,706
Legal and professional charges	1,509,203	2,953,318
Payment to auditors		
- Statutory audit	225,000	200,000
- Tax audit	50,000	50,000
- Other services	65,000	25,000
Travelling & conveyance expenses	1,212,948	2,348,815
Bad debts written off	141,058	-
Communication expenses	229,436	371,563
Advance written off	49,064	-
Printing & stationery	247,993	317,660
Testing charges	400,104	80,777
Security charges	1,053,872	737,187
Miscellaneous expenses	957,775	770,636
<b>Total</b>	<b>113,077,137</b>	<b>65,993,537</b>

## Coretec Engineering Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

**Note 25 Income Tax Expense/(Benefit)**

Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
<b>Current tax</b>		
In respect of the current year	-	1,546,242
	-	<b>1,546,242</b>
<b>Deferred tax/(benefit)</b>		
In respect of the current year	(2,098,694)	619,931
	<b>(2,098,694)</b>	<b>619,931</b>
<b>Total Income tax expense/(benefit) recognised in the current year</b>	<b>(2,098,694)</b>	<b>2,166,173</b>

**Note 26**

Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
<b>26.1 Expenditure in foreign currency:</b>		
Raw materials & Components	1,320,165	1,241,672
Fixed Assets	6,004,800	9,565,834
<b>26.2 Estimated amount of contracts remaining to be executed on capital account and not provided for</b>	8,939,227	749,406

**Note 27 Contingent liabilities (to the extent not provided for)**

Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
<b>Demand received from tax authorities</b>		
Income tax	1,228,577	969,572

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

Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	20,032,184	15,103,604
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	203,181	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	203,181	-
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.		

## Coretec Engineering Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

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

The company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident fund for the year aggregated to ₹ 1,444,327 /- (previous year : ₹ 1,127,110 /- )

**Defined benefit plans****Gratuity**

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

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

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

Particulars	As at 31 March,2019	As at 31 March,2018
	₹	₹
Fair value of plan assets	-	-
Present value of obligations	2,532,051	2,091,945
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(2,532,051)</b>	<b>(2,091,945)</b>

**Classification into current and non-current**

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

Particulars	Non -Current		Current	
	As on 31 March,2019	As on 31 March,2018	As on 31 March,2019	As on 31 March,2018
Gratuity	2,471,741	2,039,131	60,310	52,814
	<b>2,471,741</b>	<b>2,039,131</b>	<b>60,310</b>	<b>52,814</b>

**Movement in present values of defined benefit obligations (in ₹)**

Particulars	Gratuity	
	Year ended 31 March,2019	Year ended 31 March,2018
Defined benefit obligation at the beginning of the year	2,091,945	1,896,613
Past Service cost	-	82,470
Current service cost	291,854	411,929
Interest cost	163,055	140,249
Actuarial (gains) / losses	(14,803)	(439,316)
<b>Present value of defined benefit obligation at year end</b>	<b>2,532,051</b>	<b>2,091,945</b>

## Coretec Engineering Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

## Expense recognised in Statement of profit and loss

Particulars	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
Current service cost	291,854	411,929
Interest on obligation	163,055	140,249
Past Service Cost	-	82,470
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>454,909</b>	<b>634,648</b>

## Note 30 Expense recognised in Other Comprehensive Income

Particulars	Gratuity	
	Year ended 31 March,2019	Year ended 31 March,2018
	₹	₹
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in financial assumptions	30,025	(1,108,526)
- experience variance (i.e. Actual experience vs assumptions)	(44,828)	669,210
<b>Total expense recognised in Other Comprehensive Income</b>	<b>(14,803)</b>	<b>(439,316)</b>

**Principal actuarial assumptions**

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

Particulars	Gratuity		Compensated absences	
	As at 31 March,2019	As at 31 March,2018	As at 31 March,2019	As at 31 March,2018
Discount rate	7.70%	7.80%	7.70%	7.80%
Estimated rate of return on plan assets	-	-	-	-
Attrition rate	2%	2%	2%	2%
Future salary increases	5%	5%	5%	5%
Retirement age	58 years	58 years	58 years	58 years

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

## Coretec Engineering Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

Sensitivity analysis : (in ₹)				
Particulars	As at 31 March,2019		As at 31 March,2018	
Discount Rate (- / + 1%)	326,215	(277,793)	280,477	(238,088)
(% change compared to base due to sensitivity)	12.90%	-11.00%	13.40%	-11.40%
Salary Growth Rate (- / + 1%)	(286,896)	331,897	(246,086)	285,658
(% change compared to base due to sensitivity)	-11.30%	13.10%	-11.80%	13.70%
Attrition Rate (- / + 50% of attrition rates)	(52,753)	47,161	(49,562)	44,488
(% change compared to base due to sensitivity)	-2.10%	1.90%	-2.40%	2.10%
Mortality Rate (- / + 10% of mortality rates)	-2,660	2,650	-2,389	2,380
(% change compared to base due to sensitivity)	-0.10%	0.10%	-0.10%	0.10%

**Note 31 Earnings per share**

PARTICULARS	Year ended 31 March, 2019	Year ended 31 March, 2018
<b>Basic and diluted</b>		
Net profit /(loss) for the year from operations attributable to the equity shareholders ₹	(6,142,745)	6,098,749
Weighted average number of equity shares	619,600	619,600
Earnings per share from operations - Basic and diluted- ₹	(9.91)	9.84

**Note 32 Segment reporting**

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

**Note 33 Related party disclosures**

PARTICULARS	Year ended 31 March,2019
	Amounts in ₹
<b>Related party transactions</b>	
Description of relationship	Name of related party
Holding company	Yuken India Limited
Fellow subsidiary	Grotek Enterprises Private Limited
Fellow subsidiary	Yuflow Engineering Private Limited
Key management personnel	S K Naik

## Coretec Engineering Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

	Year Ended	
	31 March, 2019	31 March, 2018
	₹	₹
<b>Details of transactions</b>		
<b><u>Holding company</u></b>		
- Purchase of goods	871,771	1,714,686
- Purchase of fixed assets	453,094	-
- Sales of goods and services	323,366,288	255,906,622
- Sale of assets	11,369,090	-
- Corporate guarantee received	50,000,000	135,000,000
<b><u>Fellow subsidiary</u></b>		
<u>Yuflow Engineering Private Limited</u>		
- Sales of goods	-	337,434
- Expenses paid on behalf of Yuflow	-	701,801
<u>Grotek Enterprises Private Limited</u>		
- Sales of goods	8,682,573	5,971,820
- Purchase of goods	595,614	630,073
- Purchase of asset	1,500,257	-

**Amount outstanding (receivables)**

<b><u>Holding company</u></b>		
Yuken India Limited	41,225,521	77,277,622
<b><u>Fellow subsidiary</u></b>		
Yuflow Engineering Private Limited	8,149,878	8,208,678
Grotek Enterprises Private Limited	13,797,610	7,833,334

**Amount outstanding (payables)**

<b><u>Holding company</u></b>		
Yuken India Limited	2,988,111	1,321,456
<b><u>Fellow subsidiary</u></b>		
Grotek Enterprises Private Limited	1,865,554	-

**Guarantees outstanding**

<b><u>Holding company</u></b>		
Yuken India Limited	185,000,000	135,000,000



## Coretec Engineering Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

**Note 34 Fair value measurements****(i) Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of 31 March, 2019 were as follows: (in ₹)

Particulars	Note No.	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
<b>Assets :</b>				
Loans				
(i) Loan to employees	8	418,480	-	-
Cash and cash equivalents	7	1,185,847	-	-
Other financial assets				
(i) Security deposits	4	570,282	-	-
Trade receivables	6	69,881,164	-	-
<b>Total</b>		<b>72,055,773</b>	-	-
<b>Liabilities:</b>				
Borrowings	11	114,824,353	-	-
Other financial liabilities				
(i) Trade payables	14	113,801,540	-	-
Current maturities of long term debt	16	4,006,692	-	-
<b>Total</b>		<b>232,632,585</b>	-	-

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows: (in ₹)

Particulars	Note No.	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
<b>Assets :</b>				
Loans				
(i) Loan to employees	8	244,707	-	-
Cash and cash equivalents	7	271,015	-	-
Other financial assets				
(i) Security deposits	4	1,980,302	-	-
Trade receivables	6	97,667,380	-	-
<b>Total</b>		<b>100,163,404</b>	-	-
<b>Liabilities:</b>				
Borrowings	11	77,138,500	-	-
Other financial liabilities				
(i) Trade payables	14	72,490,024	-	-
Current maturities of long term debt	16	4,006,692	-	-
<b>Total</b>		<b>153,635,216</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.

## Coretec Engineering Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

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.

### Note 35 Fair value heirarchy

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 ₹)

Particulars	Note No.	As at 31 March, 2019	As at 31 March, 2018
<b>Financials measured at amortized costs:</b>			
Financial assets			
(i) Loan to employees	8	418,480	244,707
Trade receivables *	6	69,881,164	97,667,380
<b>Cash and cash equivalents and other bank balances</b>			
Cash and cash equivalents #	7	1,185,847	271,015
<b>Financial liabilities measured at amortised cost:</b>			
Borrowings	11	118,831,045	81,145,192
Trade Payables *	14	113,801,540	72,490,024

\*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.

### 36 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.

## Coretec Engineering Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

The Company's risk management activity focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

### (A) Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company, resulting in a financial loss. The Company is exposed to this risk for various financial instruments. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets, as summarised below:

Assets under credit risk	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
Loan to employees	418,480	244,707
Cash and cash equivalents	1,185,847	271,015
Security deposits	570,282	1,980,302
Trade receivables	69,881,164	97,667,380
	<b>72,055,773</b>	<b>100,163,404</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 behavior 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.

## Coretec Engineering Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

**(B) Liquidity risk**

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

**Maturities of financial liabilities (in ₹)**

As at 31 March, 2019	Less than 1 year	1 year to 5 years	More than 5 years
Borrowings	103,822,650	15,008,395	-
Trade payables	113,801,540	-	-
	<b>217,624,190</b>	<b>15,008,395</b>	<b>-</b>
<b>Total</b>	<b>232,632,585</b>		
As at 31 March 2018	Less than 1 year	1 year to 5 years	More than 5 years
Borrowings	72,130,105	9,015,087	-
Trade payables	72,490,024	-	-
	<b>144,620,129</b>	<b>9,015,087</b>	<b>-</b>
<b>Total</b>	<b>153,635,216</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.

## Coretec Engineering Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

**Note 37 Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate (in ₹)**

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
<b>Accounting profit / (loss) before tax and exceptional item</b>	(8,241,439)	8,264,922
Tax on accounting profit / (loss) at statutory income tax rate [25.75%] (PY 25.75%)	(2,122,171)	2,128,217
<b>Reconciling items:</b>		
Tax effect on permanent non-deductible expenses	(41,923)	28,890
Tax adjustments of Prior Years	69,211	-
Others	(3,812)	9,066
<b>At the effective income tax rate of 25.75% (PY 25.75%)</b>	<b>(2,098,694)</b>	<b>2,166,173</b>
Income tax expense reported in the Statement of Profit and Loss	<b>(2,098,694)</b>	<b>2,166,173</b>

**Note 38** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

See accompanying notes to the IND AS financial statements

In terms of our report of even date attached

**For V K A N & Associates**

Chartered Accountants

Firm Regn. No: 014226s

**Padam Prakash Mehta**

**Partner**

**Membership No.: 230042**

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

**K.G. Ravi**

**Director**

**DIN: 03533778**

**S.K.Naik**

**Director**

**DIN: 03520396**

Place: Bangalore

Date: 27 May 2019

## **1. GROTEK ENTERPRISES PRIVATE LIMITED**

## **NOTICE**

**NOTICE** is hereby given that the **22<sup>nd</sup>** Annual General Meeting of the Members of **GROTEK ENTERPRISES PRIVATE LIMITED** will be held on Thursday, 01<sup>st</sup> August, 2019 at 10.00 AM at the Registered Office of the Company situated at No. 16-C, Doddanekundi Industrial Area, II Phase, Mahadevapura, Bengaluru - 560048, to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider, approve and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2019, together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. H M Narasinga Rao (DIN: 00529717) who retires by rotation and being eligible, offers himself for re-appointment.

**By order of the Board,  
For Grotek Enterprises Private Limited**

**C P Rangachar**  
Director  
DIN: 00310893

Place: Bengaluru  
Date: 27.05.2019

### **NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The proxy form, in order to be effective, must be deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting. The blank proxy form is annexed to this notice.
3. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company atleast seven days before the date of Annual General Meeting to enable the Company to keep the information ready at the meeting.



## DIRECTORS' REPORT

To

**The Members of**

**Grotek Enterprises Private Limited.**

The Board of Directors are pleased to present the 22<sup>nd</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, 2019.

### FINANCIAL RESULTS:

#### **Financial highlights:**

Particulars	(Rs. In Lakhs)	
	Year ended 31.03.2019	Year ended 31.03.2018
<b>Gross Income</b>	6,935.77	5,228.00
<b>Less: Excise Duty</b>	-	127.97
<b>Net Income</b>	<b>6,935.77</b>	<b>5,100.03</b>
Total expenditure	6,306.79	4,968.79
Profit/(Loss) before interest, depreciation and tax	628.98	131.24
Finance cost	96.80	110.41
Depreciation	218.81	204.65
<b>Profit/(Loss) before Exceptional items and tax</b>	<b>313.37</b>	<b>(183.82)</b>
Exceptional items	-	-
Profit/(Loss) after Exceptional items & before tax	<b>313.37</b>	<b>(183.82)</b>
Provision for taxation (Net of deferred tax)	46.91	(28.09)
<b>Profit/(loss) after tax</b>	<b>266.46</b>	<b>(155.73)</b>
Net comprehensive income for the year	(1.08)	1.04
<b>Total comprehensive income for the year</b>	<b>265.37</b>	<b>(154.69)</b>
Balance in Statement of profit and loss	<b>(460.57)</b>	<b>(305.88)</b>
<b>Amount available for appropriation</b>	<b>(195.20)</b>	<b>(460.57)</b>
<b>Appropriations:</b>		
Equity dividend paid	-	-
Tax on Equity Dividend	-	-
<b>Balance carried to Balance Sheet</b>	<b>(195.20)</b>	<b>(460.57)</b>

During the year, your Company has earned total revenue of Rs. 6,935.77 lakhs as compared to previous year of Rs. 5,100.03 lakhs and registered net Profit after tax is Rs. 266.46 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 improve the profitability in line with the increase in the revenue.

### EXTRACT OF ANNUAL RETURN (FORM MGT-9):

As per provisions of Section 92 (3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the extract of the Annual Return in the Form MGT-9 is given in "*Annexure-1*" is forming part of this report.

### NUMBER OF MEETINGS OF THE BOARD:

During the financial year 2018-19, there were 07 Board Meetings held on the following dates; 30.05.2018, 08.08.2018, 28.09.2018, 03.11.2018, 08.12.2018, 02.02.2019 and 25.03.2019.

### 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.

**EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLOSURES MADE BY THE AUDITORS:**

The observations made by the auditors in their report and notes to the accounts referred to in the Auditors Report are self-explanatory. There were no qualifications, reservations or adverse remarks made by the Auditors in their respective reports.

**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/arrangements/transactions entered into by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. The Company presents a statement of all related party transactions before the Board of Directors of the Company for their approval. Your Directors would like to draw your attention to the notes to the financial statements which sets out related party disclosures. 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-2" is forming part of this report.

**DETAILS OF AMOUNTS TRANSFERRED TO RESERVES:**

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

**DIVIDEND:**

Your directors do not recommend any dividend for the financial year ended 31<sup>st</sup> March, 2019.

**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 are no material changes and commitments affecting the financial position between end of financial year and date of 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 31.03.2019 (Amt in INR)	As on 31.03.2018 (Amt in INR)
01	Foreign Exchange Earnings	3,41,03,213	2,46,37,442
02	Foreign Exchange Outgo	5,91,65,349	60,51,887

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

There was no change in the nature of business of the Company during the year 2018-19.

**BOARD OF DIRECTORS:**

The Board comprises following Directors:

Sl. No	Name of the Directors	Designation
1.	C P Rangachar	Director
2.	H M Narasinga Rao	Director
3	Premchander	Director

Mr. H M Narasinga Rao - 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 but Dr. Premchander was appointed as Director as per the regulation 24 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

#### **KEY MANAGERIAL PERSONNEL:**

Pursuant provisions of section 203 of the Companies Act, 2013, Mr. Vinayak Hegde was Company Secretary of the Company.

#### **REMUNERATION POLICY:**

The Company is not covered under the provisions of Section 178(1) of the Companies Act, 2013. However, remuneration policy as adopted by the Company envisages payment of remuneration according to qualification, experience and performance at different levels of the organization. The employees at the factory as well as those rendering clerical, administrative and professional services are suitably remunerated according to the industry norms.

#### **SUBSIDIARY:**

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

#### **STATUS OF THE COMPANY:**

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

#### **INTERNAL FINANCIAL CONTROLS:**

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

#### **DEPOSITS:**

The Company has neither accepted nor renewed any deposits during the financial year and as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

#### **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 2018-19.

#### **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, 2019 the authorised share capital of the Company is Rs. 6,00,00,000/- consisting of 60,00,000 equity shares of Rs. 10/- each. The paid up Share Capital of the Company is Rs. 5,01,00,000/- consisting of 50,10,000 Equity Shares of Rs. 10/- each. During the year under review, Company has not issued any shares or any convertible instruments.

**STATUTORY AUDITORS:**

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 30<sup>th</sup> September, 2016, 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 2021.

**SECRETARIAL AUDITORS:**

As per the Regulation 16 (1) (c) of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 the Company is a material subsidiary of Yuken India Limited for the FY 2018-19 and as per the provisions of regulation 24A of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, Secretarial Audit is applicable to Company.

Hence, Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made there under, the Company has appointed M/s. A A A & Co. Company Secretaries to undertake the Secretarial Audit of the Company for F.Y 2018-19. The Report of the Secretarial Audit attached as 'Annexure 3' is forming part of this report.

The Board of Directors have re-appointed M/s. A A A & Co, Company Secretary in Practice to conduct the Secretarial Audit for FY 2019-20 also.

**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 endeavours 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 2018-19, no complaint of sexual harassment has been received.

**ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation of the dedicated and untiring hard work put by the employees at all levels. Your Directors would like to thank the Banks, Consultants, Auditors and above all, the shareholders and valued Customers for their continued support and patronage.

**For GROTEK ENTERPRISES PRIVATE LIMITED**

Place: Bengaluru  
Date: 27.05.2019

**C P RANGACHAR**  
Director  
DIN: 00310893

**H M NARASINGA RAO**  
Director  
DIN: 00529717

## Form No. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U29220KA1997PTC023210
ii)	Registration Date	24/12/1997
iii)	Name of the Company	<b>GROTEK ENTERPRISES PRIVATE LIMITED</b>
iv)	Category/Sub-Category of the Company	Company Limited by Shares and Indian Non-Government Company
v)	Address of the Registered office and contact details	No. 16-C, Doddanekundi Industrial Area, II Phase, Mahadevapura, Bengaluru - 560048, Karnataka, India. e-mail: hmn_rao@yukenindia.com Contact No. +91 9845191995
vi)	Whether listed Company Yes/No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the company
01.	Manufacture of Hydraulics components and sub-assemblies for use in hydraulics applications (Castings)	2812	100

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	<b>YUKEN INDIA LIMITED</b> No. 16-C, Doddanekundi Industrial Area II Phase, Mahadevapura, Bengaluru – 560 048.	L29150KA1976PLC003017	Holding Company	100%	2(46)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):****(i) Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	10	10	0.01	-	10	10	0.01	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	50,09,990	50,09,990	99.99	-	50,09,990	50,09,990	99.99	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total(A)(1):-</b>	-	<b>50,10,000</b>	<b>50,10,000</b>	<b>100</b>	-	<b>50,10,000</b>	<b>50,10,000</b>	<b>100</b>	-
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
<b>b) Other – Individuals</b>	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other....	-	-	-	-	-	-	-	-	-
<b>Sub-Total(A)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of promoter (A) = (A) (1) + (A)(2)</b>	-	<b>50,10,000</b>	<b>50,10,000</b>	<b>100</b>	-	<b>50,10,000</b>	<b>50,10,000</b>	<b>100</b>	-
<b>B. Public Shareholding:</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others(specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):-</b>	-	-	-	-	-	-	-	-	-

<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share capital upto Rs.1 Lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	50,10,000	50,10,000	100		50,10,000	50,10,000	100	

**(ii) Shareholding of Promoters:**

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1	Yuken India Limited	50,09,990	99.99	-	50,09,990	99.99	-	-
2	H M Narasinga Rao (Representing Yuken India Limited)	10	0.01	-	10	0.01	-	-

**(iii) Change in Promoter's Shareholding (please specify, if there is no change):**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	<b>YUKEN INDIA LIMITED</b>				
	At the beginning of the year	50,09,990	99.99	50,09,990	99.99
	At the end of the year	50,09,990	99.99	50,09,990	99.99
2	<b>H M Narasinga Rao</b>				
	At the beginning of the year	10	0.01	10	0.01
	At the end of the year	10	0.01	10	0.01

*Note: There was no change in promoter's shareholding during the financial year 2018-19.*



## (iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):NIL

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	For each of top 10 shareholders				
		All the shareholders of the Company are promoters.			

## (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	For each of the Directors and KMP				
1	<b>Mr. H M Narasinga Rao</b>				
	At the beginning of the year	10	0.01	10	0.01
	At the end of the year (Representing Yuken India Limited)	10	0.01	10	0.01
2	<b>Mr. C.P. Rangachar</b>	-	-	-	-
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
3	<b>Dr. Premchander</b>	--	-	-	-
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-

Note: There was no change in Directors shareholding during the financial year 2018-19.

## V. INDEBTNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in Rs.)

Particulars	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year:</b>				
i) Principal Amount	4,10,01,118	5,13,20,000	-	<b>9,23,21,118</b>
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>4,10,01,118</b>	<b>5,13,20,000</b>	<b>-</b>	<b>9,23,21,118</b>
<b>Changes in Indebtedness during the financial year</b>				
• Addition	5,86,34,315	-	-	5,86,34,315
• Reduction	-	(2,56,80,000)	-	(2,56,80,000)
<b>Net Change</b>	<b>5,86,34,315</b>	<b>(2,56,80,000)</b>	<b>-</b>	<b>3,29,54,315</b>
<b>Indebtedness at the end of the financial year:</b>				
i) Principal Amount	9,96,35,433	2,56,40,000	-	<b>12,52,75,433</b>
ii) Interest due but not paid	3,76,753	-	-	<b>3,76,753</b>
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>10,00,12,186</b>	<b>2,56,40,000</b>		<b>12,56,52,186</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-time Director and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (in Rs.)
		Name-1	Name-2	Name-3	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961.  (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961.  (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.	<b>No Remuneration was paid to Managing Director, Whole-time Director and / or manager during the financial year 2018-19.</b>			
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	Total (A)				
	Ceiling as per the Act				

**B. Remuneration to other Directors:**

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (in Rs.)
		Name – 1	Name – 2	Name – 3	
	<b>1. Independent Directors:</b> * Fee for attending board / committee meetings * Commission * Others, please specify	<b>No Remuneration was paid to other Directors during the financial year 2018-19</b>			
	<b>Total (1)</b>				
	<b>2. Other Non-Executive Directors:</b> * Fee for attending board / committee meetings * Commission * Others, please specify				
	<b>Total (2)</b>				
	Total (B) = (1+2)				
	Total Managerial Remuneration (A+B)				
	Overall Ceiling as per the Act				

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (in Rs.)
		CEO	Company Secretary	CFO	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961. (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961. (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.	<p align="center"><b>No Remuneration was paid to Key Managerial Personnel other than Managing Director, Whole-time Director and / or Manager during the financial year 2018-19.</b></p>			
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	<b>Total</b>				

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding Fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.				
Punishment					
Compounding					

For GROTEK ENTERPRISES PRIVATE LIMITED

Place: Bengaluru  
Date: 27.05.2019

**C P RANGACHAR**  
Director  
DIN: 00310893

**H M NARASINGA RAO**  
Director  
DIN: 00529717

## 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	Nil
(b)	Nature of contracts/arrangements/transactions	Nil
(c)	Duration of the contracts / arrangements/transactions	Nil
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
(e)	Date(s) of approval by the Board, if any	Nil
(f)	Amount paid as advances, if any	Nil

For GROTEK ENTERPRISES PRIVATE LIMITED

Place: Bengaluru

Date: 27.05.2019

C P RANGACHAR

Director

DIN: 00310893

H M NARASINGA RAO

Director

DIN: 00529717

## Form No. MR-3

**SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2019

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

To,  
The Members,  
**GROTEK ENTERPRISES PRIVATE LIMITED**  
NO. 16-C, Doddanekundi Industrial Area II Phase,  
Mahadevapura Bangalore 560048 IN

We have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **GROTEK ENTERPRISES PRIVATE LIMITED** (hereinafter called the company). Secretarial Audit was conducted in the manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31<sup>st</sup> March 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31<sup>st</sup> March 2019** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) act, 1956 ('SCRA') and the rules made there under[**Not Applicable**];
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under[**Not Applicable**];
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings[**Not Applicable**];

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 [**Not Applicable**];
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [**Not Applicable**];
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [**Not Applicable**];
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 [Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014); [**Not Applicable**];
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [**Not Applicable**];
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [**Not Applicable**];
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [**Not Applicable**]; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [**Not Applicable**];
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [**To the extent Applicable to a material subsidiary as defined in Regulation 16 (1) (c) of the said Regulations**].

(vi) The other Laws as applicable specifically to the Company are as under,

- a) Indian Stamp Act, 1899 and State Stamp Acts.
- b) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- c) The Employees' State Insurance Act, 1948
- d) The Child labour [Prohibition and Regulation] Act, 1986,
- e) The Water (Prevention and Control of Pollution) Act, 1974
- f) The Water (Prevention and Control of Pollution) Cess Act, 1977
- g) The Air (Prevention and Control of Pollution) Act, 1981
- h) The Environment (Protection) Act, 1986
- i) The Hazardous Wastes (Management and Handling) Rules, 1989
- j) The Factories Act, 1948
- k) The Karnataka Tax On Professions, Trades, Callings And Employment Act, 1976

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1<sup>st</sup> July, 2015).
- (ii) The Listing Agreements entered into by the Company **[Not Applicable]**;

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the period under review there were no changes in the composition of the Board of directors.

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

As per the Minutes of the Board of Directors duly recorded and signed by the Chairman, the decisions were Unanimous and no dissenting views have been recorded.

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

We further report that during the audit period the company has taken approval from the shareholders for:

- a. To create charges on the assets of the Company u/s 180 (1) (a) of the Companies Act, 2013.
- b. To borrow moneys excess of aggregate paid up capital and free reserves under Section 180 (1) (c) of the Companies Act, 2013.

During the year under review, there were no instances of:

- i. Public/Right/Preferential issue of shares / debentures/ sweat equity, etc.
- ii. Redemption / buy-back of securities
- iii. Merger / amalgamation / reconstruction, etc. or
- iv. Foreign technical collaborations

For AAA & Co  
Company Secretaries

Abhishek Bharadwaj A B  
Practicing Company Secretary  
FCS No. : 8908  
C P No.: 13649

Place: Bengaluru

Date: 17.05.2019

**Note:** our report of even date is to be read along with our letter of even date which is annexed as Annexure – 1 and forms an integral part of this report.

**Annexure – 1**

To,  
The Members,

**GROTEK ENTERPRISES PRIVATE LIMITED**  
NO. 16-C, Doddanekundi Industrial Area II Phase,  
Mahadevapura Bangalore 560048 IN

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

**Management's Responsibility**

It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility**

1. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
2. We believe that audit evidence and information obtained

from the Company's management is adequate and appropriate for me to provide a basis for our opinion.

3. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer**

The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Signature:

Name of Company Secretary in Practice:

Abhishek Bharadwaj A B

FCS No. : 8908

C P No.: 13649

Place: Bengaluru

Date: 17.05.2019



## Independent Auditor's Report

### To the Members of Grotek Enterprises Private Limited

### Report on the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS financial statements of Grotek Enterprises Private Limited (*"the Company"*) which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, 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 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 31 March 2019, and its profit/loss, total comprehensive income/loss, 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 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 Ind AS financial statements.

### Management's responsibility for the 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 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 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 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 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 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 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 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 Ind AS financial statements, including the disclosures, and whether the 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 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 Ind AS financial statements comply with the 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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
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 Mehta  
**Partner**  
Membership No. 230042

Place: Bangalore  
Date: 27.05.2019

## 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 Grotek Enterprises Private Limited of even date)

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

We have audited the internal financial controls over financial reporting of Grotek Enterprises Private Limited ("the Company") as of March 31, 2019 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, 2019, 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 Mehta

**Partner**

Membership No. 230042

Place: Bangalore

Date: 27.05.2019

## 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 Grotek Enterprises Private Limited of even date)

- |   |  |
|---|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(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.</p> <p>(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no immovable properties are held in the name of the Company. Thus, paragraph 3(i) (c) of the Order is not applicable to the Company.</p>  | <p>(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.</p> <p>(vii) According to the information and explanations given to us, in respect of statutory dues:</p> <p>(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.</p> <p>(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.</p> <p>(c) There are no disputed dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2019</p> |
| <p>(ii) According to the information and explanations given to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.</p> <p>(iii) According to information and explanations given to us, the Company has not granted any loan, secured or unsecured, to the Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.</p> <p>(iv) In our opinion and according to the information and explanations given to us, there are no transactions in respect of loans, investments, guarantees, and security as per provisions of section 185 and 186 of the Companies Act, 2013. Thus, paragraph 3(iv) of the Order is not applicable to the Company.</p> <p>(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits as on March 31, 2019.</p> | <p>(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company does not have any borrowings from financial institutions and has not issued any debentures.</p> <p>(ix) 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 (ix) of the Order is not applicable.</p> <p>(x) According to the information and explanations given to us, no material fraud by the Company or on the</p>   |



Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Padam Mehta  
**Partner**  
Membership No. 230042

Place: Bangalore  
Date: 27.05.2019

**Grotek Enterprises Private Limited**  
**Balance Sheet as at 31 March, 2019**

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
		₹	₹
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3a	187,317,260	186,006,179
Capital work in progress		23,853,676	4,957,383
Other intangible assets	3b	19,193,252	20,080,604
Income tax assets	4a	114,411	30,143
Other non-current assets	4b	50,827,837	-
<b>Total Non-current assets</b>		<b>281,306,436</b>	<b>211,074,309</b>
<b>Current assets</b>			
Inventories	5	36,327,486	33,933,010
Financial assets			
(i) Trade receivables	6	126,329,918	90,163,551
(ii) Cash and cash equivalents	7	1,510,350	51,735
Other current assets	8	15,404,418	12,661,489
<b>Total current assets</b>		<b>179,572,172</b>	<b>136,809,785</b>
<b>Total Assets</b>		<b>460,878,608</b>	<b>347,884,094</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	9	50,100,000	50,100,000
Other equity	10	(19,519,207)	(46,056,851)
<b>Total Equity</b>		<b>30,580,793</b>	<b>4,043,149</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	11	49,843,750	25,640,000
Provisions	12	8,490,428	7,421,989
Deferred tax liabilities (net)	13	19,002,613	14,360,376
Other non-current liabilities	14	-	74,400
<b>Total Non-current liabilities</b>		<b>77,336,791</b>	<b>47,496,765</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	11	47,135,433	41,001,118
(ii) Trade payables	15	136,536,512	111,831,602
(iii) Others	15a	28,296,250	25,680,000
Provisions	12	2,240,710	4,121,343
Other current liabilities	16	138,752,119	113,710,117
<b>Total Current liabilities</b>		<b>352,961,024</b>	<b>296,344,180</b>
<b>Total Liabilities</b>		<b>430,297,815</b>	<b>343,840,945</b>
<b>Total Equity and liabilities</b>		<b>460,878,608</b>	<b>347,884,094</b>
<b>See accompanying notes to the IND AS financial statements</b>	<b>1-35</b>		

In terms of our report of even date attached

**For V K A N & Associates**

Chartered Accountants

Firm Regn. No: 014226S

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

Place : Bangalore

Date : 27 May 2019

**For and on behalf of the Board of Directors****C.P. Rangachar****Director****DIN: 00310893****H.M.Narasinga Rao****Director****DIN: 00529717****Vinayak Hegde****Company Secretary**



## Grotek Enterprises Private Limited

## Statement of Profit and Loss for the year ended 31 March, 2019

Particulars	Note No.	Year ended	Year ended
		31 March 2019	31 March 2018
		₹	₹
<b>Income</b>			
Revenue from operations	17	683,395,490	519,286,392
Other income	18	10,181,271	3,513,447
		<b>693,576,761</b>	<b>522,799,839</b>
<b>Expenses</b>			
Cost of materials consumed	19	348,394,214	260,590,135
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(4,625,206)	1,960,061
Excise duty on sale of goods		-	12,796,341
Employee benefit expenses	21	52,310,177	47,092,141
Finance costs	22	9,679,697	11,041,930
Depreciation and amortisation expense	23	21,881,100	20,464,513
Other expenses	24	234,599,399	187,237,130
		<b>662,239,381</b>	<b>541,182,251</b>
<b>Profit/(loss) before tax</b>		<b>31,337,380</b>	<b>(18,382,412)</b>
<b>Tax expense/(benefit):</b>			
Current tax		4,421,237	-
MAT credit		(4,421,237)	-
Deferred tax		4,690,904	(2,809,416)
<b>Total tax expense/(benefit)</b>		<b>4,690,904</b>	<b>(2,809,416)</b>
<b>Profit/(loss) after tax</b>		<b>26,646,476</b>	<b>(15,572,996)</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities / (asset)		(157,499)	150,254
(ii) Income tax relating to items that will not be reclassified to profit or loss		48,667	(46,428)
<b>Other comprehensive income for the year</b>		<b>(108,832)</b>	<b>103,826</b>
<b>Total Comprehensive Income for the year</b>		<b>26,537,644</b>	<b>(15,469,170)</b>
<b>Earnings per equity share:</b>			
Basic and Diluted (in Rs.)	29	5.32	(3.11)
<b>See accompanying notes to the IND AS financial statements</b>	<b>1-35</b>		

In terms of our report of even date attached

For V K A N &amp; Associates

Chartered Accountants

Firm Regn. No: 014226S

Padam Prakash Mehta

Partner

Membership No.: 230042

Place : Bangalore

Date : 27 May 2019

For and on behalf of the Board of Directors

C.P. Rangachar

Director

DIN: 00310893

H.M. Narasinga Rao

Director

DIN: 00529717

Vinayak Hegde

Company Secretary

## Grotek Enterprises Private Limited

## Statement of Cash Flows for the year ended 31 March 2019

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
	₹	₹	₹	₹
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before tax		31,337,380		(18,382,412)
<u>Adjustments for:</u>				
Depreciation and amortization	21,881,100		20,464,513	
Finance costs	9,679,697		11,041,930	
Loss on sale of fixed assets	399,166		11,984	
Bad debts written off	2,306,663		-	
Liabilities no longer required written back	(7,089,786)		-	
Net unrealised exchange (gain) / loss	(330,044)		(106,270)	
		26,846,796		31,412,157
<b>Operating profit / (loss) before working capital changes-(1)</b>		58,184,175		13,029,745
<u>Changes in working capital:</u>				
<i>Adjustments for (increase) / decrease in operating assets:-(2)</i>				
Inventories	(2,394,476)		5,455,449	
Trade receivables	(38,142,985)		(21,004,558)	
Other current assets	(2,799,665)		2,364,198	
<i>Adjustments for (increase) / decrease in operating liabilities:-(3)</i>				
Financial liabilities others	(2,616,250)		-	
Trade payables	(31,794,696)		(17,647,322)	
Provisions(short term and long term)	969,693		(2,890,735)	
Non-financial liabilities	(24,967,603)		14,640,530	
<b>Cash generated from operations (1)+(2)-(3)</b>		73,255,905		5,742,361
Net income tax (paid) / refunds		(27,532)		-
<b>Net cash flow from / (used in) operating activities (A)</b>		73,228,373		5,742,361
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(93,718,530)		(10,708,649)	
Proceeds from sale of fixed assets	1,290,404		365,500	
		(92,428,126)		(10,343,149)
<b>Net cash flow from / (used in) investing activities (B)</b>		(92,428,126)		(10,343,149)
<b>C. Cash flow from financing activities</b>				
Increase/ (decrease) in long-term borrowings	52,500,000		-	
Increase/ (decrease) in short-term borrowings	(22,161,935)		15,321,118	
Interest and other borrowing costs paid	(9,679,697)		(11,041,930)	
		20,658,368		4,279,188
<b>Net cash flow from / (used in) financing activities (C)</b>		20,658,368		4,279,188
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		1,458,615		(321,600)
Cash and cash equivalents at the beginning of the year		51,735		373,335
<b>Cash and cash equivalents at the end of the year(Refer Note No 7)</b>		1,510,350		51,735
<b>See accompanying notes to the IND AS financial statements</b>	<b>1-35</b>			

In terms of our report of even date attached

For V K A N &amp; Associates

Chartered Accountants

Firm Regn. No: 014226S

Padam Prakash Mehta

Partner

Membership No.: 230042

Place : Bangalore

Date : 27 May 2019

For and on behalf of the Board of Directors

C.P. Rangachar

Director

DIN: 00310893

H.M. Narasinga Rao

Director

DIN: 00529717

Vinayak Hegde

Company Secretary

## Grotek Enterprises Private Limited

## Statement of Changes in Equity for the year ended 31 March 2019

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b> Equity shares of Rs.10 /- each (Previous year : ₹ 10/- each) with voting rights	6,000,000	60,000,000	6,000,000	60,000,000
<b>(b) Issued, subscribed and fully paid up</b> Equity shares of Rs.10 /- each (Previous year : ₹ 10/- each) with voting rights	5,010,000	50,100,000	5,010,000	50,100,000
	<b>5,010,000</b>	<b>50,100,000</b>	<b>5,010,000</b>	<b>50,100,000</b>

Particulars	Reserve and surplus	
	Retained earnings	Other comprehensive income
	₹	
<b>Balance as at 01 April, 2017</b>	(31,593,483)	1,005,802
<b>Additions during the year</b>		
Profit/(Loss) during the year	(15,572,996)	-
<b>Items of the OCI, net of tax-</b>		
Re-measurement of net defined benefit liability/(asset)	-	103,826
<b>Total</b>	<b>(15,572,996)</b>	<b>103,826</b>
<b>Balance as at 31 March, 2018</b>	<b>(47,166,479)</b>	<b>1,109,628</b>
<b>Additions during the year</b>		
Profit/(Loss) during the year	26,646,476	-
<b>Items of the OCI, net of tax-</b>		
Re-measurement of net defined benefit liability/(asset)	-	(108,832)
<b>Total</b>	<b>26,646,476</b>	<b>(108,832)</b>
<b>Balance as at 31 March, 2019</b>	<b>(20,520,003)</b>	<b>1,000,796</b>
<b>See accompanying notes to the IND AS financial statements</b>	<b>1-35</b>	

In terms of our report of even date attached

For V K A N &amp; Associates

Chartered Accountants

Firm Regn. No: 014226S

Padam Prakash Mehta

Partner

Membership No.: 230042

For and on behalf of the Board of Directors

C.P. Rangachar

Director

DIN: 00310893

H.M. Narasinga Rao

Director

DIN: 00529717

Place : Bangalore

Date : 27 May 2019

Vinayak Hegde

Company Secretary

## Grotek Enterprises Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

### 1. Corporate Information:

The Company is engaged in the business of manufacture of cast iron castings. The Company is a 100% subsidiary of Yuken India Limited, hydraulics major and a listed Company. The Company carries on its manufacturing operations from Mahadevapura Industrial Area, Whitefield, Bangalore and Malur, Kolar District.

### 2. Significant accounting policies:

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For all periods upto 31 March 2017 the Company prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

#### 2.2 Summary of the other significant accounting policies

##### a) Use of estimates

The 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

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

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
Computers and data processing equipment	6
Electrical Installation	15
Furniture & Fixtures	10
Office Equipments	21.05

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) 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.

#### **e) 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

#### **e) Intangible assets(cont)**

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### **f) 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 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 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.

### **g) 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 Moving average value.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on a weighted average basis.

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.

### **h) 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 Companies 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.

### **i) 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.

#### **j) 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 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.

#### **k) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

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

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

#### **l) 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.

#### **m) 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.

#### **n) Foreign Currency transactions and translations**

##### **(i) Functional & Presentation currency**

The 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.

#### **o) 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.

### **p) Fair value hierarchy:**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## **2.3 Recent Indian Accounting Standards (Ind AS)**

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

### **IND AS- 116**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles

for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

**Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

**Ind AS 109 – Prepayment features with negative compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

**Ind AS 19 – Plan amendment, curtailment or settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

**Ind AS 23 – Borrowing costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

**Ind AS 28 – Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

**Ind AS 103 – Business combinations and Ind AS 111 – joint arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

## Grotek Enterprises Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

Note 3a Property, plant and equipment

TANGIBLE ASSETS	Gross carrying amount			Accumulated Depreciation			Net carrying amount
	Balance as at 01 April 2018	Additions	Deductions/ Adjustments	Balance as at 31 March 2019	Depreciation For the year	Eliminated on Deductions /Adjustments	Balance as at 31 March 2019
	₹	₹	₹	₹	₹	₹	₹
<b>Owned</b>							
Computer systems	985,734	93,137	-	1,078,871	191,247	-	507,050
Office equipments	1,431,982	53,928	-	1,485,910	163,518	-	1,082,113
Furniture / fittings	1,153,135	760,630	-	1,913,765	232,322	-	1,368,507
Plant machinery & equipment	160,475,484	17,996,565	2,296,038	176,176,011	15,989,536	606,468	138,298,378
Jigs/fixtures	29,852,125	172,749	-	30,024,874	2,350,546	-	24,216,609
Electrical installation	20,590,838	15,090	-	20,605,928	1,322,269	-	17,317,247
Motor vehicles	154,605	622,305	-	776,910	93,705	-	583,028
Building	396,190	4,216,146	-	4,612,336	586,758	-	3,944,328
<b>Total (A)</b>	<b>215,040,093</b>	<b>23,930,550</b>	<b>2,296,038</b>	<b>236,674,605</b>	<b>20,929,901</b>	<b>606,468</b>	<b>187,317,260</b>
TANGIBLE ASSETS	Gross carrying amount			Accumulated Depreciation			Net carrying amount
	Balance as at 01 April 2017	Additions	Deductions/ Adjustments	Balance as at 31 March 2018	Depreciation For the year	Eliminated on Deductions /Adjustments	Balance as at 31 March 2018
	₹	₹	₹	₹	₹	₹	₹
<b>Owned</b>							
Computer systems	727,694	258,040	-	985,734	254,209	-	605,160
Office equipments	1,356,383	75,599	-	1,431,982	163,702	-	1,191,703
Furniture / fittings	1,091,164	61,971	-	1,153,135	211,393	-	840,198
Plant machinery & equipment	154,852,249	6,005,679	382,444	160,475,484	15,134,652	4,960	137,980,919
Jigs/fixtures	29,246,681	605,444	-	29,852,125	2,316,159	-	26,394,406
Electrical installation	20,428,175	162,663	-	20,590,838	1,316,206	-	18,624,425
Motor vehicles	154,605	-	-	154,605	65,581	-	54,428
Building		396,190	-	396,190	81,250	-	314,940
<b>Total (A)</b>	<b>207,856,951</b>	<b>7,565,586</b>	<b>382,444</b>	<b>215,040,093</b>	<b>19,543,152</b>	<b>4,960</b>	<b>186,006,179</b>

## Grotek Enterprises Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2019 (cont'd)

## Note 3b Other Intangible Assets

INTANGIBLE ASSETS	Gross carrying amount				Accumulated Amortisation				Net carrying amount
	Balance as at 01 April 2018	Additions	Deductions/ Adjustments	Balance as at 31 March 2019	Balance as at 01 April 2018	Amortisation expense for the year	Eliminated on Deductions /Adjustments	Balance as at 31 March 2019	
Particulars	₹	₹	₹	₹	₹	₹	₹	₹	₹
	4,697,625	63,847	-	4,761,472	1,146,950	951,199	-	2,098,149	2,663,323
	16,529,929	-	-	16,529,929	-	-	-	-	16,529,929
Total	21,227,554	63,847	-	21,291,401	1,146,950	951,199	-	2,098,149	19,193,252
INTANGIBLE ASSETS	Gross carrying amount				Accumulated Amortisation				Net carrying amount
	Balance as at 01 April 2017	Additions**	Deductions/ Adjustments	Balance as at 31 March 2018	Balance as at 01 April 2017	Amortisation expense for the year	Eliminated on Deductions /Adjustments	Balance as at 31 March 2018	
Particulars	₹	₹	₹	₹	₹	₹	₹	₹	₹
	4,341,908	355,717	-	4,697,625	225,588	921,362	-	1,146,950	3,550,675
	-	16,529,929	-	16,529,929	-	-	-	-	16,529,929
Total	4,341,908	16,885,646	-	21,227,554	225,588	921,362	-	1,146,950	20,080,604

\*\* Additions include an amount of Rs 16,529,929/- arising out of remeasurement of assets and Liabilities transferred from Yuken India Limited in the financial year 2016-17, pursuant to Business Transfer agreement

**Grotek Enterprises Private Limited**  
**Summary of significant accounting policies and other explanatory information**  
**for the year ended 31 March 2019 (cont'd)**

**Note 4a Income tax assets**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
Advance tax	114,411	30,143
	<b>114,411</b>	<b>30,143</b>

**Note 4b Other non current assets**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
Capital advance	46,406,600	-
Minimum alternate tax (MAT) credit entitlement	4,421,237	-
	<b>50,827,837</b>	<b>-</b>

**Note 5 Inventories**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
(i) Raw materials and components	15,608,232	17,839,713
(ii) Finished goods	20,719,254	16,093,297
	<b>36,327,486</b>	<b>33,933,010</b>

**Note 6 Trade receivables**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
<b>Current</b>		
Trade receivables		
(a) Unsecured, considered good	126,329,918	90,163,551
(b) Unsecured, considered doubtful	53,061	110,000
Less: Allowance for credit losses	53,061	110,000
	<b>126,329,918</b>	<b>90,163,551</b>

**Note 7 Cash and cash equivalents**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
Cash on hand	20,371	41,384
Balances with Banks		
(i) In current accounts	1,489,979	10,351
<b>Cash and cash equivalents as per Balance sheet</b>	<b>1,510,350</b>	<b>51,735</b>
<b>Cash and cash equivalents as per statement of cash flows-(A)</b>	<b>1,510,350</b>	<b>51,735</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 8 Other current assets**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
Balances with govt authorities ( Includes GST & Custom duty receivable)	848,329	211,263
Employee advances	832,666	299,352
Prepaid expenses	2,239,495	1,986,325
Advance to vendors	11,483,928	10,164,549
	<b>15,404,418</b>	<b>12,661,489</b>

**Note 9 Equity Share capital**

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
Equity shares of ₹ 10 /- each (Previous year : ₹ 10/- each) with voting rights	6,000,000	60,000,000	6,000,000	60,000,000
<b>(b) Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 10 /- each (Previous year : ₹ 10/- each) with voting rights	5,010,000	50,100,000	5,010,000	50,100,000
	<b>5,010,000</b>	<b>50,100,000</b>	<b>5,010,000</b>	<b>50,100,000</b>

Refer notes (i) to (iii) below

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	₹	Number of shares	₹
<b>Equity shares with voting rights</b>				
Balances as at the beginning of the year	5,010,000	50,100,000	5,010,000	50,100,000
Add: Issued and subscribed during the year	-	-	-	-
Balance at the end of the year	5,010,000	50,100,000	5,010,000	50,100,000

**(ii) Terms and rights attached to equity shares**

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

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

Class of shares / Name of shareholder	As at 31 March 2019		As at 31 March 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
Yuken India Limited, the Holding Company	5,009,990	99.9998%	5,009,990	99.9998%
H.M.Narasinga Rao	10	0.0002%	10	0.0002%

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 10 Other Equity**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
<b>Opening balance</b>	<b>(46,056,851)</b>	<b>(30,587,681)</b>
Add :- Transferred from other comprehensive Income for the year	(108,832)	103,826
Add:- Net Profit/(loss) for the year	26,646,476	(15,572,996)
<b>Closing Balance</b>	<b>(19,519,207)</b>	<b>(46,056,851)</b>

**Note 11 Financial liabilities****(i) Borrowings****Non current borrowings**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
<b>Secured - at amortised cost</b>		
(i) Loans from Banks *	49,843,750	-
<b>Un Secured</b>		
from related party (holding company)	-	25,640,000
	<b>49,843,750</b>	<b>25,640,000</b>

\* During the year the company has borrowed a loan for capital expenditure

**Details of limit, repayment, rate of interest, guarantee and security**

Repayment Details	Limit (₹)	Rate of Interest
Principal in 16 equal quarterly installment over 4 years after 1 year moratorium Interest charged monthly (including the period of moratorium)	100,000,000	9.25% reset quarterly

Corporate guarantee given by Yuken India Limited amounting to ₹ 100,000,000/-

**Current borrowings**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
<b>Secured - at amortised cost</b>		
(i) Loans from banks	47,135,433	41,001,118
	<b>47,135,433</b>	<b>41,001,118</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Details of limit, repayment, rate of interest, guarantee and security**

Particulars	As at 31 March 2019	As at 31 March 2018
<b>HDFC Bank Limited</b>		
Loan limit	60,000,000	50,000,000
Amount outstanding	47,135,433	41,001,118
Repayable on demand		
Interest rate - 10.75%		

**Notes:**

- i) Primary security - First charge on inventory, book debts and movable fixed assets of the company  
 ii) Secondary security - Corporate guarantee by Yuken India Limited

**Note 12 Provisions****Non current**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
Gratuity	5,059,839	4,432,830
Compensated leave absences	3,430,589	2,989,159
	<b>8,490,428</b>	<b>7,421,989</b>

**Current**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
Gratuity	111,548	550,123
Compensated leave absences	313,161	390,493
Superannuation	1,816,001	3,180,727
	<b>2,240,710</b>	<b>4,121,343</b>

**Note 13 Deferred tax balances**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
Deferred tax liabilities	25,959,573	30,104,582
Deferred tax assets	6,956,960	15,744,206
<b>Net deferred tax liabilities/ (assets)</b>	<b>19,002,613</b>	<b>14,360,376</b>

**Note 14 Other non-current liabilities**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
Trade deposits - others	-	74,400
	<b>-</b>	<b>74,400</b>



## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 15 Trade payables**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
<b>Current</b>		
Due to micro enterprises and small enterprises (refer note 26)	12,176,919	3,426,000
Total outstanding dues of creditors other than micro enterprises and small enterprises	124,359,593	108,405,602
	<b>136,536,512</b>	<b>111,831,602</b>

**Note 15a Other financial liabilities**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
Current maturities of long term debt		
- Related party (holding company)	25,640,000	25,680,000
- Banks	2,656,250	-
	<b>28,296,250</b>	<b>25,680,000</b>

**Note 16 Other current liabilities**

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
Statutory liabilities (includes GST, ESI, TDS, Professional Tax & Provident Fund)	1,061,096	3,321,200
Income tax payable	4,867,741	-
Advance from customers	132,823,282	107,888,917
Security Deposit received from related Party (From Holding Company)	-	2,500,000
	<b>138,752,119</b>	<b>113,710,117</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 17 Revenue from operations**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	₹	₹
(a) Revenue from sale of products(including excise duty of ₹ 12,796,341 for the year ended March 31, 2018)	682,013,165	518,624,456
(b) Revenue from sale of services	-	224,935
<b>(c) Other operating revenue</b>		
Sale of scrap	1,382,325	437,001
	<b>683,395,490</b>	<b>519,286,392</b>

**Note 18 Other income**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	₹	₹
a) Foreign exchange gain (net)	139,161	1,074,650
b) Sale of patterns	2,169,910	1,713,076
c) Liabilities no longer required written back	7,089,786	-
d) Miscellaneous incomes	782,414	725,721
	<b>10,181,271</b>	<b>3,513,447</b>

**Note 19 Cost of materials consumed**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	₹	₹
Opening stock	17,839,713	21,335,101
Add: Purchases	346,162,733	257,094,747
	<b>364,002,446</b>	<b>278,429,848</b>
Less: Closing stock	15,608,232	17,839,713
<b>Cost of materials consumed</b>	<b>348,394,214</b>	<b>260,590,135</b>

**Note 20 Changes in inventories of finished goods, Work in progress and stock-in-trade**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	₹	₹
Inventories at the end of the year:		
Finished goods	20,719,254	16,093,297
	<b>20,719,254</b>	<b>16,093,297</b>
Inventories at the beginning of the year:		
Finished goods	16,094,048	18,053,358
	<b>16,094,048</b>	<b>18,053,358</b>
<b>Net (increase) / decrease</b>	<b>(4,625,206)</b>	<b>1,960,061</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 21 Employee benefits expense**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	₹	₹
Salaries and wages	43,009,486	38,310,257
Contribution to provident and other funds (see note 27)	6,309,810	6,149,296
Staff welfare expenses	2,990,881	2,632,588
	<b>52,310,177</b>	<b>47,092,141</b>

**Note 22 Finance costs**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	₹	₹
Interest costs :-		
Interest on bank overdrafts and loans (other than those from related parties)	6,595,619	3,879,205
Interest on loans from related parties	4,354,047	7,162,725
<b>Total interest expense for financial liabilities not classified as at FVTPL</b>	<b>10,949,666</b>	<b>11,041,930</b>
Less: amounts included in the cost of qualifying assets*	1,269,969	-
	<b>9,679,697</b>	<b>11,041,930</b>

\*The capitalisation rate of 9.25 % is used to determine the amount of borrowing costs eligible for capitalisation.

**Note 23 Depreciation and amortization expense**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	₹	₹
Depreciation of property, plant and equipment	20,929,901	19,543,151
Amortisation of intangible assets	951,199	921,362
<b>Total depreciation and amortisation</b>	<b>21,881,100</b>	<b>20,464,513</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 24 Other Expenses**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	₹	₹
Sub-contracting charges	21,872,179	17,579,800
Contract Labour wages	50,060,065	39,992,359
Power and fuel	118,838,550	91,789,752
Rent	7,119,005	6,884,918
Repair and maintenance		
- Building	1,318,745	949,755
- Machinery	13,187,122	11,742,892
- Others	1,158,135	1,538,395
Insurance	1,527,651	1,401,411
Rates and taxes	960,120	765,417
Travelling & conveyance expenses	3,714,795	3,831,572
Freight and carriage	882,677	489,038
Legal and professional charges	2,839,653	3,067,146
Payment to auditors		
- Statutory audit	375,000	280,000
- Tax audit	50,000	50,000
- Other services	65,000	-
- Reimbursement of expenses	-	15,200
Provision on loss of doubtful debts	53,061	-
Bad debts write off	2,306,663	-
Loss on sale of assets	399,166	11,984
Communication	477,083	560,630
Printing and stationery expenses	470,738	412,911
Office maintenance	2,904,030	2,434,718
Security expenses	2,718,620	2,677,517
Miscellaneous expenses	1,301,341	761,715
	<b>234,599,399</b>	<b>187,237,130</b>

**Note 25**

PARTICULARS	Year ended	
	31 March 2019	31 March 2018
	₹	₹
25.1. Expenditure in foreign currency		
- Purchase of goods	9,540,434	6,051,887
- Capital goods	49,624,915	-
25.2. Earnings in foreign currency (Sale of goods - Export)	34,103,213	24,637,442
25.3. Estimated amount of contracts remaining to be executed on capital account and not provided for	5,505,413	917,967
25.4. Contingent liabilities not provided for	-	-
25.5. Claims against the company not acknowledged as debts	-	-

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 26 Disclosures required under Section 22 of the micro, small and medium enterprises development Act, 2006**

PARTICULARS	Year ended	
	31 March 2019	31 March 2018
	₹	₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	12,176,919	3,426,000
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	321,909	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	321,909	-
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.		

**Note 27 Employee benefits expenses****Defined contribution plans**

The company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident fund for the year aggregated to ₹ 2,096,102/- (Previous year : ₹ 2,213,179/-)

**Defined benefit plans****Gratuity**

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

- (i) Gratuity (included in Note 21 Employee benefits expense)
- (ii) Long-term compensated absences (included as part of (a) in Note 21 Employee benefits expense)

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

Particulars	As at 31 March 2019	As at 31 March 2018
	₹	₹
Present value of defined benefit obligations	(5,171,387)	(4,982,953)
Fair value of plan assets	-	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(5,171,387)</b>	<b>(4,982,953)</b>

**Classification into current and non-current**

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

	Non -current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	₹	₹	₹	₹
Gratuity	5,059,839	4,432,830	111,548	550,123
	<b>5,059,839</b>	<b>4,432,830</b>	<b>111,548</b>	<b>550,123</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Movement in present values of defined benefit obligations**

Particulars	Gratuity	
	As at 31 March 2019	As at 31 March 2018
	₹	₹
Defined benefit obligation at the beginning of the year	4,982,983	4,429,634
Past service cost	(317,082)	80,466
Current service cost	505,486	472,883
<b>Present value of defined benefit obligation at year end</b>	<b>5,171,387</b>	<b>4,982,983</b>

**Expense recognised in statement of profit and loss**

Particulars	Gratuity	
	Year ended 31 March 2019	Year ended 31 March 2018
Current service cost	505,486	472,883
Past service cost	-	66,840
Net interest cost / (income) on the net defined benefit liability / (asset)	380,924	330,133
<b>Total expense recognised in the statement of profit and loss</b>	<b>886,410</b>	<b>869,856</b>

**Expense recognised in other comprehensive income**

Particulars	Gratuity	
	Year ended 31 March 2019	Year ended 31 March 2018
Re-measurement or Actuarial (gain) / loss arising from:	-	-
- change in financial assumptions	(24,493)	(93,702)
- experience variance (i.e. actual experience vs assumptions)	181,992	(56,552)
<b>Total expense recognised in other comprehensive income</b>	<b>157,499</b>	<b>(150,254)</b>

**Principal actuarial assumptions**

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages) for compensated leave absences:

	Gratuity		Compensated absence	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Discount rate	7.70%	7.65%	7.70%	7.65%
Estimated rate of return on plan assets	-	-	-	-
Attrition rate	-	-	-	-
Future salary increases	5%	5%	5%	5%
Retirement age	58 years	58 years	58 years	58 years

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

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Sensitivity analysis**

A quantitative sensitivity analysis for significant assumption is as shown below:

	As at 31 March 2019	As at 31 March 2018
	₹	₹
<b>Impact of change in the discount rate</b>		
Impact due to increase of 1%	(457,376)	(431,744)
Impact due to decrease of 1%	526,879	498,667
<b>Impact of change in the salary growth rate</b>		
Impact due to increase of 1%	535,967	507,025
Impact due to decrease of 1%	(472,514)	(445,822)
<b>Impact of change in the attrition rate</b>		
Impact due to increase of 50%	61,954	56,790
Impact due to decrease of 50%	(67,503)	(61,727)
<b>Impact of change in the mortality rate</b>		
Impact due to increase of 10%	3,747	3,525
Impact due to decrease of 10%	(3,762)	(3,537)

**Note 28 Related party disclosures**

Nature of relationship	Name of related party	
Holding company	Yuken India Limited	
Fellow subsidiary	Coretec Engineering India Pvt Ltd Yuflow Engineering Private Limited	
Key management personnel	H M Narasinga Rao-Director Vinayak Hegde- Company secretary	
Related Party Transactions	Year ended 31 March 2019	Year ended 31 March 2018
	₹	₹
<b><u>Holding company</u></b>		
- Purchase of goods	4,152,052	3,971,011
- Sale of goods and services	171,399,506	150,720,612
- Rent expense	7,434,000	7,124,000
- Corporate guarantee received	11,000,000	50,000,000
- Finance costs	4,354,046	7,162,725
<b><u>Fellow subsidiary</u></b>		
<u>Coretec engineering india private limited</u>		
- Purchase of goods	8,682,573	5,971,820
- Sale of goods	595,614	630,073
- Sale of assets	1,500,257	-
<u>Yuflow engineering private limited</u>		
- Purchase of goods	-	-

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

Balances outstanding at the end of the year		
	Year ended 31 March 2019	Year ended 31 March 2018
	₹	₹
- Advance payable	91,814,604	105,032,534
- Long term borrowings	25,640,000	25,640,000
- Corporate guarantee received	160,000,000	50,000,000
- Security deposit	-	2,500,000
<b>Fellow subsidiary</b>		
<u>Coretec Engineering India Private Limited</u>		
- Net payable / (receivable)	11,932,056	7,833,334
<u>Yuflow Engineering Private Limited</u>		
- Net payable / (receivable)	296,965	296,965

**Note 29 Earnings per Share**

PARTICULARS	Year ended 31 March, 2019	Year ended 31 March, 2018
<b>Basic and diluted</b>		
Net Profit/(Loss) for the year from operations attributable to the equity shareholders ₹	26,646,476	(15,572,996)
Weighted average number of equity shares	5,010,000	5,010,000
Earnings per share from operations - Basic and diluted-Rs.	5.32	(3.11)

**Note 30 Segment reporting**

The Company is predominantly engaged in foundry business catering to Hydraulics, Automobile, Machine Tools, Textile Machinery, Earth moving, Agriculture and Material Handling industries 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.



## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 31 Fair value measurements****(i) Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of 31 March 2019 were as follows: (in ₹)

Particulars	Note No.	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
<b>Assets :</b>				
<b>Loans</b>				
(i) Loan to employees	8	832,666	-	-
Cash and cash equivalents	7	1,510,350	-	-
Trade receivables	6	126,329,918	-	-
<b>Total</b>		<b>128,672,933</b>	-	-
<b>Liabilities:</b>				
Borrowings	11	96,979,183	-	-
Other financial liabilities				
(i) Trade payables	15	136,536,512	-	-
Current maturities of long term debt	15a	28,296,250	-	-
<b>Total</b>		<b>261,811,945</b>	-	-

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows: (in ₹)

Particulars	Notes	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
<b>Assets :</b>				
<b>Loans</b>				
(i) Loan to employees	8	299,352	-	-
Cash and cash equivalents	7	51,735	-	-
Trade receivables	6	90,163,551	-	-
<b>Total</b>		<b>90,514,638</b>	-	-
<b>Liabilities:</b>				
Borrowings	11	66,641,118	-	-
Other financial liabilities				
(i) Trade payables	15	111,831,602	-	-
Current maturities of long term debt	15a	25,680,000	-	-
Security Deposit received	16	2,500,000	-	-
<b>Total</b>		<b>206,652,721</b>	-	-

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

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

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

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

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

**Note 32 Fair value heirarchy**

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 ₹)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
<b>Financial Assets measured at amortized costs:</b>			
Financial assets			
(i) Loan to employees	8	832,666	299,352
Trade receivables *	6	126,329,918	90,163,551
<b>Cash and cash equivalents and other bank balances</b>			
Cash and cash equivalents #	7	1,510,350	51,735
<b>Financial liabilities measured at amortized cost:</b>			
Borrowings	11	96,979,183	66,641,118
Trade payables *	15	136,536,512	111,831,602
Current maturities of long term debt	15a	28,296,250	25,680,000
Security Deposit received	16	-	2,500,000

\*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.

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 33 Financial risk management****Risk management framework**

The Company's activities expose it to a variety of financial risks; market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange exposure risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

The Company's risk management activity focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

**(A) Credit risk analysis**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company, resulting in a financial loss. The Company is exposed to this risk for various financial instruments. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets, as summarised below:

(In ₹)

<b>Assets under credit risk</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
Loan to employees	832,666	299,352
Cash and cash equivalents	20,371	41,384
Bank balances other than cash and cash equivalents	1,489,979	10,351
Trade receivables	126,329,918	90,163,551
	<b>128,672,933</b>	<b>90,514,638</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 behavior 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.

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Financial assets that are past due but not impaired**

There is no other class of financial assets that is past due but not impaired.

**(B) Liquidity risk**

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, usually on a month on month basis. Long-term liquidity needs for a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

**Maturities of financial liabilities****(In ₹)**

<b>As at 31 March 2019</b>	<b>Less than 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Borrowings	75,431,683	49,843,750	-	125,275,433
Trade payables	136,536,512	-	-	136,536,512
Others	-	-	-	-
<b>Total</b>	<b>211,968,195</b>	<b>49,843,750</b>	<b>-</b>	<b>261,811,945</b>
<b>As at 31 March 2018</b>	<b>Less than 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Borrowings	66,681,118	25,640,000	-	92,321,118
Trade payables	111,831,602	-	-	111,831,602
Others	2,500,000	-	-	2,500,000
<b>Total</b>	<b>181,012,721</b>	<b>25,640,000</b>	<b>-</b>	<b>206,652,721</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.

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2019 (cont'd)**

**Note 34 Reconciliation of tax expense/(benefit) and the accounting profit multiplied by India's domestic tax rate (in ₹)**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Accounting Profit/(Loss) before tax</b>	31,337,380	(18,382,412)
Tax on accounting profit/(loss) at statutory income tax rate [27.82%] (PY 25.75%)	8,718,059	(4,733,471)
Tax effect on permanent non-deductible expenses	385,095	30,498
Tax adjustments of prior years	478,206	-
Effect of Unabsorbed business losses	(4,903,995)	-
Others	13,539	1,893,557
<b>At the effective income tax rate of 27.82% (PY 25.75%)</b>	<b>4,690,904</b>	<b>(2,809,416)</b>
Income tax expense/(benefit) reported in the Statement of Profit and Loss	<b>4,690,904</b>	<b>(2,809,416)</b>

**Note 35** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report of even date attached

**For V K A N & Associates**

Chartered Accountants

Firm Regn. No: 014226S

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

**Padam Prakash Mehta**

**Partner**

**Membership No.: 230042**

**C.P. Rangachar**

**Director**

**DIN: 00310893**

**H.M. Narasinga Rao**

**Director**

**DIN: 00529717**

Place : Bangalore

Date : 27 May 2019

**Vinayak Hegde**

**Company Secretary**

### **3. YUFLOW ENGINEERING PRIVATE LIMITED**

## **NOTICE**

**NOTICE** is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of **YUFLOW ENGINEERING PRIVATE LIMITED** will be held on Thursday, 01<sup>st</sup> August, 2019 at 04.00 PM at the Registered office of the Company at C/o. Yuken India Limited, B-80, 2<sup>nd</sup> Cross, 1<sup>st</sup> Stage, Peenya Industrial Area, Bengaluru - 560058, 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, 2019, together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. C P Rangachar (DIN: 00310893) who retires by rotation and being eligible, offers himself for re-appointment.
3. Appointment of Statutory Auditors:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and Section 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under, M/s. N C Rajagopal & Co (FRN: 003398S), Chartered Accountants, be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 22<sup>nd</sup> Annual General Meeting of the Company and the Board of Directors be and are hereby authorised to fix the remuneration for the said auditors in consultation with them.”

**By Order of the Board**  
**For YUFLOW ENGINEERING PRIVATE LIMITED**

**C P Rangachar**  
Director  
DIN: 00310893

Date: 27<sup>th</sup> May 2019  
Place: Bengaluru

### **NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The proxy form, in order to be effective, must be deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting. The blank proxy form is annexed to this notice.
3. Members desirous of getting any information about the accounts and / or operations of the Company are requested to write to the Company atleast seven days before the date of Annual General Meeting to enable the Company to keep the information ready at the meeting.

## DIRECTORS' REPORT

**To**  
**The members of**  
**Yuflow Engineering Private Limited.**

The Board of Directors are pleased to present the 17<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, 2019.

### **FINANCIAL RESULTS:**

**Financial highlights:** (Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2019	31.03.2018
<b>Gross Income</b>	4.27	9.18
<b>Less: Excise Duty</b>	-	0.42
<b>Net Income</b>	<b>4.27</b>	<b>8.76</b>
Total expenditure	67.60	27.98
<b>Profit/(Loss) before interest, depreciation and tax</b>	<b>(63.33)</b>	<b>(19.22)</b>
Finance cost	-	1.81
Depreciation	-	-
<b>Profit/(Loss) before Exceptional items and tax</b>	<b>(63.33)</b>	<b>(21.03)</b>
Exceptional items	-	-
<b>Profit/(Loss) after Exceptional items &amp; before tax</b>	<b>(63.33)</b>	<b>(21.03)</b>
Provision for taxation (Net of deferred tax)	-	0.43
<b>Profit/(loss) after tax</b>	<b>(63.33)</b>	<b>(21.46)</b>
Net comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>(63.33)</b>	<b>(21.46)</b>
Balance in Statement of profit and loss	<b>(629.36)</b>	<b>(607.90)</b>
Balance in General reserve	53.28	53.28
<b>Amount available for appropriation</b>	<b>(639.40)</b>	<b>(576.08)</b>
<b>Appropriations:</b>		
Equity dividend paid	-	-
Tax on Equity Dividend	-	-
<b>Balance carried to Balance Sheet</b>	<b>(639.40)</b>	<b>(576.08)</b>

During the financial year, the Company has earned total income of Rs. 4.27 lakhs and incurred a net loss of Rs. 63.33 lakhs, after writing off bad debts.

During the year, the Company has shifted the registered office from Chennai, Tamil Nadu to Bengaluru, Karnataka with effect from 01.01.2019. The Company has set up factory at Shed No.2, Plot No.260, 263, 264, Malur III Phase, Industrial Area, KIADB Road No.7, Malur Taluk, Kolar – 563130 and started the business of manufacturing of electric motors, manifolds and some machining parts.

Your Directors are making all efforts to ensure optimal operational results in the coming years.

### **EXTRACT OF ANNUAL RETURN (FORM MGT-9):**

As per provisions of Section 92 (3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the extract of the Annual Return in the Form MGT-9 is given in “*Annexure-1*” is forming part of this report.

### **NUMBER OF MEETINGS OF THE BOARD:**

During the financial year 2018-19, there were 08 Board Meetings held on the following dates; 07.04.2018, 25.05.2018, 01.06.2018, 22.08.2018, 04.09.2018, 27.12.2018, 01.01.2019 and 28.01.2019.

### **DIRECTORS RESPONSIBILITY STATEMENT:**

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

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 at the end of the financial year and of the profit and loss of the Company for that period;
- 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.

**EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLOSURES MADE BY THE AUDITORS:**

The observations made by the auditors in their report and notes to the accounts referred to in the Auditors Report are self-explanatory. There were no qualifications, reservations or adverse remarks made by the Auditors in their respective reports.

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

During the year under review, your Company has not granted any loan/guarantees or made any investments within the meaning of Section 186 of the Act.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. The Company presents a statement of all related party transactions before the Board of Directors of the Company for their approval. Your Directors would like to draw your attention to the notes to the financial statements which sets out related party disclosures. A statement in Form AOC-2 pursuant to the provisions of clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 read with sub-rule(2) of rule 8 of the Companies (Accounts) Rules, 2014 is furnished in "Annexure-2" is forming part of this report.

**DETAILS OF AMOUNTS TRANSFERRED TO RESERVES:**

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

**DIVIDEND:**

Your directors do not recommend any dividend for the financial year ended 31<sup>st</sup> March, 2019.

**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 are no material changes and commitments affecting the financial position between end of financial year and date of 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 exchange earnings and outgo is given below:

**1). CONSERVATION OF ENERGY:**

(i) the steps taken or impact on conservation of energy;	The consumption of electricity during the year is minimal. The management is taking conscious efforts to conserve the energy.
(ii) the steps taken by the Company for utilizing alternate sources of energy;	
(iii) the capital investment on energy conservation equipments;	

**2). TECHNOLOGY ABSORPTION:**

(i) the efforts made towards technology absorption;	The Company has no activity relating to technology absorption.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - (a) the details of technology imported; (b) the year of import; (c) whether the technology has been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof, and	
(iv) the expenditure incurred on Research and Development.	

178(1) of the Companies Act, 2013. 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 does not have any subsidiary Companies, associate Companies and joint ventures.

#### **STATUS OF THE COMPANY:**

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

### **3). FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Sl. No.	Particulars	As on 31.03.2019 (Amount in Rs)	As on 31.03.2018 (Amount in Rs)
01	Foreign Exchange Earnings	Nil	Nil
02	Foreign Exchange Outgo	Nil	Nil

#### **DETAILS OF CHANGE IN NATURE OF BUSINESS, IF ANY:**

There was no change in the nature of business of the Company during the financial year.

#### **BOARD OF DIRECTORS:**

The Board comprises following Directors:

Sl. No	Name of the Directors	Designation
1.	C P Rangachar	Director
2.	H M Narasinga Rao	Director
3	K Gopalkrishna	Director

Mr. C P Rangachar – Director retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

#### **DECLARATION BY INDEPENDENT DIRECTORS:**

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

#### **REMUNERATION POLICY:**

The Company is not covered under the provisions of Section

#### **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. The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weaknesses in the design or operation were observed.

#### **DEPOSITS:**

The Company has neither accepted nor renewed any deposits during the financial year and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

#### **MATERIAL ORDERS PASSED BY REGULATORY AUTHORITIES:**

During the financial year, the Company has received the Order dated 26.12.2018 from Ministry of Corporate Affairs, Regional Director, Chennai relating to approval for shifting the registered office from the State of Tamil Nadu to the State of Karnataka.

Considering the above mentioned order, Company has shifted the Registered office from No. 1, 2<sup>nd</sup> Cross Street, Ponnamman Nagar Road, Ayanambakkam, Maduravoyal Post, Chennai – 600 095 to C/o. Yuken India Limited, B-80, 2<sup>nd</sup> Cross, 1<sup>st</sup> Stage, Peenya Industrial Area, Bengaluru – 560058 with effect from 01.01.2019.

#### **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 financial year.

#### **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.

#### **PARTICULARS OF EMPLOYEES:**

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, 2019 the authorized share capital of the Company is Rs. 2,00,00,000/- consisting of 20,00,000 equity shares of Rs. 10/- each. The paid up Share Capital of the Company is Rs. 2,00,00,000 /- consisting of 20,00,000 equity shares of Rs. 10/- each. During the year under review, Company has not issued any shares or any convertible instruments.

#### **STATUTORY AUDITORS:**

M/s. N C Rajagopal & Co. (FRN: 003398S), Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and Auditors are confirmed their eligibility and willingness to accept the office of the Auditors if reappointed. Accordingly, certificate U/s.141 of the Companies Act, 2013, has been received from them.

The Board hereby proposes re-appointment for the further period of five years subject to approval of shareholders at the ensuing Annual General Meeting.

#### **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 endeavours 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. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year 2018-19, no complaint of sexual harassment has been received.

#### **ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation of the dedicated and untiring hard work put by the employees at all levels. Your Directors would like to thank the banks, consultants, auditors and above all the shareholders and valued customers for their continued support and patronage.

**For YUFLOW ENGINEERING PRIVATE LIMITED**

Place: Bengaluru

Date: 27<sup>th</sup> May 2019

**C P Rangachar**

Director

DIN: 00310893

**H M Narasinga Rao**

Director

DIN: 00529717

## Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31<sup>st</sup> March, 2019

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U29120KA2002PTC120611
ii)	Registration Date	15.03.2002
iii)	Name of the Company	<b>YUFLOW ENGINEERING PRIVATE LIMITED</b>
iv)	Category/Sub-Category of the Company	Company Limited by Shares and Indian Non-Government Company
v)	Address of the Registered office and contact details	C/o. Yuken India Limited, B-80, 2 <sup>nd</sup> Cross, 1 <sup>st</sup> Stage, Peenya Industrial Area, Bengaluru 560058, Karnataka, India. Tel: +91 9845191995 email ID: hmn_rao@yukenindia.com
vi)	Whether listed Company Yes/No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the company
01.	Electric Motors	2710	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sl. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	<b>YUKEN INDIA LIMITED</b> No. 16-C, Doddanekundi Industrial Area II Phase, Mahadevapura, Bengaluru – 560 048.	L29150KA1976PLC003017	Holding Company	100%	2(46)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):****(i) Category-wise Shareholding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF		4,000	4,000	0.20	-	4,000	4,000	0.20	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)									
d) Bodies Corp.		19,96,000	19,96,000	99.80	-	19,96,000	19,96,000	99.80	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1):-</b>	-	<b>20,00,000</b>	<b>20,00,000</b>	<b>100</b>	-	<b>20,00,000</b>	<b>20,00,000</b>	<b>100</b>	-
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-								
e) Any other....									
<b>Sub-Total (A)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of promoter (A) = (A)(1) + (A)(2)</b>	-	<b>20,00,000</b>	<b>20,00,000</b>	<b>100</b>	-	<b>20,00,000</b>	<b>20,00,000</b>	<b>100</b>	-
<b>B. Public Shareholding:</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1):-</b>	-	-	-	-	-	-	-	-	-

<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	20,00,000	20,00,000	100	-	20,00,000	20,00,000	100	-

## (ii) Shareholding of Promoters:

Sl. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1.	Yuken India Limited	19,96,000	99.80	-	19,96,000	99.80	-	-
2.	C P Rangachar representing Yuken India Limited	4,000	0.20	-	4,000	0.20	-	-

## (iii) Change in Promoter's Shareholding (please specify, if there is no change):

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	<b>YUKEN INDIA LIMITED</b>				
	At the beginning of the year	19,96,000	99.80	19,96,000	99.80
	At the end of the year	19,96,000	99.80	19,96,000	99.80
2.	<b>Mr. C P RANGACHAR representing YUKEN INDIA LIMITED</b>				
	At the beginning of the year	4,000	0.20	4,000	0.20
	At the end of the year	4,000	0.20	4,000	0.20

**Note:** There was no change in promoter's shareholding during the financial year 2018-19.

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	For each of top 10 shareholders	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	All the shareholders of the Company are promoters.			
	At the end of the year				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	For each of the Directors and KMP	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	<b>Mr. C.P. Rangachar</b>				
	At the beginning of the year	4,000	0.20	4000	0.20
	At the end of the year	4,000	0.20	4000	0.20
2.	<b>Mr. H.M. Narasinga Rao</b>				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
3.	<b>Mr. K. Gopalkrishna</b>				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-

Note: There was no change in Directors shareholding during the financial year 2018-19.

**V. INDEBTNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year:</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Changes in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year:</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-time Director and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTM/Manager				Total Amount
		Name-1	Name-2	Name-3	Name-4	(in Rs.)
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961. (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961. (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.	No Remuneration was paid to Managing Director, Whole-time Director and / or manager during the financial year 2018-19.				
2.	Stock Option					
3.	Sweat Equity					
4.	Commission - as % of profit - Others, specify...					
5.	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

**B. Remuneration to other Directors:**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Name - 1	Name - 2	Name - 3	Name - 4	(in Rs.)
	<b>1. Independent Directors:</b> * Fee for attending board / committee meetings * Commission * Others, please specify	No Remuneration was paid to other Directors during the financial year 2018-19.				
	<b>Total (1)</b>					
	<b>2. Other Non-Executive Directors:</b> * Fee for attending board / committee meetings * Commission * Others, please specify					
	<b>Total (2)</b>					
	Total (B) = (1+2)					
	Total Managerial Remuneration (A+B)					
	Overall Ceiling as per the Act					



**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	(in Rs.)
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961. (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961. (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.	<b>No Remuneration was paid to Key Managerial Personnel other than Managing Director, Whole-time Director and / or Manager during the financial year 2018-19.</b>			
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	<b>Total</b>				

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding Fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.				
Punishment					
Compounding					

For YUFLOW ENGINEERING PRIVATE LIMITED

Place: Bengaluru  
Date: 27<sup>th</sup> May 2019

**C P Rangachar**  
Director  
DIN: 00310893

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

**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	Nil
(b)	Nature of contracts/arrangements/transactions	Nil
(c)	Duration of the contracts / arrangements/transactions	Nil
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
(e)	Date(s) of approval by the Board, if any	Nil
(f)	Amount paid as advances, if any	Nil

**For YUFLOW ENGINEERING PRIVATE LIMITED**

Place: Bengaluru

Date : 27<sup>th</sup> May 2019

**C P Rangachar**

Director

DIN: 00310893

**H M Narasinga Rao**

Director

DIN: 00529717

## Independent Auditor's Report

To

**The Members**

**Yuflow Engineering Private Limited**

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

### 1. Opinion

We have audited the Standalone Ind AS financial statements of **Yuflow Engineering Private Limited** ("the company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash flow Statement, notes to financial statements and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and its loss, (changes in equity) and its cash flows for the year ended on that date.

### 2. 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 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 there under, 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.

### 3. Emphasis of Matter

Without qualifying our report attention is invited to Note no: 21 regarding financial statements being prepared on the going concern basis, notwithstanding the fact that the company's

net worth is eroded. Companies current liabilities exceeds the current assets, the company has sold all his fixed assets and inventories. In spite of these factors the company is considered as a going concern after considering the future plans of management for revival as detailed in the said note.

### 4. Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, including Annexure to Board's Report, but doesn't include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### 5. Responsibility of Management for 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 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 accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating

effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the 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.

## **6. Auditor's Responsibility for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that insufficient 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, 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.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether 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 auditors' report to the related disclosures in the 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.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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.

## **7. Report on Other Legal and Regulatory Requirements**

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-A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, 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 and adequate records for the purposes of our audit have been received from the branches not visited by us.
- (c) The Balance Sheet, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash flow Statement, notes to financial statements and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 B**”.
- (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 required to be transferred to the Investor Education and Protection Fund by the Company.

**For N.C. Rajagopal & Co.**  
Chartered Accountants  
Firm Reg No: 003398S

**V.Chandrasekaran**  
(Partner)

Membership No. 024844

Place : Chennai  
Date : 27<sup>th</sup> May 2019

## Annexure - A to The Auditor's Report

(Referred to in Para 7 of our report of even date)

- |  |   |
|--|---|
| <p>(i) As explained to us, the company does not have any fixed asset and hence reporting under clause (i) (a) to (c) does not arise.</p> <p>(ii) As explained to us, the company does not have any inventories and hence reporting under clause (ii) does not arise.</p> <p>(iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Since the reporting of point (iii) is not affirmative, the reporting on points (a), (b) and (c) does not arise.</p> <p>(iv) In our opinion and according to the information and explanations given to us, the company has not granted any loans, made any investments or provided any guarantee or security as envisaged under Section 185 and Section 186 of the Companies Act 2013, respectively.</p> <p>(v) The company has not accepted deposits from the public as per the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, hence reporting under this clause does not arise.</p> <p>(vi) The Central Government has not prescribed maintenance of cost records under section 148(1) of the Act.</p> <p>(vii) (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and other statutory dues applicable to it.</p> <p style="padding-left: 40px;">(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.</p> <p>(viii) As per the information and records produced and verified by us, the company has not defaulted in repayment of dues to financial institution. The company has not raised money by way of debentures and did not have any dues in respect of loans and borrowings payable to banks or government.</p> <p>(ix) According to the information and explanation given to us, the company has not raised money by way of initial</p> | <p>public offer or further public offer or term loans during the year.</p> <p>(x) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the company nor any fraud on the Company by its officers or employees during the year.</p> <p>(xi) As per our verification of books of accounts of the company, Managerial remuneration payable under section 197 read with Schedule V to the Companies Act is not applicable to the company and hence reporting under this section does not arise.</p> <p>(xii) In our opinion and according to the information and explanation given to us, the company is not a Nidhi Company as prescribed under Section 406 of the Act. Hence reporting under this clause does not arise.</p> <p>(xiii) According to the information and explanation given to us, the transactions with the related parties are in compliance with section 177 and 188 of the Companies Act 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.</p> <p>(xiv) According to the information and explanation given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.</p> <p>(xv) According to the information and explanation given to us and based on our examination of the records of the company, the company has not entered into any non cash transactions with directors or person connected with him as referred to in section 192 of Companies Act, 2013.</p> <p>(xvi) According to the information and explanation given to us, the company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Hence, reporting under this clause does not arise.</p> |
|--|---|

**For N.C. Rajagopal & Co.**  
Chartered Accountants  
Firm Reg No: 003398S

**V.Chandrasekaran**  
(Partner)

Membership No. 024844

Place : Chennai  
Date : 27<sup>th</sup> May 2019



## **Annexure - B to The Auditors' 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 Yuflow Engineering Private Limited ("the Company") as of 31<sup>st</sup> March, 2019, in conjunction with our audit of the Standalone Ind AS 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 control system over financial reporting and such internal financial

controls over financial reporting were operating effectively as at 31st March, 2019, 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 N.C. Rajagopal & Co.*  
Chartered Accountants  
Firm Reg No: 003398S

**V.Chandrasekaran**  
(Partner)

Membership No. 024844

Place : Chennai

Date : 27<sup>th</sup> May 2019



## Yuflow Engineering Private Limited

CIN : U29120KA2002PTC120611

## Balance Sheet as at 31st March, 2019

Particulars	Note No	As at 31st March 2019	As at 31st March 2018
		₹ in Lakhs	₹ in Lakhs
<b>ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Non Current Tax Assets (Net)	1	-	5.27
<b>Total Non - Current Assets</b>		-	5.27
<b>Current assets</b>			
(a) Financial assets			
(i) Trade receivables	2	-	44.77
(ii) Cash and cash equivalents	3	6.56	18.44
(iii) Others financial assets	4	-	9.95
(b) Other current assets	5	-	1.78
<b>Total current assets</b>		6.56	74.94
<b>Total assets</b>		6.56	80.21
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share capital	6	200.00	200.00
(b) Other equity	7	(639.40)	(576.08)
<b>Total Equity</b>		(439.40)	(376.08)
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	8	-	3.93
(ii) Other financial liabilities	9	1.42	1.30
(b) Other current liabilities	10	444.55	451.07
<b>Total Current Liabilities</b>		445.96	456.29
<b>Total Liabilities</b>		445.96	456.29
<b>Total Equity and Liabilities</b>		6.56	80.21
See accompanying notes to the Ind AS financial statements	1-23		

For &amp; on behalf of the Board

As per our Report of Even Date

For N.C.Rajagopal &amp; Co.,

Chartered Accountants

Firm Reg No. 003398S

C.P.Rangachar

DIN : 00310893

Director

H.M. Narasinga Rao

DIN : 00529717

Director

V. Chandrasekaran

Partner

(Membership No. 024844)

Place: Chennai

Date : 27<sup>th</sup> May 2019

## Yuflow Engineering Private Limited

CIN : U29120KA2002PTC120611

## Statement of Profit and Loss for the year ended 31st March, 2019

	Particulars	Note No.	Year ended 31st March,2019	Year ended 31st March,2018
			₹ in Lakhs	₹ in Lakhs
<b>I</b>	Revenue from Operations	11	0.22	3.80
<b>II</b>	Other Income	12	4.05	5.38
<b>III</b>	<b>Total Income (I+II)</b>		<b>4.27</b>	<b>9.18</b>
<b>IV</b>	<b>Expenses</b>			
	Cost of materials consumed	13	-	4.86
	Excise duty on sale of goods		-	0.42
	Employee benefit expenses	14	0.54	1.35
	Finance costs	15	-	1.81
	Other expenses	16	67.06	21.77
	<b>Total expenses (IV)</b>		<b>67.60</b>	<b>30.21</b>
<b>V</b>	<b>Profit/(loss) before tax(III-IV)</b>		<b>(63.33)</b>	<b>(21.03)</b>
<b>VI</b>	<b>Tax expense</b>			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
	(3) Tax on earlier Years		-	0.43
			-	0.43
<b>VII</b>	<b>Profit/(loss) for the year (V-VI)</b>		<b>(63.33)</b>	<b>(21.46)</b>
<b>VIII</b>	<b>Other comprehensive income for the year</b>		-	-
<b>IX</b>	<b>Total comprehensive Income for the year(VII+VIII)</b>		<b>(63.33)</b>	<b>(21.46)</b>
	<b>Earnings per equity share (for continuing operation):</b>			
	Basic (in Rs.)	17	(3.17)	(1.07)
	Diluted (in Rs.)		(3.17)	(1.07)
See accompanying notes to the Ind AS financial statements		1-23		

For &amp; on behalf of the Board

As per our Report of Even Date

For N.C.Rajagopal &amp; Co.,

Chartered Accountants

Firm Reg No. 003398S

C.P.Rangachar

DIN : 00310893

Director

H.M. Narasinga Rao

DIN : 00529717

Director

V. Chandrasekaran

Partner

(Membership No. 024844)

Place: Chennai

Date : 27<sup>th</sup> May 2019

**Yuflow Engineering Private Limited**  
**Cash Flow Statement for the year ended 31st March, 2019**

Particulars	Year ended 31st March, 2019		Year ended 31st March, 2018	
	₹ in Lakhs		₹ in Lakhs	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before tax		(63.33)		(21.03)
<u>Adjustments for:</u>				
Depreciation and amortisation	-	-	-	-
(Profit) / loss on sale of assets	-	-	-	-
Finance costs	-	-	1.81	1.81
		-		1.81
Operating profit / (loss) before working capital changes-(1)		(63.33)		(19.22)
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:-(2)				
Inventories	-	-	-	-
Trade receivables	44.77		14.68	
Loans(Short Term and Long Term)	-		-	
Other Financial Assets	9.95		0.12	
Other Current Assets	1.78		0.88	
		56.50		15.68
Adjustments for increase / (decrease) in operating liabilities:-(3)				
Trade payables	(3.93)		(32.98)	
Other Financial Liabilities	0.13		-	
Provisions(short term and Long Term)	-		-	
Non-Financial Liabilities	(6.52)		259.77	
		(10.32)		226.78
Cash generated from operations(1)+(2)+(3)		(17.15)		223.24
Net income tax (paid)/refunds		5.27		14.73
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>(11.88)</b>		<b>237.97</b>
<b>B. Cash flow from investing activities</b>				
Payments for acquisition of Fixed Assets		-		-
Proceeds From Sale of Fixed Assets		-		-
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>-</b>		<b>-</b>
<b>C. Cash flow from financing activities</b>				
Proceeds/Repayments from Borrowings (Net)		-		(218.35)
Finance costs		-		(1.81)
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>-</b>		<b>(220.16)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(11.88)</b>		<b>17.81</b>
Cash and cash equivalents at the beginning of the year		18.44		0.63
Less: Bank balances not considered as Cash and cash equivalents		-		-
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
<b>Cash and cash equivalents at the end of the year</b>		<b>6.56</b>		<b>18.44</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
<b>Cash and cash equivalents at the end of the year</b>		<b>6.56</b>		<b>18.44</b>
See accompanying notes to the Ind AS financial statements				

For &amp; on behalf of the Board

As per our Report of Even Date

**For N.C.Rajagopal & Co.,**

Chartered Accountants

Firm Reg No. 003398S

**C.P.Rangachar**

DIN : 00310893

Director

**H.M. Narasinga Rao**

DIN : 00529717

Director

**V. Chandrasekaran**

Partner

(Membership No. 024844)

Place: Chennai

Date : 27<sup>th</sup> May 2019

**Yuflow Engineering Private Limited**  
**Statement of Changes In Equity for the year ended 31st March, 2019**

<b>A. Equity Share capital</b>			
<b>Right, preferences and restrictions attached to shares</b>			
The Company has issued only one class of equity share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by Board of Directors is subject to approval by the share holders at the ensuing Annual General Meeting.			
Equity Shares of Rs.10 each, Issued, subscribed and paid up	Balance as of 1st April , 2018	Changes in Equity capital	Balance as at 31st March , 2019
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Equity Shares	200.00	-	200.00
<b>B. Other Equity</b>			
Particulars	Reserve and Surplus		Other Comprehensive Income
	General Reserve	Retained Earnings	Items of Comprehensive Income
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Balance as at 1st April, 2018</b>	53.28	(629.36)	-
<b>Additions during the year</b>			
Profit/(Loss) during the year	-	(63.33)	-
<b>Items of the OCI, net of tax-</b>			
Re-measurement of net defined benefit liability/(asset)	-	-	-
<b>Balance as at 31st March, 2019</b>	<b>53.28</b>	<b>(692.69)</b>	<b>-</b>
<b>See accompanying notes to the Ind AS financial statements</b>	1-23		

For &amp; on behalf of the Board

As per our Report of Even Date

**For N.C.Rajagopal & Co.,**

Chartered Accountants

Firm Reg No. 003398S

**C.P.Rangachar**

DIN : 00310893

Director

**H.M. Narasinga Rao**

DIN : 00529717

Director

**V. Chandrasekaran**

Partner

(Membership No. 024844)

Place: Chennai

Date : 27<sup>th</sup> May 2019

## Yuflow Engineering Pvt Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

### Significant Accounting Policies

**A Corporate information**

The Company is engaged in the activity of manufacturing Hydraulic Cylinder & Coil.

**B Significant Accounting policies****B.1 Statement of compliance**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For all periods upto 31 March 2017 the Company prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

**B.2 Basis of preparation and presentation**

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**B.3 Use of estimates and judgement**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment

to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, provision for income tax and valuation of deferred tax assets, and other provisions and contingent liabilities.

**Useful lives of property, plant and equipment:**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future

**Provision for income tax and valuation of deferred tax assets:**

The policy for the above has been explained under Note B.7.

**Provision for warranty**

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

**Provisions (other than provision for warranty) and contingent liabilities**

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of 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 recognized as a finance cost.

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 embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

**B.4 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 financial statements of the Company

**B.4.1. Sale of goods:-**

Revenue from the sale of goods is recognised when the 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.

**B.4.2****A Dividend and interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**B. Rental income**

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

**B.5 Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**The Company as lessor**

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment

in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

**B.6 Employee Benefits****B.6.1 Retirement benefit costs and termination benefits**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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

- service cost (including current service cost, past service costs, and gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the company can no longer withdraw the offer of the termination benefit and when the company recognises any related restructuring costs.

**B.6.2 Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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

**B.6.3 Contributions from employees or third parties to defined benefit plans**

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.70.

**B.7 Income tax Expense/(Benefit):-**

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

**Current Tax**

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

**Deferred Tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

**Deferred tax liabilities** are generally recognised for all taxable temporary differences. However in case of temporary differences arising on initial recognition of assets or liabilities (other than in business combination) that affects neither accounting profit nor taxable profit, the deferred tax liabilities are not recognized.

In addition to that, deferred tax liabilities arising on initial recognition of goodwill also not recognized

**Deferred tax assets** are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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



*Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**B.8 Property, Plant and Equipment (PPE)**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the condensed balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

*Freehold land is not depreciated.*

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The Estimated useful lives of PPE followed by the company are as below:

Factory Buildings	: 30 years
Office Buildings	: 60 years
Plant and Machinery	: 15 years
Furniture and Fittings	: 10 years
Office Equipments and Electrical Installations	: 5 years
Computers	: 3 years.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each

reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

*Deemed cost on IND-AS Transition :*

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**B.9 Intangible Assets****B.9.1 Intangible assets acquired separately**

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

**B.9.2 Derecognition of intangible assets**

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

**B.9.3 Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows:

ERP software - 5 years



**B.10 Inventories**

Inventories are valued as follows

Inventories are valued on First in First Out basis at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-Progress and Finished Goods include appropriate proportion of overheads and, where applicable, excise duty.

**B.11 Borrowing costs**

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

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**B.12 Financial Instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**Cash and cash equivalents :**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short- term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**Financial assets at amortized cost :**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets 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.

Financial assets at fair value through other comprehensive income :Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through profit or loss :**

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

**Equity instruments at fair value through other comprehensive income (FVTOCI)**

All equity instruments other than investment in subsidiaries and associates are measured at fair value. Equity instruments held for trading is classified as fair value through profit or loss (FVTPL). For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI.

The Company makes such election on an instrument-by-instrument basis. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI. There is no recycling of the amount from OCI to the statement of profit and loss, even on sale of the instrument. However the Company may transfer the cumulative gain or loss within the equity.

**Financial liabilities at amortised cost**

Financial liabilities at amortised cost represented by trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the EIR method.

**Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.

**Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities. Derivatives are recognised and measured at fair value. Attributable transaction cost are recognised in the statement of profit and loss.

**Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at higher of: (i) The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 – Financial Instruments and (ii) The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115 – Revenue from contracts with customers

Foreign exchange gains and losses on financial assets and financial liabilities

- (i) The fair value of financial assets/ liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.
- (ii) For foreign currency denominated financial assets/ liabilities measured at amortised cost and fair value through profit or loss, the exchange differences are recognised in the statement of profit and loss except for those which are designated as hedging instruments in a hedging relationship.
- (iii) Changes in carrying amount of investments in equity instruments at fair value through other comprehensive income relating to changes in foreign currency rates are recognised in other comprehensive income.
- (iv) For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'other income'.

- (v) For financial liabilities that are measured as at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of profit and loss.

**B.13 Segment Reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management reporting structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

**B.14 Earnings per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares

been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

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## **B.15 Impairment**

### **(i) Financial assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### **(ii) Non-financial assets**

#### **Property, plant and equipment and Intangible assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

## **B.16 Recent Indian Accounting Standards (Ind AS) and amendments**

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

### **IND AS- 116**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

### **Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income

tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

#### **Ind AS 109 – Prepayment features with negative compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

#### **Ind AS 19 – Plan amendment, curtailment or settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been

included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

#### **Ind AS 23 – Borrowing costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

#### **Ind AS 28 – Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

#### **Ind AS 103 – Business combinations and Ind AS 111 – joint arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

## Note 1 Income Tax Assets(net)

Particulars	As at 31st March,2019	As at 31st March,2018
	₹ in Lakhs	₹ in Lakhs
<b>Non-current</b>		
Advance Income Tax (Net of Provisions: CY Rs. NIL, PY: Rs. NIL)	-	5.27
	-	5.27

## Note 2 Trade receivables

Particulars	As at 31st March,2019	As at 31st March,2018
	₹ in Lakhs	₹ in Lakhs
<b>Current</b>		
Trade receivables		
(a) Unsecured, considered good	-	48.83
Less: Allowance for Credit Losses	-	4.06
	-	44.77

## Note 3 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

Particulars	As at 31st March,2019	As at 31st March,2018
	₹ in Lakhs	₹ in Lakhs
Cash on hand	0.06	0.13
Balances with Banks		
(i) In current accounts	6.50	18.31
	6.56	18.44

## Note 4 Other Financial Assets

Particulars	As at 31st March,2019	As at 31st March,2018
	₹ in Lakhs	₹ in Lakhs
<b>Non-current</b>		
Security deposits	-	9.95
	-	9.95

## Note 5 Other Assets

Particulars	As at 31st March,2019	As at 31st March,2018
	₹ in Lakhs	₹ in Lakhs
CENVAT credit receivable	-	0.07
Advance to suppliers	-	1.71
	-	1.78

## Yuflow Engineering p Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

## Note 6 Share capital

₹ in Lakhs

Particulars			As at 31st March,2019	As at 31st March,2018
<b>(a) Authorised</b> Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights			200	200
<b>(b) Issued, subscribed and fully paid up</b> 20,00,000 Equity shares of Rs.10 /- each , Fully paid with Voting Rights (Previous year : 2017 2,00,000 Shares of Rs. 10/- each, Fully Paid) (Previous Year : 2016, 2,00,000 Shares of Rs.10/- each, Fully Paid)			200	200
			200	200
Refer notes (i) to (iii) below				
<b>(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period</b>				
Particulars	As at 31st March,2019		As at 31st March,2018	
	- Number of shares (In Lakhs)	Amount (₹ in Lakhs)	- Number of shares (In Lakhs)	Amount (₹ in Lakhs)
<b>Equity shares</b>				
Shares outstanding at the beginning of the year	20	200	20	200
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	20	200	20	200
<b>(ii) Details of shares held by each shareholder holding more than 5% shares:</b>				
Class of shares / Name of shareholder	As at 31st March,2019		As at 31st March,2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b> - Yuken India Ltd	1,996,000	99.80%	1,996,000	99.80%
<b>(iii) Right, preferences and restrictions attached to shares</b>				
The Company has issued only one class of equity share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by Board of Directors is subject to approval by the share holders at the ensuing Annual General Meeting.				

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

## Note 7 Other Equity :

Particulars	As at 31st March, 2019	As at 31st March , 2018
	₹ in Lakhs	₹ in Lakhs
<b>General reserve:</b>		
Opening balance	53.28	53.28
Add: Transferred from surplus in statement of profit and loss	-	-
	<b>53.28</b>	<b>53.28</b>
<b>Surplus in statement of profit and loss :</b>		
Opening balance	(629.36)	(607.90)
Add: Transferred from other comprehensive income/(loss) for the year	-	-
Add: Net profit /(loss)for the year	(63.33)	(21.46)
Balance available for appropriation	<b>(692.69)</b>	<b>(629.36)</b>
Less: Appropriations		
Transfer to general reserve	-	-
Closing Balance	<b>(692.69)</b>	<b>(629.36)</b>
Total Other Equity	<b>(639.40)</b>	<b>(576.08)</b>

## Note 8 Trade payables

Particulars	As at 31st March,2019	As at 31st March,2018
	₹ in Lakhs	₹ in Lakhs
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	-	3.93
	-	3.93

## Note 9 Other financial liabilities

Particulars	As at 31st March,2019	As at 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
(i) Provision for Expenses	1.42	1.30
	<b>1.42</b>	<b>1.30</b>

## Note 10 Other liabilities

Particulars	As at 31st March,2019	As at 31st March,2018
	₹ in Lakhs	₹ in Lakhs
(i) Statutory Dues Payable	0.66	6.33
(ii) Advances from Related Parties	443.89	444.74
	<b>444.55</b>	<b>451.07</b>



## Yuflow Engineering Private Ltd

**Notes to the IND AS financial statements for the year ended 31st March, 2019****Note 11 Revenue from Operations**

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
(a) Revenue from Sale of products	0.22	3.80
	<b>0.22</b>	<b>3.80</b>

**Note 12 Other Income**

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
(a) Miscellaneous Income	4.05	5.38
	<b>4.05</b>	<b>5.38</b>

**Note 13 Cost of materials Consumed**

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
Opening stock	-	-
Add: Purchases	-	4.69
Add : Freight Inwards	-	0.17
	-	<b>4.86</b>
Less: Closing stock	-	-
<b>Cost of materials consumed</b>	-	<b>4.86</b>

**Note 14 Employee benefits expense**

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
Salaries and wages	0.54	1.35
Contribution to provident and other funds		
Staff welfare expenses		
	<b>0.54</b>	<b>1.35</b>

**Note 15 Finance costs**

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
Interest costs :-		
(i) Interest on bank overdrafts and loans		1.81
	-	<b>1.81</b>

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

## Note 16 Other expenses

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
Rent	0.60	0.60
Repair and Maintenance	0.10	0.01
Rates & Taxes	1.56	0.10
Communication	0.10	0.03
Travelling & Conveyance	2.37	1.03
Printing & Stationery	0.24	0.03
Legal & Professional Fees	1.46	1.20
For Statutory Audit	0.75	0.75
For Taxation Matters	0.25	0.25
Bad Debts written off	55.32	5.36
Warranty Repalcement	-	8.89
Bank Charges	0.16	-
Other Expenses	4.17	3.51
	<b>67.06</b>	<b>21.77</b>

## Note 17 Earnings per Share

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
Net Profit / (loss) for the year attributable to Equity Shareholders	(63.33)	(21.46)
Weighted Average Number of Equity Shares	2,000,000	2,000,000
Earnings per Share - Basic & Diluted	(3.17)	(1.07)
Face Value per Share	10.00	10.00

## 18. Financial Instruments

## (a) Financial assets and liabilities

The carrying value of financial instruments by categories as of 31st March, 2019 is as follows:

Particulars	Amortised Cost ₹ in Lakhs	Total Carrying Cost ₹ in Lakhs	Total Fair Value ₹ in Lakhs
<b>Assets:</b>			
Trade receivables	-	-	-
Cash and cash equivalents	6.56	6.56	-
Other financial assets	-	-	-
	<b>6.56</b>	<b>6.56</b>	-
<b>Liabilities:</b>			
Trade Payables	-	-	-
Other financial liabilities	1.42	1.42	-
	<b>1.42</b>	<b>1.42</b>	-

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

The carrying value of financial instruments by categories as of 31st March, 2018 is as follows:

Particulars	Amortised Cost ₹ in Lakhs	Total Carrying Cost ₹ in Lakhs	Total Fair Value ₹ in Lakhs
<b>Assets:</b>			
Trade receivables	44.77	44.77	-
Cash and cash equivalents	18.44	18.44	-
Other financial assets	9.95	9.95	-
	<b>73.16</b>	<b>73.16</b>	-
<b>Liabilities:</b>			
Trade Payables	3.93	3.93	-
Other financial liabilities	1.30	1.30	-
	<b>5.23</b>	<b>5.23</b>	-

**(b) Fair Value hierarchy:**

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

Level 1 —Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 —Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market. The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

As at 31st March, 2019	Level 1	Level 2	Level 3
<b>Financial assets:</b>			
Derivative financial assets	Nil	Nil	Nil
<b>As at 31st March, 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets:</b>			
Derivative financial assets	Nil	Nil	Nil

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

## Note 19

## Employee benefit plans

## Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Contribution payable to these plans by the company are at rates specified in the rules of the schemes. The Company recognised for Provident Fund contributions and for Superannuation Fund contributions in the Statement of Profit and Loss is as follows :

₹ in Lakhs

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Provident Fund	Nil	Nil
Superannuation Fund	Nil	Nil

## Defined benefit plans

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

(i) Gratuity payable to employees on retirement , a defined benefit plan is funded by companies own fund. The gratuity liability is determined on the basis of external Actuarial Valuation carried out at each Balance sheet date based on Projected Unit Credit Method (PUCM).

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	Year ended 31st March, 2019		
	Gratuity	Post-employment medical benefits	Other defined benefit plans
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Components of employer expense</b>			
Current service cost	-	NA	NA
Interest cost	-	NA	NA
Expected return on plan assets	-	NA	NA
Curtailement cost / (credit)	-	NA	NA
Settlement cost / (credit)	-	NA	NA
Past service cost	-	NA	NA
Actuarial losses/(gains)	-	NA	NA
<b>Total expense recognised in Statement of Profit and Loss</b>	-	-	-
<b>Actual contribution and benefit payments for year</b>			
Actual benefit payments	-	NA	NA
Actual contributions	-	NA	NA
<b>Net asset / (liability) recognised in the Balance Sheet</b>			
Present value of defined benefit obligation	-	NA	NA
Fair value of plan assets	-	NA	NA
Funded status [Surplus / (Deficit)]	-	NA	NA
Unrecognised past service costs	-	NA	NA
<b>Net asset / (liability) recognised in the Balance Sheet</b>	-	-	-

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

Particulars	Year ended 31st March, 2019		
	Gratuity	Post-employment medical benefits	Other defined benefit plans
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Change in defined benefit obligations (DBO) during the year</b>			
Present value of DBO at beginning of the year	-	NA	NA
Current service cost	-	NA	NA
Interest cost	-	NA	NA
Curtailment cost / (credit)	-	NA	NA
Settlement cost / (credit)	-	NA	NA
Plan amendments	-	NA	NA
Acquisitions	-	NA	NA
Actuarial (gains) / losses	-	NA	NA
Past service cost	-	NA	NA
Benefits paid	-	NA	NA
<b>Present value of DBO at the end of the year</b>	-	-	-
<b>Change in fair value of assets during the year</b>			
Plan assets at beginning of the year	NA	NA	NA
Acquisition adjustment	NA	NA	NA
Expected return on plan assets	NA	NA	NA
Actual company contributions	NA	NA	NA
Actuarial gain / (loss)	NA	NA	NA
Benefits paid	NA	NA	NA
Plan assets at the end of the year	NA	NA	NA
Actual return on plan assets			
<b>Composition of the plan assets is as follows:</b>			
Government bonds	-	NA	NA
PSU bonds	-	NA	NA
Equity mutual funds	-	NA	NA
Others	-	NA	NA
<b>Actuarial assumptions</b>			
Discount rate	7.70%	NA	NA
Expected return on plan assets	-	NA	NA
Salary escalation	10.00%	NA	NA
Attrition	-	NA	NA
Medical cost inflation	-	NA	NA
Mortality tables	SIAL(2006-08)	NA	NA
Performance percentage considered	-	NA	NA
Method of Valuation	PUCM	NA	NA
Estimate of amount of contribution in the immediate next year	NA	NA	NA

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Effect of a 1% change in health care cost	Year ended 31st March, 2019	
	Increase by 1%	Decrease by 1%
Aggregate current service and interest cost	NA	NA
Closing balance of obligation	NA	NA

**Note:**

Due to closure of operation as per the decision taken by the management in its Extraordinary General Meeting held on 12th august 2016, full and final settlement was made to all the employees. The employees pertaining to Cylinder division were paid gratuity amounting to Rs.15,06,648/- and coil division employees' gratuity amounting to Rs.1,69,014/- were transferred to Coretec engineering Pvt Ltd ("Fellow Subsidiary"). Subsequent to the above there were no employees in the company from the year ended 31st March 2017. Consequently, no provision is required for the Defined benefit plan (gratuity) for the year ended 31st March 2019.

**Note 20 Related Party Transactions****Details of related parties:**

Description of relationship	Related Party
Holding Company	Yuken India Ltd
Fellow Subsidiaries	Grotek Enterprises Private Limited Coretec Engineering Private Limited

Note: Related parties have been identified by the Management.

**Details of related party transactions during the year ended 31st March, 2019**

Particulars	₹ in Lakhs		
	Holding Company	Fellow Subsidiaries	Total
<b>Purchase of fixed assets</b>			
Yuken India Limited	-	-	-
	-	-	-
Coretec Engineering India Pvt Ltd	-	-	-
	-	-	-
<b>Purchase of goods and services received</b>			
Yuken India Limited	-	-	-
	-	-	-
Coretec Engineering India Pvt Ltd	-	-	-
		(3.45)	(3.45)
<b>Sale of fixed assets</b>			
Yuken India Limited	-	-	-
	-	-	-
Coretec Engineering India Pvt Ltd.	-	-	-
	-	-	-

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

<b>Sale of goods and services</b>			
Yuken India Limited	0.22		<b>0.22</b>
	-	-	-
Coretec Engineering India Pvt Ltd.	-	-	-
	-	-	-
Grotek Enterprises Pvt Ltd	-	-	-
	-	-	-
<b>Corporate Guarantee Received</b>			
Yuken India Limited	-	-	-
	-	-	-
<b>Interest Paid</b>			
Yuken India Limited	-	-	-
	-	-	-
<b>Amount outstanding (Receivables)</b>			
Yuken India Limited	-	-	-
	-	-	-
Coretec Engineering India Pvt Ltd	-	-	-
	-	-	-
Grotek Enterprises Pvt Ltd	-	2.97	<b>2.97</b>
	-	(2.97)	<b>(2.97)</b>
<b>Amount outstanding (Payables)</b>			
Yuken India Limited	365.36	-	<b>365.36</b>
	(365.62)	-	<b>(365.62)</b>
Coretec Engineering India Pvt Ltd	-	81.50	<b>81.50</b>
	-	(82.09)	<b>(82.09)</b>
<b>Note:</b>			
a) The related party relationships are as identified by the Company, on the basis of information available with the Company and relied upon by the auditors.			
b) The above transactions are compiled from the date in which these parties became related and do not include reimbursement of expenses which are accounted in the natural heads of accounts.			
c) No amounts in respect of the related parties have been written off /written back or provided for during the year.			
d) Figures in brackets relates to the previous year.			

**Note No: 21 Going Concern**

The Company is engaged in the business of Manufacture of Hydraulic Cylinders and Hydraulic Coils since the year 2002. Though the company was making profits in the initial years, due to stiff competition, lack of adequate margin and increasing cost of production, the company started incurring losses during the past few years. The management noted that the company's net worth is eroding, current liability has exceeded the available current assets and there are no sales during the FY 2018-19. These factors were rising doubts on the going concern of the company. However the management has made out a new plan for manufacturing/undertaking manifold from the Financial Year 2019-20. Necessary order are placed for purchase of new machines and equipments. Efforts are also on way to infuse necessary funds to meet the operation funding of the Company. In view of this positive developments and future plans of the management, the Company is considered as a Going Concern and the Financial Statements are prepared accordingly.



## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

**Note 22 Contingent Liabilities**

Contingent Liabilities &amp; Commitments (to the extent not provided for)

Particulars	₹ in Lakhs	
	As at 31st March, 2019	As at 31st March, 2018
Claims against the Company not acknowledged as debts	NIL	NIL

**Note 23**

Previous Years Figures have been regrouped/reclassified wherever necessary to confirm to current years classification

See accompanying notes to the Ind AS financial statements

For &amp; on behalf of the Board

As per our Report of Even Date

**For N.C.Rajagopal & Co.,**

Chartered Accountants

Firm Reg No. 003398S

**C.P. Rangachar**

DIN : 00310893

Director

**H.M. Narasinga Rao**

DIN : 00529717

Director

**V. Chandrasekaran**

Partner

(Membership No. 024844)

Place: Chennai

Date : 27<sup>th</sup> May 2019

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - (a) the details of technology imported; (b) the year of import; (c) whether the technology has been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof, and	
(iv) the expenditure incurred on Research and Development.	

178(1) of the Companies Act, 2013. 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 does not have any subsidiary Companies, associate Companies and joint ventures.

#### **STATUS OF THE COMPANY:**

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

### **3). FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Sl. No.	Particulars	As on 31.03.2019 (Amount in Rs)	As on 31.03.2018 (Amount in Rs)
01	Foreign Exchange Earnings	Nil	Nil
02	Foreign Exchange Outgo	Nil	Nil

#### **DETAILS OF CHANGE IN NATURE OF BUSINESS, IF ANY:**

There was no change in the nature of business of the Company during the financial year.

#### **BOARD OF DIRECTORS:**

The Board comprises following Directors:

Sl. No	Name of the Directors	Designation
1.	C P Rangachar	Director
2.	H M Narasinga Rao	Director
3	K Gopalkrishna	Director

Mr. C P Rangachar – Director retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

#### **DECLARATION BY INDEPENDENT DIRECTORS:**

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

#### **REMUNERATION POLICY:**

The Company is not covered under the provisions of Section

#### **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. The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weaknesses in the design or operation were observed.

#### **DEPOSITS:**

The Company has neither accepted nor renewed any deposits during the financial year and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

#### **MATERIAL ORDERS PASSED BY REGULATORY AUTHORITIES:**

During the financial year, the Company has received the Order dated 26.12.2018 from Ministry of Corporate Affairs, Regional Director, Chennai relating to approval for shifting the registered office from the State of Tamil Nadu to the State of Karnataka.

Considering the above mentioned order, Company has shifted the Registered office from No. 1, 2<sup>nd</sup> Cross Street, Ponnamman Nagar Road, Ayanambakkam, Maduravoyal Post, Chennai – 600 095 to C/o. Yuken India Limited, B-80, 2<sup>nd</sup> Cross, 1<sup>st</sup> Stage, Peenya Industrial Area, Bengaluru – 560058 with effect from 01.01.2019.

#### **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 financial year.

#### **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.

#### **PARTICULARS OF EMPLOYEES:**

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, 2019 the authorized share capital of the Company is Rs. 2,00,00,000/- consisting of 20,00,000 equity shares of Rs. 10/- each. The paid up Share Capital of the Company is Rs. 2,00,00,000 /- consisting of 20,00,000 equity shares of Rs. 10/- each. During the year under review, Company has not issued any shares or any convertible instruments.

#### **STATUTORY AUDITORS:**

M/s. N C Rajagopal & Co. (FRN: 003398S), Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and Auditors are confirmed their eligibility and willingness to accept the office of the Auditors if reappointed. Accordingly, certificate U/s.141 of the Companies Act, 2013, has been received from them.

The Board hereby proposes re-appointment for the further period of five years subject to approval of shareholders at the ensuing Annual General Meeting.

#### **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 endeavours 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. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year 2018-19, no complaint of sexual harassment has been received.

#### **ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation of the dedicated and untiring hard work put by the employees at all levels. Your Directors would like to thank the banks, consultants, auditors and above all the shareholders and valued customers for their continued support and patronage.

**For YUFLOW ENGINEERING PRIVATE LIMITED**

Place: Bengaluru

Date: 27<sup>th</sup> May 2019

**C P Rangachar**

Director

DIN: 00310893

**H M Narasinga Rao**

Director

DIN: 00529717

## Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31<sup>st</sup> March, 2019

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	U29120KA2002PTC120611
ii)	Registration Date	15.03.2002
iii)	Name of the Company	<b>YUFLOW ENGINEERING PRIVATE LIMITED</b>
iv)	Category/Sub-Category of the Company	Company Limited by Shares and Indian Non-Government Company
v)	Address of the Registered office and contact details	C/o. Yuken India Limited, B-80, 2 <sup>nd</sup> Cross, 1 <sup>st</sup> Stage, Peenya Industrial Area, Bengaluru 560058, Karnataka, India. Tel: +91 9845191995 email ID: hmn_rao@yukenindia.com
vi)	Whether listed Company Yes/No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the company
01.	Electric Motors	2710	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sl. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	<b>YUKEN INDIA LIMITED</b> No. 16-C, Doddanekundi Industrial Area II Phase, Mahadevapura, Bengaluru – 560 048.	L29150KA1976PLC003017	Holding Company	100%	2(46)

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	For each of top 10 shareholders	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	All the shareholders of the Company are promoters.			
	At the end of the year				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	For each of the Directors and KMP	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	<b>Mr. C.P. Rangachar</b>				
	At the beginning of the year	4,000	0.20	4000	0.20
	At the end of the year	4,000	0.20	4000	0.20
2.	<b>Mr. H.M. Narasinga Rao</b>				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
3.	<b>Mr. K. Gopalkrishna</b>				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-

Note: There was no change in Directors shareholding during the financial year 2018-19.

**V. INDEBTNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year:</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Changes in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year:</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-time Director and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTM/Manager				Total Amount
		Name-1	Name-2	Name-3	Name-4	(in Rs.)
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961. (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961. (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.	No Remuneration was paid to Managing Director, Whole-time Director and / or manager during the financial year 2018-19.				
2.	Stock Option					
3.	Sweat Equity					
4.	Commission - as % of profit - Others, specify...					
5.	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

**B. Remuneration to other Directors:**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Name - 1	Name - 2	Name - 3	Name - 4	(in Rs.)
	<b>1. Independent Directors:</b> * Fee for attending board / committee meetings * Commission * Others, please specify	No Remuneration was paid to other Directors during the financial year 2018-19.				
	<b>Total (1)</b>					
	<b>2. Other Non-Executive Directors:</b> * Fee for attending board / committee meetings * Commission * Others, please specify					
	<b>Total (2)</b>					
	Total (B) = (1+2)					
	Total Managerial Remuneration (A+B)					
	Overall Ceiling as per the Act					

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	(in Rs.)
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961. (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961. (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.	<b>No Remuneration was paid to Key Managerial Personnel other than Managing Director, Whole-time Director and / or Manager during the financial year 2018-19.</b>			
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	<b>Total</b>				

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding Fees imposed	Authority (RD / NCLT / Court)	Appeal made, if any (give details)
A. COMPANY					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.				
Punishment					
Compounding					

For YUFLOW ENGINEERING PRIVATE LIMITED

Place: Bengaluru  
Date: 27<sup>th</sup> May 2019

**C P Rangachar**  
Director  
DIN: 00310893

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



effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the 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.

## **6. Auditor's Responsibility for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, 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.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether 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 auditors' report to the related disclosures in the 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.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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.

## **7. Report on Other Legal and Regulatory Requirements**

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-A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, 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 and adequate records for the purposes of our audit have been received from the branches not visited by us.
- (c) The Balance Sheet, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash flow Statement, notes to financial statements and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts.
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 B**”.
- (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 required to be transferred to the Investor Education and Protection Fund by the Company.

**For N.C. Rajagopal & Co.**  
Chartered Accountants  
Firm Reg No: 003398S

**V.Chandrasekaran**  
(Partner)

Membership No. 024844

Place : Chennai  
Date : 27<sup>th</sup> May 2019

## Annexure - A to The Auditor's Report

(Referred to in Para 7 of our report of even date)

- |  |   |
|--|---|
| <p>(i) As explained to us, the company does not have any fixed asset and hence reporting under clause (i) (a) to (c) does not arise.</p> <p>(ii) As explained to us, the company does not have any inventories and hence reporting under clause (ii) does not arise.</p> <p>(iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Since the reporting of point (iii) is not affirmative, the reporting on points (a), (b) and (c) does not arise.</p> <p>(iv) In our opinion and according to the information and explanations given to us, the company has not granted any loans, made any investments or provided any guarantee or security as envisaged under Section 185 and Section 186 of the Companies Act 2013, respectively.</p> <p>(v) The company has not accepted deposits from the public as per the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, hence reporting under this clause does not arise.</p> <p>(vi) The Central Government has not prescribed maintenance of cost records under section 148(1) of the Act.</p> <p>(vii) (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and other statutory dues applicable to it.</p> <p style="padding-left: 40px;">(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.</p> <p>(viii) As per the information and records produced and verified by us, the company has not defaulted in repayment of dues to financial institution. The company has not raised money by way of debentures and did not have any dues in respect of loans and borrowings payable to banks or government.</p> <p>(ix) According to the information and explanation given to us, the company has not raised money by way of initial</p> | <p>public offer or further public offer or term loans during the year.</p> <p>(x) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the company nor any fraud on the Company by its officers or employees during the year.</p> <p>(xi) As per our verification of books of accounts of the company, Managerial remuneration payable under section 197 read with Schedule V to the Companies Act is not applicable to the company and hence reporting under this section does not arise.</p> <p>(xii) In our opinion and according to the information and explanation given to us, the company is not a Nidhi Company as prescribed under Section 406 of the Act. Hence reporting under this clause does not arise.</p> <p>(xiii) According to the information and explanation given to us, the transactions with the related parties are in compliance with section 177 and 188 of the Companies Act 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.</p> <p>(xiv) According to the information and explanation given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.</p> <p>(xv) According to the information and explanation given to us and based on our examination of the records of the company, the company has not entered into any non cash transactions with directors or person connected with him as referred to in section 192 of Companies Act, 2013.</p> <p>(xvi) According to the information and explanation given to us, the company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Hence, reporting under this clause does not arise.</p> |
|--|---|

**For N.C. Rajagopal & Co.**  
Chartered Accountants  
Firm Reg No: 003398S

**V.Chandrasekaran**  
(Partner)

Membership No. 024844

Place : Chennai  
Date : 27<sup>th</sup> May 2019

## Yuflow Engineering Private Limited

CIN : U29120KA2002PTC120611

## Balance Sheet as at 31st March, 2019

Particulars	Note No	As at 31st March 2019	As at 31st March 2018
		₹ in Lakhs	₹ in Lakhs
<b>ASSETS</b>			
<b>1) Non-current assets</b>			
(a) Non Current Tax Assets (Net)	1	-	5.27
<b>Total Non - Current Assets</b>		-	5.27
<b>Current assets</b>			
(a) Financial assets			
(i) Trade receivables	2	-	44.77
(ii) Cash and cash equivalents	3	6.56	18.44
(iii) Others financial assets	4	-	9.95
(b) Other current assets	5	-	1.78
<b>Total current assets</b>		6.56	74.94
<b>Total assets</b>		6.56	80.21
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share capital	6	200.00	200.00
(b) Other equity	7	(639.40)	(576.08)
<b>Total Equity</b>		(439.40)	(376.08)
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	8	-	3.93
(ii) Other financial liabilities	9	1.42	1.30
(b) Other current liabilities	10	444.55	451.07
<b>Total Current Liabilities</b>		445.96	456.29
<b>Total Liabilities</b>		445.96	456.29
<b>Total Equity and Liabilities</b>		6.56	80.21
See accompanying notes to the Ind AS financial statements	1-23		

For &amp; on behalf of the Board

As per our Report of Even Date

For N.C.Rajagopal &amp; Co.,

Chartered Accountants

Firm Reg No. 003398S

C.P.Rangachar

DIN : 00310893

Director

H.M. Narasinga Rao

DIN : 00529717

Director

V. Chandrasekaran

Partner

(Membership No. 024844)

Place: Chennai

Date : 27<sup>th</sup> May 2019

## Yuflow Engineering Private Limited

CIN : U29120KA2002PTC120611

## Statement of Profit and Loss for the year ended 31st March, 2019

	Particulars	Note No.	Year ended 31st March,2019	Year ended 31st March,2018
			₹ in Lakhs	₹ in Lakhs
<b>I</b>	Revenue from Operations	11	0.22	3.80
<b>II</b>	Other Income	12	4.05	5.38
<b>III</b>	<b>Total Income (I+II)</b>		<b>4.27</b>	<b>9.18</b>
<b>IV</b>	<b>Expenses</b>			
	Cost of materials consumed	13	-	4.86
	Excise duty on sale of goods		-	0.42
	Employee benefit expenses	14	0.54	1.35
	Finance costs	15	-	1.81
	Other expenses	16	67.06	21.77
	<b>Total expenses (IV)</b>		<b>67.60</b>	<b>30.21</b>
<b>V</b>	<b>Profit/(loss) before tax(III-IV)</b>		<b>(63.33)</b>	<b>(21.03)</b>
<b>VI</b>	<b>Tax expense</b>			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
	(3) Tax on earlier Years		-	0.43
			-	0.43
<b>VII</b>	<b>Profit/(loss) for the year (V-VI)</b>		<b>(63.33)</b>	<b>(21.46)</b>
<b>VIII</b>	<b>Other comprehensive income for the year</b>		-	-
<b>IX</b>	<b>Total comprehensive Income for the year(VII+VIII)</b>		<b>(63.33)</b>	<b>(21.46)</b>
	<b>Earnings per equity share (for continuing operation):</b>			
	Basic (in Rs.)	17	(3.17)	(1.07)
	Diluted (in Rs.)		(3.17)	(1.07)
<b>See accompanying notes to the Ind AS financial statements</b>		1-23		

For &amp; on behalf of the Board

As per our Report of Even Date

For N.C.Rajagopal &amp; Co.,

Chartered Accountants

Firm Reg No. 003398S

C.P.Rangachar

DIN : 00310893

Director

H.M. Narasinga Rao

DIN : 00529717

Director

V. Chandrasekaran

Partner

(Membership No. 024844)

Place: Chennai

Date : 27<sup>th</sup> May 2019

**Yuflow Engineering Private Limited**  
**Cash Flow Statement for the year ended 31st March, 2019**

Particulars	Year ended 31st March, 2019		Year ended 31st March, 2018	
	₹ in Lakhs		₹ in Lakhs	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before tax		(63.33)		(21.03)
<u>Adjustments for:</u>				
Depreciation and amortisation	-	-	-	-
(Profit) / loss on sale of assets	-	-	-	-
Finance costs	-	-	1.81	-
		-		1.81
Operating profit / (loss) before working capital changes-(1)		(63.33)		(19.22)
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:-(2)				
Inventories	-	-	-	-
Trade receivables	44.77	-	14.68	-
Loans(Short Term and Long Term)	-	-	-	-
Other Financial Assets	9.95	-	0.12	-
Other Current Assets	1.78	-	0.88	-
		56.50		15.68
Adjustments for increase / (decrease) in operating liabilities:-(3)				
Trade payables	(3.93)	-	(32.98)	-
Other Financial Liabilities	0.13	-	-	-
Provisions(short term and Long Term)	-	-	-	-
Non-Financial Liabilities	(6.52)	-	259.77	-
		(10.32)		226.78
Cash generated from operations(1)+(2)+(3)		(17.15)		223.24
Net income tax (paid)/refunds		5.27		14.73
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>(11.88)</b>		<b>237.97</b>
<b>B. Cash flow from investing activities</b>				
Payments for acquisition of Fixed Assets		-		-
Proceeds From Sale of Fixed Assets		-		-
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>-</b>		<b>-</b>
<b>C. Cash flow from financing activities</b>				
Proceeds/Repayments from Borrowings (Net)		-		(218.35)
Finance costs		-		(1.81)
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>-</b>		<b>(220.16)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(11.88)</b>		<b>17.81</b>
Cash and cash equivalents at the beginning of the year		18.44		0.63
Less: Bank balances not considered as Cash and cash equivalents		-		-
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
<b>Cash and cash equivalents at the end of the year</b>		<b>6.56</b>		<b>18.44</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
<b>Cash and cash equivalents at the end of the year</b>		<b>6.56</b>		<b>18.44</b>
See accompanying notes to the Ind AS financial statements				

For &amp; on behalf of the Board

As per our Report of Even Date

**For N.C.Rajagopal & Co.,**

Chartered Accountants

Firm Reg No. 003398S

**C.P.Rangachar**

DIN : 00310893

Director

**H.M. Narasinga Rao**

DIN : 00529717

Director

**V. Chandrasekaran**

Partner

(Membership No. 024844)

Place: Chennai

Date : 27<sup>th</sup> May 2019

**B.4 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 financial statements of the Company

**B.4.1. Sale of goods:-**

Revenue from the sale of goods is recognised when the 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.

**B.4.2****A Dividend and interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**B. Rental income**

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

**B.5 Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**The Company as lessor**

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment

in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

**B.6 Employee Benefits****B.6.1 Retirement benefit costs and termination benefits**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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

- service cost (including current service cost, past service costs, and gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the company can no longer withdraw the offer of the termination benefit and when the company recognises any related restructuring costs.



**B.6.2 Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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

**B.6.3 Contributions from employees or third parties to defined benefit plans**

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.70.

**B.7 Income tax Expense/(Benefit):-**

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

**Current Tax**

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

**Deferred Tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

**Deferred tax liabilities** are generally recognised for all taxable temporary differences. However in case of temporary differences arising on initial recognition of assets or liabilities (other than in business combination) that affects neither accounting profit nor taxable profit, the deferred tax liabilities are not recognized.

In addition to that, deferred tax liabilities arising on initial recognition of goodwill also not recognized

**Deferred tax assets** are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

*Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**B.8 Property, Plant and Equipment (PPE)**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the condensed balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

*Freehold land is not depreciated.*

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The Estimated useful lives of PPE followed by the company are as below:

Factory Buildings	: 30 years
Office Buildings	: 60 years
Plant and Machinery	: 15 years
Furniture and Fittings	: 10 years
Office Equipments and Electrical Installations	: 5 years
Computers	: 3 years.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each

reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

*Deemed cost on IND-AS Transition :*

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**B.9 Intangible Assets****B.9.1 Intangible assets acquired separately**

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

**B.9.2 Derecognition of intangible assets**

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

**B.9.3 Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows:

ERP software - 5 years

been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

#### **B.15 Impairment**

##### **(i) Financial assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

##### **(ii) Non-financial assets**

#### **Property, plant and equipment and Intangible assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

#### **B.16 Recent Indian Accounting Standards (Ind AS) and amendments**

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

##### **IND AS- 116**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

##### **Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income

tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

#### **Ind AS 109 – Prepayment features with negative compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

#### **Ind AS 19 – Plan amendment, curtailment or settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been

included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

#### **Ind AS 23 – Borrowing costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

#### **Ind AS 28 – Long-term interests in associates and joint ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

#### **Ind AS 103 – Business combinations and Ind AS 111 – joint arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

## Note 1 Income Tax Assets(net)

Particulars	As at 31st March,2019	As at 31st March,2018
	₹ in Lakhs	₹ in Lakhs
<b>Non-current</b>		
Advance Income Tax	-	5.27
(Net of Provisions: CY Rs. NIL, PY: Rs. NIL)	-	5.27

## Note 2 Trade receivables

Particulars	As at 31st March,2019	As at 31st March,2018
	₹ in Lakhs	₹ in Lakhs
<b>Current</b>		
Trade receivables		
(a) Unsecured, considered good	-	48.83
Less: Allowance for Credit Losses	-	4.06
	-	44.77

## Note 3 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

Particulars	As at 31st March,2019	As at 31st March,2018
	₹ in Lakhs	₹ in Lakhs
Cash on hand	0.06	0.13
Balances with Banks		
(i) In current accounts	6.50	18.31
	6.56	18.44

## Note 4 Other Financial Assets

Particulars	As at 31st March,2019	As at 31st March,2018
	₹ in Lakhs	₹ in Lakhs
<b>Non-current</b>		
Security deposits	-	9.95
	-	9.95

## Note 5 Other Assets

Particulars	As at 31st March,2019	As at 31st March,2018
	₹ in Lakhs	₹ in Lakhs
CENVAT credit receivable	-	0.07
Advance to suppliers	-	1.71
	-	1.78

## Yuflow Engineering Private Ltd

**Notes to the IND AS financial statements for the year ended 31st March, 2019****Note 11 Revenue from Operations**

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
(a) Revenue from Sale of products	0.22	3.80
	<b>0.22</b>	<b>3.80</b>

**Note 12 Other Income**

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
(a) Miscellaneous Income	4.05	5.38
	<b>4.05</b>	<b>5.38</b>

**Note 13 Cost of materials Consumed**

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
Opening stock	-	-
Add: Purchases	-	4.69
Add : Freight Inwards	-	0.17
	-	<b>4.86</b>
Less: Closing stock	-	-
<b>Cost of materials consumed</b>	-	<b>4.86</b>

**Note 14 Employee benefits expense**

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
Salaries and wages	0.54	1.35
Contribution to provident and other funds		
Staff welfare expenses		
	<b>0.54</b>	<b>1.35</b>

**Note 15 Finance costs**

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
Interest costs :-		
(i) Interest on bank overdrafts and loans		1.81
	-	<b>1.81</b>

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

## Note 16 Other expenses

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
Rent	0.60	0.60
Repair and Maintenance	0.10	0.01
Rates & Taxes	1.56	0.10
Communication	0.10	0.03
Travelling & Conveyance	2.37	1.03
Printing & Stationery	0.24	0.03
Legal & Professional Fees	1.46	1.20
For Statutory Audit	0.75	0.75
For Taxation Matters	0.25	0.25
Bad Debts written off	55.32	5.36
Warranty Repalcement	-	8.89
Bank Charges	0.16	-
Other Expenses	4.17	3.51
	<b>67.06</b>	<b>21.77</b>

## Note 17 Earnings per Share

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
	₹ in Lakhs	₹ in Lakhs
Net Profit / (loss) for the year attributable to Equity Shareholders	(63.33)	(21.46)
Weighted Average Number of Equity Shares	2,000,000	2,000,000
Earnings per Share - Basic & Diluted	(3.17)	(1.07)
Face Value per Share	10.00	10.00

## 18. Financial Instruments

## (a) Financial assets and liabilities

The carrying value of financial instruments by categories as of 31st March, 2019 is as follows:

Particulars	Amortised Cost ₹ in Lakhs	Total Carrying Cost ₹ in Lakhs	Total Fair Value ₹ in Lakhs
<b>Assets:</b>			
Trade receivables	-	-	-
Cash and cash equivalents	6.56	6.56	-
Other financial assets	-	-	-
	<b>6.56</b>	<b>6.56</b>	-
<b>Liabilities:</b>			
Trade Payables	-	-	-
Other financial liabilities	1.42	1.42	-
	<b>1.42</b>	<b>1.42</b>	-



## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

The carrying value of financial instruments by categories as of 31st March, 2018 is as follows:

Particulars	Amortised Cost ₹ in Lakhs	Total Carrying Cost ₹ in Lakhs	Total Fair Value ₹ in Lakhs
<b>Assets:</b>			
Trade receivables	44.77	44.77	-
Cash and cash equivalents	18.44	18.44	-
Other financial assets	9.95	9.95	-
	<b>73.16</b>	<b>73.16</b>	-
<b>Liabilities:</b>			
Trade Payables	3.93	3.93	-
Other financial liabilities	1.30	1.30	-
	<b>5.23</b>	<b>5.23</b>	-

**(b) Fair Value hierarchy:**

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

Level 1 —Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 —Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market. The investments included in Level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

As at 31st March, 2019	Level 1	Level 2	Level 3
<b>Financial assets:</b>			
Derivative financial assets	Nil	Nil	Nil
<b>As at 31st March, 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets:</b>			
Derivative financial assets	Nil	Nil	Nil

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Effect of a 1% change in health care cost	Year ended 31st March, 2019	
	Increase by 1%	Decrease by 1%
Aggregate current service and interest cost	NA	NA
Closing balance of obligation	NA	NA

**Note:**

Due to closure of operation as per the decision taken by the management in its Extraordinary General Meeting held on 12th august 2016, full and final settlement was made to all the employees. The employees pertaining to Cylinder division were paid gratuity amounting to Rs.15,06,648/- and coil division employees' gratuity amounting to Rs.1,69,014/- were transferred to Coretec engineering Pvt Ltd ("Fellow Subsidiary"). Subsequent to the above there were no employees in the company from the year ended 31st March 2017. Consequently, no provision is required for the Defined benefit plan (gratuity) for the year ended 31st March 2019.

**Note 20 Related Party Transactions****Details of related parties:**

Description of relationship	Related Party
Holding Company	Yuken India Ltd
Fellow Subsidiaries	Grotek Enterprises Private Limited Coretec Engineering Private Limited

Note: Related parties have been identified by the Management.

**Details of related party transactions during the year ended 31st March, 2019**

Particulars	₹ in Lakhs		
	Holding Company	Fellow Subsidiaries	Total
<b>Purchase of fixed assets</b>			
Yuken India Limited	-	-	-
	-	-	-
Coretec Engineering India Pvt Ltd	-	-	-
	-	-	-
<b>Purchase of goods and services received</b>			
Yuken India Limited	-	-	-
	-	-	-
Coretec Engineering India Pvt Ltd	-	-	-
		(3.45)	(3.45)
<b>Sale of fixed assets</b>			
Yuken India Limited	-	-	-
	-	-	-
Coretec Engineering India Pvt Ltd.	-	-	-
	-	-	-

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

<b>Sale of goods and services</b>			
Yuken India Limited	0.22		<b>0.22</b>
	-	-	-
Coretec Engineering India Pvt Ltd.	-	-	-
	-	-	-
Grotek Enterprises Pvt Ltd	-	-	-
	-	-	-
<b>Corporate Guarantee Received</b>			
Yuken India Limited	-	-	-
	-	-	-
<b>Interest Paid</b>			
Yuken India Limited	-	-	-
	-	-	-
<b>Amount outstanding (Receivables)</b>			
Yuken India Limited	-	-	-
	-	-	-
Coretec Engineering India Pvt Ltd	-	-	-
	-	-	-
Grotek Enterprises Pvt Ltd	-	2.97	<b>2.97</b>
	-	(2.97)	<b>(2.97)</b>
<b>Amount outstanding (Payables)</b>			
Yuken India Limited	365.36	-	<b>365.36</b>
	(365.62)	-	<b>(365.62)</b>
Coretec Engineering India Pvt Ltd	-	81.50	<b>81.50</b>
	-	(82.09)	<b>(82.09)</b>
<b>Note:</b>			
a) The related party relationships are as identified by the Company, on the basis of information available with the Company and relied upon by the auditors.			
b) The above transactions are compiled from the date in which these parties became related and do not include reimbursement of expenses which are accounted in the natural heads of accounts.			
c) No amounts in respect of the related parties have been written off /written back or provided for during the year.			
d) Figures in brackets relates to the previous year.			

**Note No: 21 Going Concern**

The Company is engaged in the business of Manufacture of Hydraulic Cylinders and Hydraulic Coils since the year 2002. Though the company was making profits in the initial years, due to stiff competition, lack of adequate margin and increasing cost of production, the company started incurring losses during the past few years. The management noted that the company's net worth is eroding, current liability has exceeded the available current assets and there are no sales during the FY 2018-19. These factors were rising doubts on the going concern of the company. However the management has made out a new plan for manufacturing/undertaking manifold from the Financial Year 2019-20. Necessary order are placed for purchase of new machines and equipments. Efforts are also on way to infuse necessary funds to meet the operation funding of the Company. In view of this positive developments and future plans of the management, the Company is considered as a Going Concern and the Financial Statements are prepared accordingly.

## Yuflow Engineering Private Ltd

## Notes to the IND AS financial statements for the year ended 31st March, 2019

**Note 22 Contingent Liabilities**

Contingent Liabilities &amp; Commitments (to the extent not provided for)

Particulars	₹ in Lakhs	
	As at 31st March, 2019	As at 31st March, 2018
Claims against the Company not acknowledged as debts	NIL	NIL

**Note 23**

Previous Years Figures have been regrouped/reclassified wherever necessary to confirm to current years classification

See accompanying notes to the Ind AS financial statements

For &amp; on behalf of the Board

As per our Report of Even Date

**For N.C.Rajagopal & Co.,**

Chartered Accountants

Firm Reg No. 003398S

**C.P. Rangachar**

DIN : 00310893

Director

**H.M. Narasinga Rao**

DIN : 00529717

Director

**V. Chandrasekaran**

Partner

(Membership No. 024844)

Place: Chennai

Date : 27<sup>th</sup> May 2019



