

## **2. CORETEC ENGINEERING INDIA PRIVATE LIMITED**

## **NOTICE**

**NOTICE** is hereby given that the **22<sup>nd</sup>** Annual General Meeting of the Members of **CORETEC ENGINEERING INDIA PRIVATE LIMITED** will be held on Saturday, 19<sup>th</sup> September, 2020 at 12.00 Noon at the Registered Office of the Company situated at B-59, Dyavasandra Industrial Estate, Mahadevapura, Whitefield Road, Bengaluru - 560048 to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider, approve and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020, together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Kandachar Gopal Rao Ravi (DIN: 03520396), who retires by rotation and being eligible, offers himself for re-appointment.

By order of the Board,  
**For CORETEC ENGINEERING INDIA PRIVATE LIMITED**

**Shashikant Kala Naik**  
Director  
DIN: 03533778

Place: Bengaluru  
Date: 05<sup>th</sup> August, 2020

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

## DIRECTORS' REPORT

To,

**The Members of  
Coretec Engineering India 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, 2020.

### FINANCIAL RESULTS:

#### **Financial highlights:**

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2020	31.03.2019
<b>Total Income</b>	<b>2,410.07</b>	<b>3,098.26</b>
Total expenditure	2,370.08	3,002.78
Profit/(Loss) before interest, depreciation and tax	39.99	95.48
Finance cost	127.34	106.24
Depreciation	82.33	71.65
<b>Profit/(Loss) before Tax</b>	<b>(169.68)</b>	<b>(82.41)</b>
Provision for taxation (Net of deferred tax)	(9.97)	(20.98)
<b>Profit/(loss) after tax</b>	<b>(159.71)</b>	<b>(61.43)</b>
Net comprehensive income for the year	(0.43)	0.11
<b>Total comprehensive income for the year</b>	<b>(160.14)</b>	<b>(61.32)</b>
Balance in Statement of profit and loss	<b>168.72</b>	<b>230.04</b>
<b>Amount available for appropriation</b>	<b>8.58</b>	<b>168.72</b>
<b>Appropriations:</b>		
Equity dividend paid	-	-
Tax on Equity Dividend	-	-
<b>Balance carried to Balance Sheet</b>	<b>8.58</b>	<b>168.72</b>

During the year, your Company has earned total revenue of Rs. 2,410.07 lakhs as compared to previous year total revenue of Rs. 3,098.26 lakhs. The total revenue is decreased due to economic slowdown in the year 2019-20 and on top of it, COVID-19 pandemic situation globally. The Company has registered a net Loss of Rs. 160.14 lakhs.

Your Directors are making all efforts to ensure optimal operational results in coming years and achieving higher margins. Directors are putting effort to control the cost and thereby improving the profitability in line with the increase in the revenue.

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

As per provisions of Section 92 (3) of the Companies Act, 2013 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 2019-20, there were 08 Board Meetings held on the following dates; 27.05.2019, 09.08.2019, 11.11.2019, 02.12.2019, 01.01.2020, 07.02.2020, 15.02.2020, and 10.03.2020.

### DIRECTORS RESPONSIBILITY STATEMENT:

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

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

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

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

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

All contracts or arrangements with related parties, entered into or modified during the financial year were at arm's length basis and in the ordinary course of the Company's business.

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

A statement in Form AOC-2 pursuant to the provisions of Clause (h) of sub-section (3) of section 134 of the Act read with sub-rule(2) of rule 8 of Companies (Accounts) Rules, 2014 is furnished in "Annexure-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, 2020.

**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:**

The World Health Organization (WHO) declared the outbreak of the Coronavirus Disease (COVID-19) as a global pandemic on 11<sup>th</sup> March 2020. Consequent to this, the Government of India declared a nation-wide lockdown on 23<sup>rd</sup> March 2020 due to which the Company suspended its operations at all

its factories and offices in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations by way of production, sales, supply chain disruptions, closure of customers' site and suspension of travel and unavailability of personnel during the lockdown period.

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

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

In terms of clause (m) of sub-section (3) of section 134 of the Companies Act, 2013 and the rules framed there under, the particulars relating to conservation of energy, technology absorption and foreign earnings and outgo is given below:

**1). CONSERVATION OF ENERGY:**

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

**2). TECHNOLOGY ABSORPTION:**

The Company has no activity relating to technology absorption.

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

Sl. No.	Particulars	As on 31.03.2020 (Amount in INR)	As on 31.03.2019 (Amount in INR)
01	Foreign Exchange Earnings	NIL	NIL
02	Foreign Exchange Outgo	1,23,94,817	73,24,965

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

There was no change in the nature of business of the Company during the year 2019-20.

**BOARD OF DIRECTORS:**

The Board comprises following Directors:

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

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

**DECLARATION BY INDEPENDENT DIRECTORS:**

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

**REMUNERATION POLICY:**

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

**SUBSIDIARY:**

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

**STATUS OF THE COMPANY:**

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

**INTERNAL FINANCIAL CONTROLS:**

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

**DEPOSITS:**

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

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

**MATERIAL ORDERS PASSED BY REGULATORY AUTHORITIES:**

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

**RISK MANAGEMENT POLICY:**

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

**DETAILS OF REVISION OF FINANCIAL STATEMENTS:**

There was no revision of the financial statements of the Company, during the year 2019-20.

**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:**

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, 2020 the authorized share capital of the Company is Rs. 5,00,00,000/- consisting of 50,00,000 equity shares of Rs. 10/- each. The paid up share capital of the Company is Rs. 3,61,96,000/- consisting of 36,19,600 equity shares of Rs. 10/- each.

During the year under review, the Company has increased its Authorised share capital from Rs. 75,00,000/- divided into Rs. 7,50,000 Equity shares of Rs. 10/- each to Rs. 5,00,00,000/- divided into 50,00,000 Equity Shares of Rs.10/- each at the extraordinary General Meeting held on 31.01.2020.

During the year under review, the Company has issued 30,00,000 Equity shares of Rs. 10/- each at an issue price of Rs. 10/- per share aggregating Rs.3,00,00,000/- (Rupees Three Crore only) on right issue basis to Yuken India Limited – parent Company and Company has not issued any convertible instruments.

**STATUTORY AUDITORS:**

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. V K A N & ASSOCIATES, Chartered Accountants, Bengaluru have been appointed as statutory auditors of the

Company at the Annual General Meeting held on 31<sup>st</sup> July, 2019, for a period of 5 years and to hold the office up to the conclusion Annual General Meeting of the Company to be held in the year 2024.

The Statutory Auditors' Report for FY 2019-20 does not contain any qualifications. The Auditors' Report is enclosed with the financial statements.

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

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

The Company does not have a formal Anti Sexual Harassment policy in place but has adequate measures including checks and corrections in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. During the year 2019-20, no complaint of sexual harassment has been received.

**ACKNOWLEDGEMENTS:**

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

On behalf of the Board

**For Coretec Engineering India Private Limited**

**Shashikant Kala Naik**

Director

DIN: 03533778

**Kandachar Gopalarao Ravi**

Director

DIN: 03520396

Place: Bengaluru

Date: 26.06.2020

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2020

[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	U29246KA1998PTC023863
ii)	Registration Date	18/06/1998
iii)	Name of the Company	<b>CORETEC ENGINEERING INDIA PRIVATE LIMITED</b>
iv)	Category / Sub-Category of the Company	Private company/Company having share Capital / Non-Government Company
v)	Address of the Registered office and contact details	Regd. Office and Factory: B-59, Dyavasandra Industrial Estate, Mahadevapura, Whitefield Road, Bengaluru- 560048, Karnataka, India. e-mail: coretecengg@gmail.com Contact no. +91 9845191995 Factory -2: Plot No.260, 263, 264, Malur III Phase, Industrial Area, KIADB Road No.7, Malur Taluk, Kolar, Karnataka, India- 563 130
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
1	Iron Core & Spool	2812	29.69
2	Coil	2812	27.19
3	Cylinders	2812	36.24

#### 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	0.01	(0.05)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	6,19,200	6,19,200	99.94	-	36,19,200	36,19,200	99.99	0.05
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>36,19,600</b>	<b>36,19,600</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>36,19,600</b>	<b>36,19,600</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 up to Rs.1 Lakh	-	-	-	-	-	-	-	-	-



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	
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>	-	6,19,600	6,19,600	100	-	36,19,600	36,19,600	100	-

## (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	-	36,19,200	99.99	-	0.05
2	K Gopalkrishna	400	0.06	-	400	0.01	-	(0.05)

Note: Changes in shareholding of promoters due to Allotment of 30,00,000 equity shares of Rs. 10/ each- to Yuken India Limited on 10.03.2020 .

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

Sl. 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	-	-
	Add; Allotment of Shares on 10.03.2020	30,00,000	99.99	36,19,200	99.99
	<b>At the end of the year</b>	<b>36,19,200</b>	<b>99.99</b>	<b>36,19,200</b>	<b>99.99</b>
2	<b>K Gopalkrishna</b>				
	At the beginning of the year	400	0.06	-	-
	<b>At the end of the year</b>	<b>400</b>	<b>0.01</b>	<b>400</b>	<b>0.01</b>

Note: Changes in shareholding of promoters due to Allotment of 30,00,000 equity shares of Rs. 10/ each- to Yuken India Limited on 10.03.2020.

(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
1		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	
	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>Shashikant Kala Naik</b>				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
2	<b>Kandachar Gopalarao 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	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>1,188.31</b>
<b>Changes in Indebtedness during the financial year</b>	402.73	-	-	402.73
• Addition				
• Reduction	(238.62)	-	-	(238.62)
<b>Net Change</b>	<b>164.11</b>			<b>164.11</b>
<b>Indebtedness at the end of the financial year:</b>	1,347.73	-	-	1,347.73
i) Principal Amount				
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	4.69	-	-	4.69
<b>Total (i+ii+iii)</b>	<b>1,352.42</b>	-	-	<b>1,352.42</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 2019-20.</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.)
1	<b>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 2019-20</b>			
	<b>Total (1)</b>				
2	<b>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 During the financial year 2019-20.</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 2019-20.				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2019-20.				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2019-20.				
Punishment					
Compounding					

On behalf of the Board  
For Coretec Engineering India Private Limited

Place: Bengaluru  
Date: 26.06.2020

**Shashikant Kala Naik**  
Director  
DIN: 03533778

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

## Form AOC-2

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

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

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

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

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

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

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

For Coretec Engineering India Private Limited

Place: Bengaluru

Date: 26.06.2020

**Shashikant Kala Naik**

Director

DIN: 03533778

**Kandachar Gopalarao Ravi**

Director

DIN: 03520396

## Independent Auditor's Report

**To the Members of**

**Coretec Engineering India Private Limited**

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

### **Opinion**

We have audited the accompanying standalone Ind AS financial statements of Coretec Engineering India Private Limited ("*the Company*") which comprises the Balance Sheet as at March 31, 2020, 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 standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its loss, total comprehensive 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 standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS financial statements.

### **Emphasis of matter**

We draw attention to Note 2.2(a) to the standalone Ind AS financial statements which describes the effects as a result of COVID-19 on the Company's business. Our opinion is not modified in respect of this matter.

### **Management's responsibility for the standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India, specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 standalone Ind AS financial statements or, if such disclosures are inadequate,

to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account



- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 27 to the standalone Ind AS financial statements
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government 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

**Anand Kumar Daga**

Partner

Membership No. 216281

UDIN: 20216281AAAABU6128

Place: Bangalore

Date: 26-Jun-2020

## 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 India Private Limited of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (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.
- (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
- (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.
- (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.
- (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.
- (v) According to the information and explanations made available to us, the Company has not accepted deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act.
- (vii) According to the information and explanations given to us and on the basis of our examination of books of accounts in respect of statutory dues,
- a) The Company has generally been regular in depositing undisputed statutory dues including Income tax, Provident fund, Employees state Insurance, Goods and Service Tax and other material statutory dues with the appropriate authorities.
- b) There are no undisputed amounts payable in respect of Income tax, Provident fund, Employees state Insurance, Goods and Service Tax and other material statutory dues as at March 31, 2020 for a period of more than six months from the date they became payable.
- c) There are no dues of Income Tax, Goods and Service Tax, Customs Duty and other material statutory dues as on March 31, 2020 on account of any disputes except as per details below

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.in Lakhs)
Income tax act, 1961	Dispute on account of additional tax demanded	Assessing Officer	2004-05, 2005-06, 2009-10	1.42

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company did not have any outstanding debentures during the year.
- (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.

- (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.
- (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) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The Company is a private company and hence the provisions of Section 177 of the Companies Act, 2013 do not apply to the Company.

(xiv) According to the information and explanations given 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

**Anand Kumar Daga**

Partner

Membership No. 216281

UDIN: 20216281AAAABU6128

Place: Bangalore

Date: 26-Jun-2020

## Coretec Engineering India Private Limited

CIN - U29246KA1998PTC023863

## Balance Sheet as at 31 March, 2020

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
		₹	₹
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.a	12,87,75,127	10,92,38,804
Other intangible assets	3.b	22,64,855	24,15,537
Capital work in progress		3,11,50,358	1,47,20,452
Financial assets			
(i) Other financial assets	4a	20,18,622	5,70,282
Income tax assets	4b	3,27,739	84,265
Other non current assets	4c	15,44,530	35,73,137
<b>Total non-current assets</b>		<b>16,60,81,231</b>	<b>13,06,02,476</b>
<b>Current assets</b>			
Inventories	5	7,34,30,351	5,43,32,963
Financial assets			
(i) Trade receivables	6	11,77,70,533	6,98,81,164
(ii) Cash and cash equivalents	7	7,39,531	11,85,847
(iii) Loans and advances	8	69,945	4,18,480
Other current assets	9	64,95,833	55,05,646
<b>Total current assets</b>		<b>19,85,06,193</b>	<b>13,13,24,100</b>
<b>Total assets</b>		<b>36,45,87,424</b>	<b>26,19,26,576</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10.a	3,61,96,000	61,96,000
Other equity	10.b	8,58,299	1,68,72,108
<b>Total Equity</b>		<b>3,70,54,299</b>	<b>2,30,68,108</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	11	4,28,76,331	1,50,08,395
Provisions	12	39,23,491	35,54,113
Deferred tax liabilities (net)	13	3,59,358	13,71,907
<b>Total non - current liabilities</b>		<b>4,71,59,180</b>	<b>1,99,34,415</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	11	7,97,65,236	9,96,20,463
(ii) Trade payables	14		
Total outstanding dues of micro enterprises and small enterprises		94,46,137	2,02,35,365
Total outstanding dues of creditors other than micro enterprises and small enterprises		6,06,46,530	9,35,66,175
(iii) Other financial liabilities	15	1,26,00,416	42,02,187
Provisions	12	93,439	94,245
Other current liabilities	16	11,78,22,187	12,05,618
<b>Total current liabilities</b>		<b>28,03,73,945</b>	<b>21,89,24,053</b>
<b>Total liabilities</b>		<b>32,75,33,125</b>	<b>23,88,58,468</b>
<b>Total equity and liabilities</b>		<b>36,45,87,424</b>	<b>26,19,26,576</b>
<b>See accompanying notes to the standalone 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

Anand Kumar Daga  
Partner

Membership No: 216281

Place: Bangalore

Date: 26-Jun-2020

K.G. Ravi  
Director

DIN: 03520396

S.K. Naik  
Director

DIN: 03533778

**Coretec Engineering India Private Limited**  
**Statement of Profit and Loss for the year ended 31 March, 2020**

Particulars	Note No.	Year ended 31 March, 2020	Year ended 31 March, 2019
		₹	₹
<b>Income</b>			
Revenue from operations	17	24,04,66,062	30,86,65,669
Other income	18	5,40,568	11,60,530
		<b>24,10,06,630</b>	<b>30,98,26,199</b>
<b>Expenses</b>			
Cost of materials consumed	19	10,50,99,559	17,20,04,486
Changes in stock of finished goods, work-in-progress and stock-in-trade	20	32,39,066	(1,40,44,680)
Employee benefit expense	21	3,63,94,446	2,92,41,037
Finance costs	22	1,27,33,662	1,06,24,097
Depreciation and amortisation expense	23	82,33,168	71,65,561
Other expenses	24	9,22,74,469	11,30,77,137
<b>Total expenses</b>		<b>25,79,74,370</b>	<b>31,80,67,638</b>
<b>Profit/(loss) before tax</b>		<b>(1,69,67,740)</b>	<b>(82,41,439)</b>
<b>Tax expense/(benefit):</b>			
Current tax	25	-	-
Deferred tax	25	(9,97,454)	(20,98,694)
		(9,97,454)	(20,98,694)
<b>Profit/(Loss) after tax</b>		<b>(1,59,70,286)</b>	<b>(61,42,745)</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or (loss)			
(a) Remeasurement of defined benefit plans	30	(58,617)	14,803
(ii) Income tax relating to items that will not be reclassified to profit or (loss)		15,094	(3,812)
<b>Other comprehensive income for the year</b>		<b>(43,523)</b>	<b>10,991</b>
<b>Total Comprehensive income for the year</b>		<b>(1,60,13,809)</b>	<b>(61,31,754)</b>
<b>Earnings per equity share (for continuing operation):</b>			
Basic and diluted (in Rs.)	31	(20.16)	(9.91)
<b>See accompanying notes to the standalone IND AS financial statements</b>	<b>1-38</b>		

In terms of our report of even date attached

**For V K A N & Associates**

Chartered Accountants

Firm Regn. No: 014226S

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

**Anand Kumar Daga**

**Partner**

Membership No: 216281

Place: Bangalore

Date: 26-Jun-2020

**K.G. Ravi**

**Director**

DIN: 03520396

**S.K. Naik**

**Director**

DIN: 03533778

**Coretec Engineering India Private Limited**  
**Cash Flow Statement for the year ended 31 March 2020**

Particulars	Year ended 31 March, 2020		Year ended 31 March, 2019	
	₹	₹	₹	₹
<b>A. Cash flow from operating activities</b>				
Net profit / (loss) before tax		(1,69,67,740)		(82,41,439)
<i>Adjustments for:</i>				
Depreciation and amortization	82,33,168		71,65,561	
Profit on sale of assets	26,650		-	
Finance costs	1,27,33,662		1,06,24,097	
Provision no longer required written back	-		(10,97,379)	
Bad debts written off	25,841		1,41,058	
Advances written off	-		49,064	
		2,10,19,321		1,68,82,401
Operating profit / (loss) before working capital changes-(1)		40,51,581		86,40,962
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:-(2)</i>				
Inventories	(1,90,97,388)		(2,47,49,315)	
Trade receivables	(4,79,15,210)		2,76,45,163	
Loans and advances	3,48,535		(1,73,773)	
Other financial assets	(14,48,340)		14,10,020	
Other non-current assets	20,28,607		-	
Other current assets	(9,90,187)		22,97,703	
<i>Adjustments for (increase) / decrease in operating liabilities:-(3)</i>				
Trade payables	4,37,08,873		(4,23,59,832)	
Provisions(short term and long term)	(3,09,955)		(6,18,223)	
Other financial liabilities	(83,98,229)		-	
Non-financial liabilities	-		25,30,895	
Other current liabilities	(11,66,16,567)		-	
		1,45,41,895		4,68,76,958
		<b>1,85,93,476</b>		<b>5,55,17,920</b>
Cash generated from operations-(1)+(2)-(3)		<b>1,85,93,476</b>		<b>5,55,17,920</b>
Net income tax (paid) / refunds		(2,43,474)		84,265
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>1,83,50,002</b>		<b>5,56,02,185</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(4,42,50,914)		(8,17,49,108)	
Proceeds from Sale of fixed assets	1,75,549		-	
		(4,40,75,365)		(8,17,49,108)
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(4,40,75,365)</b>		<b>(8,17,49,108)</b>
<b>C. Cash flow from financing activities</b>				
Issue of share capital (net of issue expenses paid)	3,00,00,000			
Net increase / (decrease) in working capital borrowings	(3,19,87,291)		3,16,92,545	
Term loan taken during the year	4,00,00,000		1,00,00,000	
Repaid during the year	-		(40,06,692)	
Finance cost	(1,27,33,662)		(1,06,24,097)	
		2,52,79,047		2,70,61,756
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>2,52,79,047</b>		<b>2,70,61,755</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(4,46,316)</b>		<b>9,14,832</b>
Cash and cash equivalents at the beginning of the year		11,85,847		2,71,015
<b>Cash and cash equivalents at the end of the year(Refer Note No. 7)</b>		<b>7,39,531</b>		<b>11,85,847</b>
<b>See accompanying notes to the standalone 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

Anand Kumar Daga  
Partner

Membership No: 216281

Place: Bangalore

Date: 26-Jun-2020

K.G. Ravi  
Director  
DIN: 03520396S.K. Naik  
Director  
DIN: 03533778

**Coretec Engineering India Private Limited**  
**Statement of Changes in Equity for the year ended 31 March 2020**

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b> Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	50,00,000	5,00,00,000	7,50,000	75,00,000
<b>(b) Issued, subscribed and fully paid up</b> Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	36,19,600	3,61,96,000	6,19,600	61,96,000
	<b>36,19,600</b>	<b>3,61,96,000</b>	<b>6,19,600</b>	<b>61,96,000</b>

Particulars	Reserves and Surplus	
	Retained earnings	Other comprehensive income
	₹	₹
<b>Balance as at 1<sup>st</sup> April, 2018</b>	<b>2,24,97,829</b>	<b>5,06,034</b>
<b>Additions during the year</b>		
Profit/(loss) during the year	(61,42,745)	
<b>Items of the OCI, net of tax-</b>		
Re-measurement of net defined benefit liability/(asset)	-	10,991
<b>Total</b>	<b>(61,42,745)</b>	<b>10,991</b>
<b>Reductions during the year:</b>		
Transfer to general reserve	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>1,63,55,084</b>	<b>5,17,025</b>
<b>Additions during the year</b>		
Profit/(loss) during the year	(1,59,70,286)	
<b>Items of the OCI, net of tax-</b>		
Re-measurement of net defined benefit liability/(asset)	-	(43,523)
<b>Total</b>	<b>(1,59,70,286)</b>	<b>(43,523)</b>
<b>Reductions during the year:</b>		
Transfer to general reserve	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>3,84,798</b>	<b>4,73,502</b>
<b>See accompanying notes to the standalone IND AS financial statements</b>	<b>1-38</b>	

In terms of our report of even date attached

**For V K A N & Associates**

Chartered Accountants

Firm Regn. No: 014226S

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

**Anand Kumar Daga**

**Partner**

Membership No: 216281

Place: Bangalore

Date: 26-Jun-2020

**K.G. Ravi**

**Director**

DIN: 03520396

**S.K. Naik**

**Director**

DIN: 03533778



## Coretec Engineering India Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020

### 1. Corporate information:

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

### 2. Significant accounting policies:

#### 2.1 Basis of preparation

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

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

##### a) Use of estimates

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

##### Estimation of uncertainties relating to the global health pandemic from COVID-19

The World Health Organization declared the outbreak of COVID-19 as a Global Pandemic. Many countries have announced complete or partial shut-downs. The Government of India, on March 24, 2020 had declared complete countrywide lock down. These developments have resulted into significant macro-economic impact, the duration and scale of which remains uncertain and could impact Company's earnings and cash flows going forward. The Company has evaluated impact of this pandemic on its business operations, assessed the Company's liquidity position for the next one year and evaluated the recoverability and carrying value of its assets including Property, plant and equipment,

Intangible Assets and MAT credit entitlement (key asset significant accounts) as at March 31, 2020. Based on its review, consideration of internal and external information up to the date of approval of these financial statements and current indicators of future economic conditions relevant to the Company's operations, management has concluded that there are no adjustments required to the Company's financial statements. However, the estimated impact of COVID 19 might vary from the date of approval of these standalone financial statements and the Company will continue to monitor any material changes to future economic conditions.

##### b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- ❖ Expected to be realised or intended to be sold or consumed in normal operating cycle
- ❖ Held primarily for the purpose of trading
- ❖ Expected to be realised within twelve months after the reporting period, or
- ❖ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- ❖ It is expected to be settled in normal operating cycle
- ❖ It is held primarily for the purpose of trading
- ❖ It is due to be settled within twelve months after the reporting period, or
- ❖ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

### c) Property, plant and equipment

Under previous GAAP (Indian GAAP), Property Plant & Equipment were stated at their original cost, net of Cenvat Credit where applicable (including expenses related to acquisition and installation) except certain Fixed Assets which are adjusted for revaluation. The company has elected to regard those values of property plant & equipment as deemed cost as on 01-04-2017.

Cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the company capitalises them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

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

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

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

### d) Leases

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

### e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated

amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred

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

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

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

#### **g) Revenue recognition**

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. There is no impact of the adoption of the standard on the standalone financial statements of the Company.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, including excise duty and excluding

GST and other taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

#### *Sale of goods*

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

#### *Interest income*

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

#### *Dividend income*

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

#### **h) Inventories**

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

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

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

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

**i) Impairment of non-financial assets**

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

**j) Taxes****Current income tax**

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

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

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ❖ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction,

affects neither the accounting profit nor taxable profit or loss

- ❖ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **k) Provisions and contingencies**

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

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

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

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

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

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

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

#### **m) Cash and cash equivalents**

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

#### **n) Earnings per share**

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

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

#### **o) Foreign currency transactions and translations**

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

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



## (ii) Transactions &amp; balances

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**p) Financial instruments****A) Initial recognition and measurement**

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

**B) Subsequent measurement****a) Financial assets carried at amortised cost (AC)**

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

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

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

**C) Other equity investments**

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

**D) Impairment of financial assets**

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

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

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

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

**(ii) Financial liabilities****A. Initial recognition and measurement**

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

**B. Subsequent measurement**

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

**(iii) Derecognition of financial instruments**

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

**q) Fair value hierarchy:**

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

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

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

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



## Coretec Engineering India Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (cont'd)

## Note 3

DESCRIPTION	GROSS CARRYING AMOUNT				DEPRECIATION AND AMORTIZATION						NET CARRYING AMOUNT	
	As at 01 April, 2019	Additions	Deductions/ Adjustments	As at 31 March, 2020	As at 01 April, 2019	For the Year	Deductions/ Adjustments	Impairment loss	As at 31 March, 2020	As at 31 March, 2020	As at 31 March, 2020	As at 31 March, 2019
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Property plant &amp; equipment (a)</b>												
Freehold land	3,19,35,720	-	-	3,19,35,720	-	-	-	-	-	3,19,35,720		3,19,35,720
Factory buildings	2,03,02,733	45,14,953	-	2,48,17,686	23,42,342	7,74,269	-	-	31,16,611	2,17,01,075		1,79,60,391
Computer systems	21,21,783	-	-	21,21,783	15,53,524	3,70,158	-	-	19,23,682	1,98,101		5,68,259
Office equipment	12,70,702	5,02,969	-	17,73,671	3,29,651	1,10,962	-	-	4,40,613	13,33,058		9,41,051
Furniture & fixtures	10,06,000	4,16,158	-	14,22,158	4,90,832	77,204	-	-	5,68,036	8,54,122		5,15,168
Plant & machinery	7,66,33,542	2,05,78,812	2,16,651	9,69,95,703	2,01,13,555	59,27,939	25,462	-	2,60,16,032	7,09,79,671		5,65,19,987
Electrical installation	14,35,962	12,72,879	-	27,08,841	9,22,482	2,35,125	-	-	11,57,607	15,51,234		5,13,480
Vehicles	5,92,185	-	-	5,92,185	3,07,437	62,602	-	-	3,70,039	2,22,146		2,84,748
<b>Total (a)</b>	<b>13,52,98,627</b>	<b>2,72,85,771</b>	<b>2,16,651</b>	<b>16,23,67,747</b>	<b>2,60,59,823</b>	<b>75,58,259</b>	<b>25,462</b>	<b>-</b>	<b>3,35,92,620</b>	<b>12,87,75,127</b>		<b>10,92,38,804</b>
<b>Intangible assets (b)</b>												
Software	29,93,320	6,56,400	-	36,49,720	5,77,783	6,74,909	(1,32,173)	-	13,84,865	22,64,855		24,15,537
<b>Total (b)</b>	<b>29,93,320</b>	<b>6,56,400</b>	<b>-</b>	<b>36,49,720</b>	<b>5,77,783</b>	<b>6,74,909</b>	<b>(1,32,173)</b>	<b>-</b>	<b>13,84,865</b>	<b>22,64,855</b>		<b>24,15,537</b>
<b>Total (a) + (b)</b>	<b>13,82,91,947</b>	<b>2,79,42,171</b>	<b>2,16,651</b>	<b>16,60,17,467</b>	<b>2,66,37,606</b>	<b>82,33,168</b>	<b>(1,06,711)</b>	<b>-</b>	<b>3,49,77,485</b>	<b>13,10,39,982</b>		<b>11,16,54,341</b>
Capital work in progress	1,47,20,452	3,05,90,358	1,41,60,452	3,11,50,358	-	-	-	-	-	3,11,50,358		1,47,20,452
<b>Total</b>	<b>15,30,12,399</b>	<b>5,85,32,529</b>	<b>1,43,77,103</b>	<b>19,71,67,825</b>	<b>2,66,37,606</b>	<b>82,33,168</b>	<b>(1,06,711)</b>	<b>-</b>	<b>3,49,77,485</b>	<b>16,21,90,340</b>		<b>12,63,74,793</b>

## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)**

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

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
Security deposits	20,18,622	5,70,282
	<b>20,18,622</b>	<b>5,70,282</b>

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

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
Advance tax	3,27,739	84,265
	<b>3,27,739</b>	<b>84,265</b>

**Note 4c Other non current assets**

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
Capital advances	15,44,530	35,73,137
	<b>15,44,530</b>	<b>35,73,137</b>

**Note 5 Inventories**

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
Raw materials and components	4,95,76,836	2,76,28,932
Work-in-progress	1,58,65,492	1,15,88,205
Finished goods	75,99,473	1,51,15,826
Material In-Transit	3,88,550	-
<b>Total</b>	<b>7,34,30,351</b>	<b>5,43,32,963</b>
The mode of valuation of inventories has been stated in note 2 (h)		

**Note 6 Trade receivables**

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
<b>Current</b>		
Trade receivables		
(a) Unsecured, considered good	11,77,70,533	6,98,81,164
(b) Doubtful	-	-
Less: Allowance for credit losses	-	-
	<b>11,77,70,533</b>	<b>6,98,81,164</b>

## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)**

**Note 7 Cash and cash equivalents**

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
Cash on hand	74,954	54,607
Balances with banks		
(i) In current accounts	6,64,577	11,31,240
<b>Cash and cash equivalents as per balance sheet</b>	<b>7,39,531</b>	<b>11,85,847</b>
<b>Cash and cash equivalents as per statement of cash flows-(A)</b>	<b>7,39,531</b>	<b>11,85,847</b>

**Note 8 Loans and advances**

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
<b>Current</b>		
Advance to employees	69,945	4,18,480
<b>Total</b>	<b>69,945</b>	<b>4,18,480</b>

**Note 9 Other current assets**

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
Trade and other advances	8,82,479	33,34,546
Prepaid expenses	29,35,395	6,51,739
Balance with government authorities (including GST)	26,77,959	15,19,360
	<b>64,95,833</b>	<b>55,05,646</b>

**Note 10.a Share capital**

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	50,00,000	5,00,00,000	7,50,000	75,00,000
<b>(b) Issued, subscribed and fully paid up</b>				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	36,19,600	3,61,96,000	6,19,600	61,96,000
	<b>36,19,600</b>	<b>3,61,96,000</b>	<b>6,19,600</b>	<b>61,96,000</b>

## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)**

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, 2020	
	Number of shares	₹ (In Lakhs)
<b>Equity shares with voting rights</b>		
As at 31 March, 2019	6,19,600	61.96
As at 31 March, 2020*	36,19,600	361.96

**\*Rights issue:**

On 10<sup>th</sup> March, 2020, the company made a rights issue to its single existing shareholder of 30,00,000 shares at an issue price of Rs.10/- per share.

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

Class of shares / Name of shareholder	As at 31 March, 2020	
	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>		
- Yuken India Ltd	36,19,200	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 10.b Other equity**

	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
<b>Surplus in statement of profit and loss</b>		
Opening balance	1,68,72,108	2,30,03,862
Add :- Transferred from other comprehensive Income for the year	(43,523)	10,991
Add:- Net profit/(loss) for the year	(1,59,70,286)	(61,42,745)
Balance available for appropriation	9,01,822	1,68,61,117
Closing balance	<b>9,01,822</b>	<b>1,68,61,117</b>
<b>Total</b>	<b>8,58,299</b>	<b>1,68,72,108</b>

## Coretec Engineering India Private Limited

Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)

## Financial liabilities

## Note 11 Borrowings

## Non-current borrowings

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
<b>Secured - at amortised cost</b>		
(i) Loans		
from banks*	4,28,76,331	1,50,08,395
	<b>4,28,76,331</b>	<b>1,50,08,395</b>

## \*Terms of loan :

Repayment Details	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
<b>HDFC term loan</b>		
4 years (including 6 months moratorium)	10,01,331	50,08,395
Facility of ₹ 13,687,733 at 11.5% rate of interest		
<b>SMBC term loan</b>		
Principal in 16 equal quarterly instalment 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	4,18,75,000	1,00,00,000

## Current borrowings

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
<b>Secured - at amortised cost</b>		
(i) Loans		
from banks	7,97,65,236	9,96,20,463
	<b>7,97,65,236</b>	<b>9,96,20,463</b>

## Notes:

- i) Primary security - First charge on inventory, book debts and movable fixed assets of the company  
ii) Secondary security -a) Corporate guarantee by Yuken India Limited  
-b) First charge on Industrial Land with shed there on bearing no B59, situated at Industrial Estate, Dyavasandra, Mahadevapura, Bangalore-560048

## Note 12 Provisions

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
Gratuity	57,474	60,310
Compensated leave absences	35,965	33,935
<b>Current</b>	<b>93,439</b>	<b>94,245</b>
Gratuity	26,74,024	24,71,741
Compensated leave absences	12,49,467	10,82,372
<b>Non-current</b>	<b>39,23,491</b>	<b>35,54,113</b>
	<b>40,16,930</b>	<b>36,48,358</b>

## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)**

**Note 13 Deferred tax balances**

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
<b>Deferred tax liabilities</b>	<b>78,63,755</b>	<b>56,29,418</b>
On difference between book balance and tax balance of fixed assets	78,63,755	56,29,418
<b>Deferred tax assets</b>	<b>75,04,397</b>	<b>42,57,511</b>
Provision for compensated absences, gratuity, other employee benefits and provision for doubtful debts / advances	12,00,647	10,29,531
Unabsorbed depreciation carried forward / brought forward business losses	63,03,750	32,27,980
<b>Net deferred tax liabilities/ (assets)</b>	<b>3,59,358</b>	<b>13,71,907</b>

**Note 14 Trade payables**

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
<b>Current</b>		
Total outstanding dues of creditors to micro enterprises and small enterprises	94,46,137	2,02,35,365
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,06,46,530	9,35,66,175
	<b>7,00,92,667</b>	<b>11,38,01,540</b>

**Note 15 Other financial liabilities**

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
<b>Current</b>		
Current maturities of long term debt	1,21,31,692	40,06,692
Interest accrued but not due on borrowings	4,68,724	1,95,495
	<b>1,26,00,416</b>	<b>42,02,187</b>

**Note 16 Other current liabilities**

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
Statutory liabilities (includes GST, ESI, TDS, profession tax & provident fund)	6,50,458	12,05,618
Advance from customers	11,71,71,729	-
	<b>11,78,22,187</b>	<b>12,05,618</b>

## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)**

**Note 17 Revenue from operations**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	₹	₹
(a) Revenue from sale of products	23,75,22,157	30,84,38,258
(b) Revenue from sale of services	17,52,999	48,750
(c) Scrap sale	11,90,906	1,78,661
<b>Total revenue from operations</b>	<b>24,04,66,062</b>	<b>30,86,65,669</b>

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	₹	₹
a) Provisions no longer required written back	-	10,97,379
b) Rental Income	4,20,000	-
c) Miscellaneous receipts	1,20,568	63,151
<b>Total of other income</b>	<b>5,40,568</b>	<b>11,60,530</b>

**Note 19 Cost of materials consumed**

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	₹	₹
Opening stock	2,76,28,932	1,69,24,297
Add: Purchases	12,70,47,463	18,27,09,121
	<b>15,46,76,395</b>	<b>19,96,33,418</b>
Less: Closing stock	4,95,76,836	2,76,28,932
<b>Cost of materials consumed</b>	<b>10,50,99,559</b>	<b>17,20,04,486</b>

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	₹	₹
Inventories at the end of the year:		
Finished goods	75,99,473	1,51,15,826
Work-in-progress	1,58,65,492	1,15,88,205
	<b>2,34,64,965</b>	<b>2,67,04,031</b>
Inventories at the beginning of the year:		
Finished goods	1,51,15,826	35,56,032
Work-in-progress	1,15,88,205	91,03,319
	<b>2,67,04,031</b>	<b>1,26,59,351</b>
<b>Net (increase) / decrease</b>	<b>32,39,066</b>	<b>(1,40,44,680)</b>



## Coretec Engineering India Private Limited

Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)

## Note 21 employee benefits expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	₹	₹
Salaries and wages	3,09,87,129	2,48,16,950
Contribution to provident and other funds (see note 29)	34,46,898	23,90,063
Staff welfare expenses	19,60,419	20,34,024
<b>Total</b>	<b>3,63,94,446</b>	<b>2,92,41,037</b>

## Note 22 Finance costs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	₹	₹
Interest costs :-		
(i) Interest on bank overdrafts and loans (other than those from related parties)	1,13,99,275	1,06,24,097
(ii) Other Borrowing costs	13,34,387	-
<b>Total interest expense for financial liabilities not classified as at FVTPL</b>	<b>1,27,33,662</b>	<b>1,06,24,097</b>
<b>Less: amounts included in the cost of qualifying assets</b>	<b>-</b>	<b>-</b>
	<b>1,27,33,662</b>	<b>1,06,24,097</b>

## Note 23 Depreciation and amortization expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	₹	₹
Depreciation of property, plant and equipment pertaining to continuing operations	75,58,259	66,53,582
Amortisation of intangible assets	6,74,909	5,11,979
<b>Total depreciation and amortisation expense</b>	<b>82,33,168</b>	<b>71,65,561</b>

## Coretec Engineering India Private Limited

Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)

## Note 24 Other Expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	₹	₹
Sub-contracting charges	4,73,38,571	7,78,27,112
Contract Labour charges	1,29,21,735	1,45,99,023
Freight charges	63,40,372	37,08,462
Power and fuel	60,24,940	45,58,737
Rates and taxes	4,68,884	5,28,973
Rent	10,58,776	14,93,600
Insurance	7,15,503	4,95,361
Repairs and maintenance		
- Building	14,16,984	6,65,019
- Machinery	61,35,723	17,55,236
- Others	18,48,017	13,04,161
Legal and professional charges	30,92,387	15,09,203
Payment to auditors		
- Statutory audit	2,25,000	2,25,000
- Tax audit	50,000	50,000
- Other services	65,000	65,000
Travelling & conveyance expenses	11,11,579	12,12,948
Bad debts written off	25,841	1,41,058
Loss on sale of asset	26,650	-
Communication expenses	2,38,825	2,29,436
Advance written off	-	49,064
Printing & stationary	2,02,076	2,47,993
Testing charges	5,52,519	4,00,104
Security charges	11,57,160	10,53,872
Miscellaneous expenses	12,57,927	9,57,775
<b>Total</b>	<b>9,22,74,469</b>	<b>11,30,77,137</b>

## Note 25 Income Tax Expense/(Benefit)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	₹	₹
<b>Current tax</b>		
In respect of the current year	-	-
<b>Deferred tax</b>		
In respect of the current year	(10,12,548)	(20,94,882)
	<b>(10,12,548)</b>	<b>(20,94,882)</b>
<b>Total income tax expense/ (benefit) recognised in the current year.</b>	<b>(10,12,548)</b>	<b>(20,94,882)</b>

## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)**

**Note 26**

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
	₹	₹
<b>26.1 Expenditure in foreign currency:</b>		
Raw materials & Components	25,60,244	13,20,165
Fixed Assets	98,34,572	60,04,800
<b>26.2. Estimated amount of contracts remaining to be executed on capital account and not provided for</b>	43,04,611	89,39,227

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

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
	₹	₹
<b>Demand received from tax authorities</b>		
Income tax	1,41,908	12,28,577

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

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
	₹	₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	94,46,137	2,00,32,184
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	66,079	2,03,181
(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	66,079	2,03,181
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.		

**Note 29 Employee benefits expense****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 ₹ 21,53,815 /- (previous year : ₹ 1,444,327 /- )

## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)**

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

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

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

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

Particulars	As at 31 March, 2020	As at 31 March, 2019
	₹	₹
Fair value of plan assets	-	-
Present value of obligations	27,31,498	25,32,051
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(27,31,498)</b>	<b>(25,32,051)</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:

Particulars	Non -Current		Current	
	As on 31 March, 2020	As on 31 March, 2019	As on 31 March, 2020	As on 31 March, 2019
	₹	₹	₹	₹
Gratuity	26,74,024	24,71,741	57,474	60,310
	<b>26,74,024</b>	<b>24,71,741</b>	<b>57,474</b>	<b>60,310</b>

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

Particulars	Gratuity	
	As on 31 March, 2020	As on 31 March, 2019
	₹	₹
Defined benefit obligation at the beginning of the year	25,32,051	20,91,945
Past Service cost	-	-
Current service cost	2,98,398	2,91,854
Interest cost	1,95,383	1,63,055
Actuarial (gains) / losses	58,617	(14,803)
Benefits paid	(3,52,951)	
<b>Present value of defined benefit obligation at year end</b>	<b>27,31,498</b>	<b>25,32,051</b>

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

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
	₹	₹
Current service cost	2,98,398	2,91,854
Interest on obligation	1,95,383	1,63,055
Past Service Cost	-	-
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>4,93,781</b>	<b>4,54,909</b>

## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)**

**Note 30 Expense recognised in Other Comprehensive Income**

Particulars	Gratuity	
	Year ended 31 March, 2020	Year ended 31 March, 2019
	₹	₹
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	(1,637)	-
- change in financial assumptions	1,16,881	30,025
- experience variance (i.e. Actual experience vs assumptions)	(56,627)	(44,828)
<b>Total expense recognised in Other Comprehensive Income</b>	<b>58,617</b>	<b>(14,803)</b>
<b>Principal actuarial assumptions</b>		

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, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019
Discount rate	6.85%	7.70%	6.85%	7.70%
Estimated rate of return on plan assets	-	-	-	-
Attrition rate	-	-	-	-
Future salary increases	2% for the two years and 5% thereafter	5%	2% for the two years and 5% thereafter	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.

**Sensitivity analysis :**

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	3,57,456	(3,03,013)	3,26,215	(2,77,793)
(% change compared to base due to sensitivity)	13.10%	-11.10%	12.90%	-11.00%
Salary Growth Rate (- / + 1%)	(3,12,003)	3,62,275	(2,86,896)	3,31,897
(% change compared to base due to sensitivity)	-11.40%	13.30%	-11.30%	13.10%
Attrition Rate (- / + 50% of attrition rates)	(38,306)	34,183	(52,753)	47,161
(% change compared to base due to sensitivity)	-1.40%	1.30%	-2.10%	1.90%
Mortality Rate (- / + 10% of mortality rates)	(1,843)	1,835	-2,660	2,650
(% change compared to base due to sensitivity)	-0.10%	0.10%	-0.10%	0.10%

## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)**

**Note 31 Earnings per share**

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
	₹	₹
<b>Basic and diluted</b>		
Net profit for the year from operations attributable to the equity shareholders ₹	(1,59,70,286)	(61,42,745)
Weighted average number of equity shares	7,92,203	6,19,600
Earnings per share from operations - Basic and diluted- ₹	(20.16)	(9.91)

**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,2020	
<b>Related party transactions</b>		
<b>Description of relationship</b>	<b>Name of related party</b>	
Holding company	Yuken India Limited	
Fellow subsidiary	Grotek Enterprises Private Limited	
Fellow subsidiary	Yuflow Engineering Private Limited	
Fellow subsidiary	Kolben Hydraulics Limited	
Key management personnel	S K Naik	
<b>Details of transactions</b>	<b>Year Ended</b>	
	<b>31 March 2020</b>	<b>31 March 2019</b>
	₹	₹
<b><u>Holding company</u></b>	-	
- Purchase of goods	14,44,136	8,71,771
- Purchase of fixed asset	3,68,392	4,53,094
- Sales of goods and services	25,85,26,754	32,33,66,288
- Sales of asset	-	1,13,69,090
- Corporate guarantee received	5,00,00,000	5,00,00,000
<b><u>Fellow subsidiary</u></b>	-	
<u>Yuflow Engineering Private Limited</u>	-	
- Purchase of goods	56,967	-
- Sales of goods	9,35,458	-
<u>Grotek Enterprises Private Limited</u>	-	
- Sales of goods	74,93,767	86,82,573
- Sales of asset	11,88,866	-
- Purchase of goods	12,92,447	5,95,614
- Purchase of asset	-	15,00,257
<u>Kolben Hydraulics Limited</u>		
- Sales of goods	1,37,176	2,00,000
- Purchase of goods	56,640	-

## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)**

Details of transactions	As at	
	31 March 2020	31 March 2019
	₹	₹
<b>Amount outstanding (receivables)</b>		
<b><u>Holding company</u></b>	-	
Yuken India Limited	(3,01,99,973)	4,12,25,521
<b><u>Fellow subsidiary</u></b>	-	
Yuflow Engineering Private Limited	90,43,336	81,49,878
Kolben Hydraulics Limited	3,73,176	-
Grotek Enterprises Private Limited	1,40,54,193	1,37,97,610
<b>Amount outstanding (payables)</b>		
<b><u>Holding company</u></b>	-	
Yuken India Limited	87,00,398	29,88,111
<b><u>Fellow subsidiary</u></b>	-	
Kolben Hydraulics Limited	56,640	2,36,000
Yuflow Engineering Private Limited	56,712	-
Grotek Enterprises Private Limited	10,08,223	18,65,554
<b>Guarantees outstanding</b>		
<b><u>Holding company</u></b>	-	
Yuken India Limited	18,50,00,000	18,50,00,000



## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (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 2020 were as follows:

Particulars	Note No.	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
		₹	₹	₹
<b>Assets :</b>				
Loans				
(i) Loan to employees	8	69,945	-	-
Cash and cash equivalents	7	7,39,531	-	-
Other financial assets				
(i) Security deposits	4	20,18,622	-	-
Trade receivables	6	11,77,70,533	-	-
<b>Total</b>		<b>12,05,98,631</b>	-	-
<b>Liabilities:</b>				
Borrowings	11	12,26,41,567	-	-
Other financial liabilities				
(i) Trade payables	14	7,00,92,667	-	-
Current maturities of long term debt	15	1,21,31,692	-	-
<b>Total</b>		<b>20,48,65,926</b>	-	-

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

Particulars	Note No.	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
		₹	₹	₹
<b>Assets :</b>				
Loans				
(i) Loan to employees	8	4,18,480	-	-
Cash and cash equivalents	7	11,85,847	-	-
Other financial assets				
(i) Security deposits	4	5,70,282	-	-
Trade receivables	6	6,98,81,164	-	-
<b>Total</b>		<b>7,20,55,773</b>	-	-
<b>Liabilities:</b>				
Borrowings	11	11,48,24,353	-	-
Other financial liabilities				
(i) Trade payables	14	11,38,01,540	-	-
Current maturities of long term debt	15	40,06,692	-	-
<b>Total</b>		<b>23,26,32,585</b>	-	-

## Coretec Engineering India Private Limited

### Summary of significant accounting policies and other explanatory information for the year ended 31 March 2020 (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 35 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying value of financial instruments by categories as follows:

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
		₹	₹
<b>Financials measured at amortized costs:</b>			
Financial assets			
(i) Loan to employees	8	69,945	4,18,480
Trade receivable *	6	11,77,70,533	6,98,81,164
<b>Cash and cash equivalents and other bank balances</b>			
Cash and cash equivalents #	7	7,39,531	11,85,847
<b>Financial liabilities measured at amortized cost:</b>			
Borrowings	11	13,47,73,259	11,88,31,045
Trade Payables *	14	7,00,92,667	11,38,01,540

\*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.

## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)**

**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 its financial performance. The primary market risk to the Company is foreign exchange exposure risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

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

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

**(A) Credit risk analysis**

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

Assets under credit risk	As at 31 March 2020	As at 31 March 2019
	₹	₹
Loan to employees	69,945	4,18,480
Cash and cash equivalents	7,39,531	11,85,847
Security deposits	20,18,622	5,70,282
Trade receivables	11,77,70,533	6,98,81,164
	<b>12,05,98,631</b>	<b>7,20,55,773</b>

**A1 Trade and other receivables**

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

**A2 Cash and cash equivalents**

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

**Financial assets that are neither past due nor impaired**

Cash and cash equivalents, advances recoverable, loans and advances to employees, security deposit and other financial assets are neither past due nor impaired.

## Coretec Engineering India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (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**

As at 31 March 2020	Less than 1 year	1 year to 5 years	More than 5 years
	₹	₹	₹
Borrowings	9,18,96,928	4,28,76,331	-
Trade payables	7,00,92,667	-	-
Other current liabilities	-	-	-
	<b>16,19,89,595</b>	<b>4,28,76,331</b>	<b>-</b>
As at 31 March 2019	Less than 1 year	1 year to 5 years	More than 5 years
	₹	₹	₹
Borrowings	10,38,22,650	1,50,08,395	-
Trade payables	11,38,01,540	-	-
Other current liabilities	-	-	-
	<b>21,76,24,190</b>	<b>1,50,08,395</b>	<b>-</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 India Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31 March 2020 (cont'd)**

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

Particulars	Year ended	Year ended
	31 March 2020	31 March 2019
	₹	₹
<b>Accounting profit/(loss) before tax</b>	(1,69,67,740)	(82,41,439)
Tax on accounting profit/(loss) at statutory income tax rate [26%] (PY 26%)	(43,69,193)	(21,22,171)
<b>Reconciling items:</b>		
Tax effect on permanent non-deductible expenses	-	(41,923)
Tax adjustments of Prior Years	-	69,211
Others	33,71,739	(3,812)
<b>At the effective income tax rate of 25.75% (PY 26%)</b>	<b>(9,97,454)</b>	<b>(20,98,694)</b>
Income tax expense/(benefit) reported in the Statement of Profit and Loss	<b>(9,97,454)</b>	<b>(20,98,694)</b>

**Note 38** 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**

**Anand Kumar Daga**

**Partner**

Membership No: 216281

Place: Bangalore

Date: 26-Jun-2020

**K.G. Ravi**

**Director**

DIN: 03520396

**S.K. Naik**

**Director**

DIN: 03533778

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

## **NOTICE**

**NOTICE** is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Members of **GROTEK ENTERPRISES PRIVATE LIMITED** will be held on Saturday, 19<sup>th</sup> September, 2020 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, 2020, 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.

By order of the Board,  
**For GROTEK ENTERPRISES PRIVATE LIMITED**

**C P Rangachar**  
Director  
DIN: 00310893

Place: Bengaluru  
Date: 05<sup>th</sup> August, 2020

### **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. The proxy form duly signed must be deposited at the registered office of the Company not less than 48 hours before the time of holding meeting.
2. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
3. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company 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 23<sup>rd</sup> Annual Report of the Company together with the audited financial statements for the year ended 31<sup>st</sup> March, 2020.

### FINANCIAL RESULTS:

The Company is carrying on the business of manufacturing of Cast Iron and Alloyed Iron castings. The Company's financial performance for the year under review along with previous year's figures is given hereunder:

#### Financial highlights:

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2020	31.03.2019
<b>Total Income</b>	<b>4,613.18</b>	<b>6,935.77</b>
Total expenditure	4,328.57	6,306.79
Profit/(Loss) before interest, depreciation and tax	284.61	628.98
Finance cost	82.45	96.80
Depreciation	235.54	218.81
<b>Profit/(Loss) before Tax</b>	<b>(33.38)</b>	<b>313.37</b>
Provision for taxation (Net of deferred tax)	(8.64)	46.91
<b>Profit/(loss) after tax</b>	<b>(24.74)</b>	<b>266.46</b>
Net comprehensive income for the year	(0.12)	(1.08)
<b>Total comprehensive income for the year</b>	<b>(24.86)</b>	<b>265.37</b>
Balance in Statement of profit and loss	(195.20)	(460.57)
<b>Amount available for appropriation</b>	<b>(220.06)</b>	<b>(195.20)</b>
<b>Appropriations:</b>		
Equity dividend paid	-	-
Tax on Equity Dividend	-	-
<b>Balance carried to Balance Sheet</b>	<b>(220.06)</b>	<b>(195.20)</b>

During the year, your Company has earned total revenue of Rs. 4,613.18 lakhs as compared to Rs. 6,935.77 lakhs of previous year. The total revenue is decreased due to economic slowdown in the year 2019-20 and on top of it, COVID-19

pandemic situation globally. The Company has registered net loss of Rs. 24.86 lakhs.

Your Directors are making all efforts to ensure optimal operational results in coming years and achieving higher margins. Directors are putting effort to control the cost and thereby improving the profitability in line with the increase in the revenue.

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

As per provisions of Section 92 (3) of the Companies Act, 2013 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 2019-20, there were 04 Board Meetings held on the following dates; 27.05.2019, 10.08.2019, 11.11.2019 and 07.02.2020.

### DIRECTORS RESPONSIBILITY STATEMENT:

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

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

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

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

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

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

All contracts or arrangements with related parties, entered into or modified during the financial year were at arm's length basis and in the ordinary course of the Company's business.

As per requirements of Indian Accounting Standard 24, the transactions with related parties are disclosed in the Note No. 28 of the Notes forming part of the financial statements in the Annual Report.

A statement in Form AOC-2 pursuant to the provisions of Clause (h) of sub-section (3) of section 134 of the Act read with sub-rule(2) of rule 8 of Companies (Accounts) Rules, 2014 is furnished in "Annexure-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, 2020.

**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:**

The World Health Organization (WHO) declared the outbreak of the Coronavirus Disease (COVID-19) as a global pandemic on 11<sup>th</sup> March, 2020. Consequent to this, the Government of India declared a nation-wide lockdown on 23<sup>rd</sup> March, 2020 due to which the Company suspended its operations at all

its factories and offices in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations by way of production, sales, supply chain disruptions, closure of customers' site and suspension of travel and unavailability of personnel during the lockdown period.

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

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

In terms of clause (m) of sub-section (3) of section 134 of the Companies Act, 2013 and the rules framed there under, the particulars relating to conservation of energy, technology absorption and foreign earnings and outgo is given below:

**1). CONSERVATION OF ENERGY:**

The Company has taking several steps on continual basis to conserve energy.

**2). TECHNOLOGY ABSORPTION:**

The Company has no activity relating to technology absorption.

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

Sl. No.	Particulars	As on 31.03.2020 (Amt in INR)	As on 31.03.2019 (Amt in INR)
01	Foreign Exchange Outgo	77,94,759	5,91,65,349
02	Foreign Exchange earning	4,10,49,313	3,41,03,213

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

There was no change in the nature of business of the Company during the year 2019-20.

**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. C P Rangachar - 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 and necessary declarations was obtained.

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

**SUBSIDIARY:**

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

**STATUS OF THE COMPANY:**

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

**INTERNAL FINANCIAL CONTROLS:**

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

**DEPOSITS:**

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

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

**MATERIAL ORDERS PASSED BY REGULATORY AUTHORITIES:**

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

**RISK MANAGEMENT POLICY:**

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

**DETAILS OF REVISION OF FINANCIAL STATEMENTS:**

There was no revision of the financial statements of the Company, during the year 2019-20.

**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:**

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, 2020 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:**

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, **M/s. V K A N & ASSOCIATES**, Chartered Accountants, Bengaluru have been appointed as statutory auditors of the Company at the Annual General Meeting held on 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.

The Statutory Auditors' Report for FY 2019-20 does not contain any qualifications. The Auditors' Report is enclosed with the financial statements.

**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 2019-20 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 FY 2019-20. The Secretarial Auditors' Report for FY 2019-20 does not contain any qualifications. 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 2020-21 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 endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company does not have a formal Anti Sexual Harassment policy in place but has adequate measures including checks and corrections in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

During the year 2019-20, no complaint of sexual harassment has been received.

**ACKNOWLEDGEMENTS:**

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

On behalf of the Board

**For GROTEK ENTERPRISES PRIVATE LIMITED**

Place: Bengaluru  
Date: 26.06.2020

**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, 2020

[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	Regd. Office: No. 16-C, Doddanekundi Industrial Area, II Phase, Mahadevapura, Bengaluru - 560048, Karnataka, India. Factory: SY No.52, Hedeginabele Village, Madivala Post, Malur Taluk, Kolar District-563130, 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 Casting of Iron	2431	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 up to Rs.1 Lakh	-	-	-	-	-	-	-	-	-



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	
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	Mr. 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>Mr. 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 2019-20.*



## (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
		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	
	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. 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	-	-	-	-
4	<b>Mr. Vinayak Hegde</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 2019-20.

## 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	9,96,35,433	2,56,40,000	-	12,52,75,433
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,76,753	-	-	3,76,753
<b>Total (i+ii+iii)</b>	<b>10,00,12,186</b>	<b>2,56,40,000</b>		<b>12,56,52,186</b>
<b>Changes in Indebtedness during the financial year</b>				<b>4,95,88,831</b>
• Addition	4,95,88,831	-	-	
• Reduction	-	(2,56,40,000)	-	(2,56,40,000)
<b>Net Change</b>	<b>4,95,88,831</b>	<b>(2,56,40,000)</b>		<b>2,39,48,831</b>
<b>Indebtedness at the end of the financial year:</b>				
i) Principal Amount	14,88,74,366	-	-	14,88,74,366
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7,26,651	-	-	7,26,651
<b>Total (i+ii+iii)</b>	<b>14,96,01,017</b>			<b>14,96,01,017</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 2019-20.</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 2019-20</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.	-	1,00,000	-	1,00,000
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total</b>	-	1,00,000	-	1,00,000

**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 2019-20.				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2019-20.				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2019-20.				
Punishment					
Compounding					

For GROTEK ENTERPRISES PRIVATE LIMITED

C P RANGACHAR

Director

DIN: 00310893

H M NARASINGA RAO

Director

DIN: 00529717

Place: Bengaluru

Date: 26.06.2020

## Form AOC-2

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

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

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

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

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

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

Note: All related party transactions are in the ordinary course of business and on arm's length basis. Please refer transactions reported in Note No. 28 of the Notes forming part of the financial statements in the Annual Report.

For GROTEK ENTERPRISES PRIVATE LIMITED

Place: Bengaluru

Date: 26.06.2020

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 2020

[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.

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 2020 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 2020 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 28<sup>th</sup> 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.

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. (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- iv. Merger / amalgamation / reconstruction, etc. or
- v. Foreign technical collaborations

**For AAA & Co**  
Company Secretaries

**Abhishek Bharadwaj A B**  
Practicing Company Secretary  
FCS No: 8908  
C P No.: 13649  
UDIN: F008908B000346729

Place: Bengaluru

Date: 16.06.2020

**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.

**Disclaimers**

1. 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.
2. For the reporting year, we were not in a position to physically examine the company's premises for the purpose of audit Due to COVID 19 epidemic. Therefore, we are relaying on the representations received from the company for due compliance of the applicable statutes at the company's workplace.

Signature:

Name of Company Secretary in Practice:

**Abhishek Bharadwaj A B**

FCS No.: 8908

C P No.: 13649

Place: Bengaluru

Date: 16.06.2020



## Independent Auditor's Report

### To the Members of Grotek Enterprises Private Limited

### Report on the standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of Grotek Enterprises Private Limited (*"the Company"*) which comprises the Balance Sheet as at March 31, 2020, 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 standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its loss, total comprehensive 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 standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS financial statements.

#### Emphasis of matter

We draw attention to Note 2.2(a) to the standalone Ind AS financial statements which describes the effects as a result of COVID-19 on the Company's business. Our opinion is not modified in respect of this matter.

#### Management's responsibility for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India, specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 Prakash Mehta**  
 Partner  
 Membership No. 230042  
 UDIN: 20230042AAAAAU1113

Place: Bangalore  
 Date: 26-Jun-2020

## 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, 2020 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Padam Prakash Mehta**  
Partner  
Membership No. 230042  
UDIN: 20230042AAAAAU1113

Place: Bangalore  
Date: 26-Jun-2020

## 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>(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>(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, 2020 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, 2020</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>(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>(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>(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>(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, 2020.</p>  | <p>(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.</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) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The Company is a private company and hence the provisions of Section 177 of the Companies Act, 2013 do not apply to the Company.
- (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 Prakash Mehta**  
Partner  
Membership No. 230042  
UDIN: 20230042AAAAAU1113

Place: Bangalore  
Date: 26-Jun-2020

## Grotek Enterprises Private Limited

CIN - U29220KA1997PTC023210

Balance Sheet as at 31<sup>st</sup> March, 2020

Particulars	Note No	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
		₹	₹
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3.a	19,90,59,082	18,73,17,259
Capital work in progress		8,91,66,820	2,38,53,677
Other intangible assets	3.b	1,83,52,479	1,91,93,252
Income Tax Assets	4a	1,55,623	1,14,411
Other non current assets	4b	31,57,813	5,08,27,837
<b>Total non - current assets</b>		<b>30,98,91,817</b>	<b>28,13,06,436</b>
<b>Current assets</b>			
Inventories	5	7,24,49,141	3,63,27,486
Financial assets			
(i) Trade receivables	6	5,67,99,600	12,08,12,504
(ii) Cash and cash equivalents	7	14,68,842	15,10,350
Other current assets	8	1,76,14,338	2,09,21,832
<b>Total current assets</b>		<b>14,83,31,921</b>	<b>17,95,72,172</b>
<b>Total assets</b>		<b>45,82,23,738</b>	<b>46,08,78,608</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	9	5,01,00,000	5,01,00,000
Other equity	10	(2,20,05,804)	(1,95,19,207)
<b>Total equity</b>		<b>2,80,94,196</b>	<b>3,05,80,793</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	11	7,81,25,000	4,98,43,750
Provisions	12	92,46,616	84,90,428
Deferred tax liabilities (net)	13	1,81,38,742	1,90,02,613
<b>Total non - current liabilities</b>		<b>10,55,10,358</b>	<b>7,73,36,791</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	11	5,15,30,616	4,71,35,433
(ii) Trade payables	15		
Total outstanding dues of micro enterprises and small enterprises		1,74,42,414	1,21,76,919
Total outstanding dues of creditors other than micro enterprises and small enterprises		10,65,72,131	12,43,59,593
(iii) Others	15a	1,92,18,750	2,82,96,250
Provisions	14	18,57,503	22,40,710
Other current liabilities	16	12,79,97,770	13,87,52,119
<b>Total current liabilities</b>		<b>32,46,19,184</b>	<b>35,29,61,024</b>
<b>Total liabilities</b>		<b>43,01,29,542</b>	<b>43,02,97,815</b>
<b>Total equity and liabilities</b>		<b>45,82,23,738</b>	<b>46,08,78,608</b>
<b>See accompanying notes to the standalone 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

C.P. Rangachar

Director

DIN: 00310893

H.M. Narasinga Rao

Director

DIN: 00529717

Vinayak Hegde

Company secretary

ACS No : 48364

Place : Bangalore

Date : 26-Jun-2020



**Grotek Enterprises Private Limited**  
**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020**

Particulars	Note No.	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
		₹	₹
<b>Income</b>			
Revenue from operations	17	45,45,41,996	68,33,95,490
Other income	18	67,76,141	1,01,81,271
		<b>46,13,18,137</b>	<b>69,35,76,761</b>
<b>Expenses</b>			
Cost of materials consumed	19	22,64,56,693	34,83,94,214
Changes in inventories of finished goods	20	(2,54,18,464)	(46,25,206)
Employee benefits expenses	21	4,62,82,029	5,23,10,177
Finance costs	22	82,45,294	96,79,697
Depreciation and amortisation expense	23	2,35,54,231	2,18,81,100
Other expenses	24	18,55,36,648	23,45,99,399
		<b>46,46,56,431</b>	<b>66,22,39,381</b>
<b>Profit/(loss) before tax</b>		<b>(33,38,294)</b>	<b>3,13,37,380</b>
<b>Tax expense/(benefit):</b>	25		
Current tax		-	44,21,237
MAT credit		-	(44,21,237)
Deferred tax		(8,63,871)	46,90,904
<b>Total tax expense/(benefit)</b>		<b>(8,63,871)</b>	<b>46,90,904</b>
<b>Profit/(loss) after tax</b>		<b>(24,74,423)</b>	<b>2,66,46,476</b>
<b>Other comprehensive income/Loss</b>			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities / (asset)		(17,618)	(1,57,499)
(ii) Income tax relating to items that will not be reclassified to profit or (loss)		5,444	48,667
<b>Other comprehensive income for the year</b>		<b>(12,174)</b>	<b>(1,08,832)</b>
<b>Total Comprehensive income for the year</b>		<b>(24,86,597)</b>	<b>2,65,37,644</b>
<b>Earnings per equity share:</b> Basic and Diluted (in Rs.)	30	(0.49)	5.32
<b>See accompanying notes to the standalone 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

**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

**Vinayak Hegde**  
**Company secretary**

ACS No : 48364

Place : Bangalore

Date : 26-Jun-2020

**Grotek Enterprises Private Limited**  
**Statement of Cash Flow for the year ended 31<sup>st</sup> March 2020**

Particulars	For the year ended 31 <sup>st</sup> March, 2020		For the year ended 31 <sup>st</sup> March, 2019	
	₹	₹	₹	₹
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before tax		(33,38,294)		3,13,37,380
<i>Adjustments for:</i>				
Depreciation and amortization	2,35,54,231		2,18,81,100	
Finance costs	82,45,294		96,79,697	
Loss on sale of fixed assets	-		3,99,166	
Bad debts written off	14,78,057		23,06,663	
Provision for gratuity, Superannuation & Leave Encashment	-		-	
Liabilities no longer required written off	(25,39,172)		(70,89,786)	
Net unrealised exchange (gain) / loss	(5,905)		(3,30,044)	
		3,07,32,505		2,68,46,796
Operating profit / (loss) before working capital changes		2,73,94,211		5,81,84,176
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(3,61,21,655)		(23,94,476)	
Trade receivables	6,25,40,752		(3,81,42,984)	
Other non-current asset	(12,63,424)		(27,99,665)	
Other current asset	33,07,494		-	
<i>Adjustments for (increase) / decrease in operating liabilities:</i>				
Trade payables	99,82,795		(3,17,94,696)	
Provisions(short term and long term)	(3,60,807)		9,69,695	
Other non-current liabilities	-		(2,49,67,603)	
Other current liabilities	1,98,31,849		(26,16,250)	
		(9,90,670)		1,50,71,729
Cash generated from operations		<b>2,64,03,541</b>		<b>7,32,55,905</b>
Net income tax (paid) / refunds		(35,47,959)		(27,532)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>2,28,55,582</b>		<b>7,32,28,373</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(4,73,28,229)		(9,37,18,530)	
Proceeds from sale of fixed assets	-		12,90,404	
		(4,73,28,229)		(9,24,28,126)
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(4,73,28,229)</b>		<b>(9,24,28,126)</b>
<b>C. Cash flow from financing activities</b>				
Loan taken	4,75,00,000		5,25,00,000	
Net increase / (decrease) in working capital borrowings	(1,48,23,567)		(2,21,61,935)	
Finance cost	(82,45,294)		(96,79,697)	
		2,44,31,139		2,06,58,368
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>2,44,31,139</b>		<b>2,06,58,368</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(41,508)</b>		<b>14,58,615</b>
Cash and cash equivalents at the beginning of the year		15,10,350		51,735
<b>Cash and cash equivalents at the end of the year(Refer Note No 7)</b>		<b>14,68,842</b>		<b>15,10,350</b>
<b>See accompanying notes to the standalone 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 : 26-Jun-2020

C.P. Rangachar

Director

DIN: 00310893

H.M. Narasinga Rao

Director

DIN: 00529717

Vinayak Hegde

Company secretary

ACS No : 48364

For and on behalf of the Board of Directors

**Grotek Enterprises Private Limited**  
**Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2020**

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b> Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	60,00,000	6,00,00,000	60,00,000	6,00,00,000
<b>(b) Issued, subscribed and fully paid up</b> Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	50,10,000	5,01,00,000	50,10,000	5,01,00,000
	<b>50,10,000</b>	<b>5,01,00,000</b>	<b>50,10,000</b>	<b>5,01,00,000</b>

Particulars	Reserves and surplus	
	Retained earnings	Other comprehensive income
	₹	₹
<b>Balance as at 1<sup>st</sup> April, 2018</b>	(4,71,66,479)	11,09,628
<b>Additions during the year</b>		
Profit/(loss) during the year	2,66,46,476	-
<b>Items of the OCI, net of tax-</b>		
Re-measurement of net defined benefit liability/(asset)	-	(1,08,832)
<b>Total</b>	<b>2,66,46,476</b>	<b>(1,08,832)</b>
<b>Reductions during the year:</b>		
Transfer to general reserve	-	-
<b>Total</b>		
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>(2,05,20,003)</b>	<b>10,00,796</b>
<b>Additions during the year</b>		
Profit/(loss) during the year	(24,74,423)	-
<b>Items of the OCI, net of tax-</b>		
Re-measurement of net defined benefit liability/(asset)	-	(12,174)
<b>Total</b>	<b>(24,74,423)</b>	<b>(12,174)</b>
<b>Reductions during the year:</b>		
Transfer to general reserve	-	-
<b>Total</b>		
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>(2,29,94,426)</b>	<b>9,88,622</b>
<b>See accompanying notes to the standalone 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

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

Vinayak Hegde  
Company secretary

ACS No : 48364

Place : Bangalore

Date : 26-Jun-2020

## Grotek Enterprises Private Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31<sup>st</sup> March 2020

### 1. Corporate overview:

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

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

##### Estimation of uncertainties relating to the global health pandemic from COVID-19

The World Health Organization declared the outbreak of COVID-19 as a Global Pandemic. Many countries have announced complete or partial shut-downs. The Government of India, on March 24, 2020 had declared complete countrywide lock down. These developments have resulted into significant macro-economic impact, the duration and scale of which remains uncertain and could impact Company's earnings and cash flows going forward. The Company has evaluated impact

of this pandemic on its business operations, assessed the Company's liquidity position for the next one year and evaluated the recoverability and carrying value of its assets including Property, plant and equipment, Intangible Assets and MAT credit entitlement (key asset significant accounts) as at March 31, 2020. Based on its review, consideration of internal and external information up to the date of approval of these financial statements and current indicators of future economic conditions relevant to the Company's operations, management has concluded that there are no adjustments required to the Company's financial statements. However, the estimated impact of COVID 19 might vary from the date of approval of these standalone financial statements and the Company will continue to monitor any material changes to future economic conditions.

##### 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 standalone 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	6.169
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) Leases

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

### e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised

development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred

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

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

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

#### **g) Revenue recognition**

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. There is no impact of the adoption of the standard on the standalone financial statements of the Company

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

the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

#### **Sale of goods**

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

#### **Interest income**

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

#### **Dividend income**

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

#### **h) Inventories**

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

Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a 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.

#### **i) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates



the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## j) Taxes

### Current income tax

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

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

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ❖ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ❖ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when

the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets

against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **k) Provisions and contingencies**

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

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

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

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

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

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

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

#### **m) Cash and cash equivalents**

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

#### **n) Earnings per share**

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

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

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

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

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

##### **(ii) Transactions & balances**

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of transactions. Foreign exchange gains and losses resulting from the settlement



of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Non Monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**p) Financial instruments**

**A) Initial recognition and measurement**

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

**B) Subsequent measurement**

**a) Financial assets carried at amortised cost (AC)**

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

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

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

**C) Other equity investments**

All other equity investments are measured at fair value,

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

**D) Impairment of financial assets**

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

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

>Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

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

**(ii) Financial liabilities**

**A. Initial recognition and measurement**

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

**B. Subsequent measurement**

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

**(iii) Derecognition of financial instruments**

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

**q) Fair value hierarchy:**

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are

categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

## Grotek Enterprises Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31<sup>st</sup> March 2020 (cont'd)

## 3.a Property, plant and equipment

Particulars	Gross carrying amount			Accumulated Depreciation				Net carrying amount	
	Balance as at 1 <sup>st</sup> April, 2019	Additions	Deductions/ Adjustments*	Balance as at 31 <sup>st</sup> March, 2020	Balance as at 1 <sup>st</sup> April, 2019	Depreciation For the year	Eliminated on Deductions / Adjustments	Balance as at 31 <sup>st</sup> March, 2020	Balance as at 31 <sup>st</sup> March, 2019
	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Owned</b>									
Computer systems	10,78,871	2,71,350	-	13,50,221	5,71,821	87,333	-	6,59,154	5,07,050
Office equipments	14,85,910	3,237	-	14,89,147	4,03,797	3,60,784	-	7,64,581	10,82,113
Furniture / fixtures	19,13,765	-	-	19,13,765	5,45,258	2,26,255	-	7,71,513	13,68,507
Plant machinery & equipment	17,61,76,011	2,40,03,966	-	20,01,79,977	3,78,77,634	1,67,38,727	-	5,46,16,361	13,82,98,377
Jigs/fixtures	3,00,24,873	-	-	3,00,24,873	58,08,265	23,58,789	-	81,67,054	2,42,16,608
Electrical installation	2,06,05,929	3,25,551	-	2,09,31,480	32,88,681	13,32,482	-	46,21,163	1,73,17,248
Motor vehicles	7,76,910	43,000	-	8,19,910	1,93,882	74,493	-	2,68,375	5,83,028
Building	46,12,336	97,72,187	-	1,43,84,523	6,68,008	14,98,605	-	21,66,613	39,44,328
<b>Total (A)</b>	<b>23,66,74,605</b>	<b>3,44,19,291</b>	<b>-</b>	<b>27,10,93,896</b>	<b>4,93,57,346</b>	<b>2,26,77,468</b>	<b>-</b>	<b>7,20,34,814</b>	<b>18,73,17,259</b>
Capital Work in Progress	2,38,53,677	9,67,77,101	3,14,63,958	8,91,66,820	-	-	-	8,91,66,820	2,38,53,677
<b>Total (B)</b>	<b>2,38,53,677</b>	<b>9,67,77,101</b>	<b>3,14,63,958</b>	<b>8,91,66,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,91,66,820</b>	<b>39,55,30,525</b>

## Grotek Enterprises Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31<sup>st</sup> March 2020 (cont'd)

## 3.b Other Intangible Assets

INTANGIBLE ASSETS	Gross carrying amount			Accumulated Amortisation				Net carrying amount	
	Balance as at 1 <sup>st</sup> April, 2019	Additions	Deductions/ Adjustments	Balance as at 31 <sup>st</sup> March, 2020	Balance as at 1 <sup>st</sup> April, 2019	Amortisation expense for the year	Eliminated on Deductions / Adjustments	Balance as at 31 <sup>st</sup> March, 2020	Balance as at 31 <sup>st</sup> Mar, 2019
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Other than internally generated									
Software	47,61,472	35,990	-	47,97,462	20,98,149	8,76,763	-	18,22,550	26,63,323
Other intangible asset *	1,65,29,929	-		1,65,29,929	-			1,65,29,929	1,65,29,929
<b>Total</b>	<b>2,12,91,401</b>	<b>35,990</b>	<b>-</b>	<b>2,13,27,391</b>	<b>20,98,149</b>	<b>8,76,763</b>	<b>-</b>	<b>1,83,52,479</b>	<b>1,91,93,252</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**4a. Income tax assets**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
Advance tax	1,55,623	1,14,411
<b>Total</b>	<b>1,55,623</b>	<b>1,14,411</b>

**4b. Other non current assets**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
Capital advance	-	4,64,06,600
Minimum alternate tax (MAT) credit entitlement	31,57,813	44,21,237
<b>Total</b>	<b>31,57,813</b>	<b>5,08,27,837</b>

**5. Inventories**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
(i) Raw materials and components	2,63,11,423	1,56,08,232
(ii) Finished goods	4,61,37,718	2,07,19,254
<b>Total</b>	<b>7,24,49,141</b>	<b>3,63,27,486</b>

**6. Trade receivables**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
<b>Current</b>		
Trade receivables		
(a) Unsecured, considered good	5,67,99,600	12,08,12,504
(b) Unsecured, considered doubtful	53,061	53,061
Less: Allowance for credit losses	53,061	53,061
<b>Total</b>	<b>5,67,99,600</b>	<b>12,08,12,504</b>

**7. Cash and cash equivalents**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
Cash on hand	37,205	20,371
Balances with Banks		
(i) In current accounts	14,31,637	14,89,979
<b>Total</b>	<b>14,68,842</b>	<b>15,10,350</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**8. Other current assets**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
Balances with govt authorities ( Includes GST & Custom duty receivable)	15,62,115	8,48,329
Employee advances	4,35,552	8,32,666
Prepaid expenses	46,93,221	22,39,495
Advance to vendors	1,09,23,450	1,70,01,342
<b>Total</b>	<b>1,76,14,338</b>	<b>2,09,21,832</b>

**9. Equity Share capital**

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	60,00,000	6,00,00,000	60,00,000	6,00,00,000
<b>(b) Issued, subscribed and fully paid up</b>				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	50,10,000	5,01,00,000	50,10,000	5,01,00,000
	<b>50,10,000</b>	<b>5,01,00,000</b>	<b>50,10,000</b>	<b>5,01,00,000</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 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number of shares	₹	Number of shares	₹
<b>Equity shares with voting rights</b>				
Balances as at the beginning of the year	50,10,000	5,01,00,000	50,10,000	5,01,00,000
Add: Issued and subscribed during the year				
Balance at the end of the year	50,10,000	5,01,00,000	50,10,000	5,01,00,000

**(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.

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

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

Class of shares / Name of shareholder	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	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	50,09,990	99.9998%	50,09,990	99.9998%
H M Narasinga Rao	10	0.0002%	10	0.0002%

**Note 10 Other Equity**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
<b>Surplus in statement of profit and loss</b>		
Opening balance	(1,95,19,207)	(4,60,56,851)
Add :- Transferred from other comprehensive Income for the year	(12,174)	(1,08,832)
Add:- Net Profit/(loss) for the year	(24,74,423)	2,66,46,476
<b>Total</b>	<b>(2,20,05,804)</b>	<b>(1,95,19,207)</b>

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

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
<b>Secured - at amortised cost</b>		
(i) Loans		
from Banks *	7,81,25,000	4,98,43,750
<b>Un Secured</b>		
from related party (holding company)	-	-
<b>Total</b>	<b>7,81,25,000</b>	<b>4,98,43,750</b>

\* During the year the company has borrowed a loan of Rs.475 lakhs for capital expenditures.

**Terms of Loan (refer note below):**

Repayment Details	₹	Rate of Interest
Principal in 16 equal quarterly instalment over 4 years after 1 year moratorium Interest charged monthly (including the period of moratorium)	10,00,00,000	8.00% reset quarterly

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

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

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**Current borrowings**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
<b>Secured - at amortised cost</b>		
(i) Loans		
from banks	5,15,30,616	4,71,35,433
<b>Total</b>	<b>5,15,30,616</b>	<b>4,71,35,433</b>

**Secured working capital loans from banks (refer notes below):**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
<b>HDFC Bank Limited</b>		
Loan limit	6,00,00,000	6,00,00,000
Amount outstanding	5,15,30,616	4,71,35,433
Repayable on demand		
Interest rate - 11.20%		

**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

**12. Provisions****Non current provisions**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
Gratuity	55,74,104	50,59,839
Compensated leave absences	36,72,512	34,30,589
<b>Total</b>	<b>92,46,616</b>	<b>84,90,428</b>

**13. Deferred tax balances**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
<b>Deferred tax liabilities</b>	<b>2,78,12,376</b>	<b>2,59,59,573</b>
On difference between book balance and tax balance of fixed assets	2,78,12,376	2,59,59,573
<b>Deferred tax assets</b>	<b>96,73,634</b>	<b>69,56,960</b>
Provision for compensated absences, gratuity, other employee benefits and provision for doubtful debts / advances	32,65,029	32,26,187
Unabsorbed depreciation carried forward / brought forward business losses	64,08,605	37,30,773
<b>Deferred tax liabilities (net)</b>	<b>1,81,38,742</b>	<b>1,90,02,613</b>



## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**14. Current provisions**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
Gratuity	3,89,517	1,11,548
Compensated leave absences	3,54,109	3,13,161
Superannuation	11,13,877	18,16,001
<b>Total</b>	<b>18,57,503</b>	<b>22,40,710</b>

**15. Trade payables**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
<b>Current</b>		
Due to micro enterprises and small enterprises	1,74,42,414	1,21,76,919
Total outstanding dues of creditors other than micro enterprises and small enterprises	10,65,72,131	12,43,59,593
<b>TOTAL</b>	<b>12,40,14,545</b>	<b>13,65,36,512</b>

**15a. Other financial liabilities**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
Current maturities of long term debt		
- Related party (holding company)	-	2,56,40,000
- Banks	1,92,18,750	26,56,250
<b>TOTAL</b>	<b>1,92,18,750</b>	<b>2,82,96,250</b>

**16. Other current liabilities**

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	₹	₹
<b>Current</b>	-	
Statutory liabilities (includes GST, ESI, TDS, Profession Tax & Provident Fund)	18,48,142	10,61,096
Income tax payable	-	48,67,741
Advance from customers {Includes Advance from holding company of ₹ 123,961,027/- (2019: 13,11,02,936/-)}	12,61,49,628	13,28,23,282
<b>TOTAL</b>	<b>12,79,97,770</b>	<b>13,87,52,119</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**Note 17 Revenue from operations**

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 March 2019
	₹	₹
(a) Revenue from sale of products	45,22,14,905	68,20,13,165
(b) Revenue from sale of services	48,368	-
(c) Sale of scrap	22,78,723	13,82,325
<b>Total</b>	<b>45,45,41,996</b>	<b>68,33,95,490</b>

**Note 18 Other income**

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 March 2019
	₹	₹
(a) Foreign exchange gain, net	5,905	1,39,161
(b) Sale of patterns	3,77,870	21,69,910
(c) Liabilities no longer required written back	25,39,172	70,89,786
(d) Miscellaneous incomes	38,53,194	7,82,414
<b>Total</b>	<b>67,76,141</b>	<b>1,01,81,271</b>

**Note 19 Cost of materials consumed**

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 March 2019
	₹	₹
Opening stock	1,56,08,232	1,78,39,713
Add: Purchases	23,71,59,884	34,61,62,733
	<b>25,27,68,116</b>	<b>36,40,02,446</b>
Less: Closing stock	2,63,11,423	1,56,08,232
<b>Cost of materials consumed</b>	<b>22,64,56,693</b>	<b>34,83,94,214</b>

**Note 20 Changes in inventories of finished goods**

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 March 2019
	₹	₹
Inventories at the end of the year:		
Finished goods	4,61,37,718	2,07,19,254
	<b>4,61,37,718</b>	<b>2,07,19,254</b>
Inventories at the beginning of the year:		
Finished goods	2,07,19,254	1,60,94,048
	<b>2,07,19,254</b>	<b>1,60,94,048</b>
<b>Net (increase) / decrease</b>	<b>- 2,54,18,464</b>	<b>- 46,25,206</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**Note 21 Employee benefits expense**

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 March 2019
	₹	₹
Salaries and wages	3,82,20,086	4,41,70,408
Contribution to provident and other funds (see note 27)	51,81,477	51,48,888
Staff welfare expenses	28,80,466	29,90,881
<b>Total</b>	<b>4,62,82,029</b>	<b>5,23,10,177</b>

**Note 22 Finance costs**

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 March 2019
	₹	₹
Interest costs :-		
Interest on bank overdrafts and loans (other than those from related parties)	67,16,046	65,95,619
Interest on loans from related parties	15,29,248	43,54,047
<b>Total interest expense for financial liabilities not classified as at FVTPL</b>	<b>82,45,294</b>	<b>1,09,49,666</b>
Less: amounts included in the cost of qualifying assets	-	12,69,969
<b>Total</b>	<b>82,45,294</b>	<b>96,79,697</b>

**Note 23 Depreciation and amortization expense**

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 March 2019
	₹	₹
Depreciation of property, plant and equipment pertaining to continuing operations ( Note 3.a)	2,26,77,468	2,09,29,901
Amortisation of intangible assets (Note 3.b)	8,76,763	9,51,199
<b>Total</b>	<b>2,35,54,231</b>	<b>2,18,81,100</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**Note 24 Other Expenses**

Particulars	For the year ended 31 <sup>st</sup> March 2020	For the year ended 31 March 2019
	₹	₹
Sub-contracting charges	1,56,85,783	2,18,72,179
Contract Labour wages	3,98,09,792	5,00,60,065
Power and fuel	9,08,35,053	11,88,38,550
Rent	74,78,435	71,19,005
Repair and maintenance		
- Building	6,19,557	13,18,745
- Machinery	99,38,879	1,31,87,122
- Others	11,44,262	11,58,135
Insurance	20,80,880	15,27,651
Rates and taxes	3,85,675	9,60,120
Travelling & conveyance expenses	31,34,002	37,14,795
Freight and carriage	4,70,959	8,82,677
Legal and professional charges	47,38,006	28,39,653
Payment to auditors		
- Statutory audit	3,75,000	3,75,000
- Tax audit	50,000	50,000
- Other services	2,05,000	65,000
- Reimbursement of expenses	56,874	-
Provision on loss of doubtful debts	-	53,061
Bad debts write off	14,78,057	23,06,663
Loss on sale of assets	-	3,99,166
Communication	4,65,705	4,77,083
Printing and stationery expenses	4,18,569	4,70,738
Office maintenance	21,20,284	29,04,030
Security expenses	28,56,961	27,18,620
Miscellaneous expenses	11,88,915	13,01,341
<b>Total</b>	<b>18,55,36,648</b>	<b>23,45,99,399</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**Note 25**

Particulars	Year ended	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	₹	₹
25.1. Expenditure in foreign currency		
- Purchase of goods	52,88,405	95,40,434
- Capital goods	25,06,354	4,96,24,915
25.2. Earnings in foreign currency (Sale of goods - Export)	4,10,49,313	3,41,03,213
25.3. Estimated amount of contracts remaining to be executed on capital account and not provided for	-	55,05,413
25.4. Contingent liabilities not provided for	-	-
25.5. Claims against the company not acknowledged as debts	-	-

**26. Dues to micro, small and medium enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 has been made in the standalone financial statements based on information received and available with the Company.

Particulars	Year ended	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	₹	₹
(i) The principal amount remaining unpaid to any supplier at the end of each accounting year;	1,74,42,414	1,21,76,919
(ii) The interest due thereon remaining unpaid to any supplier at the end of each accounting year;	1,71,525	3,21,909
(iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	1,71,525	3,21,909
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. The same has been relied upon by the auditors.		

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**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 Rs.20,39,190/- (Previous year :Rs.20,96,102/-).

**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 standalone financial statements:

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	₹	₹
Fair value of plan assets	-	-
Present value of obligations	-59,63,621	-51,71,387
<b>Liability/(Asset) recognised in the balance sheet</b>	<b>59,63,621</b>	<b>51,71,387</b>
<b>Plan assets at the end of the year</b>	<b>-</b>	<b>-</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:

Particulars	Non -current		Current	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	₹	₹	₹	₹
Gratuity	55,74,104	50,59,839	3,89,517	1,11,548
	<b>55,74,104</b>	<b>50,59,839</b>	<b>3,89,517</b>	<b>1,11,548</b>

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

Particulars	Gratuity	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	₹	₹
Defined benefit obligation at the beginning of the year	51,71,507	49,82,983
Current service cost	5,43,860	5,05,486
Interest Expense or Cost	3,99,044	3,81,014
Re-measurement (or Actuarial) (gain) / loss arising from:		
- Change in demographic assumptions	(2,249)	-
- Change in financial assumptions	2,10,797	(24,493)
- experience variance (i.e. Actual experience vs assumptions)	(1,90,930)	1,81,992
Benefits Paid	(1,68,288)	(8,55,475)
Past service cost	-	-
<b>Present value of defined benefit obligation at year end</b>	<b>59,63,741</b>	<b>51,71,507</b>

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

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

Particulars	Gratuity	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	₹	₹
Current service cost	5,43,860	5,05,486
Past service cost	-	-
Net interest cost / (income) on the net defined benefit liability / (asset)	3,99,044	3,80,924
<b>Total expense recognised in the statement of profit and loss</b>	<b>9,42,904</b>	<b>8,86,410</b>

**Expense recognised in other comprehensive income**

Particulars	Gratuity	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	₹	₹
Re-measurement (or actuarial) (gain) / loss arising from:		
- Change in demographic assumptions	(2,249)	-
- Change in financial assumptions	2,10,797	(93,702)
- Experience variance (i.e. actual experience vs assumptions)	(1,90,930)	(56,552)
<b>Total expense recognised in other comprehensive income</b>	<b>17,618</b>	<b>(1,50,254)</b>

**Principal actuarial assumptions**

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

Particulars	Gratuity		Compensated absence	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Discount rate	6.70%	7.70%	6.70%	7.70%
Estimated rate of return on plan assets	-	-	-	-
Attrition rate	-	-	-	-
Future salary increases	2% for the two years and 5% thereafter	5%	2% for the two years and 5% thereafter	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<sup>st</sup> March 2020 (cont'd)**

**Sensitivity analysis**

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

Particulars	As on	As on
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	₹	₹
<b>Impact of change in the discount rate</b>		
Impact due to increase of 1%	(5,28,740)	(4,57,376)
Impact due to decrease of 1%	6,11,742	5,26,879
<b>Impact of change in the salary growth rate</b>		
Impact due to increase of 1%	6,19,639	5,35,967
Impact due to decrease of 1%	(5,44,451)	(4,72,514)
<b>Impact of change in the attrition rate</b>		
Impact due to increase of 50%	45,369	61,954
Impact due to decrease of 50%	(49,640)	(67,503)
<b>Impact of change in the mortality rate</b>		
Impact due to increase of 10%	2,422	3,747
Impact due to decrease of 10%	(2,430)	(3,762)

**28. Related party disclosures**

Nature of relationship	Name of related party	
Holding company	Yuken India Limited	
Fellow subsidiary	Coretec Engineering India Pvt Ltd	
	Kolben Hydraulics Limited	
	Yuflow Engineering Private Limited	
Key management personnel	H M Narasinga Rao - Director	
	Vinayak Hegde - Company Secretary	
Related Party Transactions	Year ended	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	₹	₹
<b><u>Holding company</u></b>		
- Purchase of goods (including GST)	46,09,187	41,52,052
- Issue of equity shares		-
- Sale of goods and services	12,50,93,975	17,13,99,506
- Rent expense	79,88,567	74,34,000
- Corporate guarantee received	-	10,00,00,000
- Finance costs	35,80,964	43,54,046
- Expenses incurred	3,07,356	-
- Purchase of Assets	6,69,128	-
<b><u>Managerial Remuneration</u></b>		
Vinayak Hegde	1,00,000	-



## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

Related Party Transactions	Year ended	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	₹	₹
<b><u>Fellow subsidiary</u></b>		
<u>Coretec engineering india private limited</u>		
- Purchase of goods	74,93,767	86,82,573
- Sale of goods	12,92,447	5,95,614
- Expenses to be reimbursed to Coretec		-
- Sale of assets	-	15,00,257
- Purchase of assets	11,88,866	-
<u>Yuflow engineering private limited</u>		
- Purchase of goods	4,70,047	-
<u>Kolben Hydraulics Limited</u>		
- Sale of goods	2,33,655	31,669

**Balances outstanding at the end of the year**

<b><u>Holding company</u></b>		
- Advance payable	12,30,54,947	9,18,14,604
- Long term borrowings	-	2,56,40,000
- Corporate guarantee received	16,00,00,000	16,00,00,000
- Security deposit	-	-
<b><u>Fellow subsidiary</u></b>		
<u>Coretec engineering india private limited</u>		
- Net payable / (receivable)	1,30,45,969	1,19,32,056
<u>Yuflow engineering private limited</u>		
- Net payable / (receivable)	5,22,841	2,96,965
<u>Kolben Hydraulics Limited</u>		
- Net payable / (receivable)	(2,65,324)	(31,668)

**29. Earnings per Share**

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
	₹	₹
<b>Basic and diluted</b>		
Net profit for the year from operations attributable to the equity shareholders	(24,74,423)	2,66,46,476
Weighted (loss) average number of equity shares	50,10,000	50,10,000
Earnings per share from operations - Basic and diluted-Rs.	(0.49)	5.32

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**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.

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

The carrying value and fair value of financial instruments by categories as of 31<sup>st</sup> March 2020 were as follows:

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
		₹	₹	₹
<b>Assets :</b>				
Loan to employees	8	4,35,552	-	-
Cash and cash equivalents	7	14,68,842	-	-
Bank balances other than cash and cash equivalents	6	5,67,99,600	-	-
<b>Total</b>		<b>5,87,03,994</b>	-	-
<b>Liabilities:</b>				
Borrowings	11	12,96,55,616	-	-
Other financial liabilities				
(i) Trade payables	15	12,40,14,545	-	-
Current maturities of long term debt	15a.	1,92,18,750	-	-
<b>Total</b>		<b>27,28,88,911</b>	-	-

The carrying value and fair value of financial instruments by categories as of 31<sup>st</sup> March 2019 were as follows:

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
		₹	₹	₹
<b>Assets :</b>				
Loans				
(i) Loan to employees	8	8,32,666	-	-
Cash and cash equivalents	7	15,10,350	-	-
Trade receivables	6	12,08,12,504	-	-
<b>Total</b>		<b>12,31,55,520</b>	-	-
<b>Liabilities:</b>				
Borrowings	11	9,69,79,183	-	-
Other financial liabilities				
(i) Trade payables	15	13,65,36,512	-	-
Current maturities of long term debt	15a.	2,82,96,250	-	-
<b>Total</b>		<b>26,18,11,945</b>	-	-

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (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.

**32. Fair value hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying value of financial instruments by categories as follows:

Particulars	Notes	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
		₹	₹
<b>Financials measured at amortized costs:</b>			
Financial assets			
(i) Loan to employees	8	4,35,552	8,32,666
Trade receivable *	6	5,67,99,600	12,08,12,504
<b>Cash and cash equivalents and other bank balances</b>			
Cash and cash equivalents #	7	14,68,842	15,10,350
<b>Financial liabilities measured at amortized cost:</b>			
Borrowings	11	12,96,55,616	9,69,79,183
Trade payables *	15	12,40,14,545	13,65,36,512
Current Maturities of long term debt	15a.	1,92,18,750	2,82,96,250

\*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<sup>st</sup> March 2020 (cont'd)**

**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:

Assets under credit risk	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
Loan to employees	4,35,552	8,32,666
Cash and cash equivalents	37,205	20,371
Bank balances other than cash and cash equivalents	14,31,637	14,89,979
Trade receivables	5,67,99,600	12,08,12,504
	<b>5,87,03,994</b>	<b>12,31,55,520</b>

**A1 Trade and other receivables**

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

**A2 Cash and cash equivalents**

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

**Financial assets that are neither past due nor impaired**

Cash and cash equivalents, advances recoverable, loans and advances to employees, security deposit and other financial assets are neither past due nor impaired.

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

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

## Grotek Enterprises Private Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (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**

As at 31 <sup>st</sup> March 2020	Less than 1 year	1 year to 5 years	More than 5 years	Total
	₹	₹	₹	₹
Borrowings	7,07,49,366	7,81,25,000	-	14,88,74,366
Trade payables	12,40,14,545	-	-	12,40,14,545
<b>Total</b>	<b>19,47,63,911</b>	<b>7,81,25,000</b>	<b>-</b>	<b>27,28,88,911</b>
As at 31 March 2019	Less than 1 year	1 year to 5 years	More than 5 years	Total
	₹	₹	₹	₹
Borrowings	7,54,31,683	4,98,43,750	-	12,52,75,433
Trade payable	13,65,36,512	-	-	13,65,36,512
<b>Total</b>	<b>21,19,68,195</b>	<b>4,98,43,750</b>	<b>-</b>	<b>26,18,11,945</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<sup>st</sup> March 2020 (cont'd)**

**34. Reconciliation of tax expense/(benefit) and the accounting profit/(loss)**

Particulars	Year ended	Year ended
	31 March 2020	31 March 2019
	₹	₹
<b>Accounting profit/(loss) before tax and exceptional item</b>	(33,38,294)	3,13,37,380
Tax on accounting profit at statutory income tax rate [27.82%] (PY 27.82%)	(9,28,713)	87,18,059
Tax effect on permanent non-deductible expenses	-	3,85,095
Tax adjustments of prior years	-	4,78,206
Effect of unabsorbed business losses	-	(49,03,995)
Others	64,842	13,539
<b>At the effective income tax rate of 27.82% (PY 27.82%)</b>	<b>(8,63,871)</b>	<b>46,90,904</b>
Income tax expense reported in the Statement of Profit and Loss	<b>(8,63,871)</b>	<b>46,90,904</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

**Vinayak Hegde**

**Company secretary**

ACS No : 48364

Place : Bangalore

Date : 26-Jun-2020

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



## NOTICE

**NOTICE** is hereby given that the 13<sup>th</sup> Annual General Meeting of the Members of **KOLBEN HYDRAULICS LIMITED** will be on held on Friday, 18<sup>th</sup> September, 2020 at 12.00 Noon at the Registered Office of the Company at SB-54, Ground, Mezzanine and 1<sup>st</sup> Floor, 1<sup>st</sup> Stage, 2<sup>nd</sup> Cross, 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, 2020, 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.

### SPECIAL BUSINESS:

3. **To re-appoint Mr. Suresh Kannan Varadhan (DIN: 03280922) as Whole Time Director of the Company for a period of 5 (Five) years with effect from 01<sup>st</sup> July, 2020.**

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

**“RESOLVED THAT** pursuant to Sections 196,197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the Act, 2013), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Articles of Association of the Company, and other applicable provisions if any, of the Act, or any statutory modifications or re-enactment thereof, the approval of shareholders be and is hereby accorded for the re-appointment of **Mr. Suresh Kannan Varadhan (DIN: 03280922)** as the Whole time Director of the Company for a period of five years with effect from 01<sup>st</sup> July, 2020 and for payment of remuneration for the first 3 (three) years of his appointment upon such terms and conditions as set out in the Explanatory Statement annexed to this Notice.”

**“FURTHER RESOLVED THAT** Mr. Suresh Kannan Varadhan- Whole Time Director of the Company shall have substantial powers of management of the affairs of the Company, in accordance with the Articles of Association of the Company, the provisions of the Act, 2013 and the rules made there-under (including any statutory modification(s) or re-enactment thereof, for the

time being in force) and such powers and duties that may be vested upon him by the board, from time to time.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to take such steps as may be necessary, proper and expedient to give effect to the above resolutions.”

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

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

Place: Bengaluru

Date: 05<sup>th</sup> August, 2020

### NOTE:

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. The proxy form duly signed must be deposited at the registered office of the Company not less than 48 hours before the time of holding meeting.
2. Explanatory Statement pursuant to section 102 of the Companies Act 2013 in respect of special business is annexed hereto.
3. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
4. 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.

**Explanatory Statement under Section 102 of the Companies Act, 2013:**

### ITEM NO.:3

The present term of office of Mr. Suresh Kannan Varadhan – Whole-time Director of the Company expired on 30<sup>th</sup> June,

2020, the Board of Directors at their meeting held on 26<sup>th</sup> June, 2020 has re-appointed him as the Whole-time Director for a further period of 5 years with effect from 01<sup>st</sup> July, 2020 to 30<sup>th</sup> June, 2025, subject to the approval of Members.

Considering his knowledge of various aspects relating to the Company's affairs and long business experience, he is proposed to be re-appointed as the Whole-time Director of the Company for a further term of 5 years subject to the provisions of section 196, 197 and Schedule V of the Companies Act, 2013.

#### Terms of appointment:

1. Term of office will be from 01<sup>st</sup> July, 2020 to 30<sup>th</sup> June, 2025.
2. Remuneration for an initial period of 3 years will be paid and authority to Board to fix such annual increments as it deems fit.

#### Information as required under Section (II) (B)(iv) of Part II of Schedule V:

##### I. General Information:

##### 1. Nature of Industry:

The Company is engaged in the business of manufacturers, designers, assemblers, traders, dealers, importers, exporters and distributors of various kind of hydraulic and fluid power pumps, hydro control valves and the like relating to the hydraulic component business.

##### 2. Date or expected date of commencement of commercial production:

The Company commenced its commercial production on 19<sup>th</sup> September, 2007.

##### 3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus – Not Applicable

##### 4. Financial performance based on given indicators:

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>Total Income</b>	<b>476.39</b>	<b>535.28</b>
Total expenditure	578.26	575.50
<b>Profit/(Loss) before interest, depreciation and tax</b>	<b>(101.87)</b>	<b>(40.22)</b>
Finance cost	-	-
Depreciation	10.85	6.98

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>Profit/(Loss) before tax</b>	<b>(112.72)</b>	<b>(47.20)</b>
Provision for taxation (Net of deferred tax)	(37.22)	(9.17)
<b>Profit/(loss) after tax</b>	<b>(75.50)</b>	<b>(38.03)</b>
Net comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>(75.50)</b>	<b>(38.03)</b>

##### 5. Foreign investments or collaborations, if any: Not Applicable

#### II. Information about the appointee:

##### 1. Background details:

Mr. Suresh Kannan Varadhan holds degree in Mechanical Engineering in the year 1989 from NIT Calicut. He has got vast experience in the areas of Hydraulics, focused on Sales/ Marketing/ Application Engineering/Services in various markets – Mobile, Marine & Offshore and other industrial markets. He has experience in Projects management and Designing of specific products in the area of hydraulics.

##### 2. Past remuneration:

Total Gross Remuneration drawn during 2019-20: Rs. 16.02 lakhs.

##### 3. Recognition or awards:

Recognized for Technology transfer from SAI, Italy to India during project initial phase in 1990.

##### 4. Job profile and his suitability:

His current term of appointment as a Whole Time Director of the Company expired on 30<sup>th</sup> June 2020. Considering his vast industrial experience and knowledge of various aspects relating to the Company's affairs and long business experience, the Board of Directors is of the opinion that for smooth and efficient running of the business, the services of Mr. Suresh Kannan Varadhan should be available to the Company.

**5. Remuneration Proposed:**

Salary	In the scale of Rs. 50,000 – Rs. 2,50,000 per month with authority to Board to fix such annual increments as it deems fit.
Commission on Net Profits	As may be determined by the Board of Directors subject to overall remuneration not exceeding 5% of the net profits of the Company
<b>Perquisites and other components</b>	
1. Housing	45% of the Basic salary
2. Superannuation	As per Company's rules
3. Provident Fund	Not applicable
4. Medical reimbursement	As per Company Rule
5. Food Coupons Allowance	As per Company Rule
6. Production Incentive	As per Company Rule
7. Technical Literature Allowance	As per Company Rule
8. Conveyance	As per Company Rule
9. Other Allowances	As per Company Rule
10. Leave travel Allowances	As per Company Rule
11. Soft Furnishing	As per Company Rule
12. Personal Accident Insurance	As per Company's rules
13. Gratuity	Half month's salary for each completed year of service
14. Motor Car	Free use of Company's car
15. Telephone/Mobiles	Free telephone at residence and mobile phone facility for self-use.
16. Encashment of Leave	As per Company's rules
Note: In case of inadequacy of profits, remuneration in accordance with Schedule V will be paid.	

**Notes:**

- pursuant Section 197 (1) of the Companies Act, 2013, Total Managerial remuneration payable by Public Company to its Directors in respect of any financial year shall not exceed 11% of the Net profits of the Company and the remuneration payable to any one Managing Director or whole time Director or manager shall not exceed 5% of the net profits of the Company

**6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:**

Since the Company falls under unique segment of Hydraulics, the comparative remuneration profile with respect to Industry, size of the Company, profile of the position and persons are not available and hence not comparable. However, companies of similar size are paying their Managerial Personnel Rs. 1.5 lakhs to Rs. 3 lakhs per month.

**7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.**

Mr. Suresh Kannan Varadhan as an individual member, is holding 14.05% of equity shares of the Company.

**III. Other information:****1. Reasons of loss or inadequate profits:**

- During the current year, due to slowdown in the industry and also COVID-19 pandemic impact on Company's Business, the Company recorded loss as compared to earlier years. The Company is making all efforts to ensure optimal operational results in coming years and achieving higher margins. The Company is putting effort to control the cost and thereby improving the profitability in line with the increase in the revenue.

**2. Steps taken or proposed to be taken for improvement:**

- Exploring new markets
- Focusing on cost cutting and improving profitability

In view of the above, approval of members is sought for re-appointment of Mr. Suresh Kannan Varadhan as Whole Time Director of the Company and requested to approve the resolution set out in Item No. 03 of the accompanied notice as a Special Resolution.

None of the Directors or Key Managerial Personnel except Mr. Suresh Kannan Varadhan is interested in this resolution.

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

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

Place: Bengaluru

Date: 05<sup>th</sup> August, 2020

**Details of Directors seeking appointment /re-appointment at the forthcoming AGM:**

<b>Particulars</b>	<b>Mr. Suresh Kannan Varadhan</b>
Date of Birth	06/02/1968
Date of Appointment	01/11/2010
Qualifications	B.E in Mechanical Engineering from NIT Calicut.
Expertise	<ul style="list-style-type: none"> <li>➤ He has got vast industrial experience in the field of Hydraulics. Focused on Sales/ Marketing/ Application Engineering/Services various markets – Mobile, Marine &amp; Offshore and other industrial markets. He has experience in Projects management and Designing of specific products in the area of hydraulics.</li> <li>➤ Holding the Directorship in Porshen Hydraulics Private Limited and PWG Hydraulics India Private Limited.</li> </ul>
Directorships held in other public companies.	Not Applicable
Membership/Chairmanship of committees of other public companies.	Not Applicable
No. of Board Meetings attended during the year.	8 (out of 8 meetings held)
Remuneration last drawn (FY 2019-20)	Rs. 16.02 lakhs
Remuneration sought to be paid.	Not Applicable
No of shares held in the Company.	1,40,600 equity shares of Rs. 10/- each.
Relationship with other Directors and Key Managerial Personnel of the Company.	Not Applicable

## DIRECTORS' REPORT

To,

**The Members of  
KOLBEN HYDRAULICS LIMITED.**

The Board of Directors are pleased to present the 13<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, 2020.

### FINANCIAL RESULTS:

#### **Financial highlights:**

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2020	31.03.2019
<b>Total Income</b>	<b>476.39</b>	<b>535.28</b>
Total expenditure	578.26	575.50
<b>Profit/(Loss) before interest, depreciation and tax</b>	<b>(101.87)</b>	<b>(40.22)</b>
Finance cost	-	-
Depreciation	10.85	6.98
<b>Profit/(Loss) before tax</b>	<b>(112.72)</b>	<b>(47.20)</b>
Provision for taxation (Net of deferred tax)	(37.22)	(9.17)
<b>Profit/(loss) after tax</b>	<b>(75.50)</b>	<b>(38.03)</b>
Net comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>(75.50)</b>	<b>(38.03)</b>
Balance in Statement of profit and loss	(76.76)	(38.73)
<b>Amount available for appropriation</b>	<b>(152.26)</b>	<b>(76.76)</b>
<b>Appropriations:</b>		
Equity dividend paid	-	-
Tax on Equity Dividend	-	-
<b>Balance carried to Balance Sheet</b>	<b>(152.26)</b>	<b>(76.76)</b>

During the year, your Company has earned total revenue of Rs. 476.39 lakhs as compared to previous year total revenue of Rs. 535.28 lakhs. The total revenue is decreased due to economic slowdown in the year 2019-20 and on top of it, COVID-19 pandemic situation globally. The Company has registered net loss of Rs. 75.50 lakhs.

Your Directors are making all efforts to ensure optimal operational results in coming years and achieving higher margins. Directors are putting effort to control the cost and there by improving the profitability in line with the increase in the revenue.

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

As per provisions of Section 92 (3) of the Companies Act, 2013 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 2019-20, there were 08 Board Meetings held on the following dates; 03.04.2019, 15.05.2019, 01.07.2019, 05.08.2019, 09.09.2019, 30.10.2019, 11.11.2019 and 07.02.2020.

### DIRECTORS RESPONSIBILITY STATEMENT:

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

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



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

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

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

All contracts or arrangements with related parties, entered into or modified during the financial year were at arm's length basis and in the ordinary course of the Company's business.

As per requirements of Indian Accounting Standard 24, the transactions with related parties are disclosed in the Note No. 31 of the Notes forming part of the financial statements in the Annual Report.

A statement in Form AOC-2 pursuant to the provisions of Clause (h) of sub-section (3) of section 134 of the Act read with sub-rule(2) of Rule 8 of Companies (Accounts) Rules, 2014 is furnished in "Annexure-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, 2020.

**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:**

The World Health Organization (WHO) declared the outbreak of the Coronavirus Disease (COVID-19) as a global pandemic on 11<sup>th</sup> March, 2020. Consequent to this, the Government of India declared a nation-wide lockdown on 23<sup>rd</sup> March, 2020 due to which the Company suspended its operations at all its factories and offices in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations by

way of production, sales, supply chain disruptions, closure of customers' site and suspension of travel and unavailability of personnel during the lockdown period.

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

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

In terms of clause (m) of sub-section (3) of section 134 of the Companies Act, 2013 and the rules framed there under, the particulars relating to conservation of energy, technology absorption and foreign earnings and outgo is given below:

**1). CONSERVATION OF ENERGY:**

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

**2). TECHNOLOGY ABSORPTION:**

The Company has no activity relating to technology absorption.

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

Sl. No.	Particulars	As on 31.03.2020 (Amt in INR)	As on 31.03.2019 (Amt in INR)
01	Foreign Exchange Earnings	-	-
02	Foreign Exchange Outgo	2,55,88,316	2,99,09,566

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

There was no change in the nature of business of the Company during the year 2019-20.

**BOARD OF DIRECTORS:**

The Board comprises following Directors:

Sl. No	Name of the Directors	Designation
1.	K Gopalkrishna	Director
2.	H M Narasinga Rao	Director
3	Suresh Kannan Varadhan	Whole-time Director

Mr. Suresh Kannan Varadhan – Whole Time Director was re-appointed for a period of 5 years with effect from 01<sup>st</sup> July, 2020 to 30<sup>th</sup> June, 2025. The Board recommends for their re-appointment as Whole Time Director at the ensuing Annual General Meeting.

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.

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

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

#### **REMUNERATION POLICY:**

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

#### **SUBSIDIARY:**

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

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

The Company is a subsidiary of YUKEN INDIA LIMITED.

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

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

#### **DEPOSITS:**

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

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

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

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

#### **RISK MANAGEMENT POLICY:**

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

#### **DETAILS OF REVISION OF FINANCIAL STATEMENTS:**

There was no revision of the financial statements of the Company, during the year 2019-20.

#### **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:**

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, 2020 the authorised 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. 1,00,06,000/- consisting of 10,00,600 Equity Shares of Rs. 10/- each. During the year under review, Company has not issued any shares or any convertible instruments.

#### **STATUTORY AUDITORS:**

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, **M/s. V K A N & ASSOCIATES**, Chartered Accountants, Bengaluru have been appointed as statutory auditors of the Company at the Annual General Meeting held on 22<sup>nd</sup> July, 2019, for a period of 5 years and to hold the office up to the conclusion Annual General Meeting of the Company to be held in the year 2024.

The Statutory Auditors' Report for FY 2019-20 does not contain any qualifications. The Auditors' Report is enclosed with the financial statements.

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

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

The Company does not have a formal Anti Sexual Harassment policy in place but has adequate measures including checks and corrections in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

During the year 2019-20, no complaint of sexual harassment has been received.

#### **ACKNOWLEDGEMENTS:**

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

On behalf of the Board  
For KOLBEN HYDRAULICS LIMITED

**SURESH KANNAN VARADHAN**

Whole-Time Director

DIN: 03280922

**H M NARASINGA RAO**

Director

DIN: 00529717

Place: Bengaluru

Date: 26.06.2020

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2020

[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	U29119KA2007PLC043340
ii)	Registration Date	10/07/2007
iii)	Name of the Company	<b>KOLBEN HYDRAULICS LIMITED</b>
iv)	Category/Sub-Category of the Company	Public Company/Company limited by shares
v)	Address of the Registered office and contact details	Sb-54, Ground, Mezzanine And 1 <sup>st</sup> Floor 1 <sup>st</sup> Stage, 2 <sup>nd</sup> Cross, Peenya Industrial Area, Bangalore– 560058, Karnataka, India. Contact No: +91 98803 21263 E mail: sureshkannan@kolbenhydraulics.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.	Manufacturing of Hydraulic Pumps, Hydraulics Spares and related services.	2813	96.46

#### 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	85.92%	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	-	1,40,900	1,40,900	14.08	100	1,40,800	1,40,900	14.08	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	4,62,200	4,62,200	46.19	3,97,498	4,62,200	8,59,698	85.92	39.73
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total(A)(1):-</b>	-	<b>6,03,100</b>	<b>6,03,100</b>	<b>60.27</b>	<b>3,97,598</b>	<b>6,03,000</b>	<b>10,00,598</b>	<b>99.99</b>	<b>39.73</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>6,03,100</b>	<b>6,03,100</b>	<b>60.27</b>	<b>3,97,598</b>	<b>6,03,000</b>	<b>10,00,598</b>	<b>99.99</b>	<b>39.73</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.	-	3,97,500	3,97,500	39.73	02	-	02	0.001	(39.73)
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share capital up to Rs.1 Lakh	-	-	-	-	-	-	-	-	-

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	
ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2):-</b>	-	<b>3,97,500</b>	<b>3,97,500</b>	<b>39.73</b>	<b>02</b>	-	<b>02</b>	<b>0.001</b>	<b>(39.73)</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	-	<b>3,97,500</b>	<b>3,97,500</b>	<b>39.73</b>	<b>02</b>	-	<b>02</b>	<b>0.001</b>	<b>(39.73)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>10,00,600</b>	<b>10,00,600</b>	<b>100</b>	<b>3,97,600</b>	<b>6,03,000</b>	<b>10,00,600</b>	<b>100</b>	

## (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	Mr. C P Rangachar	100	0.01	-	100	0.01	-	-
2	Mr. Suresh Kannan Varadhan	1,40,600	14.05	-	1,40,600	14.05	-	-
3	Yuken India Limited	4,62,200	46.19	-	8,59,698	85.92	-	39.73
4	Ms. Madhuri Krishna Murthi	100	0.01	-	100	0.01	-	-
5	Mr. H M Narasinga Rao	100	0.01	-	100	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>Mr. C P Rangachar</b>				
	At the beginning of the year	100	0.01		
	At the end of the year	100	0.01	<b>100</b>	<b>0.01</b>
2	<b>Mr. Suresh Kannan Varadhan</b>				
	At the beginning of the year	1,40,600	14.05		
	At the end of the year	1,40,600	14.05	<b>1,40,600</b>	<b>14.05</b>

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
3	<b>Yuken India Limited</b>				
	At the beginning of the year	4,62,200	46.19		
	Add: Share Transferred from Baunwert Advisors Private Limited on 01.07.2019	1,99,999	66.18		
	Add: Share Transferred from Drive Hydraulics Private Limited on 01.07.2019	197,499	85.92		
	At the end of the year			<b>8,59,698</b>	<b>85.92</b>
4	<b>Ms. Madhuri Krishna Murthi</b>				
	At the beginning of the year	100	0.01		
	At the end of the year	100	0.01	<b>100</b>	<b>0.01</b>
5	<b>Mr. H M Narasinga Rao</b>				
	At the beginning of the year	100	0.01		
	At the end of the year	100	0.01	<b>100</b>	<b>0.01</b>
6	<b>Baunwert Advisors Private Limited</b>				
	At the beginning of the year	2,00,000	19.98		
	Less: Share Transferred to Yuken India Limited on 01.07.2019	(1,99,999)	(19.97)		
	At the end of the year			<b>01</b>	<b>0.001</b>
7	<b>Drive Hydraulics Private Limited</b>				
	At the beginning of the year	1,97,500	19.73		
	Less: Share Transferred to Yuken India Limited on 01.07.2019	(1,97,499)	(19.72)		
	At the end of the year			<b>01</b>	<b>0.001</b>

*Note: There is a change in promoter's shareholding due to transfer of shares.*

(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	Baunwert Advisors Private Limited	2,00,000	19.98	01	0.001
2	Drive Hydraulics Private Limited	1,97,500	19.73	01	0.001

*Note: There is a change in Top 10 shareholders due to transfer of shares.*

**(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. H M Narasinga Rao</b>				
	At the beginning of the year	100	0.01		
	At the end of the year			100	0.01
2	<b>Mr. Suresh Kannan Varadhan</b>				
	At the beginning of the year	1,40,600	14.05		
	At the end of the year			1,40,600	14.05

*Note: There was no change in Directors shareholding during the financial year 2019-20.*

**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	-	-	-	-
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:****(Amount in Rs.)**

Sl. No.	Particulars of Remuneration	Mr. Suresh Kannan Varadhan – Whole Time Director
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.	15,05,165
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as % of profit - Others, specify...	-
5.	Others, please specify- Contribution to Superannuation fund	96,876
	<b>Total (A)</b>	<b>16,02,041</b>
	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 2019-20</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.	-	-	-	-
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 2019-20.				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2019-20.				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2019-20.				
Punishment					
Compounding					

For KOLBEN HYDRAULICS LIMITED

**SURESH KANNAN VARADHAN**

Whole-time Director

DIN: 03280922

**H M NARASINGA RAO**

Director

DIN: 00529717

Place: Bengaluru

Date: 26.06.2020

## Form AOC-2

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

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

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

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

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

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

Note: All related party transactions are in the ordinary course of business and on arm's length basis. Please refer transactions reported in Note No. 31 of the Notes forming part of the financial statements in the Annual Report.

For KOLBEN HYDRAULICS LIMITED

SURESH KANNAN VARADHAN

Whole-time Director

DIN: 03280922

H M NARASINGA RAO

Director

DIN: 00529717

Place: Bengaluru

Date: 26.06.2020

## Independent Auditor's Report

### To the Members of Kolben Hydraulics Limited

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

We have audited the accompanying standalone Ind AS financial statements of Kolben Hydraulics Limited ("*the Company*") which comprises the Balance Sheet as at March 31, 2020, 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 standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its loss, total comprehensive 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 standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS financial statements.

### Material Uncertainty Relating to Going Concern

We draw attention to Note 2.2(b) in the standalone Ind AS financial statements annexed to this report which indicates that the Company incurred a net loss of Rs.7,550,100 during the year ended March 31, 2020 and, as of that date, the Company's net worth is fully eroded, thereby raising significant doubt on the Company's ability to continue as a going concern. However, the standalone Ind AS financial statements of the Company have been prepared on going concern basis for the reason stated in the said note. Our opinion is not modified in respect of this matter.

#### Emphasis of matter

We draw attention to Note 2.2(a) to the standalone Ind AS financial statements which describes the effects as a result of COVID-19 on the Company's business. Our opinion is not modified in respect of this matter.

#### Management's responsibility for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and accounting principles generally accepted in India, specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) The matter described in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) 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.
  - 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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

**Padam Prakash Mehta**  
 Partner  
 Membership No. 230042  
 UDIN: 20230042AAAAAV1972

Place: Bangalore  
 Date: 26-Jun-2020

## Annexure A to the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of Kolben Hydraulics Limited ("the Company") as of March 31, 2020 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

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

**Padam Prakash Mehta**  
Partner  
Membership No. 230042  
UDIN: 20230042AAAAAV1972

Place: Bangalore  
Date: 26-Jun-2020



## Annexure B to the Independent Auditor's Report

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

- |  |  |
|--|--|
| <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>(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>(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 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 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, 2020 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, 2020</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>(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>(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>(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>(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, 2020.</p>  | <p>(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.</p>   |



- (xi) According to the information and explanation given to us, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule-V to the Companies act.
- (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) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. In our opinion and according to the information and explanation provided, Section 177 of the Companies Act, 2013 is not applicable to the Company.
- (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 Prakash Mehta**  
Partner  
Membership No. 230042  
UDIN: 20230042AAAAAV1972

Place: Bangalore  
Date: 26-Jun-2020

**Kolben Hydraulics Limited**  
CIN - U29119KA2007PLC043340

**Balance Sheet as at 31<sup>st</sup> March, 2020**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
		₹	₹
<b>A ASSETS</b>			
<b>I Non-current assets</b>			
Property, Plant and Equipment	3	45,86,585	48,48,309
Capital Work in Progress	3	27,60,000	27,60,000
Other Intangible assets	3	6,11,645	12,172
Deferred tax assets (Net)	4	55,47,147	18,25,500
Financial assets			
(i) Other financial assets	5a	9,11,600	9,12,715
Income tax assets	5b	75,510	73,420
<b>Total Non-current assets</b>		<b>1,44,92,487</b>	<b>1,04,32,116</b>
<b>II Current assets</b>			
Inventories	6	1,04,26,202	1,13,51,321
Financial assets			
(i) Trade receivables	7	27,74,024	72,56,025
(ii) Cash and cash equivalents	8	67,684	10,93,221
Current tax assets (Net)	9	1,36,721	2,29,120
Other current assets	10	6,76,120	19,53,067
<b>Total Current assets</b>		<b>1,40,80,751</b>	<b>2,18,82,754</b>
<b>Total Assets</b>		<b>2,85,73,238</b>	<b>3,23,14,870</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
Equity Share capital	11	1,00,06,000	1,00,06,000
Other equity	12	(1,52,26,952)	(76,76,852)
<b>Total Equity</b>		<b>(52,20,952)</b>	<b>23,29,148</b>
<b>II Liabilities</b>			
<b>1 Non-current liabilities</b>			
Provisions	13	11,96,862	8,82,655
		<b>11,96,862</b>	<b>8,82,655</b>
<b>2 Current liabilities</b>			
Financial Liabilities			
(i) Trade payables	14		
Total outstanding dues of creditors to micro enterprises and small enterprises		17,23,362	5,94,213
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,12,21,526	1,04,64,723
Provisions	15	78,474	1,51,347
Other current liabilities	16	1,95,73,966	1,78,92,784
		<b>3,25,97,328</b>	<b>2,91,03,067</b>
<b>Total Equity and liabilities</b>		<b>2,85,73,238</b>	<b>3,23,14,870</b>
<b>See accompanying notes forming part of the standalone Ind AS Financial Statements</b>	<b>1-36</b>		

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

For and on behalf of Board of Directors

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

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

**V Suresh Kannan**  
Director  
DIN: 03280922

Place: Bangalore  
Date: 26-Jun-2020

**Kolben Hydraulics Limited**  
**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020**

Particulars	Note no.	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
		₹	₹
<b>Income</b>			
Revenue from operations	17	4,74,33,347	5,30,82,005
Other income	18	2,06,020	4,45,740
		<b>4,76,39,367</b>	<b>5,35,27,745</b>
<b>Expenses</b>			
Cost of materials consumed	19	4,48,68,877	3,72,96,795
Changes in stock of finished goods, work-in-progress and stock-in-trade	20	(97,63,965)	-
Employee benefits expenses	21	90,31,129	71,49,572
Depreciation and amortisation expense	3	10,84,583	6,97,451
Other expenses	22	1,36,90,490	1,31,03,952
<b>Total Expenses</b>		<b>5,89,11,114</b>	<b>5,82,47,770</b>
<b>Profit/(loss) before tax</b>		<b>(1,12,71,747)</b>	<b>(47,20,025)</b>
<b>Tax expense/(benefit):</b>	23		
Current tax			-
Deferred tax		(37,21,647)	(9,16,600)
<b>Loss for the year</b>		<b>(75,50,100)</b>	<b>(38,03,425)</b>
<b>Other Comprehensive Income/Loss</b>			
A) (i) Items that will not be reclassified to profit or loss		-	-
A) (ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B) (i) Items that may be reclassified to profit or loss		-	-
B) (ii) Income tax relating to items that may be reclassified to profit or loss		-	-
<b>Total Other comprehensive Income for the year</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>		<b>(75,50,100)</b>	<b>(38,03,425)</b>
<b>Earnings per share (of Rs. 10/- each)</b>	30		
- Basic		(7.55)	(3.80)
- Diluted		(7.55)	(3.80)
<b>See accompanying notes forming part of the standalone Ind AS Financial Statements</b>	1-36		

In terms of our report attached

**For V K A N & Associates**

Chartered Accountants

Firm Regn. No: 014226S

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

Partner

Membership No: 230042

**H M Narasinga Rao**

Director

DIN: 00529717

**V Suresh Kannan**

Director

DIN: 03280922

Place: Bangalore

Date: 26-Jun-2020

**Kolben Hydraulics Limited**  
**Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020**

PARTICULARS	Year ended 31 <sup>st</sup> March 2020		Year ended 31 <sup>st</sup> March 2019	
	₹	₹	₹	₹
<b>A. Cash flow from operating activities :</b>				
Net profit /(Loss) before Tax		(1,12,71,747)		(47,20,025)
<b>Adjustments for :</b>	-	-	-	-
Depreciation	10,84,583		6,97,451	
Loss / (Profit) on sale of asset	-		-	
Misc income	(20,097)		(5,668)	
Assets Written Off	-		29,908	
Bad Debts Written Off	1,68,314		1,45,735	
		12,32,800		8,67,426
<b>Operating profit / (loss) before working capital changes</b>		(1,00,38,947)		(38,52,599)
<b>Changes in working capital:</b>				
<b>Adjustments for (increase) / decrease in operating assets:</b>				
Inventories	9,25,119		(53,92,504)	
Trade Receivables	43,33,784		(25,82,630)	
Other non-current assets	1,115		24,91,885	
Other Current assets	13,69,346		(11,82,973)	
<b>Adjustments for increase / (decrease) in operating liabilities:</b>				
Trade payables	18,85,952		22,24,157	
Other Current liabilities	16,81,182		1,27,02,375	
Other Long Term Liabilities	-		-	
Long Term Provisions	3,14,207		(2,27,702)	
Short Term Provisions	(72,873)	1,04,37,832	66,803	80,99,411
<b>Cash Generated from Operations</b>		<b>3,98,885</b>		<b>42,46,812</b>
Tax (paid)	(2,090)	(2,090)	(48,935)	(48,935)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>3,96,795</b>		<b>41,97,877</b>
<b>B. Cashflow from investing Activities</b>				
Purchase of fixed assets including Capital WIP		(14,22,332)		(35,09,541)
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(14,22,332)</b>		<b>(35,09,541)</b>
<b>C. Cash flow from financing activities</b>				
Receipt / (Repayment) of Unsecured Loan during the year		-	(4,15,000)	(4,15,000)
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>-</b>		<b>(4,15,000)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(10,25,537)</b>		<b>2,73,336</b>
<b>Cash and cash equivalents as at</b>				
Opening balance - 01 <sup>st</sup> April 2019		10,93,221		8,19,885
Closing balance - 31 <sup>st</sup> March 2020		<b>67,684</b>		<b>10,93,221</b>
<b>See accompanying notes forming part of the standalone Ind AS Financial Statements</b>		<b>1-36</b>		

In terms of our report attached

**For V K A N & Associates**

Chartered Accountants

Firm Regn. No: 014226S

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

Partner

Membership No: 230042

**H M Narasinga Rao**

Director

DIN: 00529717

**V Suresh Kannan**

Director

DIN: 03280922

Place: Bangalore

Date: 26-Jun-2020

## Kolben Hydraulics Limited

Statement of Changes in Other Equity for the year ended 31<sup>st</sup> March, 2020

Particulars	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	20,00,000	2,00,00,000	20,00,000	2,00,00,000
<b>(b) Issued, subscribed and fully paid up</b>				
Equity shares of Rs.10 /- each (Previous year : Rs. 10/- each) with voting rights	10,00,600	1,00,06,000	10,00,600	1,00,06,000
	<b>10,00,600</b>	<b>1,00,06,000</b>	<b>10,00,600</b>	<b>1,00,06,000</b>

Particulars	Reserves and Surplus	
	Retained earnings	Other comprehensive income
	₹	
<b>Balance as at 1<sup>st</sup> April, 2018</b>	(38,73,427)	-
<b>Additions during the year</b>		
Profit / (loss) during the year	(38,03,425)	-
<b>Items of the OCI, net of tax-</b>		
Re-measurement of net defined benefit liability/(asset)	-	-
<b>Total</b>	<b>(38,03,425)</b>	<b>-</b>
<b>Reductions during the year:</b>		
Transfer to general reserve	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>(76,76,852)</b>	<b>-</b>
<b>Additions during the year</b>		
Profit / (loss) during the year	(75,50,100)	
<b>Items of the OCI, net of tax-</b>		
Re-measurement of net defined benefit liability/(asset)		-
<b>Total</b>	<b>(75,50,100)</b>	<b>-</b>
<b>Reductions during the year:</b>		
Transfer to general reserve	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>(1,52,26,952)</b>	<b>-</b>
<b>See accompanying notes forming part of the standalone Ind AS Financial Statements</b>	<b>1-36</b>	

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

For and on behalf of Board of Directors

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

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

**V Suresh Kannan**  
Director  
DIN: 03280922

Place: Bangalore  
Date: 26-Jun-2020

## Kolben Hydraulics Limited

## Summary of significant accounting policies and other explanatory information for the year ended 31<sup>st</sup> March 2020

### 1. Corporate information:

The Company is engaged in the business of manufacture of hydraulic components and sub-assemblies for use in hydraulic applications. The company is a subsidiary of Yuken India Limited, hydraulics major and a listed Company. The company carries on its manufacturing operations from Peenya Industrial Estate (Bangalore, Karnataka) and Bahadurgarh (Haryana).

### 2. Significant accounting policies:

#### 2.1 Basis of preparation

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

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

##### a) Use of estimates

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

##### Estimation of uncertainties relating to the global health pandemic from COVID-19

The World Health Organization declared the outbreak of COVID-19 as a Global Pandemic. Many countries have announced complete or partial shut-downs. The Government of India, on March 24, 2020 had declared complete countrywide lock down. These developments have resulted into significant macro-economic impact, the duration and scale of which remains uncertain and could impact Company's earnings and cash flows going forward. The Company has evaluated impact of this pandemic on its business operations, assessed the Company's liquidity position for the next one year and evaluated the recoverability and carrying value of its assets including Property, plant and equipment,

Intangible Assets and MAT credit entitlement (key asset significant accounts) as at March 31, 2020. Based on its review, consideration of internal and external information up to the date of approval of these financial statements and current indicators of future economic conditions relevant to the Company's operations, management has concluded that there are no adjustments required to the Company's financial statements. However, the estimated impact of COVID 19 might vary from the date of approval of these standalone financial statements and the Company will continue to monitor any material changes to future economic conditions.

##### b) Going concern

The Company has incurred accumulated losses because of which the net worth has been completely eroded as at the balance sheet date thereby rising substantial doubt about the Company's ability to continue in operation for the foreseeable future. However, the management is confident of continuing the business with the support of holding company. Accordingly, these standalone financial statements have been prepared on the going concern assumption and do not include any adjustments to the recorded amounts of assets/liabilities that may be necessary if the entity is unable to continue as a going concern.

##### c) 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.

#### **d) Property, plant and equipment**

Under previous GAAP (Indian GAAP), Property Plant & Equipment were stated at their original cost, net of Cenvat Credit where applicable (including expenses related to acquisition and installation) except certain Fixed Assets which are adjusted for revaluation. The company has elected to regard those values of property plant & equipment as deemed cost as on 01-04-2017.

Cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the company capitalises them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised

upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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

<b>Assets Description</b>	<b>Useful Life (Years)</b>
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.

#### **e) Leases**

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

#### **f) 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.

#### **g) 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.

#### **h) Revenue recognition**

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. There is no impact of the adoption of the standard on the standalone financial statements of the Company.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the

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

#### *Sale of goods*

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

#### *Interest income*

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

#### *Dividend income*

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

#### **i) Inventories**

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

Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a Weighted average method.

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of



completion and the estimated costs necessary to make the sale.

#### j) Impairment of non-financial assets

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

#### k) 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.

### **l) Provisions and contingencies**

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

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

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

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

extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

Liabilities towards Leave Encashment Benefit are provided for based on workings done at the year end. Actuarial Valuation is not applicable to the company as the number of employees is less than 20.

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

### **n) 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.

### **o) 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.

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

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

**(ii) Transactions & balances**

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**q) 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.

**r) Fair value hierarchy:**

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

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

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

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

## Kolben Hydraulics Limited

Summary of significant accounting policies and other explanatory information for the year ended 31<sup>st</sup> March 2020 (cont'd)

## Note 3

Sl No	Description	Gross Carrying Amount				Depreciation and Amortization				Net Carrying Amount	
		As on 01 <sup>st</sup> April 2019	Additions during the year	Deletions during the year	As on 31 <sup>st</sup> March 2020	Up to 31 <sup>st</sup> March 2019	For the year	Deletions during the year	Up to 31 <sup>st</sup> March 2020	As on 31 <sup>st</sup> March 2020	As on 31 <sup>st</sup> March 2019
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
	<b>Property, Plant and Equipment (A)</b>										
1	Plant & Machinery	60,01,130	1,72,067	-	61,73,197	24,93,045	5,54,239	-	30,47,284	31,25,913	35,08,085
2	Factory & Office Equipment	1,69,886	96,740	-	2,66,626	1,08,005	40,145	-	1,48,150	1,18,476	61,881
3	Computers	8,71,380	2,11,923	-	10,83,303	6,74,955	1,37,670	-	8,12,625	2,70,678	1,96,425
4	Electrical Installation	5,82,243	61,194	-	6,43,437	1,26,241	65,150	-	1,91,391	4,52,046	4,56,002
5	Furniture & Fixtures	10,92,227	1,17,525	-	12,09,752	4,66,311	1,23,969	-	5,90,280	6,19,472	6,25,916
	<b>Total (A)</b>	<b>87,16,866</b>	<b>6,59,449</b>	-	<b>93,76,315</b>	<b>38,68,557</b>	<b>9,21,173</b>	-	<b>47,89,730</b>	<b>45,86,585</b>	<b>48,48,309</b>
-	<b>Intangible assets (B)</b>										
1	Software	1,17,745	7,62,883	-	8,80,628	1,05,573	1,63,410	-	2,68,983	6,11,645	12,172
	<b>Total (B)</b>	<b>1,17,745</b>	<b>7,62,883</b>	-	<b>8,80,628</b>	<b>1,05,573</b>	<b>1,63,410</b>	-	<b>2,68,983</b>	<b>6,11,645</b>	<b>12,172</b>
	<b>Grand Total (A+B)</b>	<b>88,34,611</b>	<b>14,22,332</b>	-	<b>1,02,56,943</b>	<b>39,74,130</b>	<b>10,84,583</b>	-	<b>50,58,713</b>	<b>51,98,230</b>	<b>48,60,481</b>
1	Capital work in progress	27,60,000	-	-	27,60,000	-	-	-	-	27,60,000	27,60,000
	<b>Total</b>	<b>1,15,94,611</b>	<b>14,22,332</b>	-	<b>1,30,16,943</b>	<b>39,74,130</b>	<b>10,84,583</b>	-	<b>50,58,713</b>	<b>79,58,230</b>	<b>76,20,481</b>

## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

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

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
<b>Tax effect on items constituting deferred tax (liability) / asset:</b>		
On difference between book balance and tax balance of fixed assets	(9,82,900)	(11,95,475)
Provision for compensated absences, gratuity, other employee benefits and provision for doubtful debts / advances	12,75,336	10,54,109
Unabsorbed depreciation carried forward / brought forward business losses	2,10,42,743	96,29,471
	<b>2,13,35,179</b>	<b>94,88,105</b>
<b>Deferred Tax Asset / (Liability) - Net</b>	<b>55,47,147</b>	<b>18,25,500</b>

**Note 5a****Other Financial Assets**

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
Security deposits	9,11,600	9,12,715
<b>Total</b>	<b>9,11,600</b>	<b>9,12,715</b>

**Note 5b****Income Tax Assets**

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
Advance Tax	75,510	73,420
<b>Total</b>	<b>75,510</b>	<b>73,420</b>

**Note 6****Inventories**

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
Raw materials and Components	6,62,237	1,13,51,321
Work-in-progress	2,58,190	-
Finished goods	95,05,775	-
<b>Total</b>	<b>1,04,26,202</b>	<b>1,13,51,321</b>

**Note 7****Trade receivables**

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
<b>Trade receivables</b>		
(a) Unsecured, considered good	27,74,024	72,56,025
(b) Doubtful	-	-
Less: Allowance for credit losses	-	-
<b>Total</b>	<b>27,74,024</b>	<b>72,56,025</b>

## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**Note 8****Cash and cash equivalents**

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
Cash on hand	45,484	26,555
Balance with banks:		
- In current account	22,200	10,66,666
<b>Total</b>	<b>67,684</b>	<b>10,93,221</b>
Of the above, the balances that meet the definition of cash and cash equivalents as per IND AS 7 `Statement of Cash Flows	67,684	10,93,221

**Note 9****Current Tax Assets**

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
Current Tax Assets-Net of provision	1,36,721	2,29,120
<b>Total</b>	<b>1,36,721</b>	<b>2,29,120</b>

**Note 10****Other current assets**

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
<b>Unsecured, considered good</b>		
Trade and other advances	2,99,225	8,43,686
Prepaid expenses	66,656	2,89,595
Balances with government authorities:		
- GST advance	95,576	95,576
- GST input tax credit	2,14,663	7,24,210
<b>Total</b>	<b>6,76,120</b>	<b>19,53,067</b>

**Note 11****Equity**

(a)	<b>Share capital</b>		
	Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
		₹	₹
	<b>Authorised</b>		
	20,00,000 Equity shares of Rs. 10/- each with voting rights	2,00,00,000	2,00,00,000
	<b>Total</b>	<b>2,00,00,000</b>	<b>2,00,00,000</b>
	<b>Issued, subscribed and fully paid-up</b>		
	10,00,600 Equity shares of Rs. 10/- each fully paid with voting rights	1,00,06,000	1,00,06,000
	<b>Total</b>	<b>1,00,06,000</b>	<b>1,00,06,000</b>



## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

(b)	Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				
	Particulars	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
		No. of Shares	₹	No. of Shares	₹
	Equity share of Rs. 10/- each				
	Opening balance	10,00,600	1,00,06,000	10,00,600	1,00,06,000
	Issued during the year	-	-	-	-
	Closing balance	10,00,600	1,00,06,000	10,00,600	1,00,06,000
(c)	Detail of the rights, preferences and restrictions attaching to each class of shares outstanding Equity shares of Rs. 10/- each: The Company has only one class of equity shares, having a par value of Rs.10/-. The holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all other parties concerned. The distribution will be in proportion to number of equity shares held by the shareholders.				
(d)	Details of equity shares held by each shareholder holding more than 5% of shares:				
	Particulars	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
		No. of Shares	% of shares	No. of Shares	% of shares
	Yuken India Ltd	8,59,698	85.92%	4,62,200	46.19%
	Baunwert Advisors Private Limited	-	-	2,00,000	19.99%
	Drive Hydraulic Products Private Limited	-	-	1,97,500	19.74%
	Suresh Kannan	1,40,600	14.05%	1,40,600	14.05%
	Total	10,00,298		10,00,300	
(e)	Shares allotted as fully paid up for consideration other than cash: NIL				

**Note 12****Other equity**

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
<b>Surplus in statement of profit and loss</b>		
Opening balance	(76,76,852)	(38,73,427)
Add :- Transferred from other comprehensive Income for the year	-	-
Add:- Net profit/(loss) for the year	(75,50,100)	(38,03,425)
<b>Closing balance</b>	<b>(1,52,26,952)</b>	<b>(76,76,852)</b>



## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

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

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
<b>Provision for employee benefits:</b>		
- Gratuity	5,69,615	4,40,546
- Compensated absences	6,27,247	4,42,109
<b>Total</b>	<b>11,96,862</b>	<b>8,82,655</b>

**Note 14****Trade payables**

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
<b>Current</b>		
Total outstanding dues of creditors to micro enterprises and small enterprises	17,23,362	5,94,213
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,12,21,526	1,04,64,723
<b>Total</b>	<b>1,29,44,888</b>	<b>1,10,58,936</b>

**Note 15****Provisions (Current)**

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
<b>Provision for employee benefits:</b>		
- Bonus	78,474	1,51,347
<b>Total</b>	<b>78,474</b>	<b>1,51,347</b>

**Note 16****Other current liabilities**

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
Other payables:		
Payables on purchase of fixed assets	-	2,51,293
Statutory remittances (PT, ESI & TDS)	1,08,596	1,39,638
Advances from customers	10,01,963	24,91,356
Advances received - Related Parties	1,84,63,407	1,50,10,497
<b>Total</b>	<b>1,95,73,966</b>	<b>1,78,92,784</b>

## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**Note 17****Revenue from operations**

Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
	₹	₹
Sale of products	4,57,54,298	5,17,29,881
Sale of services	16,79,049	13,52,124
<b>Total</b>	<b>4,74,33,347</b>	<b>5,30,82,005</b>

**Note 18****Other income**

Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
	₹	₹
Packing and Forwarding Charges Collected	1,85,923	2,38,316
Exchange Gain (Net)	-	2,01,756
Provision no longer required written back	20,097	-
Miscellaneous income	-	5,668
<b>Total</b>	<b>2,06,020</b>	<b>4,45,740</b>

**Note 19****Cost of materials consumed**

Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
	₹	₹
Opening Stock	1,13,51,321	59,58,817
Add: Purchases	3,41,79,793	4,26,89,299
	4,55,31,114	4,86,48,116
Less: Consumed	4,48,68,877	3,72,96,795
Closing Stock	6,62,237	1,13,51,321
<b>Total</b>	<b>4,48,68,877</b>	<b>3,72,96,795</b>

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

Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
	₹	₹
Inventories at the end of the year:		
Finished goods	95,05,775	-
Work-in-progress	2,58,190	-
	<b>97,63,965</b>	-
Inventories at the beginning of the year:		
Finished goods	-	-
Work-in-progress	-	-
<b>Net (increase) / decrease</b>	<b>(97,63,965)</b>	-

## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**Note 21****Employee benefit expenses**

Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
	₹	₹
Salaries and wages	81,92,655	65,12,243
Contributions to provident and other funds	7,06,586	5,51,997
Staff welfare Expenses	1,31,888	85,332
<b>Total</b>	<b>90,31,129</b>	<b>71,49,572</b>

**Note 22****Other expenses**

Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
	₹	₹
Sub-contracting charges	3,09,630	2,85,469
Communication Expenses	1,88,421	2,44,828
Power and fuel	6,95,797	6,49,508
Packing & forwarding	74,899	1,05,158
Rates and Taxes	1,71,273	45,689
Exchange Loss (Net)	4,19,786	-
Insurance	15,198	13,070
Rent	15,22,320	15,55,391
Repair and Maintenance		
- Building	5,310	32,000
- Machinery	46,393	6,580
- Others	83,990	1,09,756
Printing & Stationery	2,52,164	1,39,473
Freight, Transport & Other Charges	38,34,387	47,92,896
Legal and Professional charges*	17,72,314	12,50,423
Travelling & Conveyance	27,37,257	21,36,023
Sales Promotion Expenses	7,29,473	10,85,301
Bad Debts Written Off	1,68,314	1,45,735
Asset Written off	-	29,908
Miscellaneous Expenses	6,63,564	4,76,744
<b>Total</b>	<b>1,36,90,490</b>	<b>1,31,03,952</b>
*Legal & Professional fees includes payment to auditors (excluding GST)		

## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
	₹	₹
Statutory audit fees	97,500	97,500
Tax Audit fees	32,500	32,500
Other Services	30,000	
<b>Total</b>	<b>1,60,000</b>	<b>1,30,000</b>

**Note 23****Tax expense**

Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
	₹	₹
Current tax	-	-
Current tax expense relating to prior years	-	-
Deferred tax	(37,21,647)	(9,16,600)
Less: MAT credit availed	-	-
<b>Total</b>	<b>(37,21,647)</b>	<b>(9,16,600)</b>

**Note 24**

Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
	₹	₹
<b>24.1 Expenditure in foreign currency:</b>		
Raw materials & Components	2,54,22,472	2,99,09,566
Foreign Travel	1,65,844	-
<b>24.2. Estimated amount of contracts remaining to be executed on capital account and not provided for</b>	<b>-</b>	<b>-</b>

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

Particulars	Year Ended 31 <sup>st</sup> March 2020	Year Ended 31 <sup>st</sup> March 2019
	₹	₹
<b>Demand received from tax authorities</b>		
Income tax	-	28,011

## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**Note 26****Foreign Currency Exposure**

Foreign Currency Exposure as at 31<sup>st</sup> March, 2020 that have not been hedged by a derivative instrument or other wise:

Particulars	31 <sup>st</sup> March 2020		31 <sup>st</sup> March 2019	
	₹	Amount in Foreign Currency	₹	Amount in Foreign Currency
Receivables -USD	-	-	-	-
Receivables -EURO	-	-	-	-
<b>Total</b>	-	-	-	-
Payables- USD	17,38,661	23,260	7,43,588	10,770
Payables- EURO	26,02,816	31,507	42,79,230	55,095
<b>Total</b>	<b>43,41,477</b>	<b>54,767</b>	<b>50,22,818</b>	<b>65,865</b>

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

Particulars	Year ended 31 <sup>st</sup> March,2020	Year ended 31 <sup>st</sup> March,2019
	₹	₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	17,23,362	5,94,213
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	26,139	-
(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	26,139	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	26,139	-

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 28****CSR provision**

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

**Note 29****Segment reporting**

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

## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**Note 30****Earnings Per share**

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
	₹	₹
Net Profit/(Loss) after Tax	(75,50,100)	(38,03,425)
Weighted average number of equity shares (Nos)	10,00,600	10,00,600
Earnings/(Loss) per share	(7.55)	(3.80)
Nominal Value of Equity Shares	10	10

**Note 31****Related Party Disclosures**

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

Particulars	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
	₹	₹
<b>Enterprises and their relatives exercise significant influence</b>		
<u>M/s Yuken India Ltd</u>		
- Sales & Services effected during the year	1,68,22,204	1,09,76,368
- Purchase made during the year	3,71,614	22,50,616
- Rent Paid during the year	1,77,846	2,02,146
- Expenses reimbursed during the year	1,36,050	-
- Fixed Asset Purchased during the year	-	26,372
<b>Fellow Subsidiary</b>		
<u>M/s Coretec Engineering India Pvt Ltd</u>		
- Purchase made during the year	1,37,176	2,36,000
- Sales & Services effected during the year	56,640	-
<u>M/s Grotek Enterprises Pvt Ltd</u>		
- Sales & Services effected during the year	-	-
- Purchase made during the year	2,33,654	31,669

## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

Particulars	Year ended 31 <sup>st</sup> March,2020	Year ended 31 <sup>st</sup> March,2019
	₹	₹
<b>Fellow Associate</b>		
M/s Sai India Limited		
- Purchase made during the year	-	13,68,329
<b>Relative of a Director</b>		
Mrs. S K Vijaya		
- Vehicle Lease Rent	3,30,000	3,30,000
<b>Key Management Personnel</b>		
Mr. Suresh Kannan		
- Remuneration paid during the year	16,02,041	16,03,037

Particulars	Year ended 31 <sup>st</sup> March,2020	Year ended 31 <sup>st</sup> March,2019
	₹	₹
<b>Balances at the end</b>	Cr / (Dr)	Cr / (Dr)
M/s Yuken India Ltd	1,82,61,833	1,66,49,467
M/s Coretec Engineering India Pvt Ltd	3,16,535	2,36,000
M/s Grotek Enterprises Pvt Ltd	2,65,323	31,669
M/s Sai India Ltd	-	3,15,060
Mr. Suresh Kannan	4,86,370	5,29,810
Mrs. S K Vijaya	80,850	26,950



## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**Note 32****Fair value measurements****(i) Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of 31<sup>st</sup> March 2020 were as follows:

Particulars	Note No.	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
		₹	₹	₹
<b>Assets :</b>				
Cash and cash equivalents	8	67,684	-	-
Other financial assets				
(i) Security deposits	5a	9,11,600	-	-
Trade receivables	7	27,74,024	-	-
<b>Total</b>		<b>37,53,308</b>	<b>-</b>	<b>-</b>
<b>Liabilities:</b>				
Other financial liabilities				
(i) Trade payables	14	1,29,44,888	-	-
<b>Total</b>		<b>1,29,44,888</b>	<b>-</b>	<b>-</b>

The carrying value and fair value of financial instruments by categories as of 31<sup>st</sup> March 2019 were as follows:

Particulars	Note No.	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
		₹	₹	₹
<b>Assets :</b>				
Cash and cash equivalents	8	10,93,221	-	-
Other financial assets				
(i) Security deposits	5a	9,12,715	-	-
Trade receivables	7	72,56,025	-	-
<b>Total</b>		<b>96,80,441</b>	<b>-</b>	<b>-</b>
<b>Liabilities:</b>				
Other financial liabilities				
(i) Trade payables	14	1,10,58,936	-	-
<b>Total</b>		<b>12,56,87,794</b>	<b>-</b>	<b>-</b>

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

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

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

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

## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**Note 33****Fair value hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying value of financial instruments by categories as follows:

Particulars	Note No.	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
		₹	₹
<b>Financials measured at amortized costs:</b>			
Financial assets			
Trade receivables *	7	27,74,024	72,56,025
<b>Cash and cash equivalents and other bank balances</b>			
Cash and cash equivalents #	8	67,684	10,93,221
<b>Financial liabilities measured at amortized cost:</b>			
Trade Payables *	14	1,29,44,888	1,10,58,936

\*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.

**Note 34****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.

## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

**(A) Credit risk analysis**

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

Assets under credit risk	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
	₹	₹
Cash and cash equivalents	67,684	10,93,221
Security deposits	9,11,600	9,12,715
Trade receivables	27,74,024	72,56,025
	<b>37,53,308</b>	<b>92,61,961</b>

**A1 Trade and other receivables**

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

**A2 Cash and cash equivalents**

The credit risk for cash and cash equivalents, and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

**Financial assets that are neither past due nor impaired**

Cash and cash equivalents, advances recoverable, loans and advances to employees, security deposit and other financial assets are neither past due nor impaired.

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

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

**(B) Liquidity risk**

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

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

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

## Kolben Hydraulics Limited

**Summary of significant accounting policies and other explanatory information  
for the year ended 31<sup>st</sup> March 2020 (cont'd)**

<b>Maturities of financial liabilities</b>			
<b>As at 31<sup>st</sup> March 2020</b>	<b>Less than 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
	<b>₹</b>	<b>₹</b>	<b>₹</b>
Trade payables	1,29,44,888	-	-
	<b>1,29,44,888</b>	-	-
<b>As at 31<sup>st</sup> March 2019</b>	<b>Less than 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>
	<b>₹</b>	<b>₹</b>	<b>₹</b>
Trade payables	1,10,58,936	-	-
	<b>1,10,58,936</b>	-	-
<b>(C) Market risk</b>			
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.			
<b>Note 35</b>			
<b>Reconciliation of tax expense/ (benefit) and the accounting profit/ (loss) multiplied by India's domestic tax rate</b>			
<b>Particulars</b>	<b>Year ended</b>	<b>Year ended</b>	
	<b>31<sup>st</sup> March 2020</b>	<b>31<sup>st</sup> March 2019</b>	
	<b>₹</b>	<b>₹</b>	
<b>Accounting profit/ (loss) before tax and exceptional item</b>	(1,12,71,747)	(47,20,025)	
Tax on accounting profit/ (loss) at statutory income tax rate [27.82%] (PY 27.82%)	(31,35,800)	(13,13,111)	
<b>Reconciling items:</b>			
Tax effect on permanent non-deductible expenses	-	-	
Tax adjustments of Prior Years	-	-	
Others	(5,85,847)	3,96,511	
<b>At the effective income tax rate of 27.82% (PY 27.82%)</b>	<b>(37,21,647)</b>	<b>(9,16,600)</b>	
Income tax expense/ (benefit) reported in the Statement of Profit and Loss	<b>(37,21,647)</b>	<b>(9,16,600)</b>	
<b>Note 36</b>			
<b>Previous year figures</b>			
Previous year figures have been regrouped / reclassified wherever necessary to confirm to current year's classification / disclosure. The previous year figures have been audited by a firm other than V K A N & Associates.			

In terms of our report attached

**For V K A N & Associates**

Chartered Accountants

Firm Regn. No: 014226S

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

Partner

Membership No: 230042

**H M Narasinga Rao**

Director

DIN: 00529717

**V Suresh Kannan**

Director

DIN: 03280922

Place: Bangalore

Date: 26-Jun-2020

#### **4. YUFLOW ENGINEERING PRIVATE LIMITED**

## **NOTICE**

NOTICE is hereby given that the 18<sup>th</sup> Annual General Meeting of the Members of **YUFLOW ENGINEERING PRIVATE LIMITED** will be held on Tuesday, 22<sup>nd</sup> September, 2020 at 10.00 AM 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, 2020, 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.

### **SPECIAL BUSINESS:**

3. **Approval for the Scheme of Amalgamation of Yuflow Engineering Private Limited (Hereinafter referred to as 'the Transferor Company' or 'the Company'), with Yuken India Limited (Hereinafter referred to as the 'Transferee Company'):**

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

**"RESOLVED THAT** pursuant to the provisions of Section 233 of the Companies Act, 2013 read with Rule 25 of the Companies (Compromises, Arrangement and Amalgamation) Rules, 2016 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modifications,

re-enactment or amendments thereof) and applicable provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the shareholders and creditors at their respective meetings and subject to the approval by the Central Government, powers delegated to the Regional Director and approvals from such other authorities as may be required in this regard, consent of the shareholders be and is hereby accorded for Amalgamation of the Company with Yuken India Limited i.e. the holding Company, having its registered office at No.16-C, Doddanekundi Industrial Area II Phase, Mahadevapura, Bengaluru - 560048 and the Scheme of Amalgamation shall become effective from **01<sup>st</sup> April, 2020** (the "Appointed Date"), subject to such modifications as may be recommended by the Registrar of Companies, Bangalore, the Official Liquidator or any other statutory authority, which may be subsequently be accepted and approved by the Board of Directors of the Company."

**"FURTHER RESOLVED THAT** Mr. C P Rangachar Director or any other Directors be are hereby authorised to appoint an Advocate or any other professional, to represent before the Regional Director, South East Region, Hyderabad or such authorities as maybe required for obtaining consent for the proposed merger and authorize to take all necessary steps on behalf of the Company as may be required in this regard."

By Order of the Board

**For YUFLOW ENGINEERING PRIVATE LIMITED**

**C P Rangachar**

Director

DIN: 00310893

Place: Bengaluru

Date: 28<sup>th</sup> August, 2020

**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. The proxy form duly signed must be deposited at the registered office of the Company not less than 48 hours before the time of holding meeting.
2. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
3. Explanatory Statement pursuant to section 102 of the Companies Act 2013 in respect of special business is annexed hereto.
4. Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays and Sundays (including Public Holidays), during business hours up to the date of the Meeting.
5. The persons to whom the notice is sent may vote in the meeting either in person or by proxies.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6(3) OF THE COMPANIES (COMPROMISES, AMALGAMATIONS AND AMALGAMATIONS) RULES, 2016:**

**Item No. 3: Approval for the Scheme of Amalgamation of Yuflow Engineering Private Limited (Hereinafter referred to as ‘the Transferor Company’ or ‘the Company’), with Yuken India Limited (Hereinafter referred to as the ‘Transferee Company’):**

Yuflow Engineering Private Limited (“Yuflow”) is a wholly owned subsidiary of Yuken India Limited (“YIL”). Yuflow

has incorporated under the provisions of the Companies Act, 1956 and engaged in the business of manufacturing of Electric Motors, manifolds, and other hydraulic accessories.

Electric Motors and manifolds manufactured by Yuflow is intermediary products to YIL and its Group Companies.

Hence, the Management discussed and deliberated upon the Companies’ business profiles and concluded that as the business of the Companies is similar and complement each other, it is in the best interest of the Companies to merge Yuflow with Yuken. This is more advantageous to YIL to manage the business of the Yuflow effectively, manufacture of quality products and reduce the overall costs. Considering the above, the Board of Directors at their meeting held on 13<sup>th</sup> June, 2020 approved the draft Scheme of Amalgamation (“Scheme”) of M/s. Yuflow Engineering Private Limited (Wholly owned Subsidiary) with M/s. Yuken India Limited and their respective Shareholders & Creditors.

The Directors, therefore, recommended the special resolution, as set out in item No. 3 for Approval for the Scheme of Amalgamation of Yuflow Engineering Private Limited with Yuken India Limited.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in item No. 3 of this notice. Except and otherwise all the Directors being the nominee Directors appointed by Yuken India Limited on the Board of the Company.

The disclosures under the provisions of the act are appended.

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

**C P Rangachar**  
Director  
DIN: 00310893

Place: Bengaluru

Date: 28<sup>th</sup> August, 2020

The following are the details of transferor and Transferee Company as required under Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016:

- i. Details of the order of the Tribunal directing the calling, convening and conducting of the meeting: - The clause is not applicable.
- ii. Details of the Companies: Please refer table provided below for all the details:

Sl. No.	Particulars	Response
a)	Corporate Identification Number (CIN) or Global Location Number (GLN) of the Company;	CIN of Transferee Company: L29150KA1976PLC003017 CIN of Transferor Company: U29120KA2002PTC120611
b)	Permanent Account Number (PAN);	Transferee Company - PAN: AAACY1160E Transferor Company - PAN: AAACY1572G
c)	Names of the companies;	Yuken India Limited (Transferee Company) Yuflow Engineering Private Limited (Transferor Company)
d)	Date of incorporation;	Transferee Company was incorporated on 28/06/1976: Transferor Company was incorporated on 15/03/2002:
e)	Type of the company (whether public or private or one-person company);	The Transferee is Public Listed Company and Transferor is a Private Limited Company.
f)	Registered office address and e-mail address of the Transferor and Transferee Company;	<b><u>Transferor Company:</u></b> Registered address – No. B-80, 2 <sup>nd</sup> Cross, 1 <sup>st</sup> Stage, Peenya Industrial Area, Bengaluru -560 058. Email id:hmn_rao@yukeninida.com <b><u>Transferee Company:</u></b> Registered address – No. 16-C, Doddanekundi Industrial Area II Phase, Mahadevapura, Bengaluru- 560048 Email id: hmn_rao@yukeninida.com
g)	Summary of main object as per the memorandum of association; and main business carried on by the company;	Details mentioned in introduction to the Scheme of Amalgamation under Rationale of Amalgamation [Refer page no. 1, 2 and 3 of the Scheme of Amalgamation]
h)	Details of change of name, registered office and objects of the company during the last five years;	<b>Yuflow Engineering Private Limited:</b> The registered office of the Transferor Company was shifted from: No.1, II CROSS Street, Ponnamman Nagar Road Ayanambakkam, Maduravoyal Post, Chennai, Tamil Nadu-600095. To: C/o. Yuken India Limited, B-80, 2 <sup>nd</sup> Cross, 1 <sup>st</sup> Stage, Peenya Industrial Area, Bengaluru, Karnataka – 560058 on 01/01/2019. Form INC- 22 filed on 10/01/2019 <b>Yuken India Limited:</b> The registered office of the Transferee Company was shifted from: PB 16, Whitefield Road, Whitefield, Bengaluru, Karnataka- 560066 To: No. 16-C, Doddanekundi Industrial Area II Phase, Mahadevapura, Bengaluru, Karnataka – 560 048 on 01/07/2016 Form INC- 22 filed on 08/07/2016
i)	Name of the stock exchange (s) where securities of the company are listed, if applicable;	<b>Yuken India Limited:</b> Bombay Stock Exchange Script Code: 522108
j)	Details of the capital structure of the company including authorised, issued, subscribed and paid up share capital; and	Details mentioned in Part A – Definition, Interpretation and Share Capital of the Scheme of Amalgamation [Refer Clause 3 of the scheme of Amalgamation]



Sl. No.	Particulars	Response
k)	Names of the promoters and directors along with their addresses.	The requisite details are under: ➤ <u>In case of Transferee Company:</u> Enclosed as Annexure A ➤ <u>In case of Transferor Company:</u> Enclosed as Annexure B
l)	If the scheme of compromise or Amalgamation relates to more than one company, the fact and details of any relationship subsisting between such companies who are parties to such scheme of compromise or Amalgamation, including holding, subsidiary or of associate companies;	Transferee Company (i.e. Yuken India Limited) is the holding Company of Transferor Company (i.e. Yuflow Engineering Private Limited)
m)	The date of the board meeting at which the scheme was approved by the board of directors including the name of the directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution;	The Scheme of Amalgamation has been approved by the respective Board of Directors of the Transferee Company and Transferor Company on 13 <sup>th</sup> June, 2020. All the Board of Directors of the Transferee Company and the Transferor Company have voted in favour of the resolution. The names of the Board of Directors who have voted in favour are given below: ➤ In case of Transferee Company: 5 out of 8 Directors present in the meeting and 5 Directors voted in favour of the resolution: viz. Mr. C P Rangachar, Mr. R Srinivasan, Capt. N S Mohanram, Dr. Premchander and Mrs. Vidya Rangachar. ➤ In case of Transferor Company: All the 3 Directors present in the meeting voted in favour of the resolution: viz. Mr. C P Rangachar, Mr. K Gopalkrishna and Mr. H M Narasinga Rao.
n)	Explanatory statement disclosing details of the scheme of compromise or Arrangement including:-	
i.	Parties involved in such compromise or Arrangement;	<b><u>Transferee Company:</u></b> Yuken India Limited <b><u>Transferor Company:</u></b> Yuflow Engineering Private Limited
ii.	In case of Amalgamation or merger, appointed date, effective date, share exchange ratio (if applicable) and other considerations, if any;	<ul style="list-style-type: none"> <li>Appointed date – 01<sup>st</sup> April, 2020 (01.04.2020)</li> <li>Effective date – as per Clause 1.7 of the Scheme.</li> <li>Share exchange ratio - details mentioned in “Clause 9 – Consideration” of the Scheme of Amalgamation</li> </ul>
iii.	Summary of valuation report (if applicable) including basis of valuation and fairness opinion of the registered valuer, if any, and the declaration that the valuation report is available for inspection at the registered office of the company;	Not Applicable, since the Transferor Company is a wholly owned subsidiary of Transferee Company, the entire equity share capital of Transferor Company shall stand cancelled and hence no new equity shares will be allotted under the Scheme of Amalgamation.
iv.	Details of capital or debt restructuring, if any;	Not Applicable
v	Rationale for the compromise or Amalgamation;	Details mentioned in introduction to the Scheme of Amalgamation under Rationale of Amalgamation [Refer page no. 1, 2 and 3 of the Scheme of Amalgamation]
vi.	Benefits of the compromise or Amalgamation as perceived by the Board of directors to the company, members, creditors and others (as applicable);	Details mentioned in page no.1, 2 and 3 of the Scheme of Amalgamation

Sl. No.	Particulars	Response
vii.	Amount due to creditors.	<p>The amount due to creditors as on 30<sup>th</sup> June, 2020 (cut-off date) is as follows:</p> <ul style="list-style-type: none"> <li>• <b>In case of Transferee Company:</b> The total amount due to the unsecured creditors is Rs. 2,569.62 lakhs The total amount due to the secured creditors is Rs. 9,978.28 lakhs</li> <li>• <b>In case of Transferor Company:</b> The total amount due to the unsecured creditors is Rs.112.36 lakhs. The total amount due to the secured creditors – NIL</li> </ul>
viii.	Disclosure about the effect of the compromise or Amalgamation on: (a) key managerial personnel; (b) directors; (c) promoters; (d) non-promoter members; (e) depositors; (f) creditors; (g) debenture holders; (h) deposit trustee and debenture trustee; (i) employees of the company:	The Scheme shall not have any adverse effect on such persons
ix.	Disclosure about effect of compromise or Amalgamation on material interests of directors, Key Managerial Personnel (KMP) and debenture trustee.	The Scheme shall not have any adverse effect on such persons.
o)	Investigation or proceedings, if any, pending against the company under the Act.	No such cases
p)	Details of the availability of the following documents for obtaining extract from or for making or obtaining copies of or for inspection by the members and creditors:	<ul style="list-style-type: none"> <li>a) Latest audited financial statements of the company;</li> <li>b) Declaration of Solvency along with Auditor's Certificate;</li> <li>c) Copy of Scheme of Amalgamation;</li> <li>d) The certificate issued by Auditor of the Company to the effect that the accounting treatment if any proposed in the Scheme of Compromise or Arrangement is in conformity with the Accounting standards prescribed under section 133 of the Companies Act, 2013 and</li> <li>e) such other information or documents as the Board or Management believes necessary and relevant for making decision for or against the scheme;</li> </ul>
q)	Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed scheme of compromise or Amalgamation.	There are no pending approvals, sanctions or no objections pending.
r)	A statement to the effect that the persons to whom the notice is sent may vote in the meeting either in person or by proxies, or where applicable, by voting through electronic means.	The shareholders have to vote in person or through proxy in the meeting.

Note: Scheme of Amalgamation is attached separately.

## YUKEN INDIA LIMITED – TRANSFEREE COMPANY:

## LIST OF PROMOTERS:

Sl. No.	Name	Address	Number of shares	% of share capital
1	Yuken Kogyo Co., Ltd	4-34, Kamitsuchidana-Naka, 4-Chome, Kanagawa -2521113, Japan	48,00,000	40.00
2	Benefic Investment and Finance Company Private Limited	B-59, Dyavasandra Industrial Estate, Mahadevapura, Whitefield Road, Bengaluru -560048	13,91,808	11.60
3	C P Rangachar	B - 4, Yemlur Home Owners Assn Yemlur Village Road, Bangalore-560037, Karnataka	84,400	0.70
4	Vidya Rangachar	B-4,Epsilon, Villas, Yemlur Home Owners Association, Yemlur Village Road, Yemlur Post, Bangalore – 560037,Karnataka	16,000	0.13
5	Madhuri Rangachar	B-4,Padmam,Epsilon Villas, Yemlur Home Owner Association Behind H A L Airport Yemlur, Bengaluru 560037	8,000	0.07
		<b>Total</b>	<b>63,00,208</b>	<b>52.50</b>

## LIST OF DIRECTORS:

Sl. No	DIN	Name	Address	Designation	Date of Appointment
1	00310893	C P Rangachar	B - 4, Yemlur Home Owners Assn Yemlur Village Road, Bangalore-560037, Karnataka.	Managing Director	01/05/1978
2	00043658	Srinivasan Rangarajan	Dhanya, 126, Nandidurg Road, Bangalore - 560046, Karnataka.	Director	29/06/1995
3	02278652	Premchander	410, Koramangala, BLC III II A Cross, 11 <sup>th</sup> , Main, Bangalore – 560034, Karnataka.	Director	30/05/2005
4	02466671	Needamangalam Srinivasan Mohanram	No 505 Brigade Classic Armugam Circle, Basavanagudi, Bangalore – 560004, Karnataka.	Director	30/05/2005
5	02612252	Vidya Rangachar	B-4, Epsilon, Villas, Yemlur Home Owners Association, Yemlur Village Road, Yemlur Post, Bangalore – 560037, Karnataka.	Director	30/03/2015
6	07913414	Hideharu Nagahisa	4-1-10-807 Hiroo, Shibuya-Ku, Tokyo - 1500012, Japan	Director	23/08/2017
7	08494981	Hidemi Yasuki	1-1344, Kamitsuchidanaminami, Ayase - Shi, Kanagawa - 2521114, Japan	Director	19/07/2019
8	08678898	Kenichi Takaku	73-3, Osogo Fujisawa Kanagawa - 2510825, Japan	Additional Director	09/05/2020

## YUFLOW ENGINEERING PRIVATE LIMITED – TRANSFEROR COMPANY:

## LIST OF PROMOTERS:

Sl. No.	Name	Address	Number of shares	%of share capital
1	Yuken India Limited	No. 16-C, Doddanekundi Industrial Area II, Phase, Mahadevapura, Bengaluru – 560048, Karnataka	19,96,000	99.80
2	C P Rangachar (Representing Yuken India Limited)	B - 4, Yemlur Home Owners Assn Yemlur Village Road, Bangalore-560037, Karnataka	4,000	0.20
		<b>Total</b>	<b>20,00,000</b>	<b>100</b>

## LIST OF DIRECTORS:

Sl. No	DIN	Name	Address	Designation	Date of Appointment
1	00310893	C P Rangachar	B - 4, Yemlur Home Owners Assn Yemlur Village Road, Bangalore-560037, Karnataka.	Director	15/03/2002
2	00529717	Haldodderi Mukundarao Narasinga Rao	Sneha No. 08/A, 3 <sup>rd</sup> Main, Near Kumarans College Brindavan Layout, Subramanyapura Road, Bengaluru – 560061, Karnataka.	Director	29/02/2016
3	00529760	Krishnaswamy Gopalkrishna	516, 6 <sup>th</sup> Main, 7 <sup>th</sup> Cross, Jagadish Nagar, New Thippasandra Post Bengaluru – 560075, Karnataka.	Director	15/03/2002

## DIRECTORS' REPORT

To,

**The Members of  
Yuflow Engineering Private Limited.**

The Board of Directors are pleased to present the 18<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, 2020.

### FINANCIAL RESULTS:

**Financial highlights:**

(Rs. In Lakhs)

Particulars	Year ended	Year ended
	31.03.2020	31.03.2019
<b>Total Income</b>	<b>11.83</b>	<b>4.27</b>
Total expenditure	57.09	67.60
<b>Profit/(Loss) before interest, depreciation and tax</b>	<b>(45.26)</b>	<b>(63.33)</b>
Finance cost	0.28	-
Depreciation	3.17	-
<b>Profit/(Loss) before tax</b>	<b>(48.71)</b>	<b>(63.33)</b>
Provision for taxation (Net of deferred tax)	-	-
<b>Profit/(loss) after tax</b>	<b>(48.71)</b>	<b>(63.33)</b>
Net comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>(48.71)</b>	<b>(63.33)</b>
Balance in Statement of profit and loss	(692.69)	(629.36)
Balance in General reserve	53.28	53.28
<b>Amount available for appropriation</b>	<b>(688.12)</b>	<b>(639.40)</b>
<b>Appropriations:</b>		
Equity dividend paid	-	-
Tax on Equity Dividend	-	-
<b>Balance carried to Balance Sheet</b>	<b>(688.12)</b>	<b>(639.40)</b>

During the financial year, the Company has earned total income of Rs. 11.83 lakhs as compared to previous year total revenue of Rs. 4.27 lakhs and incurred a net loss of Rs. 48.71 lakhs.

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

As per provisions of Section 92 (3) of the Companies Act,

2013 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 2019-20, there were 04 Board Meetings held on the following dates; 27.05.2019, 09.08.2019, 11.11.2019 and 07.02.2020.

### 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;
- The Directors had prepared the annual accounts on a going concern basis;
- 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
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

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

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 or arrangements with related parties, entered into or modified during the financial year were at arm's length basis and in the ordinary course of the Company's business.

As per requirements of Indian Accounting Standard 24, the transactions with related parties are disclosed in the Note No. 21 of the Notes forming part of the financial statements.

A statement in Form AOC-2 pursuant to the provisions of Clause (h) of sub-section (3) of section 134 of the Act read with sub-rule(2) of rule 8 of Companies (Accounts) Rules, 2014 is furnished in "Annexure-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, 2020.

**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:**

The World Health Organization (WHO) declared the outbreak of the Coronavirus Disease (COVID-19) as a global pandemic on 11th March, 2020. Consequent to this, the Government of India declared a nation-wide lockdown on 23<sup>rd</sup> March, 2020 due to which the Company suspended its operations at all its factories and offices in compliance with the lockdown instructions issued by the Central and State Governments. COVID-19 has impacted the normal business operations by way of production, sales, supply chain disruptions, closure of customers' site and suspension of travel and unavailability of personnel during the lockdown period.

Further, your Board of Directors at their meeting held on 13<sup>th</sup> June, 2020 approved the draft Scheme of Amalgamation ("Scheme") of M/s. Yuflow Engineering Private Limited (Wholly owned Subsidiary) with M/s. Yuken India Limited and their respective Shareholders & Creditors. Such Scheme

was presented under Section 230 - 232 and other applicable provisions of the Companies Act, 2013 and the rules & regulations made thereunder. Appointed date is 01<sup>st</sup> April, 2020 or such other date as may be approved by Regional Director, Hyderabad or such other appropriate authorities

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

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

In terms of clause (m) of sub-section (3) of section 134 of the Companies Act, 2013 and the rules framed there under, the particulars relating to conservation of energy, technology absorption and foreign 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.	

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

Sl. No.	Particulars	As on 31.03.2020 (Amount in Rs)	As on 31.03.2019 (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. H M Narasinga Rao – Director retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

**DECLARATION BY INDEPENDENT DIRECTORS:**

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

**REMUNERATION POLICY:**

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

**SUBSIDIARY:**

The Company 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.

**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:**

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

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

**MATERIAL ORDERS PASSED BY REGULATORY AUTHORITIES:**

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

**RISK MANAGEMENT POLICY:**

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

**DETAILS OF REVISION OF FINANCIAL STATEMENTS:**

There was no revision of the financial statements of the Company during the 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, 2020 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:**

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. N C Rajagopal & Co. (FRN: 003398S) Chartered Accountants, Bengaluru have been appointed as statutory auditors of the Company at the Annual General Meeting held

on 01<sup>st</sup> August, 2019, for a period of 5 years and to hold the office up to the conclusion Annual General Meeting of the Company to be held in the year 2024.

The Statutory Auditors' Report for FY 2019-20 does not contain any qualifications. The Auditors' Report is enclosed with the financial statements.

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

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

The Company does not have a formal Anti Sexual Harassment policy in place but has adequate measures including checks and corrections in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year 2019-20, no complaint of sexual harassment has been received.

**ACKNOWLEDGEMENTS:**

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

On behalf of the Board

**For YUFLOW ENGINEERING PRIVATE LIMITED**

**C P Rangachar**  
Director  
DIN: 00310893

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

Place: Bengaluru

Date: 25.06.2020



## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2020

[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 Factory: Shed No.2, Plot No.260, 263, 264, Malur III Phase, Industrial Area, KIADB Road No.7, Malur Taluk, Kolar, Karnataka, India 563130 email ID: hmn_rao@yukeninidna.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	72.57
02.	Manifold	2812	27.33

#### 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	-	-	-	-	-	-	-	-	-

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	
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.	Mr. 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</b> representing Yuken India Limited				
	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 2019-20.

(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 2019-20.

## 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/WTD/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.	<b>No Remuneration was paid to Managing Director, Whole-time Director and / or manager during the financial year 2019-20.</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	Name – 4	(In Rs.)
1	<b>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 2019-20.</b>				
	<b>Total (1)</b>					
2	<b>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 2019-20.</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 2019-20.				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2019-20.				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	There were no instances of penalties/punishment/compounding of offences during the financial year 2019-20.				
Punishment					
Compounding					

For YUFLOW ENGINEERING PRIVATE LIMITED

Place : Bengaluru

Date: 25.06.2020

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

Note: All related party transactions are in the ordinary course of business and on arm's length basis. Please refer transactions reported in Note No. 21 of the Notes forming part of the financial statements in the Annual Report.

For YUFLOW ENGINEERING PRIVATE LIMITED

Place : Bengaluru  
Date: 25.06.2020

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 accompanying standalone Ind AS financial statements of **Yuflow Engineering Private Limited** ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March 2020, 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 Companies Act, 2013, 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 March 31, 2020, and 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 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.

### 3. Emphasis of Matter

Attention is invited to Note no. 23 regarding the financial statements being prepared on a going concern basis, based on

the current year developments, future plans and the Company's proposed merger with its Holding Company.

Attention is also invited to Note no. 24 regarding impact of COVID 19 on the Company's future business operations.

Our opinion is not modified in this regard.

### 4. Other Matter

Due to COVID 19 pandemic and the resultant extended lockdown and travel restrictions implemented by the Indian Government, our physical visit to the Company's premises, and conduct of certain audit procedures, including but not limited to physical verification of cash, stock and fixed assets was impracticable. Consequently, only remote access to necessary audit evidence and documentation was possible. In light of the above, we placed reliance on the data made available to us in electronic form, inter alia vouchers, agreements and stock statements, unlike normally having simultaneous access to the documents both physically and electronically, and undertook alternative audit procedures such as verification of scanned copies of documents and making enquiries and discussions over phone or via emails. The audit procedures carried out above have given us the reasonable assurance that the financial statements as a whole are free from material misstatements and hence, have not caused us to modify our opinion.

### 5. 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 does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, We

are required to report that fact. We have nothing to report in this regard.

## **6. 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 and 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.

## **7. 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the 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.
- 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 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

## 8. Report on Other Legal and Regulatory Requirements

I. 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 "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

II. 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.
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to other matters to be included in the Auditor's Report in accordance with the requirement of Section 197 (16) of the Act, as amended:

In our opinion and according to the information and explanations given to us, managerial remuneration has not been paid or provided during the year and hence reporting on compliance to Section 197 read with Schedule V to the Act does not arise.

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 has no pending litigations affecting 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)  
M. No: 024844  
UDIN: 20024844AAAABG1900

Place: Chennai  
Date: 24.06.2020

## Annexure A to the Independent Auditor's Report

[Referred to in Para 8 (I) of our report of even date]

- |  |  |
|--|--|
| <p>i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.</p> <p>(b) The fixed assets of the Company have been physically verified during the year by the management and no material discrepancies between book records and physical verification have been noticed.</p> <p>(c) The Company does not own any immoveable properties and hence reporting under Clause (i) (c) of the Companies (Auditors Report) Order, 2016 does not arise.</p> <p>ii. In our opinion and according to the information and explanations given to us, inventory has been physically verified by the management at reasonable intervals and no material discrepancies were noticed on physical verification.</p> <p>iii. In our opinion and according to the information and explanations given to us, 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. Hence, reporting under Clauses (iii) (a), (iii) (b) and (iii) (c) of the Companies (Auditors Report) order, 2016 does not arise.</p> <p>iv. In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees or securities and has not made any investments as per the provisions of Section 185 and 186 of the Companies Act, 2013. Hence, reporting under Clause (iv) of the Companies (Auditors Report) order, 2016 does not arise.</p> <p>v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under. Therefore, reporting under Clause (v) of the Companies (Auditor's Report) Order, 2016 does not arise.</p> | <p>vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost record under Section 148(1) of the Companies Act, 2013.</p> <p>vii. (a) According to the information and explanations given to us, and as per our verification of the records of the Company, in our opinion, the company is generally regular in depositing undisputed statutory dues including Income Tax, Employees' Provident Fund, Employees' State Insurance, Goods and Services Tax, Customs Duty, Excise Duty and other statutory dues applicable to it and there are no statutory dues outstanding for a period of more than six months from the date they became payable as on the last day of the financial year.</p> <p>(b) According to the information and explanations given to us and as per the records of the Company, there are no dues of Employees' Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Customs Duty, Excise Duty and other statutory dues, which have not been deposited on account of any dispute.</p> <p>viii. In our opinion and according to the information and explanation given to us, the Company does not have any dues to financial institutions, or banks, or debenture holders. Hence, reporting under clause (viii) of the Companies (Auditor's Report) Order, 2016 does not arise.</p> <p>ix. According to the information and explanation given to us, the Company has not raised money by way of initial public offer or further public offer and term loans during the year. Hence, reporting under Clause (ix) of the Companies (Auditor's Report) Order, 2016 does not arise.</p> <p>x. During the course of examination of the books and records of the Company, no case of fraud on or by the Company has been noticed or reported during the year under audit.</p> |
|--|--|

- xi. As per our verification of the books of accounts of the Company, no managerial remuneration has been paid during the year. Hence, reporting under Clause (xi) of the Companies (Auditor's Report) Order, 2016 does not arise.
- xii. In our opinion, the Company is not a Nidhi Company. Hence, reporting under Clause (xii) of the Companies (Auditor's Report) Order, 2016 does not arise.
- xiii. According to the information and explanations given to us and in our opinion, the transactions with 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 Standard.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares. Hence, reporting under Clause (xiv) of the Companies (Auditor's Report) Order, 2016 does not arise.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them. Hence, reporting under Clause (xv) of the Companies (Auditor's Report) Order, 2016 does not arise.
- xvi. According to the information and explanation given to us and in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**V. Chandrasekaran**  
(Partner)  
M. No: 024844  
UDIN: 20024844AAAABG1900

Place: Chennai  
Date: 24.06.2020

## Annexure B to the Independent Auditor's Report

[Referred to in Para 8 (II)(f) of our report of even date]

Report on the Internal Financial Controls over Financial Reporting under Section 143 (3) (i) 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, 2020, 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 31<sup>st</sup> March, 2020, 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)  
M. No: 024844  
UDIN: 20024844AAAABG1900

Place: Chennai  
Date: 24.06.2020

## Yuflow Engineering Private Limited

CIN : U29120KA2002PTC120611

Balance Sheet As on 31<sup>st</sup> March, 2020

Particulars	Note No	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
		₹ in Lakhs	₹ in Lakhs
<b>ASSETS</b>			
<b>1) Non-current assets</b>			
Property, Plant and Equipment	1 (a)	71.45	-
Intangible Assets	1 (b)	0.10	
<b>Total Non - Current Assets</b>		<b>71.56</b>	<b>-</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Inventories	2	25.14	-
(ii) Trade Receivables	3	3.13	-
(ii) Cash and cash equivalents	4	4.03	6.56
(b) Current tax assets	5	0.02	
(c) Other current assets	6	26.73	2.97
<b>Total Current Assets</b>		<b>59.04</b>	<b>9.53</b>
<b>Total</b>		<b>130.60</b>	<b>9.53</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share capital	7	200.00	200.00
(b) Other equity	8	(688.12)	(639.40)
<b>Total Equity</b>		<b>(488.12)</b>	<b>(439.40)</b>
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	9	112.91	81.50
(b) Other current liabilities	10	505.80	367.44
<b>Total Current Liabilities</b>		<b>618.71</b>	<b>448.93</b>
<b>Total</b>		<b>130.60</b>	<b>9.53</b>
<b>Significant Accounting Policies</b>	A-B		
<b>Notes to the Ind AS financial statements</b>	1-27		

As per our Report of Even Date  
**For N.C.Rajagopal & Co.,**  
Chartered Accountants  
Firm Reg No. 003398S

**For & on behalf of the Board**

**V. Chandrasekaran**  
Partner  
(Membership No. 024844)

**C.P. Rangachar**  
DIN : 00310893  
Director

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

Place: Chennai  
Date : 24 June 2020

Place: Bangalore  
Date : 22 June 2020



## Yuflow Engineering Private Limited

CIN : U29120KA2002PTC120611

Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020

Particulars	Note No.	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
		₹ in Lakhs	₹ in Lakhs
<b>I</b> Revenue from Operations	11	11.34	0.22
<b>II</b> Other Income	12	0.49	4.05
<b>III Total Income (I+II)</b>		<b>11.83</b>	<b>4.27</b>
<b>IV Expenses</b>			
Cost of materials consumed	13	21.67	-
Changes in Inventories of Finished Goods and Work - in - Progress	14	-12.90	-
Employee benefit expenses	15	7.45	0.54
Finance Cost	16	0.28	-
Depreciation and Amortisation expense	1	3.17	-
Other expenses	17	40.87	67.06
<b>Total expenses (IV)</b>		<b>60.54</b>	<b>67.60</b>
<b>V Profit/(loss) before tax(III-IV)</b>		<b>(48.71)</b>	<b>(63.33)</b>
<b>VI Tax expense</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
(3) Tax on earlier Years		-	-
<b>VII Profit/(loss) for the year (V-VI)</b>		<b>(48.71)</b>	<b>(63.33)</b>
<b>VIII Other comprehensive income for the year</b>		-	-
<b>IX Total comprehensive Income for the year(VII+VIII)</b>		<b>(48.71)</b>	<b>(63.33)</b>
<b>Earnings per equity share:</b>			
Basic and Diluted (in Rs.) (Face Value of Rs. 10 per Share)	18	(2.44)	(3.17)
<b>Significant Accounting Policies</b>	A-B		
<b>Notes to the Ind AS financial statements</b>	1-27		

As per our Report of Even Date

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

Chartered Accountants

Firm Reg No. 003398S

For &amp; on behalf of the Board

V. Chandrasekaran

Partner

(Membership No. 024844)

C.P. Rangachar

DIN : 00310893

Director

H.M. Narasinga Rao

DIN : 00529717

Director

Place: Chennai

Date : 24 June 2020

Place: Bangalore

Date : 22 June 2020

**Yuflow Engineering Private Limited**  
**Cash Flow Statement for the year ended 31<sup>st</sup> March, 2020**

Particulars	Year ended 31 <sup>st</sup> March, 2020		Year ended 31 <sup>st</sup> March, 2019	
	₹ in Lakhs		₹ in Lakhs	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before tax		(48.71)		(63.33)
<u>Adjustments for:</u>				
Depreciation and amortisation	3.17		-	-
(Profit) / loss on sale of assets	-		-	-
Finance costs	-		-	-
		3.17		-
Operating profit / (loss) before working capital changes-(1)		(45.54)		(63.33)
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:-(2)				
Inventories	(25.14)		-	
Trade receivables	(3.13)		44.77	
Other Financial Assets	-		9.95	
Other Current Assets	(23.76)		1.78	
		(52.02)		56.50
Adjustments for increase / (decrease) in operating liabilities:-(3)				
Trade payables	31.41		(3.93)	
Other Financial Liabilities	-		0.13	
Non-Financial Liabilities	138.36		(6.52)	
		169.77		(10.32)
Cash generated from operations(1)+(2)+(3)		72.21		(17.15)
Net income tax (paid)/refunds		(0.02)		5.27
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>72.18</b>		<b>(11.88)</b>
<b>B. Cash flow from investing activities</b>				
Payments for acquisition of Fixed Assets		(74.72)		-
Proceeds From Sale of Fixed Assets		-		-
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(74.72)</b>		<b>-</b>
<b>C. Cash flow from financing activities</b>				
Proceeds/Repayments from Borrowings (Net)		-		-
Finance costs		-		-
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>-</b>		<b>-</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(2.53)</b>		<b>(11.88)</b>
Cash and cash equivalents at the beginning of the year		6.56		18.44
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>4.03</b>		<b>6.56</b>
<b>Significant Accounting Policies</b>	A-B			
<b>Notes to the Ind AS financial statements</b>	1-27			

As per our Report of Even Date  
**For N.C.Rajagopal & Co.,**  
Chartered Accountants  
Firm Reg No. 003398S

**For & on behalf of the Board**

**V. Chandrasekaran**  
Partner  
(Membership No. 024844)

**C.P. Rangachar**  
DIN : 00310893  
Director

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

Place: Chennai  
Date : 24 June 2020

Place: Bangalore  
Date : 22 June 2020

**Yuflow Engineering Private Limited**  
**Statement of Changes In Equity for the year ended 31<sup>st</sup> March, 2020**

**A. Equity Share capital****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.

Equity Shares of Rs.10 each, Issued, subscribed and paid up	Balance as of 1 <sup>st</sup> April , 2019	Changes in Equity capital	Balance as at 31 <sup>st</sup> March , 2020
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Equity Shares	200.00	-	200.00

**B. Other Equity**

Particulars	Reserve and Surplus		Other Comprehensive Income
	General Reserve	Retained Earnings	Items of Comprehensive Income
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Balance as at 1 <sup>st</sup> April, 2019	53.28	(692.69)	-
<b>Additions during the year</b>			
Profit/(Loss) during the year	-	(48.71)	-
<b>Items of the OCI, net of tax-</b>			
Re-measurement of net defined benefit liability/(asset)	-	-	-
Balance as at 31 <sup>st</sup> March, 2020	53.28	(741.40)	-
Significant Accounting Policies	A-B		
Notes to the Ind AS financial statements	1-27		

As per our Report of Even Date  
**For N.C.Rajagopal & Co.,**  
Chartered Accountants  
Firm Reg No. 003398S

**For & on behalf of the Board**

**V. Chandrasekaran**  
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**C.P. Rangachar**  
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Director

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

Place: Chennai  
Date : 24 June 2020

Place: Bangalore  
Date : 22 June 2020

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020**Significant Accounting Policies****A. Corporate information**

The Company is engaged in the activity of manufacturing Electric Motors & Manifold Blocks.

**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.

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)**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.4.3. 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
- re-measurement

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

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

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.



## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

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)



## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

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.

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)**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 is 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'.

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

- (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.

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.

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

## (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.

As per our Report of Even Date  
**For N.C.Rajagopal & Co.,**  
Chartered Accountants  
Firm Reg No. 003398S

**V. Chandrasekaran**  
Partner  
(Membership No. 024844)

Place: Chennai  
Date : 24 June 2020

## For &amp; on behalf of the Board

**C.P. Rangachar**  
DIN : 00310893  
Director

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

Place: Bangalore  
Date : 22 June 2020

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020

## 1 (a). Property, Plant and Equipment:

(₹ in lakhs)

Sl. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2019	Additions	Deductions	As at 31.03.2020	Upto 31.03.2019	For the year	Deductions	Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
1	Plant and Machinery		71.56	-	71.56	-	2.43	-	2.43	69.13	
2	Furniture and Fixtures	-	1.14	-	1.14	-	0.08	-	0.08	1.05	-
3	Computers	-	1.85	-	1.85	-	0.58	-	0.58	1.27	-
	<b>Total</b>	-	<b>74.54</b>	-	<b>74.54</b>	-	<b>3.09</b>	-	<b>3.09</b>	<b>71.45</b>	-
	<b>Previous Year</b>	-	-	-	-	-	-	-	-	-	-

## 1 (b). Intangible Assets:

(₹ in lakhs)

Sl. No.	DESCRIPTION	GROSS BLOCK				AMORTISATION				NET BLOCK	
		As at 01.04.2019	Additions	Deductions	As at 31.03.2020	Upto 31.03.2019	For the year	Deductions	Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
1	Computer Software	-	0.18	-	0.18	-	0.08	-	0.08	0.10	-
	<b>Total</b>	-	<b>0.18</b>	-	<b>0.18</b>	-	<b>0.08</b>	-	<b>0.08</b>	<b>0.10</b>	-
	<b>Previous Year</b>	-	-	-	-	-	-	-	-	-	-

## Yuflow Engineering Private Ltd

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

## 2. Inventories

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
Raw Materials	11.44	-
Raw Materials - Stock - in - Transit	0.79	-
Work - in - Progress	9.95	-
Finished Goods	2.95	-
<b>Total</b>	<b>25.14</b>	<b>-</b>

## 3. Trade Receivables

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
Unsecured, Considered Good	3.13	-
<b>Total</b>	<b>3.13</b>	<b>-</b>

## 4. 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 on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
Cash on hand	0.05	0.06
Balances with Banks		
(i) In current accounts	3.98	6.50
<b>Total</b>	<b>4.03</b>	<b>6.56</b>

## 5. Current Tax Assets (net)

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
Advance Income Tax (Net of Provisions: CY Rs. NIL, PY: Rs. NIL)	0.02	-
<b>Total</b>	<b>0.02</b>	<b>-</b>

## 6. Other Current Assets

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
GST receivable	19.82	-
Advance to suppliers	6.91	2.97
<b>Total</b>	<b>26.73</b>	<b>2.97</b>

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

## 7. Equity Share Capital

₹ in Lakhs

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
<b>(a) Authorised</b>		
20,00,000 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 (Previous year : Rs. 10/- each) with voting rights	200	200
<b>Total</b>	<b>200</b>	<b>200</b>

Refer notes (i) to (iv) below

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

Particulars	As on 31 <sup>st</sup> March, 2020		As on 31 <sup>st</sup> March, 2019	
	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

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

Class of shares / Name of shareholder	As on 31 <sup>st</sup> March, 2020		As on 31 <sup>st</sup> March, 2019	
	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	19,96,000	99.80%	19,96,000	99.80%

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

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

(iv) During the period of 5 years immediately preceeding the reporting date, including the current year, there were no shares allotted for consideration other than cash, no issue of bonus shares and no shares bought back.



## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

## 8. Other Equity:

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March , 2019
	₹ 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	(692.69)	(629.36)
Add: Transferred from other comprehensive income/(loss) for the year	-	-
Add: Net profit /(loss) for the year	(48.71)	(63.33)
Balance available for appropriation	<b>(741.40)</b>	<b>(692.69)</b>
Less: Appropriations		
Transfer to general reserve	-	-
Closing Balance	<b>(741.40)</b>	<b>(692.69)</b>
<b>Total</b>	<b>(688.12)</b>	<b>(639.40)</b>

## 9. Trade payables

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
Total Outstanding Dues of Micro Enterprises and Small Enterprises	104.69	81.50
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	8.22	
<b>Total</b>	<b>112.91</b>	<b>81.50</b>

## 10. Other Current liabilities

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
(i) Statutory Dues Payable	0.12	0.66
(ii) Advances from Customers	501.96	365.36
(i) Provision for Expenses	1.85	0.97
(ii) Expenses Payable	1.87	0.45
<b>Total</b>	<b>505.80</b>	<b>367.44</b>

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

## 11. Revenue from Operations

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
(a) Revenue from Sale of products	9.84	0.22
(b) Revenue from services	1.50	-
(c) Other operating Income	0.01	-
<b>Total</b>	<b>11.34</b>	<b>0.22</b>

## 12. Other Income

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
(a) Miscellaneous Income	0.49	4.05
<b>Total</b>	<b>0.49</b>	<b>4.05</b>

## 13. Cost of materials Consumed

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
Opening stock	-	-
Add: Purchases	30.87	-
Add : Freight Inwards	3.03	-
	33.90	-
Less: Closing stock of Raw Materials (including Stock - in - Transit)	12.24	-
<b>Cost of materials consumed</b>	<b>21.67</b>	<b>-</b>

## 14. Changes in Inventories of Finished Goods and Work - in - Progress

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
Opening stock:	-	-
Finished Goods	-	-
Work - in - Progress	-	-
Less: Closing stock:		
Finished Goods	2.95	-
Work - in - Progress	9.95	-
	12.90	-
<b>Total</b>	<b>-12.90</b>	<b>-</b>

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

## 15. Employee benefits expense

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
Salaries and wages	7.42	0.54
Staff welfare expenses	0.03	-
<b>Total</b>	<b>7.45</b>	<b>0.54</b>

## 16. Finance Cost

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
Interest due to Micro Enterprises and Small Enterprises	0.28	-
<b>Total</b>	<b>0.28</b>	<b>-</b>

## 17. Other expenses

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
Rent	4.25	0.60
Tools Consumed	0.91	-
Development Charges	2.50	-
Repair and Maintenance	1.60	0.10
Sub contracting charges	2.68	-
Contract Labour wages	3.83	-
Rates & Taxes	8.01	1.56
Communication	0.07	0.10
Travelling & Conveyance	0.71	2.37
Printing & Stationery	0.09	0.24
Professional and Consultancy Fees	12.46	1.46
For Statutory Audit	1.00	0.75
For Taxation Matters	0.50	0.25
Security Charges	1.29	-
Bad Debts written off	-	55.32
Bank Charges	0.04	0.16
Miscellaneous Expenses	0.93	4.17
<b>Total</b>	<b>40.87</b>	<b>67.06</b>

## 18. Earnings per Equity Share

Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
	₹ in Lakhs	₹ in Lakhs
Net Profit / (loss) for the year attributable to Equity Shareholders	(48.71)	(63.33)
Weighted Average Number of Equity Shares	20,00,000	20,00,000
Earnings per Share - Basic & Diluted	(2.44)	(3.17)
Face Value per Share	10.00	10.00

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

## 19. Financial Instruments

## Financial assets and liabilities:

The carrying value of financial instruments by categories as of 31<sup>st</sup> March, 2020 is as follows:

Particulars	Amortised Cost	Total Carrying Cost	Total Fair Value
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Assets:</b>			
Inventories	25.14	25.14	25.14
Trade receivables	3.13	3.13	3.13
Cash and cash equivalents	4.03	4.03	4.03
	<b>32.29</b>	<b>32.29</b>	<b>32.29</b>
<b>Liabilities:</b>			
Trade Payables	112.91	112.91	112.91
	<b>112.91</b>	<b>112.91</b>	<b>112.91</b>

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

Particulars	Amortised Cost	Total Carrying Cost	Total Fair Value
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Assets:</b>			
Inventories	-	-	-
Trade receivables	-	-	-
Cash and cash equivalents	6.56	6.56	6.56
	<b>6.56</b>	<b>6.56</b>	<b>6.56</b>
<b>Liabilities:</b>			
Trade Payables	81.50	81.50	81.50
	<b>81.50</b>	<b>81.50</b>	<b>81.50</b>

## 20. Employee benefit plans

## Defined contribution plans

₹ in Lakhs

Particulars (Schemes)	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
Provident Fund	Nil	Nil
Superannuation Fund	Nil	Nil

Since the number of employees in the Company is less than the minimum number of employees as required in the above stated schemes, there are no qualifying employees. Hence, the amount of contribution is also NIL.

## Defined benefit plans

As part of the defined benefit plans, the Company has not provided for Gratuity, since the number of employees on roll for more than 5 years, as required by the Payment of Gratuity Act, 1972 is NIL.

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

## 21. Related Party Transactions

## Details of related parties:

Description of relationship	Related Party
Holding Company	Yuken India Limited
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 31<sup>st</sup> March, 2020

Particulars	₹ in Lakhs		
	Holding Company	Fellow Subsidiaries	Total
<b>Purchase of fixed assets</b>			
Yuken India Limited	3.61	-	3.61
	-	-	-
Coretec Engineering India Private Limited	-	2.98	2.98
	-	-	-
<b>Purchase of goods and services (rent) received</b>			
Yuken India Limited	0.55	-	0.55
	-	-	-
Coretec Engineering India Private Limited	-	5.96	5.96
	-	-	-
Grotek Enterprises Private Limited	-	5.02	5.02
	-	-	-
<b>Sale of goods and services</b>			
Yuken India Limited	5.51	-	5.51
	(0.26)	-	(0.26)
Coretec Engineering India Private Limited	-	0.57	0.57
	-	-	-
Grotek Enterprises Private Limited	-	0.09	0.09
	-	-	-
<b>Advance Given</b>			
Grotek Enterprises Private Limited	-	7.18	7.18
	-	-	-
<b>Advance Received</b>			
Yuken India Limited	131.27	-	131.27
	-	-	-
<b>Amount outstanding (Receivables)</b>			
Grotek Enterprises Private Limited	-	5.23	5.23
	-	(2.97)	(2.97)
<b>Amount outstanding (Payables)</b>			
Yuken India Limited	495.28	-	495.28
	(365.36)	-	(365.36)
Coretec Engineering India Private Limited	-	89.87	89.87
	-	(81.50)	(81.50)

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

## Note:

- The related party relationships are as identified by the Company, on the basis of information available with the Company.
- 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.
- No amounts in respect of the related parties have been written off /written back or provided for during the year.
- Figures in brackets relates to the previous year.

## 22. Income Tax and Deferred Tax:

₹ in Lakhs

A	Amounts recognised in Statement of Profit or Loss	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
	<b>Current tax</b>		
	In respect of the current year	-	-
	In respect of the earlier years	-	-
	<b>Deferred Tax</b>		
	On account of origination and reversal of temporary differences	-	-
	On account of change in tax rates	-	-
	<b>Total Income tax expense recognised in Statement of Profit or Loss</b>	-	-

₹ in Lakhs

B	Reconciliation of effective tax rate	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
	Accounting Profit/ (loss) before tax	(48.71)	(63.33)
	Income tax rate	26.00%	26.00%
	Tax using the Company's domestic tax rate	(12.66)	(16.46)
	Effect of:		
	Origination and reversal of temporary differences	4.63	-
	Current year losses for which no deferred tax asset was recognised	(17.29)	(16.46)
	Tax effect on account of adjustment for expired carry forward losses/ Income Tax assessments	-	-
	Tax effect on account of changes in tax rates	-	-
	<b>Total Tax Expense</b>	<b>(0.00)</b>	<b>(0.00)</b>

## Yuflow Engineering Private Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)

C	The Major Components of Deferred tax (liabilities)/assets arising on account of timing differences are as follows:				
	<b>Deferred Tax for the year ended 31.03.2020</b>				<b>₹ in Lakhs</b>
	<b>Particulars</b>	<b>Opening Balance</b>	<b>Adj. (on account of difference in tax rates)</b>	<b>Additions of current year / (Expiry of earlier years)</b>	<b>Closing Balance</b>
	<b>Deferred Tax Liability:</b>				
	On account of Property, Plant and Equipment	-	-	4.63	4.63
	<b>Total Deferred Tax Liability</b>	-	-	<b>4.63</b>	<b>4.63</b>
	<b>Deferred Tax Asset:</b>				
	On account of Carry Forward Losses	193.30	-	12.02	205.33
	<b>Total Deferred Tax Asset</b>	<b>193.30</b>	-	<b>12.02</b>	<b>205.33</b>
	<b>Net Deferred Tax Asset</b>	<b>193.30</b>	-	<b>7.40</b>	<b>200.70</b>
	<b>Deferred Tax for the year ended 31.03.2019</b>				<b>₹ in Lakhs</b>
	<b>Particulars</b>	<b>Opening Balance</b>	<b>Adj. (on account of difference in tax rates)</b>	<b>Additions of current year / (Expiry of earlier years)</b>	<b>Closing Balance</b>
	<b>Deferred Tax Liability:</b>				
	On account of Property, Plant and Equipment	-	-	-	-
	<b>Total Deferred Tax Liability</b>	-	-	-	-
	<b>Deferred Tax Asset:</b>				
	On account of Carry Forward Losses	176.84		16.46	193.30
	<b>Total Deferred Tax Asset</b>	<b>176.84</b>	-	<b>16.46</b>	<b>193.30</b>
	<b>Net Deferred Tax Asset</b>	<b>176.84</b>	-	<b>16.46</b>	<b>193.30</b>
	Deferred tax assets is recognized only when it is probable that future taxable profit will be available against which the unused tax losses and deductible temporary differences can be utilised. Since the Company is not probable about the availability of future taxable profit, the net Deferred Tax Asset is not recognized.				

**23. Going Concern**

The Company was 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 has eroded and that the current liabilities had exceeded the available current assets. These factors were rising doubts on the going concern of the Company. However, the management has taken efforts, with the help of advances received, to commence operations in a lowkey manner and has also purchased certain fixed assets. Further, the management has decided that the Company shall be merged with its Holding Company in the near future, which has a very sound network, cash flows and performance. In view of these 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 Limited

Notes to the IND AS financial statements for the year ended 31<sup>st</sup> March, 2020 (cont'd)**24. Impact of COVID 19**

COVID 19 virus continues to spread across the globe and in India and the WHO had declared COVID 19 as a global pandemic on March 11, 2020. The Indian Government had announced its first lockdown on March 24, 2020 which has been further extended across the country to contain the spread of the virus. The impact of these developments with regard to their scale and duration, on the Company's earnings and cash flows remains uncertain. The Company, having its net worth eroded and presently taking efforts for revival of its business, and also having planned a merger with its Holding Company, does not anticipate any major challenge in meeting its financial obligations or recoverability of its assets, or any additional liability as at the Balance Sheet date. This has been concluded upon based on the consideration of internal and external information up to the date of approval of these financial statements and current indicators of future economic conditions relevant to the Company's operations. However, the Company will continue to closely monitor any material changes to the future economic conditions impacting its business.

**25. Dues to Micro Enterprises and Small Enterprises:**

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
a) The principal amount remaining unpaid to suppliers as at the end of the Year.	104.69	81.50
b) the interest due and payable thereon remaining unpaid in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.	0.28	-

**26. Contingent Liabilities**

Contingent Liabilities &amp; Commitments (to the extent not provided for)

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Claims against the Company not acknowledged as debts	NIL	NIL

27. Previous Years Figures have been regrouped/reclassified wherever necessary to confirm to current year's classification.

As per our Report of Even Date

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

Chartered Accountants

Firm Reg No. 003398S

**For & on behalf of the Board****V. Chandrasekaran**

Partner

(Membership No. 024844)

**C.P. Rangachar**

DIN : 00310893

Director

**H.M. Narasinga Rao**

DIN : 00529717

Director

Place: Chennai

Date : 24 June 2020

Place: Bangalore

Date : 22 June 2020