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|--|--|--|---|--|--|
|  | | YUKEN INDIA LIMITED An ISO 9001:2015 Company Manufacturers of Oil Hydraulic Equipment IN COLLABORATION WITH YUKEN KOGYO CO. LTD., JAPAN. CIN: L29150KA1976PLC003017 | |  | |
| Regd. Office: | No. 16-C, Doddanekundi Industrial Area, II Phase, Mahadevapura, Bengaluru – 560 048. | Factory : | PB No. 5, Koppathimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District – 563 130. | | |
| Phone | +91- 9731610341 | Phone : | +91 9845191995 | | |
| Our Ref No: | YIL/Sec/2023 | E-mail: | hmn_rao@yukenindia.com | | |
| Date: | 21/08/2023 | Web: | www.yukenindia.com | | |

Dear Sir/Madam,

The General Manager,
Listing Compliance & Legal Regulatory,
BSE Limited,
 PJ Towers, Dalal Street,
 Mumbai-400001.
BSE Scrip Code: 522108

The General Manager,
Listing Compliance & Legal Regulatory,
National Stock Exchange of India Limited
 Exchange Plaza,
 Plot no. C/1, G Block,
 Bandra-Kurla Complex,
 Bandra (E), Mumbai – 400051
NSE Scrip Code: YUKEN

Sub: Submission of Annual Report under Regulation 34 of SEBI (LODR) Regulations, 2015:

With reference to captioned subject and in compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Annual Report of Yuken India Limited for the financial year 2022-23.

The copy of the Annual Report is available on the website of the Company viz., <https://www.yukenindia.com/> under Investor Section – Financial Statement-Annual Report: 2022-2023 or also access <https://www.yukenindia.com/report-result/>

Kindly acknowledge the receipt.

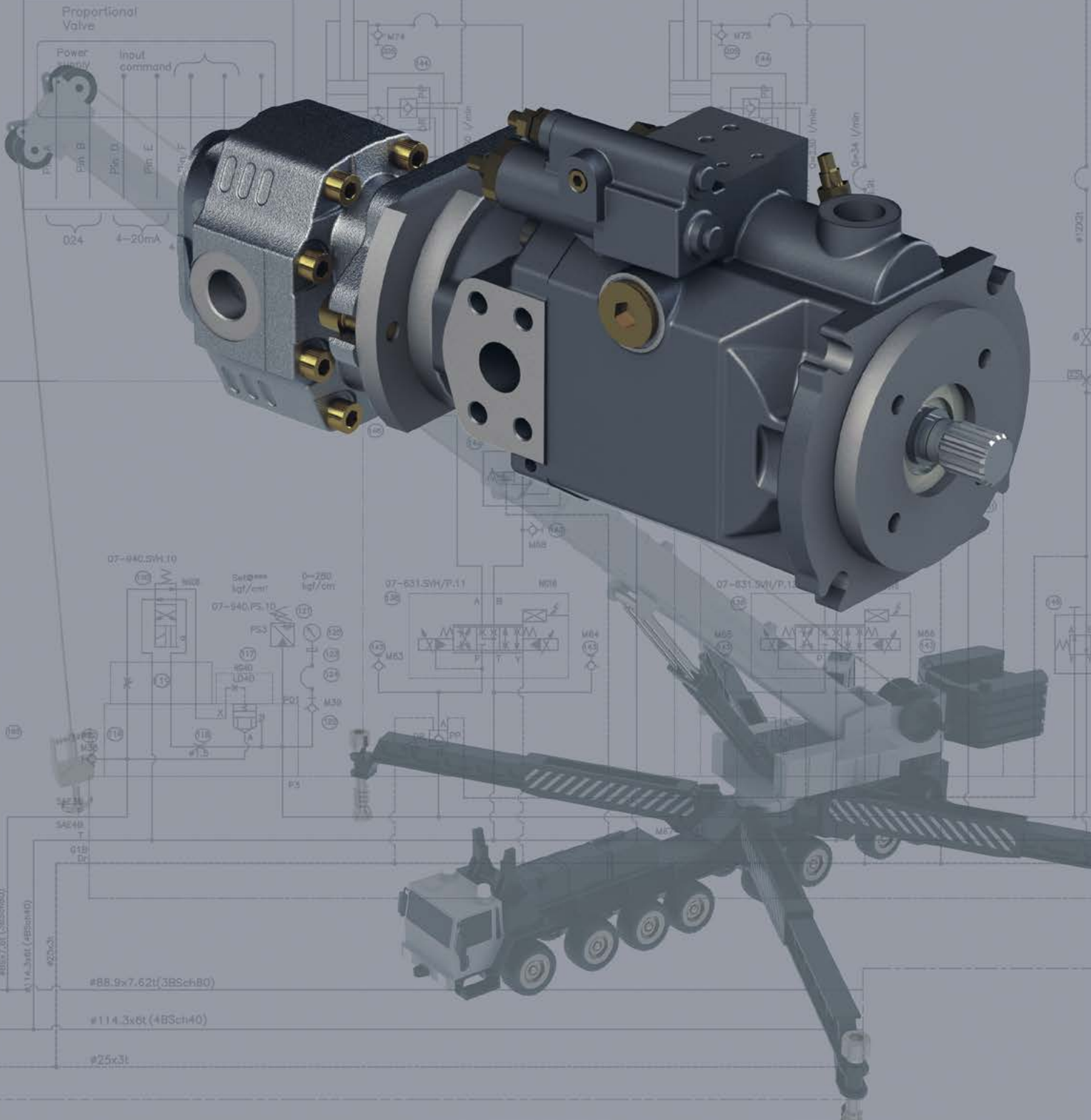
Thank you.

For & on behalf of,
Yuken India Limited

Vignesh P
Compliance Secretary & Compliance officer

Transforming

Yuken India Limited | Annual Report 2022-23



Forward-looking statement

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

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Corporate Information

Board of Directors

- Mr. Hidemi Yasuki, *Chairman*
- Mr. Hideharu Nagahisa
- Mr. Yoshitake Tanaka, *Whole time Director*
- Mr. R Srinivasan
- Dr. Premchander
- Mrs. Indra Prem Menon
- Mrs. Vidya Rangachar
- Mr. C P Rangachar, *Managing Director*

Chief Financial Officer

Mr. H M Narasinga Rao

Company Secretary

Mr. Vignesh P

Bankers

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

Auditors

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

Registered office

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

Corporate office & Main plant

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

Registrar & Transfer Agent

KFin Technologies Limited

(Formerly known as KFin Technologies Private Limited),

Unit: Yuken India Limited

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

Phone: (040) 6716 1509

Toll free number: 1- 800-309-4001

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

Website: www.kfintech.com <https://ris.kfintech.com/>



Transforming

The Indian economy is poised at an inflection point.

The country's appears poised for sustainable trajectory through the decade by which time India is expected to emerge as the world's third largest economy.

At Yuken India, we are preparing for this reality through capacity creation across the entire range of products in our global portfolio funded by continued equity infusion by our financial and technical collaborator.

The new locally developed products range will augment the existing range to make inroads to new sectors and industries.

The projected growth is expected to transform the company's positioning, competitiveness and financial outcomes, strengthening business sustainability.

Yuken India Limited

The company's growth is a faithful representation of the robustness and advance of the Indian economy.

The company services a range of sectors linked to the country's infrastructure, automobile and consumption-driven segments.

The company addresses customer expectations with world-class hydraulic equipment, components, castings and services.

Our track record

The company was established in 1976 through a technical and financial collaboration with Yuken Kogyo Company Limited, Japan (YKC), a leading global provider of oil hydraulic equipment.

The Company benefits from a rich 90-plus-year global experience of its collaborator. The Company's business is guided by the capable leadership and experience of Mr. C P Rangachar, who serves as the Managing Director. The company is supported by a dedicated team of experienced professionals and skilled workers at the manufacturing facilities.

Our capacities and capabilities

Headquartered in Bengaluru, the company operates nine state-of-the-art manufacturing facilities in Bengaluru, Malur (Karnataka), Mumbai and Haryana.

| Location | Plants | Products |
|------------------------------------|--------|--|
| Bangalore, Karnataka | Four | Pumps & Valves Components, Precision Ground Spools, Powerpacks, Solenoid Coils, Iron Cores and Electric Motors |
| Malur, Karnataka (near Bengaluru) | Three | Pumps, Valves and Power packs, Hydraulics Manifold Assemblies, Chips, Compacting Machines, Castings and Cylinders. |
| Mumbai, Maharashtra | One | Hydraulic Power Units |
| Bahadurgarh, Haryana | One | Hydraulic Power Units |

Dependable vendor-partner

The Company specializes in the manufacture of hydraulic components like pumps, valves, cylinders, filters, electric motors and other accessories; these are considered core to engineering systems. The company comprises advanced manufacturing technologies, cutting-edge equipment and quality control systems. The complement of these capabilities addresses customer needs in industrial and mobile applications across sectors.

Our credit rating

The company maintained its CARE BBB with a Stable outlook rating for long-term bank facilities in FY 2022-23. This validates the strength of its business model, financial stability, promoter credibility, product quality and enduring stakeholder relationships.

Our distribution network

The Company's extensive distribution network is spread across India, comprising more than 56 channel partners. The Company exported products to 12 countries in FY 2022-23. This included exports to Yuken Group Companies as well.

Credible accreditations

The Company's commitment to world-class standards is manifested in the ISO 9001:2015 certification, indicating process discipline and consistency.

Our employees

The Yuken team comprised 500 permanent employees, with an average age of 36 as on 31st March, 2023. The talent comprised engineering, product design, manufacturing, quality control, finance, sales, service and regulatory compliance capabilities, among others.

Our longstanding clients

The Company addresses the demanding needs of prominent clients like Ace Micromatic group, Ajax Engineering, BFW, Bajaj, BEML, Honda, JCB, JSW Steel, LMW Group, Maruti Suzuki, Mahindra, NTPC, Tata Steel, Tata Hitachi, Terex, Toyota and SAIL, among many others.

Listing

The equity shares of the Company are listed on Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited (NSE) where they are traded actively. The Company's market capitalization was ₹602 crore as on 31st March, 2023.

Our subsidiaries and associates

Our subsidiaries

Grotek Enterprises Private Limited (manufactures precision ferrous castings)

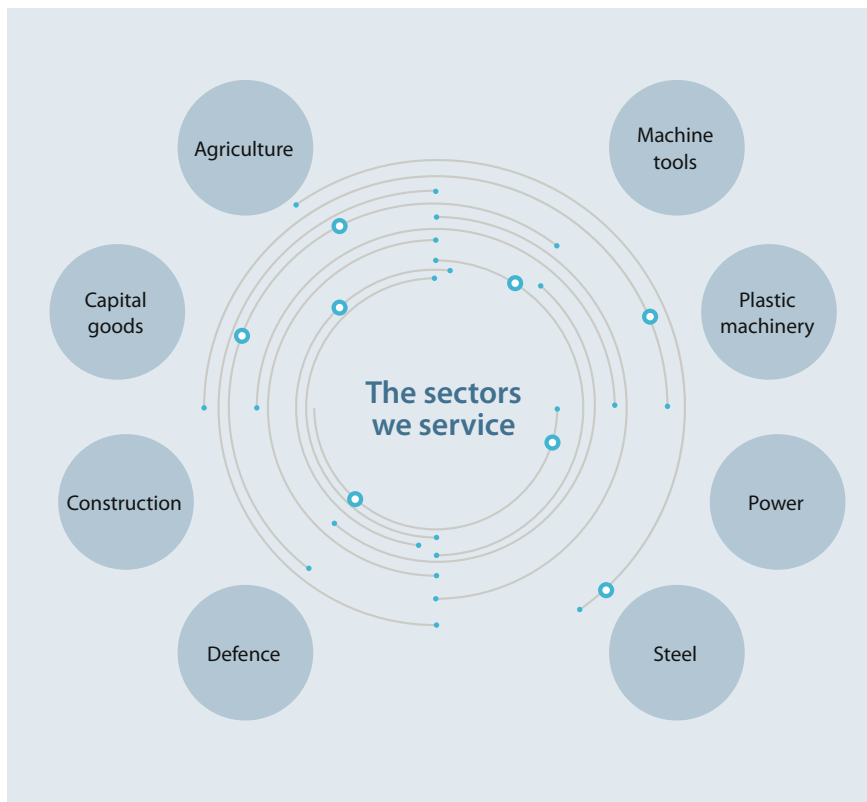
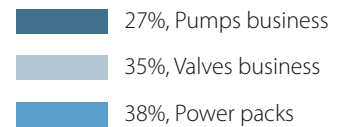
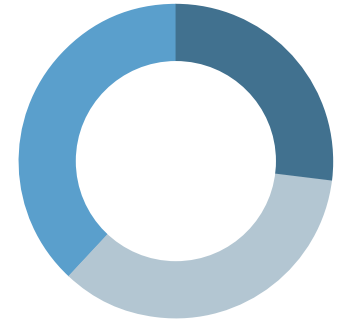
Coretec Engineering India Private Limited (manufactures solenoids and precision ground components)

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

Our associates

SAI India Limited (manufactures hydraulic motors in collaboration with SAI s.p.a-Italy) and Bourton Consulting (India) Private Limited (engaged in lean manufacturing consulting).

Our revenues by product segments, FY 2022-23



Our manufacturing capacities (units per annum)

90,000
Numbers, pumps

7,80,000
Numbers, valves

20,000
Numbers, power packs

13,000
Tonnes, foundry

Our global presence



Manufacturing plants



Sales & services offices

23

Countries with our Group's sales & service offices

29

Countries of our Group's presence

6

Countries with our Group's manufacturing plants

Manufacturing plants

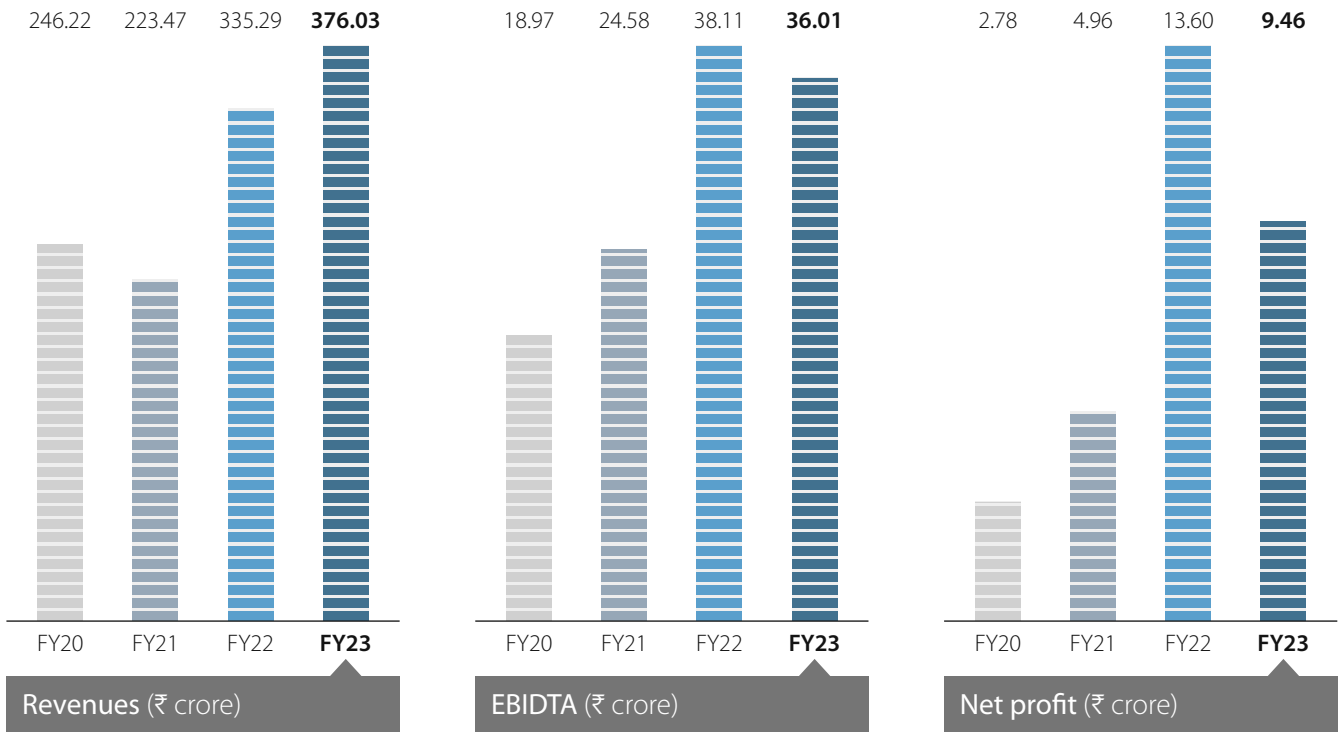
Japan, India, Taiwan, Korea, China and United Kingdom

Sales & services offices

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



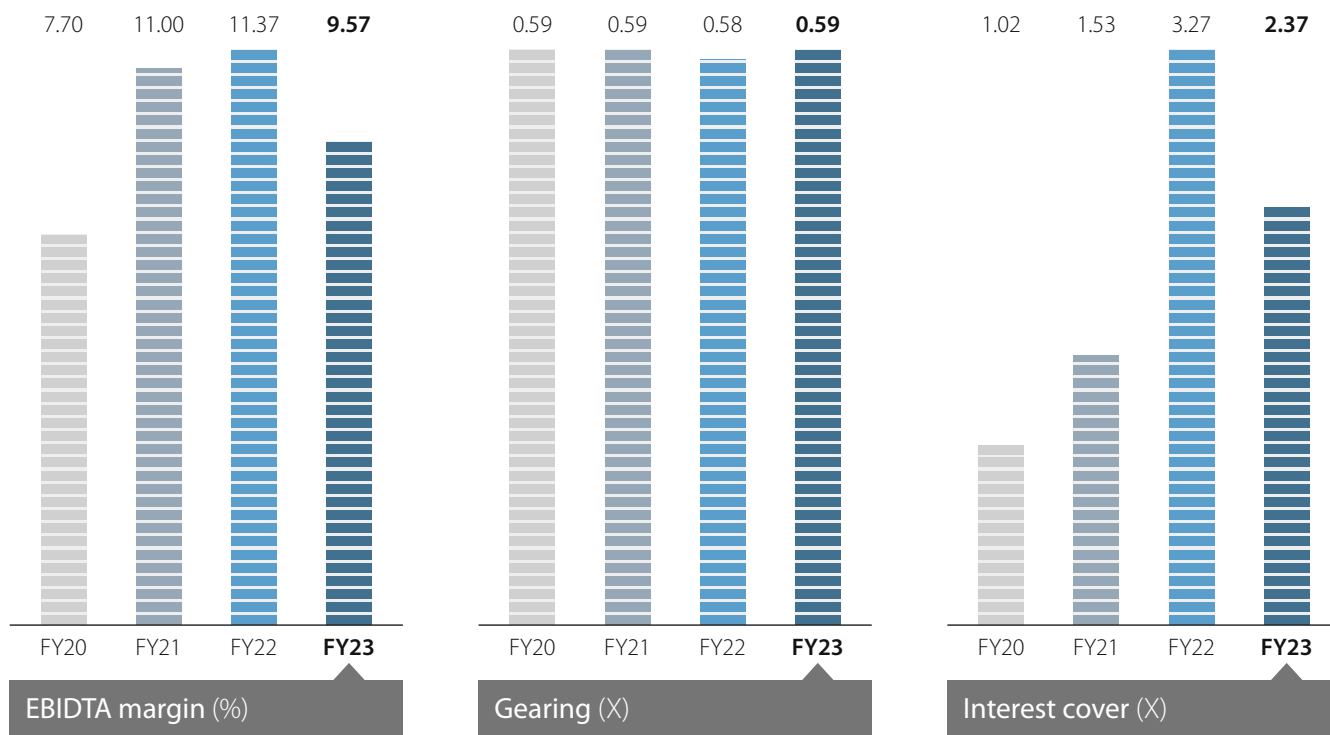
How we performed as a group in the last few years



How Yuken performed across each quarter in FY 2022-23

The financial health of our business, FY 2022-23

| Revenues | | | | |
|---------------|-------------|-------------|---------------|--------------|
| ₹ in crore | | | | |
| Year, 2022-23 | Quarter one | Quarter two | Quarter three | Quarter four |
| Standalone | 83.46 | 74.33 | 75.37 | 87.80 |
| Consolidated | 94.06 | 91.81 | 88.18 | 101.98 |



EBIDTA

₹ in crore

| Year, 2022-23 | Quarter one | Quarter two | Quarter three | Quarter four |
|---------------|-------------|-------------|---------------|--------------|
| Standalone | 7.51 | 7.34 | 5.56 | 5.07 |
| Consolidated | 9.59 | 9.98 | 8.25 | 8.19 |

Profit after tax

₹ in crore

| Year, 2022-23 | Quarter one | Quarter two | Quarter three | Quarter four |
|---------------|-------------|-------------|---------------|--------------|
| Standalone | 3.07 | 2.38 | 2.98 | (1.12) |
| Consolidated | 3.29 | 2.76 | 2.91 | 0.69 |

Profit after exceptional items & before tax

₹ in crore

| Year, 2022-23 | Quarter one | Quarter two | Quarter three | Quarter four |
|---------------|-------------|-------------|---------------|--------------|
| Standalone | 4.34 | 3.68 | 3.68 | 0.79 |
| Consolidated | 4.81 | 4.60 | 4.48 | 2.12 |

Profit before exceptional items & tax

₹ in crore

| Year, 2022-23 | Quarter one | Quarter two | Quarter three | Quarter four |
|---------------|-------------|-------------|---------------|--------------|
| Standalone | 4.34 | 3.68 | 1.42 | 0.66 |
| Consolidated | 4.81 | 4.60 | 2.23 | 1.99 |

Our Chairman's perspective

Overview

I am pleased to communicate that your company is at an inflection point.

Yuken Kogyo Co. Limited, the technical and financial collaborator of your company, has increased its stake in the company by 4.62% with a capital infusion of ₹62.90 crore in June 2023. By the virtue of this growth capital, we are optimistic that the outlay will translate into enhanced value in a sustainable way across the long-term.

Besides, this capital inflow is being accompanied by the transfer of technology that will empower your company to manufacture the complete range of products of Yuken Kogyo in India. This decision represents an affirmation of your company's capabilities and the attractiveness of India as a long-term growth and strategic market.

The decision to provide growth capital cum technology is in response to a structural shift transpiring the world over. Following the pandemic, two realities have emerged: one, the world is seeking native supply chain partners away from China;

two, most countries seek supply chain partners from within their own country or proximate to their requirements.

Both these realities have placed India at the centre of the next round of global growth. The world is seeking a supply chain alternative (in part) in India, a country with an established metallurgical and engineering tradition. Besides, an increasing number of companies in India are likely to turn to local component providers for quicker delivery, lower freight and access to timely downturn interventions.

I am also optimistic that at the core of our existence lies our ESG ethic, marked by stable strategy, transparency and a commitment to enhance stakeholder value.

These positive attributes and realities are empowering your Company to invest in capabilities and capacities ahead of the curve that I believe could lead to long-term growth and profitability for your Company.

Hidemi Yasuki
Chairman

The infographic features a central blue circle with the text "How Yuken indirectly touches our everyday lives". Surrounding this central circle are eight light blue rounded rectangular boxes, each containing a title, a description of the activity, and a statement that it is "Driven by Yuken India's hydraulic package". The boxes are arranged in a circular pattern around the center. The background is a light gray with a faint image of a hydraulic component.

How Yuken indirectly touches our everyday lives

Residing at home

Built with cement
Building material sourced from transit mixers

Driven by Yuken India's hydraulic package

Daily commute

Use a personal or public vehicle

Automobiles manufactured using steel

Driven by Yuken India's hydraulic package

Workplace environment

Large floor plate; tall structure

Built with advanced construction equipment

Driven by Yuken India's hydraulic package

Education

Taking notes in a classroom

Utilizing a paper notebook

Driven by Yuken India's hydraulic package

Utilizing electrical infrastructure

Sourced from thermal/hydroelectric power station

Driven by Yuken India's hydraulic package

Utilizing plastic products

Deep integration of plastic in everyday lives

Plastic products manufactured on injection moulding machines

Driven by Yuken India's hydraulic package

Meals and food

Integral to food raising

Soil prepared using a tractor

Driven by Yuken India's hydraulic package



Our Managing Director's business review

Overview

Your company's performance was muted during the last financial year on account of economic and sectorial challenges.

From a consolidated perspective, your company reported revenues of ₹376.03 crore compared to ₹335.29 crore in the previous year; it crossed ₹100 crore in revenues in a quarter for the first time. Your company reported an EBIDTA of ₹36.01 crore in FY 2022-23 compared with ₹38.11 crore in the previous year; the company's profit after tax was ₹9.46 crore compared with ₹13.60 crore in the previous year.

The company's relatively muted performance was on account of several large pre-Covid contracts that were executed during the last year. While the Company had negotiated price revisions, they were not in line with the enhanced costs of materials consumed. This resulted in lower margins in the last two quarters of the year under review. The depreciation on account of enhanced capex over the last few years and their related funding costs dented our profits further. I am happy to report that the trend was reversed in the first quarter of FY 2023-24 and we hope to report better performance in the current year.

The optimism related to the company's performance is derived from the larger growth story of the Indian economy. The Indian government announced a

disproportionate increase in its infrastructure outlay in the last two Union Budgets.

Your company is attractively placed to capitalize on the India story. Yuken Kogyo has infused ₹62.90 crore in the company by increasing its stake by 4.62%. This infusion is the largest portfolio allocation from Yuken Kogyo to Yuken India Limited. Your company will now be setting up capacity to manufacture the complete range of products available in the group.

This investment will fund the objective to manufacture for customers in India and also to capitalize on its competitiveness to manufacture for customers across the world.

The Government of India is committed to enhance agricultural activity, infrastructure assets and defence capabilities. There is a significant thrust on Make in India and Source from India. The auto sector is also witnessing healthy growth; most manufacturers announced plans to expand production capacities across the next few years. The construction equipment industry is delivering a constant double-digit growth.

These realities will drive growth of the hydraulic equipment industry in the years to come. Your Company is making all efforts to enhance market share, enter new products range and downstream component requirements. By manufacturing a global range of Yuken products in India, the company also expects to increase its domestic market share.

All the Company's subsidiaries turned around and are contributing to the Company's growth, profits and cash flow. The company also stabilized the manufacture of electric motors and is enhancing manufacturing capacities. During the current year, we intend to manufacture filters and accumulators. Since all these components are used in our power units, they will not only ensure quality but also enhance profitability.

These factors lead me to believe the Company will perform significantly better in the coming years.

C P Rangachar
Managing Director

The Yuken Kogyo Group of Japan, our technical and financial collaborator

90 years of engineering excellence

Global footprint

Yuken Kogyo has specialized in the design and manufacture of hydraulics, supplying hydraulic equipment and systems to various downstream industries.

Starting from the establishment of its overseas manufacturing base in Taichung in 1969, Yuken Kogyo built a group network for manufacturing and sales mainly in Asia, including India and China. Its products are now sold and distributed in over 29 countries.

The total number of Group employees on a consolidated basis stood at 1,260 as on 31st March, 2023.

GENERATING TRUST

Yuken has emerged as a dependable partner for customers

Overview

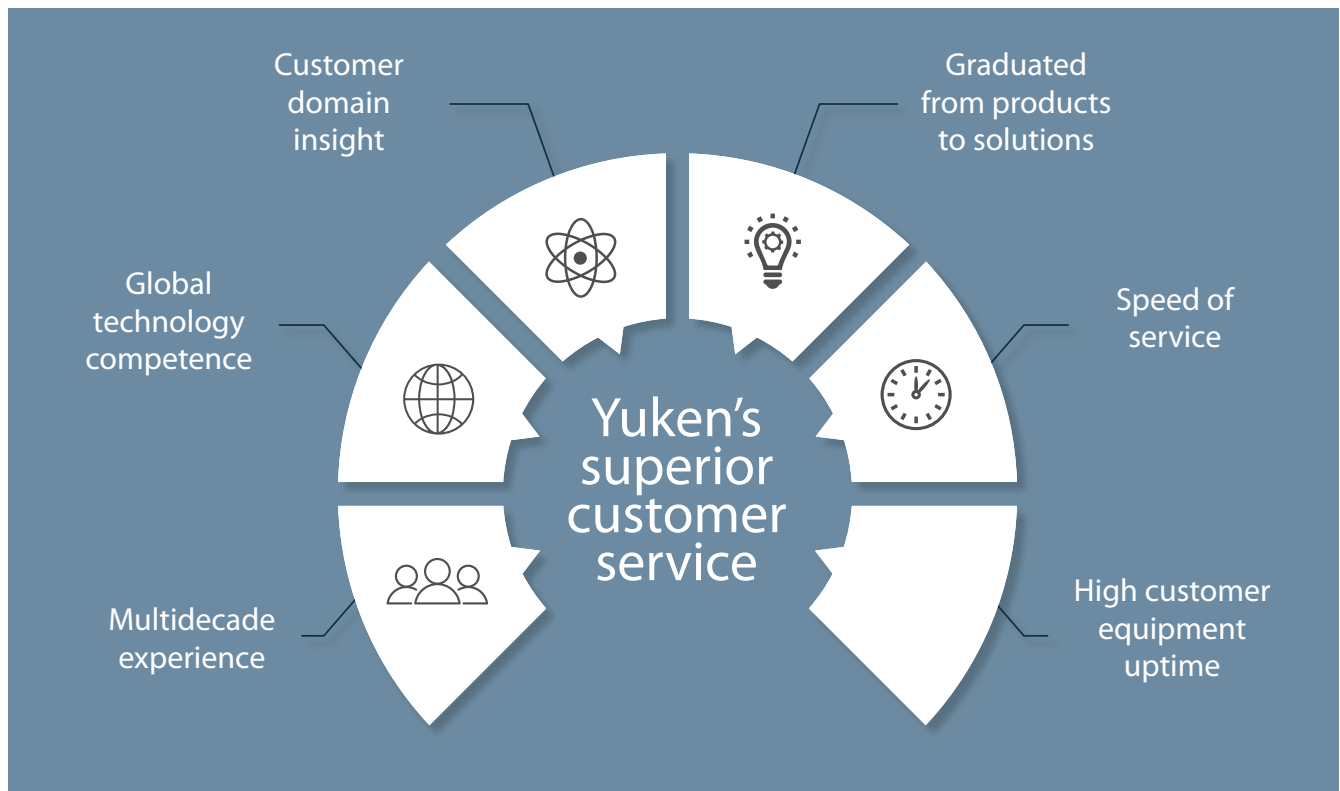
A significant change has occurred in the way customers evaluate capital equipment. Earlier, customers purchased equipment at the lowest cost. Today there is a growing preference for equipment offering a superior holistic price-value proposition.

One, customers factor downtime and delayed product delivery costs in the equipment cost evaluation. The result is that customers have graduated from direct and evident costs to total and latent costs. The result is that life-cycle costs are being evaluated over upfront costs, strengthening respect for companies like Yuken that deliver dependable products that makes it possible to manufacture around the lowest long-term incidence.

Two, the pandemic has enhanced the importance of supply chain security. Customers now prioritize the ability to access quality local spare parts and

components that can be delivered with speed, moderating the need to nurse large spare inventories. The Company's manufacturing eco-system comprises domestic vendor-partners from whom the company sources 90% of its needs.

Three, the modern volatile world prioritizes the importance of stable long-term stakeholder partnerships, enhancing predictability, responsiveness and value. Yuken, with a strong history of cultivating partnership-focused relationships, derives 75% of its revenue from customers of five years or more.



The Yuken competitive advantage: What makes the company a trusted long-term partner

Overview

A sweeping transformation in Indian industry has resulted in a growing need to benchmark processes and products around the highest global benchmarking standards. In line with this development, most companies are investing in superior quality systems, certifications, talent training, supply chain and logistical supports.

Yuken extends beyond functional value delivery; the Company drives the business of its customers ahead in multiple ways.

One, the Company's mission-critical products impact everyday life. An example: Yuken's hydraulic equipment plays a vital role in the 'governor-control' of hydro-electric turbines, where any downtime can lead to a complete power outage for an entire town. By ensuring reliable uptime, Yuken provides customers with a peace of mind.

Two, according to our customers, the equipment pays back more than the cost multiple times over through enhanced uptime and lower maintenance costs.

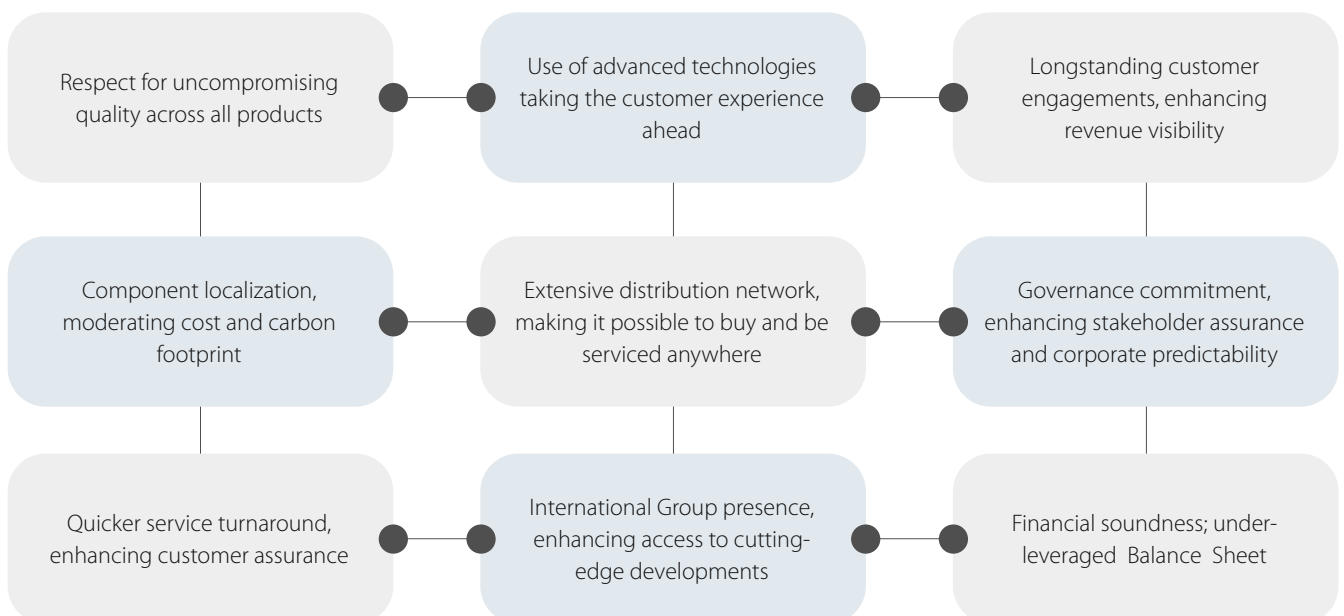
Three, the consistently high uptime of Yuken's equipment has resulted in

systemic integrity, ensuring the reliable performance of other complementary, supporting, or linked equipment.

Four, Yuken's customers get the benefit of the rich ecosystem of products and solutions from the stable of Yuken Kogyo Japan, the company's technical and financial collaborator .

Five, Yuken integrates the best of India and Japan - the capability of the Indian eco-system to absorb global technologies, translating into global quality, competitive pricing and superior price-value proposition.

Our superior price-value proposition



Our long-standing customers

| | | | | | | | |
|--------------------------|-----------------------------------|---------------------------------|-------------------------|----------------------------------|------------------------|--|------------------------------------|
| Automotive | BAJAJ | HERO | HONDA | Mahindra | SUZUKI | TOYOTA | TVS |
| Defence, agri and others | beml NEW FRONTIERS. NEW DREAMS | BULL | Indian Navy | Indian Coast Guard | INDIAN RAILWAYS | Mazagon Dock Shipbuilders Limited | |
| Machine tools | Ace Micrometric Group | BFW | JYOTI | KENNAMETAL | LMW | macpower | PRECISION TSUGAMI |
| Mobile and construction | AJAX MAKES CONCRETE SMART | ACE | CNH INDUSTRIAL | ESCORTS | JCB | TEREX CORPORATION | TATA HITACHI Reliable Solutions |
| Power | ALSTOM | बी एच ई एन BHEL | bfl | FLOVEL Advantage on your side | MECAMIDI HPP | एन एच पी सी NHPC | एन टी पी सी NTPC |
| Plastic | ASB Form Your Vision | electronica Plastic Machines | MILACRON | PASL | polymechplast | Shibaura Machine View the Future with Us. | WINDSOR Partner in Progress |
| Steel | AM/NS INDIA | cm CMI INDUSTRY Metals | JSL JINDAL STAINLESS | JSW | PRIMETALS TECHNOLOGIES | सेल SAIL | TATA STEEL |

How Yuken is taking the Atmanirbhar Bharat story ahead

90

% of revenues from products manufactured in India, FY 2022-23

How Yuken is competently placed to capitalize

Collaborated with six global companies for technology access across a range of products

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

Addressing infrastructure and construction equipment companies seeking domestically manufactured components

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

Proactive investment in Research & Development (R&D) for new product development and local product manufacture

Backward integration and collaboration with SMEs for manufacturing a range of components

OPPORTUNITY-PREPARED

At Yuken, we have deepened our engineering excellence to provide a superior customer experience

Overview

Yuken is a consolidated provider of hydraulic solutions. The Company emphasizes hydraulic technologies to support Indian industry with local solutions through manufacturing facilities in Karnataka, Maharashtra and Haryana.

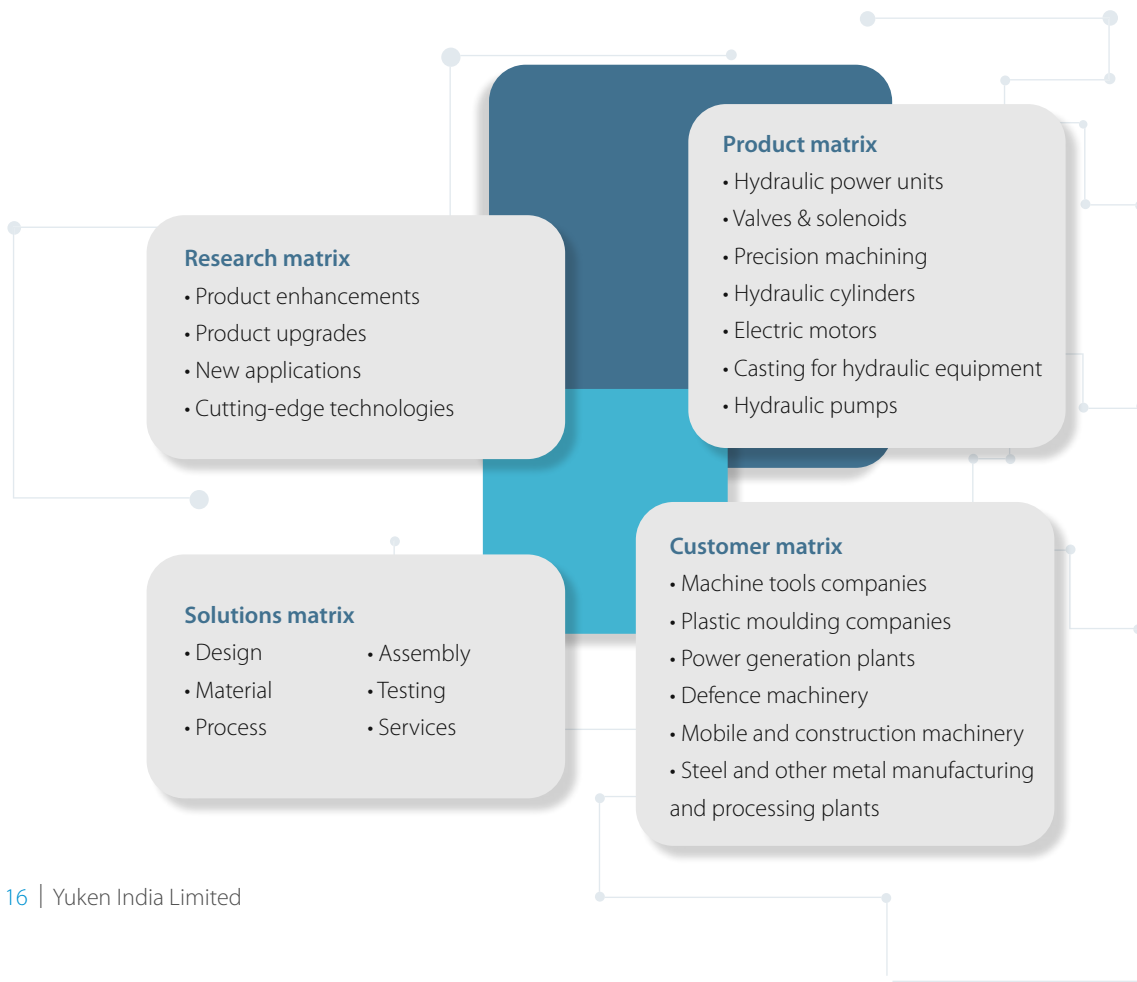
Re-engineering: Yuken has evolved products for the machine tools industry,

focusing on designing and manufacturing compact, high-speed and productive hydraulic equipment. As a result, Yuken's innovative HPUs have been carefully engineered for maximum value.

Timely localization: A leading PSU required the assistance of an OEM to localize vehicle recovery for rescuing vehicles stuck in sand or marshy areas. Yuken responded with multiple

improvements and localization initiatives that satisfied the customer.

Engineering capability: Yuken's cost-effective solutions are not derived from reducing materials; they are the result of design innovation led by a team of 100 technical experts involved in product application, design engineering, research and development, new product development and localized solutions.



Our delivered value

Machine tools

Used in tool clamping, fixturing and metal forming machinery

Plastic machinery

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

Power generation plants

Used in wind mills and hydro-electric plants

Construction machinery

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

Defence

Various programmes under the Atma Nirbhar Bharath and Make in India.

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

Management Discussion and Analysis



Malur Plant premises

Global economy

Overview: The global economic growth was estimated at a slower 3.2% in 2022, compared to 6% in 2021 (which was on a smaller base of 2020 on account of the pandemic effect). The relatively slow global growth of 2022 was marked by the Russian invasion of Ukraine, unprecedented inflation, pandemic-induced slowdown in China, higher interest rates, global liquidity squeeze and quantitative tightening by the US Federal Reserve.

The challenges of 2022 translated into moderated spending, disrupted trade and increased energy costs. Global inflation

was 8.7% in 2022, among the highest in decades. US consumer prices decreased about 6.5% in 2022, the highest in four decades. The Federal Reserve raised its benchmark interest rate to its highest in 15 years. The result is that the world ended in 2022 concerned that the following year would be slower.

Gross FDI inflows – equity, reinvested earnings and other capital – declined 8.4% to USD 55.3 billion in April-December. The decline was even sharper in the case of FDI inflows as equity: these fell 15% to USD 36.75 billion between April and December

2022. Global trade expanded by 2.7% in 2022 (expected to slow to 1.7% in 2023).

The S&P GSCI TR (Global benchmark for commodity performance) fell from a peak of 4,319.55 in June 2022 to 3495.76 in December 2022. There was a decline in crude oil, natural gas, coal, lithium, lumber, cobalt, nickel and urea realizations. Brent crude oil dropped from a peak of around USD 120 per barrel in June 2022 to USD 80 per barrel at the end of the calendar year following the enhanced availability of low-cost Russian oil.

| Regional growth (%) | 2022 | 2021 |
|-----------------------------------|------|------|
| World output | 3.2 | 6.1 |
| Advanced economies | 2.5 | 5 |
| Emerging and developing economies | 3.8 | 6.3 |

Performance of major economies

| | | | | |
|---|--|---|--|--|
| United States: Reported GDP growth of 2.1% compared to 5.9% in 2021 | China: GDP growth was 3% in 2022 compared to 8.1% in 2021 | United Kingdom: GDP grew by 4.1% in 2022 compared to 7.6% in 2021 | Japan: GDP grew 1.7% in 2022 compared to 1.6% in 2021 | Germany: GDP grew 1.8% compared to 2.6% in 2021 |
|---|--|---|--|--|

[Source: PWC report, EY report, IMF data, OECD data]

Outlook

The global economy is expected to grow 2.8% in 2023, influenced by the ongoing Russia-Ukraine conflict. Concurrently, global inflation is projected to fall marginally to 7%. Despite these challenges, there are positive elements

within the global economic landscape. The largest economies like China, the US, the European Union, India, Japan, the UK and South Korea are not in a recession. Approximately 70% of the global economy demonstrates resilience, with no major financial distress observed in large

emerging economies. The Global inflation is likely to be still relatively high at 4.9% in 2024. Interestingly, even as the global economy is projected to grow less than 3% for the next five years, India and China are projected to account for half the global growth (Source: IMF).

Indian economy

Overview: Even as the global conflict remained geographically distant from India, ripples comprised increased oil import bills, inflation, cautious government

and a sluggish equity market. India's economic growth is at 7.2% in FY 2022-23. India emerged as the second fastest-growing G20 economy in FY 2022-23. India

overtook UK to become the fifth-largest global economy. India surpassed China to become the world's most populous nation (Source: IMF, World Bank)

Growth of the Indian economy

| Growth of the Indian economy | FY 20 | FY 21 | FY 22 | FY23 |
|------------------------------|-------|-------|-------|------|
| Real GDP growth (%) | 3.7 | -6.6% | 8.7 | 7.2 |

Growth of the Indian economy quarter by quarter, FY 2022-23

| Growth of the Indian economy | Q1FY23 | Q2FY23 | Q3FY23 | Q4FY23 |
|------------------------------|--------|--------|--------|--------|
| Real GDP growth (%) | 13.1 | 6.3 | 4.4 | 6.1 |

(Source: Budget FY24; economy projections, RBI projections)

India's auto industry grew 21% in FY 2022-23; passenger vehicle (UVs, cars and vans) retail sales touched a record 3.9 million units in FY 2022-23, crossing 3.2 million units in FY 2018-19. The commercial vehicles segment grew 33%. Two-wheeler sales fell to a seven-year low; the three-wheeler category grew 84%.

Till the end of Q3FY 2022-23, total gross non-performing assets (NPAs) of the banking system fell to 4.5% from 6.5% a year ago.

As India's domestic demand remained steady amidst a global slowdown, import growth in FY 2022-23 was estimated at 16.5% to USD 714 billion as against USD 613 billion in FY 2021-22. India's merchandise exports were up 6% to USD 447 billion in FY 2022-23. India's total exports (merchandise and services) in FY 2022-23 grew 14% to a record of USD 775 billion in FY 2022-23 and is expected to touch USD 900 billion in FY24. Till Q3 FY 2022-23, India's current account deficit, a crucial indicator of the country's balance of payments position, decreased to USD 18.2 billion, or 2.2% of GDP. India's fiscal deficit was estimated in nominal terms at ~ ₹17.55 lakh crore and 6.4% of GDP for the year ending 31st March, 2023. (Source: Ministry of Trade & Commerce)

India's headline foreign direct investment (FDI) numbers rose from USD 74.01 billion in 2021 to a record USD 84.8 billion in FY 2021-22, a 14% Y-o-Y increase, till Q3FY 2022-23. India recorded a robust USD 36.75 billion of FDI. In FY 2022-23, the government was estimated to have addressed 77% of its disinvestment target (₹50,000 crore against a target of ₹65,000 crore).

The country's retail inflation, measured by the consumer price index (CPI), eased to 5.66% in March 2023. Inflation data on the Wholesale Price Index, WPI (calculates the overall price of goods before retail) eased to 1.3% during the period. In 2022, CPI hit its highest of 7.79% in April; WPI reached its highest of 15.88% in May 2022. By the close of the year under review, inflation

had begun trending down and in April 2023 declined below 5%, its lowest in months.

India's total industrial output for FY 2022-23, as measured by the Index of Industrial Production or IIP, grew 5.1% year-on-year as against a growth of 11.4% in FY 2021-22.

India moved up in the Ease of Doing Business (EoDB) rankings from 100th in 2017 to 63rd in 2022. As of March 2023, India's unemployment rate was 7.8%.

In FY 2022-23, total receipts (other than borrowings) were estimated at 6.5% higher than the Budget estimates. Tax-GDP ratio was estimated to have improved by 11.1% Y-o-Y in RE FY 2022-23.

The total gross GST collection for FY 2022-23 was ₹18.10 lakh crore, an average of ₹1.51 lakh a month and up 22% from FY 2021-22, India's monthly goods and services tax (GST) collections hit the second highest ever in March 2023 to ₹1.6 lakh crore. For FY 2022-23, the government collected ₹16.61 lakh crore in direct taxes, according to data from the Finance Ministry. This amount was 17.6% more than what was collected in the previous fiscal.

Per capita income almost doubled in nine years to ₹1, 72,000 during the year under review, a rise of 15.8% over the previous year. India's GDP per capita was 2,320 USD (March 2023), close to the magic figure of USD 2500 when consumption spikes across countries. Despite headline inflation, private consumption in India witnessed continued momentum and was estimated to have grown 7.3% in FY 2022-23.

Outlook

There are green shoots of economic revival, marked by an increase in rural growth during the last quarter and appreciable decline in consumer price index inflation to less than 5% in April 2023. India is expected to grow around 6-6.5% (as per various sources) in FY 2023-24, catalysed in no small measure by the government's 35% capital expenditure

growth by the government. The growth could also be driven by broad-based credit expansion, better capacity utilization and improving trade deficit. Headline and core inflation could trend down. Private sector investments could revive. What provides optimism is that even as the global structural shifts are creating a wider berth for India's exports, the country is making its largest infrastructure investment. This unprecedented investment is expected to translate into a robust building block that, going ahead; moderates logistics costs, facilitates a quicker transfer of products and empowers the country to become increasingly competitive. This can benefit India's exports in general, benefiting several sectors. The construction of national highways in FY 2022-23 was 10,993 kilometres; the Ministry of Road Transport and Highways awarded highway contracts of 12,375 km in the last financial year (Source: IMF).

Broad-based credit growth, improving capacity utilization, government's thrust on capital spending and infrastructure should bolster investment activity. According to our surveys, manufacturing, services and infrastructure sector firms are optimistic about the business outlook. The downside risks are protracted geopolitical tensions, tightening global financial conditions and slowing external demand.

Union Budget FY 2023-24 provisions

The Budget FY 2022-23 sought to lay the foundation for the future of the Indian economy by raising capital investment outlay by 33% to ₹10 lakh crore, equivalent to 3.3% of GDP and almost three times the FY 2019-20 outlay, through various projects like PM Gatishakti, Inclusive Development, Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition and Climate Action, as well as Financing of Investments. An outlay of ₹5.94 lakh crore was made to the Ministry of Defence (13.18% of the total Budget outlay). An announcement of nearly ₹20,000 crore was made for the PM Gati Shakti National Master Plan to catalyse the infrastructure

sector. An outlay of ₹1.97 lakh crore was announced for Production Linked Incentive schemes across 13 sectors. The Indian government intends to accelerate road construction in FY 2023-24 by 16-21%

to 12,000-12,500 km. The overall road construction project pipeline remains robust at 55,000 km across various execution stages. These realities indicate that a structural shift is underway that

could strengthen India's positioning as a long-term provider of manufactured products and its emergence as a credible global supplier of goods and services

Global hydraulic components industry review

The global hydraulic components market was estimated at USD 41.2 billion in 2022 and is expected to grow at a CAGR of 3.2%, reaching a value of USD 54.7 billion by 2030. During the period (2022-2030), the hydraulic pumps and motors and valves segments are expected to grow at a CAGR of 8.2% and 6.7% respectively.

The Asia-Pacific market for hydraulic components is expected to grow due to increasing demand for machinery and equipment used in industries such as agriculture, industrial, forestry, marine and mining. Asia-Pacific is also a key region for mobile hydraulic sales due to an increase in agricultural vehicles production and a declining captive market. The growth in construction projects in emerging economies, such as India

and China, is leading to an increased demand for hydraulic components, particularly hydraulic excavators. The rise in infrastructure and commercial projects in developing regions is also contributing to the growth of the hydraulic components market in Asia-Pacific. Moreover, the market growth in the Asia-Pacific region is expected to be driven by the increasing spending power and economic growth in the region.

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

Outlook

The global hydraulic components market is expected to grow due to

increasing infrastructure development and investment in construction activities. The global construction industry is projected to grow from USD 15.17 trillion in 2022 to USD 22.87 trillion by 2026 at a CAGR of 10.8%. Hydraulic machines are widely used in many industries such as industrial, aerospace, material processing, ships/fishing machinery, automotive and mining, as well as in special-purpose vehicles like platform vehicles, forklifts and garbage trucks. The demand for heavy machinery and equipment from these industries is driving growth in the hydraulic components market. (Source: prnewswire.com, thebusinessresearchcompany.com)



Malur Plant premises

Indian hydraulic components industry review

Hydraulic machinery has wide-ranging applications across industries such as construction, aerospace, defence, steel plants, mining, agriculture machinery and more. The growth of these industries directly affects the hydraulic components industry.

The hydraulics components industry is poised for recovery as the various industries it serves have experienced a revival in demand after a period of restrictions. These industries include key sectors such as road construction, rural development and mining, where the government has allocated significant funding for infrastructure development.

Growth drivers

Infrastructure: The infrastructure sector significantly contributes to the economic growth of a country. In 2022, the National Infrastructure Pipeline included 8,964 infrastructure projects in the road and railway sectors. The government's focus on future infrastructure is evident through the leading role of the USD 1.3 trillion national master plan, Gati Shakti, introducing substantial reforms and showing notable progress in the sector. Upcoming infrastructure projects like the construction

of new roads, highways and freight corridors etc. are projected to increase the demand for hydraulic components and equipments.

Urbanization: The increasing urbanization will play a significant role on India's economic growth. The urban population of India is projected to nearly double by 2050, growing from 410 million in 2014 to 814 million in 2050. India is projected to have four additional megacities by 2030. It is predicted that by 2047, the year in which India marks 100 years of independence, half of India's population will reside in urban areas.

Manufacturing: The Indian government purposes to establish India as the manufacturing hub of the world through several initiatives such as Atmanirbhar Bharat and Make in India. India is being considered as a favourable alternative by nations looking to relocate their supply chains from China.

Core sectors: The steel and coal sectors play a crucial role in driving economic growth in India. By 2030, India is set to achieve the goal of doubling its steel production from the current 155 million

tonnes (MT) to 300 MT. The Government has implemented the National Steel Policy (NSP) 2017, with the vision of increasing per capita steel consumption to reach 160 Kg by FY 2030-31. Moreover, the demand for coal in India is anticipated to grow to 1.5 billion tonnes by 2030 and expected to continue to rise, potentially reaching its peak around 2040.

Increasing population: According to United Nations reports, India's population is projected to reach 1.428 billion by mid-2023, surpassing China's population of 1.425 billion by a margin of 2.9 million. India has made significant progress in terms of infrastructure and economy to meet the demands of its growing population. With this increase in population, the Indian government has recognized the need for advanced infrastructure and economic development to fulfill the demand. The government has taken a proactive approach and launched economic and infrastructure projects aimed at achieving its goal of a USD 7 trillion economy by 2030. (Source: IBEF, globenewswire.com en.wikipedia.org, teriin.org, economicstimes.indiatimes.com, pib.gov.in, vajiramias.com)

Opportunities

Yuken India aims to take advantage of the growth opportunities in the hydraulics industry:

- It is an established brand
- It offers a range of products to satisfy various needs of its customers
- Its brand is known for its high-quality service standards and quick delivery times
- Its products are affordably priced and meet international standards.
- It invests in research to enhance its product development capabilities.
- It has established long-lasting customer relationships and holds a significant share of the market.

Threats

- Input costs are rising
- Changing consumers taste and preferences.
- Rising expenses for technology upgrades.
- Ongoing need for product innovation and development.
- Unstable foreign currency environment.
- Growing competition in the global market.
- Increasing competition in the domestic market.
- Environmental risks associated with oil leaks.

Financial review (Consolidated)

- Gross revenues increased by 12% to ₹376.04 crore during FY 2022-23 as compared to ₹335.29 crore during FY 2021-22.
- Operating profit EBIDTA stood at ₹36.01 crore compared to ₹38.11 crore during FY 2021-22.
- Finance costs increased by 17% from ₹8.37 crore to 9.79 crore during FY 2022-23.
- Total expenses stood at ₹369.06 crore, including tax expenses worth ₹2.16 crore and deferred tax charge/ (benefit) & MAT credit entitlement worth ₹4.29 crore.
 - Profit after tax, including other comprehensive income (OCI), stood at ₹9.47 crore as against ₹13.60 crore during the previous year.
 - Net worth stood at ₹199.31 crore as on 31st March, 2023 compared to ₹190.89 crore as on 31st March, 2022.
- Property, plant and equipment and intangible assets increased by 21% to ₹169.70 crore during FY 2022-23 from ₹140.29 crore during FY 2021-22.
- Capital work-in-progress for the year increased to 11.64 crore during FY 2022-23 compared with ₹15.92 crore during FY 2021-22.
- Cash and cash equivalents stood at ₹2.48 crore as on 31st March, 2023 compared to ₹3.68 crore as on 31st March, 2022.

Key financial ratios

| Particulars | 2023 | 2022 |
|---|--------|--------|
| EBIDTA/turnover (%) | 9.57 | 11.37 |
| Net profit/turnover (%) | 3 | 4 |
| Debt-equity ratio | 0.59 | 0.58 |
| Current ratio | 1.03 | 1.15 |
| Interest coverage ratio | 2.37 | 3.27 |
| Inventory turnover (number of days), excluding residential units from JDA | 156 | 147 |
| Debtors turnover (number of days) | 114 | 116 |
| Return on net worth (%) excluding residential units from JDA | 10 | 15 |
| Book value per share (₹) | 166.09 | 159.07 |
| Earnings per share (₹) | 7.97 | 11.42 |

JDA: Joint Development Agreement

Internal control systems and their adequacy

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

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

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

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

Human resources

The Company believes that its people are the key to its competitive advantage. The Company's employees contribute a wealth of multi-sectoral experience, technological expertise and domain knowledge. The Company's HR culture is founded on its

capacity to challenge long-established norms in order to boost competitiveness.

The Company prioritizes decisions that align with employees' professional and personal goals, fostering an ideal work-

life balance and enhancing their sense of pride in being part of the organization. The Company's employee strength stood at around 484 employees as on 31st March, 2023.

Risk management

Competitive risk

An increase in competition has the potential to lead to a decrease in both revenues and margins.

Mitigation

The Company offers a diverse range of products to cater to the varied needs of its customer requirements. In addition, the company has enhanced its customer experience by providing after-sales service and transforming the products into solutions, thereby reducing competition. As a result, the company has established long-standing relationships with its clients, leading to a larger market share.

Sectoral risk

The company's growth may be impeded if it shifts the focus towards underperforming sectors.

Mitigation

The company has a presence in multiple

sectors including automobile, power, steel and plastic, which enables it to generate consistent profits while mitigating the impact of any short-term underperformance in a particular sector. The company is now looking to expand its portfolio by venturing into new sectors such as renewable energy, defence and marine engineering.

Economy risk

The growth of the industry is closely tied to the overall growth of the economy and thus it is vulnerable to the economic conditions and direction of the country.

Mitigation

The Company's diversified presence across multi- products, multi-sectors and multi-geographic regions enables it to mitigate the negative effects of an economic slowdown.

Service risk

The company may be unable to provide efficient and prompt services to the client that could result in equipment downtime, affecting the brand.

Mitigation

The company maintains high product availability through a network of 52 dealers of pan- India. The company has strengthened its service vertical with the aim of minimizing equipment downtime

Technology risk

The emergence of new and advanced technologies in the market could reduce the demand for Yuken's existing products, thereby affecting the company's business.

Mitigation

The Company's products such as pumps and valves have experienced growing demand from customers over the decades.

STATUTORY REPORT

Board's Report

To,
The Members of
YUKEN INDIA LIMITED

Your Directors have pleasure in presenting their 47th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2023.

1. FINANCIAL RESULTS:

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

Financial Highlights:

₹ In Lakhs

| Particulars | Standalone | | Consolidated | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Year ended 31.03.2023 | Year ended 31.03.2022 | Year ended 31.03.2023 | Year ended 31.03.2022 |
| Net Income | 32,095.67 | 28,959.14 | 37,603.56 | 33,528.76 |
| Expenditure before interest, depreciation and tax | 29,545.45 | 25,846.51 | 34,002.35 | 29,717.51 |
| Profit/(Loss) before interest, depreciation and tax | 2,550.22 | 3,112.63 | 3,601.21 | 3,811.25 |
| Finance cost | 764.06 | 648.01 | 979.39 | 837.24 |
| Depreciation | 775.48 | 609.44 | 1,258.29 | 1,046.07 |
| Profit/(Loss) Before Tax | 1,010.68 | 1,855.18 | 1,363.53 | 1,927.94 |
| Exceptional item | 238.57 | - | 238.57 | - |
| Profit before tax after exceptional item | 1,249.25 | 1,855.18 | 1,602.10 | 1,927.94 |
| Provision for Taxation (Net of deferred tax) | 499.09 | 599.44 | 647.56 | 613.87 |
| Profit/(Loss) After Tax | 750.16 | 1,255.74 | 954.54 | 1,314.07 |
| Share of Profit/(Loss) of Associates | | - | 10.56 | 62.30 |
| Net Comprehensive Income for the year | (18.47) | (14.04) | (18.35) | (16.80) |
| Total Comprehensive Income for the year | 731.69 | 1,241.70 | 946.75 | 1,359.57 |
| Total comprehensive income attributable to Controlling interest | | - | 938.56 | 1,353.99 |
| Balance in Statement of profit and loss | 17,641.89 | 17,130.99 | 17,250.29 | 15,968.30 |
| Amount available for appropriation | 18,373.58 | 17,713.89 | 18,188.85 | 17,322.29 |
| Appropriations: | | | | |
| Equity Dividend paid | (96) | (72.00) | (96) | (72.00) |
| Balance carried to Balance Sheet | 18,277.58 | 17,641.89 | 18,092.85 | 17,250.29 |

On Standalone basis, the Company has registered a net income of ₹32,095.67 lakhs as compared to ₹28,959.14 lakhs of previous year. The growth is around 10.83% as compared to the previous year.

On Consolidated basis, the Company has registered net income of ₹37,603.56 lakhs as compared to ₹33,528.76 lakhs of previous year. The growth is around 12.15% as compared to the previous year.

2. DIVIDEND:

Your Directors recommend payment of a dividend of 8% (Eight percent) i.e. ₹0.80 (Eighty paise only) per equity share of ₹10/- each for the year ended 31st March, 2023, subject to the approval of the members at the ensuing Annual General Meeting. The dividend pay-out is in accordance with the Company's Dividend Distribution Policy.

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

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

3. ANNUAL RETURN:

In accordance with the Companies Act, 2013, the Annual Return in the prescribed format is available at Company's website at <http://www.yukenindia.com/report-result/>

4. BOARD MEETINGS HELD DURING THE YEAR:

During the year, 4 (Four) meetings of the Board of Directors and one meeting of Independent Directors were held. The details of the meetings and the details of attendance of Directors in the meetings are furnished in the Corporate Governance Report.

5. COMPLIANCE ON CRITERIA OF INDEPENDENCE BY THE INDEPENDENT DIRECTORS:

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

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

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

6. REMUNERATION POLICY OF THE COMPANY:

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

As and when need arises for appointment of Director, the Nomination and Remuneration Committee (NRC) of the Company will determine the criteria based on the specific requirements. NRC while recommending candidature to the

Board, will take into consideration the qualification, attributes, experience and Independence of the Candidate. Director(s) appointment and remuneration will be as per NRC Policy of the Company.

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

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

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

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

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

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

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

LOANS:

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

INVESTMENTS:

During the financial year the Company invested in rights issue of shares made by its subsidiary Kolben Hydraulics Limited. The investment was to the tune of ₹2,00,00,000/- (Divided into 20,00,000 Equity shares of ₹10 each)

During the year, the company has squared off the investment made in its Subsidiary – Yuflow Engineering Private limited by virtue of merger with the Company as per the NCLT order dated 28th February 2023.

CORPORATE GUARANTEE:

During the year under review, the Company has granted the Corporate Guarantees to its Subsidiary Companies and existing Guarantees are renewed. The details of Guarantees granted and outstanding balances of Corporate Guarantees as on 31st March, 2023 are as under.

₹ in Lakhs

| Sl. No. | Particulars | Name of Bank | Current Year | Outstanding Balance as on 31.03.2023 |
|---------|---|-------------------------------------|--------------|--------------------------------------|
| 1 | Coretec Engineering India Private Limited | HDFC Bank | NIL | 750 |
| | | Sumitomo Mitsui Banking Corporation | NIL | 1,100 |
| 2 | Grotek Enterprises Private Limited | HDFC Bank | NIL | 600 |
| | | Sumitomo Mitsui Banking Corporation | NIL | 2,000 |

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

10. AMOUNT, IF ANY, PROPOSED TO BE TRANSFERRED TO RESERVES:

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

11. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

a. Transfer of Unpaid Dividend:

As required under Section 124 of the Companies Act 2013 read with the investor Education and protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and subsequent amendments thereof ("the Rules"), the unclaimed dividend amount aggregating to ₹70,425/- lying with the Company for a period of 7 (Seven) years pertaining to the financial year ended on 31st March, 2015 was transferred during the financial year 2022-23 to the Investor Education and Protection Fund ("IEPF") established by the Central Government.

b. Transfer of Shares:

As required under Section 124 of the Companies Act 2013 read with the investor Education and protection Fund

Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and subsequent amendments thereof ("the Rules"), 1,446 equity shares of ₹10/- each, in respect of which dividend has not been claimed by the members for 7 (Seven) consecutive years or more, have been transferred by the Company to Investor Education and Protection Fund Authority (IEPF) during the financial year 2022-23. Details of shares transferred have been uploaded on the website of IEPF as well as Company.

12. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

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

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

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

₹ In Lakhs

| Particulars | Subsidiaries | | | Associates | |
|--|-------------------------------------|--|----------------------------|--------------------|---|
| | Grotek Enterprises Private Limited. | Coretec Engineering India Private Limited. | Kolben Hydraulics Limited. | Sai India Limited. | Bourton Consulting (India) Private Limited. |
| Total Income | | | | | |
| FY 2022-23 | 7,489.49 | 3,668.57 | 962.58 | 2,594.84 | 18.90 |
| FY 2021-22 | 6,573.49 | 2,761.54 | 959.19 | 2,358.01 | 7.31 |
| Total expenditure excluding depreciation and finance cost | | | | | |
| FY 2022-23 | 6,679.60 | 3,433.32 | 878.29 | 2215.22 | 11.83 |
| FY 2021-22 | 5,792.82 | 2,745.75 | 909.99 | 1994.23 | 9.88 |
| Profit/(Loss) before interest, depreciation and tax | | | | | |
| FY 2022-23 | 809.89 | 235.25 | 84.29 | 379.62 | 7.07 |
| FY 2021-22 | 780.67 | 15.79 | 49.20 | 363.77 | (2.57) |
| Finance cost | | | | | |
| FY 2022-23 | 138.32 | 101.01 | - | 124.26 | - |
| FY 2021-22 | 133.14 | 114.76 | - | 70.92 | - |
| Depreciation | | | | | |
| FY 2022-23 | 336.61 | 131.36 | 14.84 | 165.53 | 1.82 |
| FY 2021-22 | 328.36 | 98.06 | 10.21 | 90.70 | 2.71 |
| Profit/(Loss) before tax and exceptional item | | | | | |
| FY 2022-23 | 334.96 | 2.88 | 69.45 | 89.83 | 5.25 |
| FY 2021-22 | 319.17 | (197.03) | 38.99 | 202.15 | (5.28) |
| Provision for taxation (Net of deferred tax) | | | | | |
| FY 2022-23 | 112.94 | 24.22 | 11.30 | 46.61 | 0.10 |
| FY 2021-22 | 56.36 | (41.28) | (0.65) | 164.04 | (0.04) |
| Other comprehensive income for the year | | | | | |
| FY 2022-23 | (0.43) | 0.55 | - | (3.67) | - |
| FY 2021-22 | (6.35) | 3.59 | - | (4.42) | - |
| Profit/(Loss) after tax(Including other comprehensive income) | | | | | |
| FY 2022-23 | 221.59 | (20.79) | 58.15 | 42.94 | 5.15 |
| FY 2021-22 | 256.47 | (152.16) | 39.64 | 159.62 | (5.24) |
| Earnings per share (in ₹) | | | | | |
| FY 2022-23 | 4.43 | (0.59) | 2.84 | 5.18 | 4.08 |
| FY 2021-22 | 5.25 | (4.30) | 3.96 | 18.23 | (4.15) |

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

13. RELATED PARTY TRANSACTIONS:

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

Transactions with related parties, as per requirements of Indian Accounting Standard 24 are disclosed in the Note No. 43 of the Notes forming part of the financial statements in the Annual Report.

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

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

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

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

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

The Company has received the Order dated 28th February, 2023 from National Company Law Tribunal (NCLT). As per the Order, National Company Law Tribunal (NCLT) have approved and issued Final order with regard to Scheme of Amalgamation of Yuflow Engineering Private Limited and Yuken India Limited. The same has been intimated to Stock Exchanges and Registrar of Office(ROC).

Apart from this, there has been no other material changes and commitments, affecting the financial performance of the Company occurred between the end of the financial year of

the Company to which the Financial Statements relate and the date of this Report.

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

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

1. Conservation of Energy:

Steps taken or impact on conservation of energy:

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

2. Foreign Exchange Earnings and Outgo:

a. Foreign Exchange Earnings:

₹ in lakhs

| Sl. No | Particulars | Year ended 31.03.2023 | Year ended 31.03.2022 |
|--------|--------------|-----------------------|-----------------------|
| 1 | Export Sales | 338.84 | 327.30 |
| 2 | Other Income | 11.11 | 15.44 |

b. Expenditure in Foreign Currency:

₹ in lakhs

| Sl. No | Particulars | Year ended 31.03.2023 | Year ended 31.03.2022 |
|--------|-------------|-----------------------|-----------------------|
| 1 | Brand fee | 117.53 | 103.63 |
| 2 | Others | 40.23 | - |

c. Remittance in Foreign Currency on Account of:

| Sl. No | Particulars | ₹ in lakhs | |
|--------|-------------|-----------------------|-----------------------|
| | | Year ended 31.03.2023 | Year ended 31.03.2022 |
| 1 | Dividend | 38.40 | 28.80 |

3. Research and Development (R&D):

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

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

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

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

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

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

(c) Future plan of action:

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

(d) Expenditure on R&D:

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

4. Technology Absorption, Adaptation and Innovation:

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

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

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

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

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

16. DETAILS OF CHANGE IN NATURE OF BUSINESS, IF ANY:

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

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

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 as on 31st March, 2023.

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

Not Applicable.

19. DEPOSITS:

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

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

20. BOARD OF DIRECTORS:

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

| Sl. No. | Name of the Director | Designation |
|---------|-----------------------|------------------------|
| 1 | Mr. R Srinivasan | Independent Director |
| 2 | Dr. Premchander | Independent Director |
| 3 | Mrs. Indra Prem Menon | Independent Director |
| 4 | Mr. Hidemi Yasuki | Non-Executive Director |
| 5 | Mr. Hideharu Nagahisa | Non-Executive Director |
| 6 | Mr. Yoshitake Tanaka | Whole Time Director |
| 7 | Mrs. Vidya Rangachar | Non-Executive Director |
| 8 | Mr. C P Rangachar | Managing Director |

The details of directors or key managerial personnel who were appointed or have resigned/retired during the year are as under:

- Mr. Yoshitake Tanaka (DIN: 09686092) was appointed as an Additional Director on 09th August, 2022 and re-designated as Whole Time Director on 14th September, 2022.
- Capt. NS Mohanram (DIN: 09686092) Director has retired from Board of Directors with effect from 02-09-2022 on completion of his 2nd term of 3 years as Independent Director of the Company.
- Mr. Kenichi Takaku [08678898]; Director of the Company had resigned from the Board of Directors with effect from 09-08-2022.

21. KEY MANAGERIAL PERSONNEL (“KMP”):

Pursuant to provisions of Section 203 of the Companies Act, 2013, following persons are Key Managerial Personnel as on 31st March, 2023:

| Sl. No. | Name of the KMP | Designation |
|---------|-----------------------|--|
| 1 | Mr. C P Rangachar | Managing Director |
| 2 | Mr. K Gopalkrishna | Executive Director |
| 3 | Mr. H M Narasinga Rao | Chief Financial Officer |
| 4 | Mr. A Venkatakrisnan | Chief Executive Officer |
| 5 | Mr. Yoshitake Tanaka* | Whole Time Director |
| 6 | Mr. Vinayak Hegde** | Company Secretary & Compliance officer |
| 7 | Mr. Vignesh P *** | Company Secretary & Compliance officer |

* Mr. Yoshitake Tanaka was appointed as Whole Time Director with effect from 14th September, 2022.

** Mr. Vinayak Hegde had resigned from the position of Company secretary & Compliance officer and was relieved from services by closing hours of 13th December, 2022.

*** Mr. Vignesh P was appointed as Company Secretary & Compliance officer with effect from 20th February 2023.

22. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

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

23. RISK MANAGEMENT POLICY:

As per the Market Capitalization as on 31st March, 2022 and 31st March, 2023 Risk Management Committee provisions are not applicable to Company as Company does not fall under the Top 1000 companies based on Market Capitalization.

However, in compliance with the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Risk Management Committee has been

constituted by the Board along with Risk Management Policy. Composition of the Committee and other details are provided in Corporate Governance Report.

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

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

24. CORPORATE SOCIAL RESPONSIBILITY (“CSR”) INITIATIVES:

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

The Company has implemented various CSR projects directly and/ or through implementing partners and the projects undertaken by the Company are in accordance with Schedule VII of the Act. The Company has spent an amount of ₹18,27,547.40/- for identified CSR activities during the financial year ending 31st March, 2023. A detailed Report on CSR is enclosed as ‘Annexure-3’ forming part of this report.

25. DIRECTOR’S RESPONSIBILITY STATEMENT:

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

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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

26. SECRETARIAL STANDARDS:

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

27. COMMITTEES OF THE BOARD:

As on 31st March, 2023, the Board had 5 (Five) committees:

- a) The Audit Committee
- b) The Corporate Social Responsibility Committee
- c) The Nomination and Remuneration Committee
- d) Stakeholder’s Relationship Committee and
- e) Risk Management Committee.

A majority of the committees consists entirely of independent directors. During the year, all recommendations made by the committees were approved by the Board. A detailed note on the composition of the Board and its committees are provided in the Corporate governance report, which forms part of this report.

28. WHISTLE BLOWER POLICY:

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

against victimization of Director(s) and Employee(s) who avail of the mechanism.

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

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

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

The Company has zero tolerance towards sexual harassment at the work place and has adopted a policy on prevention, prohibition and redressal of sexual harassment at work place in line with the provisions of the Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder. As required under law, an internal Compliance Committee has been constituted for reporting and conducting inquiry into the complaints made by the

victim on the harassments at the work place. During the year, no complaint of sexual harassment has been received.

30. DETAILS OF REVISION OF FINANCIAL STATEMENTS:

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

31. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

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

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

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

- Ratio of remuneration of each Director/KMP to the median employee's remuneration and the percentage increase/decrease in the remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2022-23:

| Name of the Director / Key Managerial Personnel (KMP) | Remuneration for the financial year 2022-23 (In ₹) | Remuneration for the financial year 2021-22 (In ₹) | %increase/ (decrease) in remuneration in the financial year 2022-23 | Ratio of remuneration of each Director/ KMP to that of Median remuneration of employees |
|--|--|--|---|---|
| Mr. C P Rangachar, Managing Director | 99,53,202 | 97,85,862 | 1.71 | 15.27:1 |
| Capt. N S Mohanram, Non-Executive, Independent Director | 1,20,000 | 4,20,647 | (71.47) | 0.18:1 |
| Mr. R Srinivasan, Non-Executive, Independent Director | 4,92,349 | 4,80,645 | 2.44 | 0.76:1 |
| Dr. Premchander, Non-Executive, Independent Director | 4,92,349 | 5,04,645 | (2.44) | 0.76:1 |
| Mrs. Indra Prem Menon, Non-Executive, Lady Independent Director, | 4,32,349 | 3,24,645 | 33.18 | 0.66:1 |
| Mrs. Vidya Rangachar, Non-Executive Director | 3,12,349 | 3,40,645 | (8.31) | 0.48:1 |
| Mr. Hideharu Nagahisa, Non-Executive Director | 3,12,349 | 3,40,645 | (8.31) | 0.48:1 |
| Mr. Hidemi Yasuki, Non-Executive Director | 3,12,349 | 3,40,645 | (8.31) | 0.48:1 |
| Mr. Kenichi Takaku, Non-Executive Director | 40,000 | 3,40,645 | (88.26) | 0.06:1 |
| Mr. K Gopalkrishna, Executive Director | 69,80,770 | 64,79,895 | 7.73 | 10.71:1 |
| Mr. H M Narasinga Rao, Chief Financial Officer | 62,17,520 | 58,20,915 | 6.81 | 9.54:1 |

| Name of the Director / Key Managerial Personnel (KMP) | Remuneration for the financial year 2022-23 (In ₹) | Remuneration for the financial year 2021-22 (In ₹) | %increase/ (decrease) in remuneration in the financial year 2022-23 | Ratio of remuneration of each Director/ KMP to that of Median remuneration of employees |
|---|--|--|---|---|
| Mr. Yoshitake Tanka, Whole Time Director* | 36,04,867 | - | - | 5.53 |
| Mr. A Venkatakrisnan, Chief Executive Officer, | 47,43,879 | 38,49,643 | 23.23 | 7.28:1 |
| Mr. Vinayak Hegde, Company Secretary** | 8,50,679 | 8,93,225 | (4.76) | 1.31:1 |
| Mr. Vignesh P*** Company Secretary | 1,27,916 | - | - | 0.20:1 |

* Remuneration from 09th August, 2022 to 31st March 2023

** Remuneration from 1st April 2022 to 13th December 2022

*** Remuneration from 20th February 2023 to 31st March 2023

Notes:

1. The Net Profit after tax has decreased by ₹505.59 lakhs (excluding other comprehensive income) as compared to the previous year and the remuneration of the Managing Director has increased by 1.71%. The remuneration is within the limit specified in Schedule V.
 2. Remuneration paid /payable to Managing Director and Non-Executive Directors for the financial year 2022-23 is inclusive of Salary, Commission and Sitting Fees.
 3. All Non-Executive and Independent Directors are eligible for Commission of 1% on the Net profit of the Company, The Net profit is calculated as per the provisions of Section 198 of the Companies Act, 2013.
- b. The number of permanent employees on the rolls of the Company as on 31st March, 2023 was 384 (previous year :368).
- c. Percentage increase in median remuneration of employees for the financial year is 2.39%.
- d. Average percentage increase/decrease already made in the salaries of employees other than the key managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- Percentage Increase of salaries of employees other than the key managerial personnel in the financial year: 15.40% as compared to previous year.
 - Percentage Increase in the key managerial remuneration in the financial year: 29.40% as compared to previous year.
- e. The key parameters for any variable component of remuneration availed by the Directors.
- Commission payable to Directors has been calculated on the basis of net profits of the Company under the provisions of Section 197 of the Companies Act, 2013 and based on the Nomination and Remuneration Policy of the Company. The Directors (Non-executive) are eligible for the commission on the net profit of the Company for the financial year 2022-23.
- f. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: NIL
- It is hereby affirmed that the remuneration paid to the Directors is as per the Nomination and Remuneration Policy of the Company.
- g. Information as per Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:
- i. Employed throughout the financial year and were in receipt of remuneration for the year, in the aggregate of not less than ₹102 lakhs - NIL
 - ii. Employed for a part of the financial year and were in receipt of remuneration for any part of the year, at a rate which, in the aggregate, was not less than ₹8.50 lakhs per month - NIL
 - iii. Employed throughout the financial year or part thereof, was in receipt of remuneration in the year in excess of that drawn by the managing Director and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company – NIL

33. SHARE CAPITAL:

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

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

The Authorized share Capital of the Company is ₹15,00,00,000 consisting of 1,50,00,000 Equity Shares of ₹10/- each and paid up equity share capital of the Company is ₹12,00,00,000 consisting of 1,20,00,000 equity shares of ₹10/- each as on 31st March, 2023.

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

34. COST AUDITORS:

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with The Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Board of Directors, on the recommendation of the Audit Committee, have appointed M/s. Adarsh Sharma & Co, Cost Accountants, Bengaluru, as Cost Auditors for conducting Cost Audit for the financial year 2023-24. Your Directors proposed to ratify the remuneration payable to them for the financial year 2023-24 at the ensuing Annual General Meeting.

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

35. STATUTORY AUDITORS:

Pursuant to provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. Walker Chandiook and Co., LLP, Chartered Accountants (Firm Registration No.001076N /N500013), were appointed as Statutory Auditors of the Company for a term of 5 years and to hold the office until the conclusion of the 51st (Fifty first) Annual General Meeting to be held in the year 2027.

There are no qualifications in their report for the financial year ended 31st March, 2023. Further, the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Act. The Auditor's Report is enclosed with the financial statements.

36. SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made there under, the Board of Directors has appointed M/s. Joseph & Chacko LLP, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for FY 2022-23. The Secretarial Auditors Report for FY 2022-23 does not contain any qualifications. The Report of the Secretarial Audit is annexed herewith as 'Annexure 4' forming part of this report.

The Board of Directors have re-appointed M/s. Joseph & Chacko LLP, Company Secretary in Practice to conduct the Secretarial Audit for FY 2023-24 also.

37. CORPORATE GOVERNANCE REPORT AND CERTIFICATE:

Your Company is committed to maintain high standards of Corporate Governance. A report on Corporate Governance along with a Certificate from the Statutory Auditors on compliance of Corporate Governance is attached as 'Annexure -5' forming part of this report. The certificate does not contain any qualifications.

38. BUSINESS RESPONSIBILITY REPORT:

In terms of Regulation 34 (2) (f) of SEBI (LODR) Regulations as amended with effect from 5th May 2021, the requirement of furnishing business Responsibility Report shall apply to top one thousand listed entities based on market capitalization (calculated as on March 31 of every financial year). As we do not fall under the category of top one thousand listed entities as on 31st March 2023, we are not required to prepare Business Responsibility and Sustainability Report. Hence the report is not prepared for the Financial year 2022-23.

39. MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis (MDA) forms part of the Annual Report setting out an analysis of business including the industry scenario, performance, financial analysis and risk mitigation.

The Report of the Management Discussion and analysis is annexed herewith as 'Annexure 6' forming part of this report.

40. CONSOLIDATED FINANCIAL STATEMENTS:

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

41. FORWARD-LOOKING STATEMENTS:

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

Place: Bengaluru
Date: 29th May 2023

R Srinivasan
Director
DIN: 00043658

Dr. Premchander
Director
DIN: 02278652

C P Rangachar
Managing Director
DIN: 00310893

42. ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

Annexure-1

Form AOC-1

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

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

Part "A": Subsidiaries

₹ In lakhs

| Sl. No. | Particulars | Details | | |
|---------|--|--|--|--|
| | | Grotek Enterprises Private Limited | Coretec Engineering India Private Limited | Kolben Hydraulics Limited |
| 1 | Name of the Subsidiary | | | |
| 2 | Reporting period for the subsidiary concerned, if different from the holding Company's reporting period | 01 st April, 2022 to 31 st March, 2023 | 01 st April, 2022 to 31 st March, 2023 | 01 st April, 2022 to 31 st March, 2023 |
| 3 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | INR | INR | INR |
| 4 | Share Capital | 501.00 | 361.96 | 300.06 |
| 5 | Reserves & Surplus | 209.99 | (272.13) | (102.77) |
| 6 | Total Assets | 6,117.04 | 4,759.64 | 989.15 |
| 7 | Total Liabilities (Excluding Share Capital & Reserves) | 5,406.05 | 4,669.81 | 772.35 |
| 8 | Investments | 280.00 | - | - |
| 9 | Turnover & other income | 7,489.49 | 3,668.57 | 962.58 |
| 10 | Profit /(Loss) before taxation | 334.96 | 2.88 | 69.45 |
| 11 | Provision for Taxation | 112.94 | 24.22 | 11.30 |
| 12 | Other comprehensive income for year | (0.43) | 0.55 | - |
| 13 | Profit /(Loss) after taxation including other comprehensive income | 221.59 | (20.79) | 58.15 |
| 14 | Proposed Dividend | - | - | - |
| 15 | Percentage of shareholding | 100% | 100% | 95.30% |

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

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

Part “B” Associates and Joint Ventures

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

₹ In lakhs (except shares)

| Si No. | Name of Associates | Sai India Limited | Bourton Consulting (India) Private Limited |
|--------|---|--|---|
| 1 | Latest audited Balance Sheet Date | 31 st March, 2023 | 31 st March, 2023 |
| 2 | Shares of Associate/Joint Ventures held by the Company on the year ended 31 st March, 2023 | 3,60,000 | 37,300 |
| 3 | Amount of Investment in Associates | 20.00 | 3.73 |
| 4 | Extent of Holding in Percentage | 40% | 29.54% |
| 5 | Description of how there is significant influence | 1. Holding 40% stake in the Associate Company 2. Managing Director of the Company is a Director in the Associate Company. | 1. Holding 29.54% stake in the Associate Company 2. Managing Director of the Company is a Director in the Associate Company. |
| 6 | Reason why the associates is not consolidated | Not Applicable | Not Applicable |
| 7 | Net worth attributable to shareholding as per latest audited Balance Sheet | 524.46 | 3.52 |
| 8 | Profit/ (Loss) for the year including comprehensive income | 42.94 | 5.15 |
| 9 | Considered in Consolidation | 17.17 | 1.52 |
| 10 | Not Considered in Consolidation | 25.77 | 3.63 |

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

For and on behalf of the Board of Directors

Place: Bengaluru
Date: 29th May 2023

R Srinivasan
Director
DIN: 00043658

Dr. Premchander
Director
DIN: 02278652

C P Rangachar
Managing Director
DIN: 00310893

Annexure-2

Form AOC-2

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

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

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

All related party transactions are in the ordinary course of business and on arm's length basis and approved by Audit Committee of the Company. Please refer transactions reported in Note No. 43 of the Notes forming part of the standalone financial statements in the Annual Report.

For and on behalf of the Board of Directors

Place: Bengaluru
Date: 29th May 2023

R Srinivasan
Director
DIN: 00043658

Dr. Premchander
Director
DIN: 02278652

C P Rangachar
Managing Director
DIN: 00310893

Annexure -3

Annual Report On Corporate Social Responsibilities (CSR) Activities:

1. Brief outline on CSR Policy of the Company:

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

The projects undertaken during the financial year 2022-23 are within the broad framework of Schedule VII of the Companies Act, 2013.

2. Composition of CSR Committee:

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

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

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

- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable.**
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Not Applicable**
- Average net profit of the Company as per section 135(5): **₹855.89 lakhs.**
- (a) Two percent of average net profit of the Company as per Section 135(5): **₹17.12 lakhs.**
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NIL**
(c) Amount required to be set off for the financial year if any: **NIL.**
(d) Total CSR obligation for the financial year (7a+7b+ 7c): **₹17.12 lakhs.**
- (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (Amount in ₹) | Amount Unspent (in ₹) | | | | |
|--|--|------------------|--|------------------|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). (Amount in ₹) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Date of transfer | Name of the Fund | (Amount in ₹) | Date of transfer | |
| Rs.18,27,547.40 | - | - | - | - | - |

(b) Details of CSR amount spent against ongoing projects for the financial year: ₹ NIL/-.

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

| Sl. No. | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/No). | Location of the project. | | Amount spent for the project (Amount in ₹) | Mode of implementation-Direct(Yes/No). | Mode of implementation – through implementing agency. | |
|---------|---|---|----------------------|--------------------------|--------------|--|--|---|-------------------------|
| | | | | State | District | | | Name | CSR Registration Number |
| 1 | Financial Support for the teaching-learning materials for use in government school's in Bangalore | Promotion of Education. | Yes. Bangalore | Karnataka | Bengaluru | 2,00,000 | No | Involve Learning Solutions foundation | CSR00001402 |
| 2 | Contribution for School fees of poor student. | Promotion of Education. | No | Tamilnadu | Dindigul | 87,530 | Yes | St. Peter Matriculation Higher Secondary School. | Not Applicable |
| 3 | Contribution towards Children Homes and Senior welfare Centre. | Setting up homes and hostels for women and orphans; setting up old age homes. | Yes. Malur | Karnataka | Kolar | 3,63,271.50 | Yes | Vishranti Charitable Trust | Not Applicable |
| 4 | Contribution for School fees of poor student. | Promotion of Education. | No. Tirupati | Andhra Pradesh | Tirupati | 70,000 | Yes | Socrates High School | Not Applicable |
| 5 | Construction of temple | Protection Of National Heritage, Art And Culture | Yes. Lakkur | Karnataka | Kolar | 2,70,810 | Yes | Not Applicable | Not Applicable |
| 6 | Financial support for infrastructure facilities in Government High School | Promotion of Education, Ensuring environmental sustainability | Yes. Hosur | Karnataka | Krishnagiri | 2,66,255 | Yes | Not Applicable | Not Applicable |
| 7 | Contribution for School fees of poor student. | Promotion of Education. | Yes. Bangalore | Karnataka | Bangalore | 18,700 | Yes | East west institute of Polytechnic | Not applicable |
| 8 | Contribution for Protection of Art & Culture. | Protection of Indian art and culture. | Yes. Bangalore | Karnataka | Bangalore | 30,000 | No | Ramaseva Mandali. | CSR00012345 |
| 9 | Construction of bus waiting shed | Rural Development | Yes. Malur | Karnataka | Kolar | 3,75,982.90 | Yes | Not applicable | Not applicable |
| 10 | Contribution for College fees of poor student. | Promotion of Education. | Yes. Bangalore | Tamilnadu | Bangalore | 1,20,000 | Yes | Gopalan College of commerce | Not Applicable |
| 11 | Prime Ministers National Relief fund | Disaster relief, Schedule VII fund | No. | Delhi | Delhi | 25,000 | Yes | Prime Ministers National Relief fund | Not Applicable |
| | | | | | Total | 18,27,547.40 | | | |

- (d) Amount spent in Administrative Overheads: **NIL**
- (e) Amount spent on Impact Assessment, if applicable: **NIL**
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹18,27,547.40/-
- (g) Excess amount for set off, if any: **Not Applicable**

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

| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (Amount in ₹) | Amount spent in the reporting Financial Year (Amount in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (Amount in ₹) |
|---------|--------------------------|---|--|--|-------------|-------------------|---|
| | | | | Name of the Fund | Amount in ₹ | Date of transfer. | |
| 1 | 2021-22 | - | | | | | |
| 2 | 2020-21 | 6,39,598 | - | - | - | - | 6,39,598 |
| 3 | 2019-20 | - | - | - | - | - | - |

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

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **NIL**

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

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

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

For and on behalf of the Board of Directors

Place: Bengaluru
Date: 29th May 2023

R Srinivasan
Director
DIN: 00043658

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

C P Rangachar
Managing Director
DIN: 00310893

Form No. MR-3 Secretarial Audit Report

For the Financial Year ended on 31st March 2023

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

To,
The Members,
Yuken India Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Yuken India Limited for the financial year ended on 31st March, 2023 according to the provisions of:

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

5. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Not applicable to the Company during Audit period)
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during Audit Period)
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 ; (Not Applicable to the Company during Audit Period) and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 ; (Not Applicable to the Company during Audit Period)
6. Securities and Exchange Board of India (Listing obligations and disclosure requirements) regulations, 2015

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

- a) Factories Act, 1948
- b) The Trade Unions Act, 1926

- c) Contract Labour (Regulation & Abolition) Act, 1979
- d) The Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976
- e) The Employees' Provident Funds And Miscellaneous Provisions Act, 1952
- f) Employees' State Insurance Act, 1948
- g) Maternity Benefits Act 1961
- h) Weekly Holidays Act, 1942
- i) The Payment of Gratuity Act, 1972
- j) The Payment of wages Act, 1936
- k) The Trade Mark Act, 1999
- l) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- m) The Code on Wages, 2019
- n) Indian Stamp Act, 1899 and State Stamp Acts
- o) The Child labour [Prohibition and Regulation] Act, 1986
- p) The Hazardous Wastes (Management and Handling) Rules, 1989
- q) The Environment (Protection) Act, 1986

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

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

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors

and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

We further report that during the Financial Year the petition was filed before NCLT for Amalgamation of Yuflow Engineering Private Limited and Yuken India Limited and final order is filed with Registrar of companies, Bangalore as per applicable provision of the Companies Act 2013 and Stock Exchange submission is also completed.

For Joseph & Chacko LLP Company Secretaries
Company Secretaries

Gigi Joseph

FCS No.: 6483

CP No.: 5576

UDIN: F006483E000305639

Place: Bangalore

Date: 15.05.2023

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

'Annexure A'

To,
The Members,
Yuken India Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Joseph & Chacko LLP Company Secretaries

Company Secretaries

Gigi Joseph

FCS No.: 6483

CP No.: 5576

UDIN: F006483E000305639

Place: Bangalore

Date: 15.05.2023

Annexure-5

Report on Corporate Governance

CORPORATE GOVERNANCE PHILOSOPHY:

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

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

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

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

BOARD OF DIRECTORS:

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

Composition:

The Board comprises of Executive and Non-Executive Directors who are eminent persons with considerable professional experience in various fields. There two Executive Directors, viz., Mr. C P Rangachar, Managing Director and Mr. Yoshitake Tanaka, Whole Time Director. All the other Directors are Non-Executive Directors.

Among the Non-Executive Directors, Mr. Hideharu Nagahisa, Mr. Hidemi Yasuki, and Mrs. Vidya Rangachar are Non-Executive & Non-Independent Directors and Mr. R Srinivasan, Dr. Premchander and Mrs. Indra Prem Menon are Non-Executive & Independent Directors.

During the year under review, Mr. Yoshitake Tanaka was appointed as an Additional –Director with effect from 09th August, 2022 and re-designated as Whole Time Director with effect from 14th September, 2022.

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

Attendance at the meetings of the Board of Directors during the year and at the last Annual General Meeting, the number of Directorships and Committee Memberships held by them in domestic public and Private Companies by each Director as at 31st March, 2023 are as indicated below:

| Sl. No. | Name of the Director | Whether Promoter/Collaborator /Executive/Non-Executive / Independent/Non-Independent | Attendance | | LoA (3) | No. of outside Directorships held (1) | Committees Membership/ Chairmanship in other Companies (2) | |
|---------|---|--|----------------|----------|---------|---------------------------------------|--|----------|
| | | | Board Meetings | Last AGM | | | Member | Chairman |
| 1 | Mr. Hidemi Yasuki - Chairman & Director | Non-Executive & Non-Independent, Director (Collaborator) | 4 | Yes | NA | - | - | - |
| 2 | Mr. Hideharu Nagahisa | Non-Executive & Non-Independent Director (Collaborator) | 4 | Yes | NA | - | - | - |
| 3 | Mr. Yoshitake Tanaka | Non-Executive & Non-Independent Director (Collaborator) | 2 | Yes | NA | - | - | - |
| 4 | Mr. R Srinivasan | Non-Executive & Independent Director | 4 | Yes | NA | 5 | 4 | 1 |
| 6 | Dr. Premchander | Non-Executive & Independent Director | 4 | Yes | NA | 1 | - | - |
| 7 | Mrs. Indra Prem Menon | Non-Executive & Independent Director | 4 | Yes | NA | 14 | - | - |

| Sl. No. | Name of the Director | Whether Promoter/Collaborator /Executive/Non-Executive / Independent/Non-Independent | Attendance | | LoA (3) | No. of outside Directorships held (1) | Committees Membership/ Chairmanship in other Companies (2) | |
|---------|----------------------|--|----------------|----------|---------|---------------------------------------|--|----------|
| | | | Board Meetings | Last AGM | | | Member | Chairman |
| 8 | Mrs. Vidya Rangachar | Non-Executive & Non-Independent Director (Promoter) | 4 | Yes | NA | 1 | - | - |
| 9 | Mr. C P Rangachar | Executive & Non-Independent Director (Promoter) | 4 | Yes | NA | 9 | 1 | 1 |

Notes:

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

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

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

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

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

Further, Dr. Premchander, Mr. Hideharu Nagahisa, Mr. Hidemi Yasuki, Mrs. Indra Prem Menon, Mr. Yoshitake Tanaka and Mrs. Vidya Rangachar do not hold any directorship in the listed entities other than Yuken India Limited.

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

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

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

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

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

BOARD MEETINGS:

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

During the financial year 2023-23, our Board met 4 (Four) times viz., on 25th May, 2022, 09th August, 2022, 09th November, 2022 and 14th February, 2023.

In addition, a separate meeting of the Independent Directors was held on 14th February, 2023. The performance evaluation of the Chairman and Non-Executive Independent Directors was carried out by Independent Directors.

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

AUDIT COMMITTEE:

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

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

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

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

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

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

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statements and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the Company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the Company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems; and
- (viii) Monitoring the end use of funds raised through public offers and related matters.

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

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

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

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

During the year, 4 (four) meetings of the Audit Committee were held, the dates being, 25th May, 2022, 08th August, 2022, 09th November, 2022 and 14th February, 2023. The composition of Audit Committee as at 31st March, 2023 and the attendance of the members at the Audit Committee Meetings are as follows:

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

The Chairman of the Audit Committee, R Srinivasan was present at the Annual General Meeting held on 14th September, 2022.

NOMINATION AND REMUNERATION COMMITTEE:

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

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

The Nomination and Remuneration Committee comprises of three Non-Executive and Independent Directors viz., Mr. R Srinivasan as Chairman and Dr. Premchander and Mrs. Indra Prem Menon as members. During the financial year 2022-23, there were 4 (Four) Nomination and Remuneration Committee meetings held on 25th

May, 2022, 09th August, 2022, 09th November, 2022 and 14th February, 2023 and the proceedings of the Meeting of the Committee are reported in the Board Meetings for the Board to take note thereof.

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

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

The Chairman of the Nomination and Remuneration Committee Mr. R Srinivasan was present at the Annual General Meeting held on 14th September, 2022.

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

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

STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee is authorized to:

1. Monitor the system of share transfers, transmissions, sub-division, consolidation, de-materialization and re-materialization.
2. Deal with all investor related issues including redressal of complaints from shareholders pertaining to transfer of shares and non-receipt of Balance Sheet, etc.
3. To delegate such powers to Company's officers, as may be necessary including powers to approve transfers, transmissions, authenticate share certificates and to take action in relation to shareholders related matters.

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

During the year, 2 (Two) meetings of the Stakeholders Relationship Committee were held, viz., on 19th September, 2022 and 13th December, 2022. The proceedings of the Meeting of the Committee to be reported in the Board Meetings for the Board to take note thereof.

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

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

The Chairman of the Stakeholders Relationship Committee Dr. Premchander was present at the Annual General Meeting held on 14th September, 2022.

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

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

RISK MANAGEMENT COMMITTEE:

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

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

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

During the year Risk Management Committee was not applicable to our company hence, there were no meetings held.

CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE:

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

| | | |
|----|----------------------|------------|
| 1. | 1. Dr. Premchander | - Chairman |
| 2. | 2. Mr. C P Rangachar | - Member |
| 3. | 3. Mr. R Srinivasan | - Member |

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

During the year, 1 (one) meeting of the CSR Committee was held on 14th February, 2023. The proceedings of the Meeting of the Committee are reported in the Board Meetings for the Board to take note thereof.

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

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

CODE OF CONDUCT:

The Company's Code of Conduct as adopted by the Board of Directors, is applicable to all the Directors, Senior Management and employees of the Company. This code is derived from the principles of good corporate governance, good corporate citizenship and exemplary personal conduct. The code of conduct is available on the Company's corporate website. All the Board members and Senior Management of the Company have affirmed their compliance with the Code of Conduct for the financial year ended 31st March, 2023. A Certificate to this effect, duly signed by the Managing Director is annexed hereto. Code of Conduct of the Company is available in its website:

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

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

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

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

SUBSIDIARY COMPANIES:

The Company have following Subsidiaries:

| Sl. No. | Name of the Company | Status |
|---------|---|--------------------------------------|
| 1 | Grotek Enterprises Private Limited | Wholly owned and Material Subsidiary |
| 2 | Coretec Engineering India Private Limited | Wholly owned Subsidiary |

| Sl. No. | Name of the Company | Status |
|---------|------------------------------------|---|
| 3 | Yuflow Engineering Private Limited | Merged with Yuken India Limited by NCLT order dated 28 th February, 2023 |
| 4 | Kolben Hydraulics Limited | Subsidiary |

The Audit Committee reviews financial statements, particularly, the capital investments made by the Company's un-listed subsidiary Companies. The minutes of unlisted subsidiary Companies have been placed before the Board. The accounts of all subsidiary Companies are placed before the Board on a regular basis and the attention of the Directors is drawn to all significant transactions and arrangements entered into or by the subsidiary Companies. The Annual Accounts of the Subsidiary Companies are available on the website of the Company at <http://www.yukenindia.com/report-result/>

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

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

DISCLOSURES:

(A) Related Party Transactions:

During the financial year 2022-23, besides the transactions reported in Note No. 43 of the Notes forming part of the financial statements in the Annual Report, there were no other material related party transactions. These transactions do not have any potential conflict with the interests of the Company at large.

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

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

(B) Disclosure of accounting treatment:

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

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

The Company has not raised any capital during the year ended 31st March, 2023.

(D) Remuneration of Directors:

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

Details of remuneration paid/payable to Mr. C P Rangachar - Managing Director and Mr. Yoshitake Tanaka – Whole time director, during the year, 2022-23 is as under*.

| Sl. No. | Particulars | Amount in ₹ | |
|---------|---|------------------|----------------------|
| | | Mr. CP Rangachar | Mr. Yoshitake Tanaka |
| 1 | Salary | 68,80,000 | 35,28,200 |
| 2 | Value of Perquisites | 4,30,560 | - |
| | Medical Reimbursements | 2,05,042 | - |
| 3 | Contribution to Provident & Superannuation Fund | 18,57,600 | - |
| 4 | Leave encashment | 5,80,000 | - |
| 5 | Commission | - | - |
| | Total | 99,53,202 | 35,28,200 |

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

Details of sitting fees and commission payable to Non-Executive Directors for FY 2022-23 are given below:

| Sl. No. | Name of the Director | Sitting fees | Commission | Total |
|---------|-----------------------|--------------|------------|----------|
| 1 | Mr. Hideharu Nagahisa | 80,000 | 2,44,645 | 3,24,645 |

| Sl. No. | Name of the Director | Sitting fees | Commission | Total |
|---------|-----------------------|------------------|------------------|------------------|
| 2 | Mr. Hidemi Yasuki | 80,000 | 2,44,645 | 3,24,645 |
| 3 | Mr. Kenichi Takaku | 40,000 | 2,44,645 | 2,84,645 |
| 4 | Capt. N S Mohanram | 1,20,000 | 2,44,647 | 3,64,647 |
| 5 | Mr. R Srinivasan | 2,60,000 | 2,44,645 | 5,04,645 |
| 6 | Dr. Premchander | 2,60,000 | 2,44,645 | 5,04,645 |
| 7 | Mrs. Vidya Rangachar | 80,000 | 2,44,645 | 3,24,645 |
| 8 | Mrs. Indra Prem Menon | 2,00,000 | 2,44,645 | 4,44,645 |
| | Total | 11,20,000 | 19,57,162 | 30,77,162 |

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

Mrs. Vidya Rangachar, a Director, holds 16,000 equity shares of ₹10/- each in the Company and the Company has paid the rent of ₹1.80 lakhs for the year ended 31st March, 2023. There is no notice period and severance pay. No stock options have been issued to any of the Directors.

GENERAL MEETINGS:

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

| Year | Date & Time | Special Resolution passed | Location |
|---------|--|--|--|
| 2019-20 | 24 th September, 2020 10.00 am | <ol style="list-style-type: none"> To Re-appoint Mr. C P Rangachar as the Managing Director of the Company for a period of 5 (Five) years with effect from 01st May, 2020: Approval for the Scheme of Amalgamation of Yuflow Engineering Private Limited (Hereinafter referred to as 'the Transferor Company'), with Yuken India Limited ('Hereinafter referred to as the 'Transferee Company' or 'the Company'): | The Meeting has been conducted through Video Conferencing ("VC") / Other Audio Visuals Means ("OAVM"). |
| 2020-21 | 14 th September, 2021 10.00 am | Not Applicable | The Meeting has been conducted through Video Conferencing ("VC") / Other Audio Visuals Means ("OAVM"). |
| 2021-22 | 14 th September, 2022 10.00 am | <ol style="list-style-type: none"> Reappointment of Mrs. Vidya Rangachar (DIN: 02612252), Non-Executive & Non Independent Director. Appointment of Mr. Yoshitake Tanaka (DIN: 0009686092) as a Whole Time Director. | The Meeting has been conducted through Video Conferencing ("VC") / Other Audio Visuals Means ("OAVM"). |

MEANS OF COMMUNICATION:

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

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

(E) Management Discussion and Analysis:

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

CEO/CFO CERTIFICATION:

The Managing Director being the Chief Executive Officer (CEO) and the Vice President – Finance being the Chief Financial Officer (CFO) have certified to the Board in accordance with Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to CEO/CFO certification for the financial year ended 31st March, 2023, which is annexed hereto.

CERTIFICATE FROM PRACTICING COMPANY SECRETARY:

Certificate as required under Part C of Schedule V of Listing Regulations, received from Mr. Giji Joseph (CP No. 5576), Partner of M/s. Joseph & Chacko LLP, Practicing Company Secretaries, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory. Copy of Certificate is annexed hereto.

GENERAL SHAREHOLDER INFORMATION:

| | |
|---|--|
| a. 47th Annual General Meeting | |
| Day, date and time | 14th September 2023, 10:30 AM |
| Venue | The Company is conducting meeting through Video Conferencing ("VC") / Other Audio Visuals Means ("OAVM"). For details please refer to the Notice of this AGM. |
| b. Financial Calendar | |
| i) Financial Year | April to March |
| ii) First Quarter Results | August |
| iii) Second Quarter Results | November |
| iv) Third Quarter Results | February |
| v) Year end Results | May |
| c. Date of Book Closure | 7 th September 2023 to 14 th September 2023 |
| d. Proposed Dividend | ₹0.80 per share (Eighty Paise only per share) |
| e. Dividend Payment Date | 30 days from the date of AGM |
| f. Listing of Equity Shares | <p>BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. Scrip Code: 522108</p> <p>National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051 NSE Script Code: YUKEN</p> |
| g. Listing Fee | Annual listing fee for the financial year 2023-24 paid to the Stock Exchanges. |
| h. Depository Fee | Annual custody fee for the financial year 2023-24 paid to the depositories. |
| i. Corporate Identity Number | L29150KA1976PLC003017 |
| j. Details of Registrar and Share Transfer Agents: | <p>KFin Technologies Limited (Formerly known as KFin Technologies Private Limited), Unit: Yuken India Limited Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032. Phone: (040) 6716 1508/1592/1509 E Mail Id: Einward.ris@karvy.com Website: https://www.kfintech.com or https://ris.kfintech.com/ Toll free No: - 1- 800-309-4001 & 1800 309 4001</p> |

k. Market Price Data:

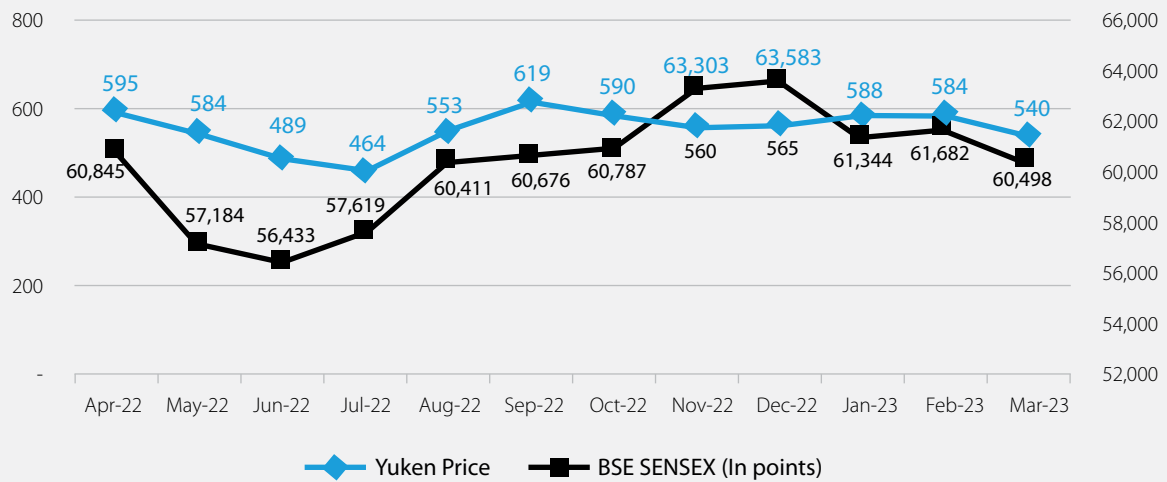
High – Low market price data during each month in the year 2022-23 at BSE Limited and National Stock Exchange is furnished below:

In ₹

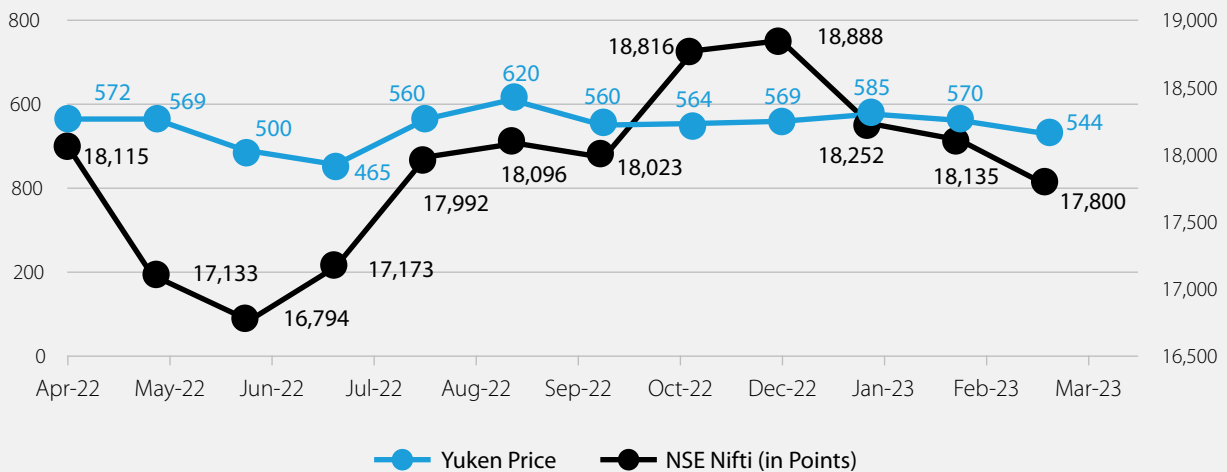
| Sl. No. | Month | BSE LIMITED | | | NATIONAL STOCK EXCHANGE | | |
|---------|-----------|-------------|--------|-------------------|-------------------------|--------|-------------------|
| | | High | Low | Volume (In Lakhs) | High | Low | Volume (In Lakhs) |
| 1 | April | 594.95 | 517.55 | 0.17 | 572.00 | 572.00 | 1.31 |
| 2 | May | 547.95 | 443.85 | 0.16 | 569.00 | 444.20 | 2.90 |
| 3 | June | 488.50 | 390.15 | 0.11 | 499.95 | 391.00 | 3.54 |
| 4 | July | 464.25 | 421.05 | 0.12 | 465.00 | 415.00 | 0.51 |
| 5 | August | 553.00 | 410.00 | 0.13 | 560.00 | 419.15 | 1.89 |
| 6 | September | 618.80 | 503.85 | 0.34 | 620.00 | 503.05 | 3.38 |

| Sl. No. | Month | BSE LIMITED | | | NATIONAL STOCK EXCHANGE | | |
|---------|----------|-------------|--------|-------------------|-------------------------|--------|-------------------|
| | | High | Low | Volume (In Lakhs) | High | Low | Volume (In Lakhs) |
| 7 | October | 590.00 | 496.10 | 0.15 | 559.95 | 500.00 | 0.84 |
| 8 | November | 560.00 | 465.00 | 0.19 | 564.00 | 462.20 | 5.48 |
| 9 | December | 565.00 | 459.45 | 0.39 | 569.00 | 450.55 | 2.42 |
| 10 | January | 588.00 | 501.00 | 1.96 | 585.00 | 493.65 | 1.85 |
| 11 | February | 583.75 | 520.00 | 0.47 | 570.00 | 490.00 | 0.90 |
| 12 | March | 539.70 | 446.00 | 0.07 | 544.00 | 462.10 | 2.00 |

SHARE PRICE MOVEMENT - BSE



SHARE PRICE MOVEMENT - NSE



I. Share Transfer System:

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

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

The Company has not issued any ADRs / GDRs / Warrants or any Convertible Instruments. The Company had no transfer of shares pending as on 31st March, 2023.

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

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

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

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

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

n. Distribution Schedule – Consolidated as on 31.03.2023:

| Category (Amount) | No. of Cases | % of Cases | Total Shares | Amount (₹) | % of Amount |
|-------------------|--------------|------------|--------------------|---------------------|-------------|
| 0 - 5000 | 5098 | 85.15 | 6,23,671 | 62,36,710 | 5.20 |
| 5001 - 10000 | 397 | 6.63 | 3,04,277 | 30,42,770 | 2.54 |
| 10001 - 20000 | 233 | 3.89 | 3,43,754 | 34,37,540 | 2.86 |
| 20001 - 30000 | 81 | 1.35 | 1,99,439 | 19,94,390 | 1.66 |
| 30001 - 40000 | 35 | 0.58 | 1,29,715 | 12,97,150 | 1.08 |
| 40001 - 50000 | 24 | 0.40 | 1,08,540 | 10,85,400 | 0.90 |
| 50001 - 100000 | 55 | 0.92 | 4,00,043 | 40,00,430 | 3.33 |
| 100001 & ABOVE | 64 | 1.07 | 98,90,561 | 9,89,05,610 | 82.42 |
| Total | 5987 | 100 | 1,20,00,000 | 12,00,00,000 | 100 |

o. Plant Location:

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

p. Address for Communication:

| | |
|---|---|
| Registrar & Share Transfer Agents (RTA) (matters relating to Shares, Dividends, Annual Reports) | KFin Technologies Limited (Formerly known as KFin Technologies Private Limited), Unit: Yuken India Limited, Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Rangareddi, Hyderabad - 500 032 Telangana, India Tel.: 040 - 67161509 E Mail Id: Einward.ris@karvy.com Toll free No: - 1- 800-309-4001 . |
| For any other general matters or in case of any difficulties/ grievances | Vignesh P Company Secretary & Compliance officer Yuken India Limited PB No. 5, Koppathimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District, Karnataka, India. PIN – 563130. PH: +91- 9731610341 E-Mail: vignesh.p@yukenindia.com csyil@yukenindia.com yilinfo@yukenindia.com,hmn_rao@yukenindia.com |
| Website address | www.yukenindia.com |
| Email ID of Investor Grievances Section | vignesh.p@yukenindia.com |
| Name of the Compliance Officer | Vignesh P – Company Secretary |

q. Shareholding Pattern as on 31st March, 2023:

| Sl. No. | Category | No. of shares held | Percentage of Shareholding |
|---------|-----------------------------|--------------------|----------------------------|
| 1 | Promoters' holding | 63,00,208 | 52.50 |
| 2 | Mutual Funds / UTI | 2,000 | 0.02 |
| 3 | Private Corporate Bodies | 15,17,509 | 12.65 |
| 4 | Indian Public | 35,91,622 | 29.93 |
| 5 | HUF | 2,39,606 | 2.00 |
| 6 | NRIs/OCBs | 61,285 | 0.51 |
| 7 | Clearing Members | 565 | 0.00 |
| 8 | IEPF | 71,401 | 0.60 |
| 9 | Trusts | 400 | 0.00 |
| 10 | Alternative Investment Fund | 1,83,626 | 1.53 |
| 11 | Foreign Portfolio | 31,778 | 0.26 |
| | Grand Total | 1,20,00,000 | 100 |

r. Dematerialization of Shares:

Members are requested to convert their physical holdings demat/electronic form through the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held. Shares received for dematerialization are generally confirmed within maximum period of 21 days from the date of receipt, if the documents are clear in all respects. The number of shares held in dematerialized and physical mode as on 31st March, 2023 is as under:

| Sl. No. | Description | No of shares | % of total capital Issued |
|---------|--|--------------------|---------------------------|
| 1 | Held in dematerialized form in National Securities Depository Limited (NSDL) | 91,52,843 | 76.27 |
| 2 | Held in dematerialized form in Central Depositories India Limited (CDSL) | 26,94,698 | 22.46 |
| 3 | Physical | 1,52,459 | 1.27 |
| | Total | 1,20,00,000 | 100 |

s. Credit Rating:

Company has obtained the Credit Rating Report from CARE Ratings Limited on 28th September, 2022 the status changed from BBB Minus; to positive BBB Stable.

The Credit Rating Report is available in Company website:

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

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

1. To Statutory Auditors:

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

a. Towards Audit Fees:

| Sl. No. | Particulars | Amount in ₹ Fees paid |
|---------|---|--------------------------|
| 1 | Statutory Audit (Including IFCoFR for the year ending 31 March 2023) (Consolidated and Standalone Financial statements) | 16,00,000 |
| 2 | Group Reporting for the year ended 31 March 2023 | 2,00,000 |
| 3 | Quarterly Standalone and Consolidated Limited reviews - (Q1/Q2/Q3) | 11,96,000 |
| 2 | Tax Audit | 1,00,000 |
| 5 | Reimbursements | 45,000 |
| | Total | 31,41,000 |

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

OTHER DISCLOSURES:

| SI NO. | PARTICULARS | PARTICULARS |
|--------|--|--|
| 1 | Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years | No such cases in last three years |
| 2 | Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel have been denied access to the audit committee | The policy is available in Company website: https://www.yukenindia.com/corporate-governance-and-code-of-conduct/ |
| 3 | Details of compliance with mandatory requirements and adoption of the non-mandatory requirements | The Company has complied the provisions as mentioned in SEBI (LODR) Regulation with respect to preparation of Corporate Governance Report. |
| 4 | Recommendations of Committees of the Board: | There were no instances during the financial year 2022-23, wherein the Board had not accepted recommendations made by any committee of the Board. |
| 5 | Dividend Distribution Policy: | The Policy is available at the Company's Website: https://www.yukenindia.com/corporate-governance-and-code-of-conduct/ |
| 6 | Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount. | Not Applicable. |
| 7 | Link to the Company's Policies | https://www.yukenindia.com/corporate-governance-and-code-of-conduct/ |

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

1. Audit qualifications:

There were no qualifications in Auditor's Report, during the year.

2. Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee.

Declaration on Code of Conduct:

To,
The Members of
Yuken India Limited

In compliance with the requirements of the Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2023.

For Yuken India Limited

Place: Bengaluru
Date: 29th May, 2023

C P Rangachar
Managing Director
(DIN: 00310893)

Certificate of Non-Disqualification of Directors

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

To

The Members of,

YUKEN INDIA LIMITED

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

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

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

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

| Sl. No. | DIN | Name of Director | Designation | DIN Status |
|---------|----------|--|-------------------|------------|
| 1 | 00310893 | Rangachar Padmanabhan Cattan Coletore | Managing Director | Approved |
| 2 | 00043658 | Srinivasan Rangarajan | Director | Approved |
| 3 | 02278652 | Premchander | Director | Approved |
| 4 | 02612252 | Vidya Rangachar | Director | Approved |
| 5 | 07913414 | Hideharu Nagahisa | Director | Approved |
| 6 | 08494981 | Hidemi Yasuki | Director | Approved |
| 7 | 09686092 | Yoshitake Tanaka | Director | Approved |
| 8 | 00121917 | Indra Menon Prem | Director | Approved |

2. We further certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority for the Financial Year ending on 31st March, 2023.

For Joseph & Chacko LLP,
Company Secretaries

Gigi Joseph
Partner

FCS No. 6483 / COP No. 5576
UDIN: F006483E000308224

Place: Bangalore
Date: 15.05.2023

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

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

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2023 and that to the best of our knowledge and belief:
 - 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
 - 1. significant changes in internal controls over financial reporting during the year;
 - 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

H M Narasinga Rao,
Chief Financial Officer & VP Finance

C P Rangachar
Chief Executive Officer & Managing Director

Place: Bengaluru
Date: 29th May, 2023

Independent Auditor's Certificate on Corporate Governance

To
The Members of
Yuken India Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 16 September 2022.
2. We have examined the compliance of conditions of corporate governance by Yuken India Limited ('the Company') for the year ended on 31 March 2023, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility

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

Auditor's Responsibility

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

Opinion

7. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2023.

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

Restriction on use

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

For Walker Chandiok & Co LLP

Chartered Accountants
Firm Registration No. 001076N/N500013

Vijay Vikram Singh

Partner

Membership No.: 059139
UDIN: 23059139BGXSNN3912

Place : Bengaluru
Date : 29 May 2023

FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of Yuken India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Yuken India Limited ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2023, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow, the Standalone Statement of Changes in Equity for the year then ended and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

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

| Key audit matters | How our audit addressed the key audit matters |
|---|--|
| <p>Revenue recognition</p> <p>We refer to the Company's significant accounting policies in Note 2 and the revenue related disclosure in Note 23 and Note 44 of the standalone financial statements.</p> <p>Ind AS 115, "Revenue from Contracts with Customers", requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers, determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations.</p> <p>Owing to the multiplicity of the Company's products, volume of sales transactions, size of distribution network and varied terms of contracts with customers and also, in line with the requirements of the Standards on Auditing, revenue has been determined as an area involving significant risk and hence we have assessed revenue recognition as a key audit matter.</p> | <p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • assessed the design and operating effectiveness of Company's controls (including the automated controls) around revenue recognition (including rebates / discounts); • assessed the appropriateness of Company's identification of performance obligations in its contracts with customers, its determination of transaction price, including allocation thereof to performance obligations and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115; • scrutinized sales ledgers to verify completeness of sales transactions; • on a sample basis, tested the revenue recognised including testing of cut off assertion as at the year end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches/deliveries (as the case may be), and approved incentives/discounts schemes; |

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

| Key audit matters | How our audit addressed the key audit matters |
|-------------------|--|
| | <ul style="list-style-type: none"> • tested the appropriateness of accruals for various rebates and discounts as at the year-end; • assessed the revenue recognised with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level; • circularized the invoice confirmation for samples of customers and reviewing the reconciling items, if any; • tested the related disclosures made in notes to the standalone financial statements in respect of the revenue from operations. |

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

6. The Company’s Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report

Our opinion on the standalone financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

7. The accompanying standalone financial statements have been approved by the Company’s Board of Directors. The Company’s Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under Section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the

Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone financial statements, the Board of Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under Section 143(10) of the Act we exercise

professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure I, as required by Section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act;

- f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in Note 35 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2023.
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;
 - iv.
 - a. The management has represented that, to the best of its knowledge and belief, as disclosed in Note 50 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, as disclosed in Note 50 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether

directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The final dividend paid by the Company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 15 to the accompanying standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

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

Vijay Vikram Singh
Partner
Membership No.: 059139
UDIN: 23059139BGXSNC9660

Bengaluru
29 May 2023

Annexure I referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Yuken India Limited on the standalone financial statements for the year ended 31 March 2023

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, right of use assets and investment property.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment, right of use assets and investment property under which the assets are physically verified in a phased manner over a period of 2 years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment, right of use assets and investment property were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties including investment properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in Note 3 and 5 to the standalone financial statements are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for inventory lying with third parties. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records. In respect of inventory lying with third parties, these have substantially been confirmed by the third parties.
- (b) As disclosed in Note 17 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹5 crore by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods, which were subject to audit/ review.

- (iii) (a) The Company has made investments in and provided guarantee to Subsidiaries during the year as per details given below:

(₹ in lakhs)

| Particulars | Guarantees | Security | Loans | Advances in nature of loans |
|---|------------|----------|-------|-----------------------------|
| Aggregate amount provided/granted during the year: | 306.00 | - | - | - |
| - Subsidiaries | | | | |
| Balance outstanding as at balance sheet date in respect of above cases: | 2,600.00 | - | - | - |
| - Subsidiaries | | | | |

- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided and terms and conditions of the grant of loans are, prima facie, not prejudicial to the interest of the Company. The Company has not given any securities or advances in the nature of loan during the year.
 - (c) In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.
 - (d) There is no overdue amount in respect of loans granted to such other parties.
 - (e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans that existed as at the beginning of the year.
 - (f) The Company has not granted any loan, which is repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans and investments made and guarantees and security provided by it, as applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
 - (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
 - (vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

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

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

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the standalone financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and its associates.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries and associates.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistleblower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under Section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of Section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a),(b) and (c) of the Order are not applicable to the Company.

- (a) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the company as and when they fall due.

- (xx) (a) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to other than ongoing projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has transferred the remaining unspent amounts towards Corporate Social Responsibility (CSR) under sub-section (5) of Section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of Section 135 of the Act.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

Vijay Vikram Singh
Partner
Membership No.: 059139
UDIN: - 23059139BGXSNC9660

Bengaluru
29 May 2023

Annexure II to the Independent Auditor's Report of even date to the members of Yuken India Limited on the standalone financial statements for the year ended 31 March 2023

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

- In conjunction with our audit of the standalone financial statements of Yuken India Limited ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

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

- The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based

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

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

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the

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

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

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Vijay Vikram Singh
Partner
Membership No.:059139
UDIN: 23059139BGXSNC9660

Bengaluru
29 May 2023

Standalone Balance Sheet as at 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | Note | As at 31 March 2023 | As at 31 March 2022 |
|--|------|---------------------|---------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 11,623.75 | 9,127.20 |
| Capital work-in-progress | 3A | 936.67 | 1,304.85 |
| Investment Property | 3B | 1,749.94 | - |
| Intangible assets | 4 | 297.28 | 363.15 |
| Right-of-use assets | 5 | 142.46 | 120.73 |
| Financial assets | | | |
| (i) Investments | 6 | 1,212.76 | 1,012.76 |
| (ii) Loans | 7 | 33.54 | 41.26 |
| (iii) Other financial assets | 8 | 12.88 | 23.43 |
| Other non-current assets | 9 | 603.14 | 800.99 |
| | | 16,612.42 | 12,794.37 |
| Current assets | | | |
| Inventories | 10 | 6,080.58 | 15,126.59 |
| Financial assets | | | |
| (i) Trade receivables | 11 | 10,350.74 | 10,391.70 |
| (ii) Cash and cash equivalents | 12 | 208.43 | 342.89 |
| (iii) Bank balances other than cash and cash equivalents | 13 | 76.77 | 92.77 |
| (iv) Loans | 7 | 38.88 | 38.41 |
| (v) Other financial assets | 8 | 223.06 | 281.47 |
| Current tax assets | 14 | 393.10 | 301.40 |
| Other current assets | 9 | 3,999.48 | 2,947.77 |
| | | 21,371.04 | 29,523.00 |
| TOTAL ASSETS | | 37,983.46 | 42,317.37 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 15 | 1,200.00 | 1,200.00 |
| Other equity | 16 | 18,719.28 | 18,083.59 |
| | | 19,919.28 | 19,283.59 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 17 | 1,038.12 | 1,016.92 |
| (ii) Lease liabilities | 18 | 81.91 | 72.73 |
| (iii) Other financial liabilities | 19 | 16.40 | 16.42 |
| Provisions | 20 | 155.27 | 175.71 |
| Deferred tax liabilities (net) | 39 | 616.66 | 335.14 |
| | | 1,908.36 | 1,616.92 |
| Current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 17 | 8,785.63 | 7,741.93 |
| (ii) Lease liabilities | 18 | 61.81 | 49.58 |
| (iii) Trade payables | 21 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | 2,749.68 | 2,108.10 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 2,468.77 | 2,623.04 |
| (iv) Other financial liabilities | 19 | 1,268.31 | 1,207.47 |
| Provisions | 20 | 340.60 | 306.85 |
| Other current liabilities | 22 | 481.02 | 7,379.89 |
| | | 16,155.82 | 21,416.86 |
| TOTAL EQUITY AND LIABILITIES | | 37,983.46 | 42,317.37 |

See accompanying notes (1-51) forming part of these standalone financial statements

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

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

Vijay Vikram Singh
Partner
Membership No.: 059139

Place: Bengaluru
Date: 29 May 2023

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

Dr. Premchander
Director
DIN: 02278652

H M Narasinga Rao
Chief Financial Officer

R Srinivasan
Director
DIN: 00043658

Vignesh P
Company Secretary
ACS No : 67229

Place: Bengaluru
Date: 29 May 2023

C P Rangachar
Managing Director
DIN: 00310893

Standalone Statement of Profit and Loss for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | Note | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|------|-----------------------------|---|
| Income | | | |
| Revenue from operations | 23 | 31,608.03 | 28,509.69 |
| Other income | 24 | 487.64 | 449.45 |
| | | 32,095.67 | 28,959.14 |
| Expenses | | | |
| Cost of materials consumed | 25 | 16,528.86 | 14,554.95 |
| Purchases of stock-in-trade | 26 | 1,918.41 | 2,057.01 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 27 | (147.44) | (543.48) |
| Employee benefits expense | 28 | 4,138.85 | 3,603.99 |
| Finance costs | 29 | 764.06 | 648.01 |
| Depreciation and amortisation expense | 30 | 775.48 | 609.44 |
| Other expenses | 31 | 7,106.77 | 6,174.04 |
| | | 31,084.99 | 27,103.96 |
| Net profit before tax | | 1,010.68 | 1,855.18 |
| Exceptional item | 32 | 238.57 | - |
| Profit before tax after exceptional item | | 1,249.25 | 1,855.18 |
| Tax expense: | 39 | | |
| Current tax | | 215.18 | 473.31 |
| Tax for prior periods | | - | 24.87 |
| MAT credit entitlement of prior periods | | - | (2.96) |
| Deferred tax charge | | 283.91 | 104.22 |
| Total tax expense | | 499.09 | 599.44 |
| Profit after tax | | 750.16 | 1,255.74 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit / (loss) | | | |
| Remeasurement losses on defined benefit plans | | 20.85 | 24.19 |
| Income tax effect | | (2.38) | (10.15) |
| Other comprehensive income for the year | | 18.47 | 14.04 |
| Total comprehensive income for the year | | 731.69 | 1,241.70 |
| Earnings per equity share : | | | |
| Basic and diluted | 34 | 6.25 | 10.46 |

See accompanying notes (1-51) forming part of these standalone financial statements

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

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay Vikram Singh

Partner

Membership No.: 059139

Place: Bengaluru

Date: 29 May 2023

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

Dr. Premchander

Director

DIN: 02278652

H M Narasinga Rao

Chief Financial Officer

R Srinivasan

Director

DIN: 00043658

Vignesh P

Company Secretary

ACS No : 67229

Place: Bengaluru

Date: 29 May 2023

C P Rangachar

Managing Director

DIN: 00310893

Standalone Statement of Cash Flows for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|-----------------------------|---|
| A. Cash flow from operating activities | | |
| Profit before tax after exceptional items | 1,249.25 | 1,855.18 |
| Adjustments for: | | |
| Depreciation and amortisation | 721.50 | 579.32 |
| Depreciation on right of use assets | 53.98 | 30.12 |
| Net unrealised exchange (gain)/loss | (27.10) | 7.48 |
| Interest expense | 764.06 | 518.03 |
| Provision for doubtful trade receivables | (100.00) | 50.26 |
| Bad debts written off | 12.11 | 15.53 |
| Interest income | (12.74) | (15.00) |
| Guarantee commission income | (46.67) | (58.72) |
| Profit on Sale of Registered JDA units | (238.57) | - |
| Profit on sale of assets | - | (0.09) |
| Dividend income | - | (0.06) |
| Liabilities no longer required written back | (1.01) | (22.93) |
| Operating profit before working capital changes | 2,374.81 | 2,959.12 |
| Movements in working capital | | |
| Increase in inventories | (590.25) | (1,201.58) |
| Decrease/ (Increase) in trade receivables | 144.77 | (1,593.93) |
| Decrease/ (Increase) in loans | 7.25 | (74.54) |
| Decrease in other financial assets | 96.98 | 171.69 |
| Increase in other assets | (1,066.34) | (806.96) |
| Increase in trade payables | 492.36 | 458.94 |
| Increase in other financial liabilities | 138.54 | 130.45 |
| Decrease in provisions | (7.54) | (23.66) |
| Increase / (Decrease) in non-financial liabilities | 209.18 | (151.18) |
| Cash generated / (used in) from operations | 1,799.76 | (131.65) |
| Net income tax paid | (306.88) | (540.26) |
| Net cash generated / (used in) from operating activities (A) | 1,492.88 | (671.91) |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment including capital advances | (3,076.78) | (3,095.16) |
| Proceeds from sale of property, plant and equipment. | - | 0.85 |
| Bank balance not considered as cash and cash equivalent | 16.00 | (28.59) |
| Advance received on account of joint development of property | 1,454.76 | 4,034.93 |
| Security Deposit recovery on account of joint development of property | - | (550.00) |
| Investment in Subsidiaries | (200.00) | - |
| Interest received | 13.75 | 10.26 |
| Dividend received | - | 0.06 |
| Net cash (used in) / generated from investing activities (B) | (1,792.27) | 372.35 |

Standalone Statement of Cash Flows for the year ended 31 March 2023 (Contd.)

All amounts are in ₹ lakhs, unless otherwise stated

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|-----------------------------|---|
| C. Cash flow from financing activities | | |
| Proceeds from long-term borrowings | 988.73 | 1,037.47 |
| Repayment of long-term borrowings | (947.45) | (828.05) |
| Net increase / (decrease) in working capital borrowings | 1,023.62 | 489.29 |
| Repayment of principal amount on lease liability | (54.30) | (32.71) |
| Repayment of interest amount on lease liability | (11.77) | (6.76) |
| Interest expense paid | (738.00) | (490.09) |
| Dividend paid including dividend distribution tax and unclaimed dividend | (95.90) | (72.16) |
| Net cash generated from financing activities (C) | 164.93 | 96.99 |
| Net decrease in cash and cash equivalents (A + B + C) | (134.46) | (202.57) |
| Cash and cash equivalents at the beginning of the year | 342.89 | 546.20 |
| Effect of exchange differences on restatement of foreign currency cash and cash equivalents | - | (0.74) |
| Cash and cash equivalents at the end of the year | 208.43 | 342.89 |
| Cash and cash equivalents as per Note 12 | 208.43 | 342.89 |

See accompanying notes (1-51) forming part of these standalone financial statements

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

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay Vikram Singh

Partner

Membership No.: 059139

Place: Bengaluru

Date: 29 May 2023

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

Dr. Premchander

Director

DIN: 02278652

H M Narasinga Rao

Chief Financial Officer

R Srinivasan

Director

DIN: 00043658

Vignesh P

Company Secretary

ACS No : 67229

Place: Bengaluru

Date: 29 May 2023

C P Rangachar

Managing Director

DIN: 00310893

Standalone Statement of Changes in Equity for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

A. Equity share capital

| | Equity shares | |
|--|-------------------|----------|
| | Number (in lakhs) | Amount |
| As at 01 April 2021 | 120.00 | 1,200.00 |
| Add: Issued and subscribed during the year | - | - |
| As at 31 March 2022 | 120.00 | 1,200.00 |
| Add: Issued and subscribed during the year | - | - |
| As at 31 March 2023 | 120.00 | 1,200.00 |

B. Other Equity

| | General reserve | Capital Reserve | Retained earnings | Total |
|---|-----------------|-----------------|-------------------|-----------|
| Balance as at 01 April 2021 (Restated) | 559.58 | - | 17,130.99 | 17,690.57 |
| Additions during the year | | | | |
| Profit for the year | - | | 1,255.74 | 1,255.74 |
| Items of the other comprehensive income, net of tax | | | | |
| Remeasurement losses on defined benefit plans | - | | (14.04) | (14.04) |
| Reductions during the year: | | | | |
| Dividends paid | - | | (72.00) | (72.00) |
| Loss on account of merger of Yulfow Engineering Private Limited | (53.28) | (64.60) | (658.80) | (776.69) |
| Balance as at 31 March 2022 (Restated) | 506.30 | (64.60) | 17,641.89 | 18,083.58 |
| Additions during the year | | | | |
| Profit for the year | - | | 750.16 | 750.16 |
| Items of the other comprehensive income, net of tax | | | | |
| Remeasurement losses on defined benefit plans | - | | (18.47) | (18.47) |
| Reductions during the year: | | | | |
| Dividends paid | - | | (96.00) | (96.00) |
| Balance as at 31 March 2023 | 506.30 | (64.60) | 18,277.58 | 18,719.27 |

See accompanying notes (1-51) forming part of these standalone financial statements

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

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay Vikram Singh

Partner

Membership No.: 059139

Place: Bengaluru

Date: 29 May 2023

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

Dr. Premchander

Director

DIN: 02278652

H M Narasinga Rao

Chief Financial Officer

R Srinivasan

Director

DIN: 00043658

Vignesh P

Company Secretary

ACS No : 67229

Place: Bengaluru

Date: 29 May 2023

C P Rangachar

Managing Director

DIN: 00310893

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 1

General Information

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

Note 2

Summary of significant accounting policies

(a) Statement of compliance

The standalone financial statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Accounting Standards) Amendment Rules, 2016 and guidelines issued by the Securities and Exchange Board of India (SEBI). The aforesaid standalone financial statements have been approved by the Board of Directors in the meeting held on 29 May 2023.

(b) Basis of accounting and preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company is required to prepare its standalone financial statements as per the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016 with effect from 1 April, 2017. Accordingly, the Company has prepared these standalone financial statements which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended 31 March 2023, and accounting policies and other explanatory information (together hereinafter referred to as "standalone financial statements").

The standalone financial Statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in these standalone financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

The standalone financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

(c) Use of estimates and judgements

The preparation of the standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its estimates and assumptions on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the amounts recognized in the standalone financial statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Classification of leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset taking in to account the location of the underlying asset and the availability of suitable alternatives.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Provision for warranty

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

Recoverability of advances / receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful lives of depreciable / amortisable assets

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(d) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as 12 months.

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

(e) Property, plant and equipment

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the standalone financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013:

| Asset Category | Useful lives (in years) |
|--|-------------------------|
| Buildings | 30-60 |
| Plant and machinery* | 3-15 |
| Furniture and fixtures | 10 |
| Vehicles | 8 |
| Office equipment and Electrical installations* | 5-10 |
| Computer equipment* | 6 |

The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives. Schedule II requires the Company to identify and depreciate significant components with different useful lives separately.

*Based on an internal technical assessment, the management believes that the useful lives as given above represents the period over which management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

Capital work in progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

(f) Intangible assets

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each Balance Sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate. The amortisation expense on intangible assets with finite life is recognised in the statement of profit and loss under the head Depreciation and amortization expense.

The Company amortises intangible over their estimated useful lives using the straight-line method. The estimated useful lives of intangible assets are as follows:

| Asset Category | Useful lives (in years) |
|-----------------------|-------------------------|
| ERP software | 5 |
| Intellectual property | 5 |

(g) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

(h) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue from Contracts is measured at transaction price net of variable consideration. Transaction price are net of returns, trade allowances, rebates, other similar allowances, goods and services tax and amounts collected on behalf of third parties, if any.

Sale of goods

Revenue from the sale of goods is recognised at point in time when controls of promised goods are transferred to the customer (i.e. upon satisfaction of performance obligation), generally on dispatch of the goods. The Company collects Goods and Services Tax ('GST') on behalf of the Government and therefore, these are not economic benefits flowing to the Company and hence, they are excluded from revenue.

Dividend income

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

Interest income

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

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Rental income

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

Training and other service income

Revenue from training and other service income is recognised over the period when these services using an input method to measure the progress towards complete satisfaction of the training and other services because the customer simultaneously receives and consumes the benefits provided by the Company.

Duty drawback

Income from export incentives such as duty drawback is recognised on accrual basis when there is no significant uncertainty as to the amount of consideration that would be derived and as to its ultimate collections exists.

(i) (a) **Sale of developmental rights under Joint Development Agreement**

For projects executed through joint development arrangements, wherein the Company provides land and the Developer undertakes to develop properties on such land and in lieu of the Company providing land, the Developer has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds, the revenue from sale of developmental rights is being accounted on a gross basis when the developmental rights are transferred. The revenue is measured at the estimated standalone selling prices of the residential units that will be received by the Company, adjusted by the amount of any cash or cash equivalents transferred.

(b) **Sale of residential units under Joint Development Agreement**

For residential units sold under joint development agreements, the revenue from the sale of residential units is recognised at point in time when controls of promised goods are transferred to the customer (i.e. upon satisfaction of performance obligation) i.e. on execution of registration of residential units in the name of the owner.

(j) **Employee benefits**

Employee benefits include provident fund, employee state insurance scheme, superannuation fund, gratuity and compensated absences. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

Defined contribution plan

Retirement benefit in the form of provident fund and employee state insurance scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and employee state insurance scheme. The Company recognises contribution payable to the schemes as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Compensated absences

The Company provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are

Summary of significant accounting policies and other explanatory information

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not deferred. The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee

(k) Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate

Summary of significant accounting policies and other explanatory information

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cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(l) Foreign currency transactions

Functional and presentation currency

The functional currency of the Company is the Indian Rupee. These standalone financial statements are presented in Indian Rupees (₹)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

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

(m) Borrowing costs

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

(n) Inventories

Inventories are valued at lower of costs or net realisable value.

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. Cost is computed on a weighted average basis. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

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

Proceeds in respect of sale of raw materials/stores are credited to the respective heads. Obsolete, defective and unserviceable inventory is duly provided for.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

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(o) Investments in subsidiaries and associates

The Company's investment in equity instruments in subsidiaries and associates are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

(p) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

While determining the tax provisions, the Company assesses whether each uncertain tax position is to be considered separately or together with one or more uncertain tax positions depending upon the nature and circumstances of each uncertain tax position.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(q) Provisions and contingencies

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Summary of significant accounting policies and other explanatory information

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Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the standalone financial statements.

Contingent assets

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

(r) Financial instruments

Financial assets

Initial recognition and measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Trade Receivables-

At initial recognition, trade receivables are measured at their transaction price (as defined in Ind AS 115) if the trade receivables do not contain a significant financing component in accordance with Ind AS 115 (or when the entity applies the practical expedient in accordance with Para 63 of Ind AS 115).

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk rather, it recognises impairment loss allowance based on lifetime expected credit loss ('ECL') at each reporting date, right from its initial recognition.

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.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost;
- ii. Debt instruments at fair value through other comprehensive income (FVTOCI);
- iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
- iv. Equity investments.

i. Debt instruments at amortised cost

"A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

ii. Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit & loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of profit & loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv. Equity investments

All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 Business Combinations, applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 Financial Instruments and the amount recognised less cumulative amortisation.

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Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(s) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

(t) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

(u) Cash and cash equivalents

Cash and cash equivalent in the statement of financial position comprises cash at banks and on hand, demand deposits, short-term deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value.

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is engaged in the business of manufacturing hydraulic pumps and power units, which constitutes its single reportable segment.

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

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

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

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

(w) Earnings/ (Loss) per Share (EPS)

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

(x) Statement of Cash Flows

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

(y) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, the MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to IndAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

None of the amendments notified by MCA which are applicable from April 1, 2023 are expected to have any material impact on the financial statements of the Company.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 3: Property, plant and equipment

| | Freehold land | Buildings | Plant and machinery | Electrical installation | Furniture and Fixtures | Office equipment | Jigs and Fixtures | Motor vehicles | Total |
|--|---------------|-----------|---------------------|-------------------------|------------------------|------------------|-------------------|----------------|-----------|
| Gross carrying amount | | | | | | | | | |
| Balance as at 01 April 2021 (Restated) | 2,168.56 | 3,126.24 | 2,503.26 | 209.98 | 133.83 | 564.61 | 539.44 | 12.89 | 9,258.81 |
| Additions | - | 1,086.44 | 1,000.78 | 81.25 | 85.43 | 91.84 | 90.61 | - | 2,436.35 |
| Disposals | - | - | (1.55) | - | - | - | - | - | (1.55) |
| Balance as at 31 March 2022 (Restated) | 2,168.56 | 4,212.68 | 3,502.49 | 291.23 | 219.26 | 656.45 | 630.05 | 12.89 | 11,693.61 |
| Additions | - | 1,237.99 | 1,478.81 | 0.48 | 159.26 | 72.04 | 155.64 | - | 3,104.22 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2023 | 2,168.56 | 5,450.67 | 4,981.30 | 291.71 | 378.52 | 728.49 | 785.69 | 12.89 | 14,797.83 |
| Accumulated depreciation | | | | | | | | | |
| Balance as at 01 April 2021 (Restated) | - | 801.35 | 854.99 | 54.20 | 40.79 | 236.42 | 100.31 | 8.33 | 2,096.39 |
| Depreciation for the year | - | 105.73 | 228.86 | 13.45 | 14.85 | 67.38 | 39.90 | 0.64 | 470.81 |
| Disposals | - | - | (0.79) | - | - | - | - | - | (0.79) |
| Balance as at 31 March 2022 (Restated) | - | 907.08 | 1,083.06 | 67.65 | 55.64 | 303.80 | 140.21 | 8.97 | 2,566.41 |
| Depreciation for the year | - | 141.50 | 298.04 | 15.36 | 27.98 | 75.45 | 48.86 | 0.48 | 607.67 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Balance as at 31 March 2023 | - | 1,048.58 | 1,381.10 | 83.01 | 83.62 | 379.25 | 189.07 | 9.45 | 3,174.08 |
| Net carrying amount | | | | | | | | | |
| Balance as at 31 March 2022 (Restated) | 2,168.56 | 3,305.60 | 2,419.43 | 223.58 | 163.62 | 352.65 | 489.84 | 3.92 | 9,127.20 |
| Balance as at 31 March 2023 | 2,168.56 | 4,402.09 | 3,600.20 | 208.70 | 294.90 | 349.24 | 596.62 | 3.44 | 11,623.75 |

Note:

(a) **Contractual obligations**

Refer note 35

(b) **Capitalised borrowing cost**

The amount of borrowing costs capitalised during the year ended 31 March 2023 is ₹8.96 (31 March 2022: ₹38.54). The rate of capitalisation is 8.80%.

(c) **Property, plant and equipment pledged as security**

Details of properties pledged are as per note 17.

(d) Title deeds of the various freehold lands held by the Company are in the name of the Company.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 3: Property, plant and equipment (Contd.)

- d) The Company has leased out assets to its subsidiaries on which rental income is earned amounting to ₹49.12 (31 March 2022: ₹74.98). Details of such assets are as follows:

| | Freehold land | Buildings | Total |
|--|---------------|-----------|----------|
| Gross carrying amount | | | |
| Balance as at 01 April 2021 (Restated) | 140.07 | 684.46 | 824.53 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Balance as at 31 March 2022 (Restated) | 140.07 | 684.46 | 824.53 |
| Additions | - | 318.35 | 318.35 |
| Disposals | - | - | - |
| Balance as at 31 March 2023 | 140.07 | 1,002.81 | 1,142.88 |
| Accumulated depreciation | | | |
| Balance as at 01 April 2021 (Restated) | - | 121.34 | 121.34 |
| Depreciation for the year | - | 25.13 | 25.13 |
| Disposals | - | - | - |
| Balance as at 31 March 2022 (Restated) | - | 146.47 | 146.47 |
| Depreciation for the year | - | 34.61 | 34.61 |
| Disposals | - | - | - |
| Balance as at 31 March 2023 | - | 181.08 | 181.08 |
| Net carrying amount | | | |
| Balance as at 31 March 2022 (Restated) | 140.07 | 537.99 | 678.06 |
| Balance as at 31 March 2023 | 140.07 | 821.73 | 961.80 |

Note 3A: Capital work-in-progress

| | As at 31 31 March 2023 | As at 31 31 March 2022 (Restated) |
|-----------------------------------|---------------------------|--------------------------------------|
| Capital work-in-progress | | |
| Opening balance | 1,304.85 | 998.28 |
| Add: Additions during the year | 4,609.69 | 2,725.69 |
| Less: Capitalised during the year | (4,977.87) | (2,419.12) |
| | 936.67 | 1,304.85 |

Capital work in progress ageing schedule

| | Amount in Capital work in progress for a period of | | | | |
|---------------------------------------|--|---------------|---------------|-------------------|-----------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| As at 31 March 2023 | | | | | |
| Projects in progress | 349.68 | 429.38 | 151.82 | 5.79 | 936.67 |
| | 349.68 | 429.38 | 151.82 | 5.79 | 936.67 |
| As at 31 March 2022 (Restated) | | | | | |
| Projects in progress | 1,208.36 | 83.00 | 2.55 | 10.94 | 1,304.85 |
| | 1,208.36 | 83.00 | 2.55 | 10.94 | 1,304.85 |

Note:

- (A) There are no projects that are overdue its completion as on 31 March 2023 and 31 March 2022.
 (B) There are no projects that have been suspended as on 31 March 2023 and 31 March 2022.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 3B: Investment Property

| | Buildings | Total |
|---|-----------------|-----------------|
| Gross carrying amount | | |
| Balance as at 01 April 2021 (Restated) | - | - |
| Additions | - | - |
| Disposals | - | - |
| Balance as at 31 March 2022 (Restated) | - | - |
| Additions | 1,751.45 | 1,751.45 |
| Disposals | - | - |
| Balance as at 31 March 2023 | 1,751.45 | 1,751.45 |
| Accumulated depreciation | | |
| Balance as at 01 April 2021 (Restated) | - | - |
| Depreciation for the year | - | - |
| Disposals | - | - |
| Balance as at 31 March 2022 (Restated) | - | - |
| Depreciation for the year | 1.51 | 1.51 |
| Disposals | - | - |
| Balance as at 31 March 2023 | 1.51 | 1.51 |
| Net carrying amount | | |
| Balance as at 31 March 2022 (Restated) | - | - |
| Balance as at 31 March 2023 | 1,749.94 | 1,749.94 |

The fair value of apartments included in investment property is ₹1,553.44 lakhs (31 March 2022: Nil) as against the cost amounting to ₹1,282.36 lakhs, and the same has been determined by an external independent registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement for investment property has been categorised as Level 2 fair value based on the inputs to the valuation technique used. The valuation techniques used for determining the fair value of the property was based on the prevailing market price of similar property in the same locality. The above investment property includes an asset that has been sub-leased and rental income of ₹2.36 lakhs (31 March 2022: Nil) has been recognised in the Statement of Profit and Loss (rental income - Refer Note 24).

Fair value hierarchy disclosures for investment properties have been provided in Note 41(b).

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 4: Intangible assets

| | ERP software | Technical fee | Intellectual property | Total |
|--|--------------|---------------|-----------------------|--------|
| Gross carrying amount | | | | |
| Balance as at 01 April 2021 (Restated) | 196.35 | 4.06 | 409.51 | 609.92 |
| Additions | 60.42 | - | - | 60.42 |
| Disposals | - | - | - | - |
| Balance as at 31 March 2022 (Restated) | 256.77 | 4.06 | 409.51 | 670.34 |
| Additions | 46.45 | - | - | 46.45 |
| Disposals | - | - | - | - |
| Balance as at 31 March 2023 | 303.22 | 4.06 | 409.51 | 716.79 |
| Accumulated depreciation | | | | |
| Balance as at 01 April 2021 (Restated) | 130.56 | 4.05 | 64.07 | 198.68 |
| Amortisation for the year | 33.67 | - | 74.84 | 108.51 |
| Disposals | - | - | - | - |
| Balance as at 31 March 2022 (Restated) | 164.23 | 4.05 | 138.91 | 307.19 |
| Amortisation for the year | 37.48 | - | 74.84 | 112.32 |
| Disposals | - | - | - | - |
| Balance as at 31 March 2023 | 201.71 | 4.05 | 213.75 | 419.51 |
| Net carrying amount | | | | |
| Balance as at 31 March 2022 (Restated) | 92.54 | 0.01 | 270.60 | 363.15 |
| Balance as at 31 March 2023 | 101.51 | 0.01 | 195.76 | 297.28 |

Note 5: Right of use asset

| | Servers | Laptops | Total |
|--|---------|---------|--------|
| Gross carrying amount | | | |
| Balance as at 01 April 2021 (Restated) | 86.84 | - | 86.84 |
| Additions | - | 97.31 | 97.31 |
| Disposals | - | - | - |
| Balance as at 31 March 2022 (Restated) | 86.84 | 97.31 | 184.15 |
| Additions | - | 75.71 | 75.71 |
| Disposals | - | - | - |
| Balance as at 31 March 2023 | 86.84 | 173.02 | 259.86 |
| Accumulated amortisation | | | |
| Balance as at 01 April 2021 (Restated) | 33.30 | - | 33.30 |
| Amortisation for the year | 17.37 | 12.75 | 30.12 |
| Disposals | - | - | - |
| Balance as at 31 March 2022 (Restated) | 50.67 | 12.75 | 63.42 |
| Amortisation for the year | 17.37 | 36.61 | 53.98 |
| Disposals | - | - | - |
| Balance as at 31 March 2023 | 68.04 | 49.36 | 117.40 |
| Net carrying amount | | | |
| Balance as at 31 March 2022 (Restated) | 36.17 | 84.56 | 120.73 |
| Balance as at 31 March 2023 | 18.80 | 123.66 | 142.46 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 6: Investments

| | Face value | As at 31 March 2023 | | As at 31 March 2022 (Restated) | |
|---|------------|------------------------|-----------------|--------------------------------------|-----------------|
| | | No of Shares | Amount | No of Shares | Amount |
| Trade (Unquoted) | | | | | |
| Valued at cost | | | | | |
| Investment in equity shares of subsidiaries: | | | | | |
| Coretec Engineering India Private Limited | 10 | 36,19,200 | 380.06 | 36,19,200 | 380.06 |
| Grotek Enterprises Private Limited | 10 | 50,10,000 | 523.00 | 50,10,000 | 523.00 |
| Kolben Hydraulics Limited | 10 | 28,59,700 | 285.97 | 8,59,700 | 85.97 |
| Extent of Investment in subsidiaries in % | | | | | |
| Coretec Engineering India Private Limited | | 100.00% | | 100.00% | |
| Grotek Enterprises Private Limited | | 100.00% | | 100.00% | |
| Kolben Hydraulics Limited | | 95.30% | | 85.92% | |
| Investment in equity shares of associates: | | | | | |
| Sai India Limited | 10 | 3,60,000 | 20.00 | 3,60,000 | 20.00 |
| Bourton Consulting (India) Private Limited | 10 | 37,300 | 3.73 | 37,300 | 3.73 |
| Extent of Investment in associates in % | | | | | |
| Sai India Limited | | | 40.00% | | 40.00% |
| Bourton Consulting (India) Private Limited | | | 29.54% | | 29.54% |
| Investments measured at fair value through OCI | | | | | |
| Hycom Engineering (India) Private Limited (Refer note (D)) | 10 | 9,41,330 | 94.13 | 9,41,330 | 94.13 |
| The Shamrao Vittal Co-operative Bank Limited (Refer note (D)) | 10 | 2,000 | 0.50 | 2,000 | 0.50 |
| Less : Provision for other than temporary diminution in value | | | (94.63) | | (94.63) |
| | | | 1,212.76 | | 1,012.76 |

Notes

- (A) Aggregate value of unquoted investments 1,307.39 1,107.39
- (B) Aggregate value of impairment recorded 94.63 94.63
- (C) Evaluation of indicators for impairment of investment

The evaluation of applicability of indicators of impairment of investment requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the investment. In assessing impairment, management estimates the recoverable amount of the investment or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

(D) The Company has made an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of equity investments that are not held for trading.

Note 7: Loans

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|---|------------------------|--------------------------------------|
| Non-current | | |
| <i>(Unsecured, considered good)</i> | | |
| Loan to related parties (Refer note 43) | 33.24 | 40.96 |
| Loan to employees | 0.10 | 0.10 |
| Others | 0.20 | 0.20 |
| | 33.54 | 41.26 |
| Current | | |
| <i>(Unsecured, considered good)</i> | | |
| Loan to related parties (Refer note 43) | 27.04 | 33.36 |
| Loan to employees | 11.84 | 5.05 |
| | 38.88 | 38.41 |

Note 8: Other financial assets

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Non-current | | |
| Balance held as margin money | 12.88 | 23.43 |
| | 12.88 | 23.43 |
| Current | | |
| Security deposits | 154.78 | 255.95 |
| Interest accrued on deposits | 16.84 | 17.85 |
| Other receivables from related parties (Refer note 43) | 22.41 | 7.67 |
| Other receivables | 29.03 | - |
| | 223.06 | 281.47 |

Note 9: Other assets

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|---------------------------|------------------------|--------------------------------------|
| Non-current | | |
| Prepaid expenses | 25.82 | 8.91 |
| Deferred loan discounting | 4.76 | 7.04 |
| Other receivables | 50.00 | 50.00 |
| Capital advances | 522.56 | 735.04 |
| | 603.14 | 800.99 |
| Current | | |
| Prepaid expenses | 199.86 | 164.60 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 9: Other assets (Contd.)

| | | |
|--|-----------------|-----------------|
| Deferred loan discounting | 3.13 | 3.64 |
| Advance to related parties (Refer note 43) | 3,643.94 | 2,565.18 |
| Advance to suppliers | 143.00 | 207.85 |
| Duty drawback receivable | 8.13 | 5.58 |
| Other advances | 1.42 | 0.92 |
| | 3,999.48 | 2,947.77 |

Note 10: Inventories

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|---|------------------------|--------------------------------------|
| <i>(Lower of cost or net realisable value)</i> | | |
| Raw materials and components (includes goods in transit amounting to ₹6.97 (31 March 2022: ₹4.92) | 3,104.15 | 2,661.33 |
| Work-in-progress | 1,652.68 | 1,511.18 |
| Finished goods (other than those acquired for trading) | 893.55 | 977.27 |
| Stock-in-trade | 430.20 | 340.55 |
| Loose tools | - | - |
| Residential units from Joint development of property | - | 9,636.26 |
| | 6,080.58 | 15,126.59 |

Note 11: Trade receivables

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| <i>(Unsecured)</i> | | |
| Considered good | 10,350.74 | 10,391.70 |
| Credit impaired | 201.28 | 301.28 |
| | 10,552.02 | 10,692.98 |
| Less: Allowance for doubtful trade receivables | 201.28 | 301.28 |
| | 10,350.74 | 10,391.70 |

Trade receivables ageing schedule

| | Outstanding for following periods from due date of payment | | | | | |
|--|--|----------------------|---------------|---------------|----------------------|------------------|
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| As at 31 March 2023 | | | | | | |
| Undisputed Trade receivables - considered good | 9,071.87 | 760.15 | 200.54 | 40.51 | 277.67 | 10,350.74 |
| Undisputed Trade Receivables - credit impaired | - | - | 20.78 | 52.13 | 128.37 | 201.28 |
| | 9,071.87 | 760.15 | 221.32 | 92.64 | 406.04 | 10,552.02 |
| As at 31 March 2022 (Restated) | | | | | | |
| Undisputed Trade receivables - considered good | 9,014.97 | 351.05 | 381.74 | 363.99 | 279.95 | 10,391.70 |
| Undisputed Trade Receivables - credit impaired | - | - | 9.79 | 46.07 | 245.42 | 301.28 |
| | 9,014.97 | 351.05 | 391.53 | 410.06 | 525.37 | 10,692.98 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 12: Cash and cash equivalents

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|-------------------------|------------------------|--------------------------------------|
| Cash on hand | 1.78 | 2.55 |
| Balances with banks | | |
| (i) In current accounts | 206.65 | 336.99 |
| (ii) In EEFC accounts | - | 3.35 |
| | 208.43 | 342.89 |

Note 13: Bank balances other than cash and cash equivalents

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|------------------------------------|------------------------|--------------------------------------|
| Current | | |
| In earmarked accounts | | |
| (i) Unpaid dividend accounts | 6.53 | 6.44 |
| (ii) Unspent CSR accounts | 6.39 | 6.39 |
| (iii) Balance held as margin money | 63.85 | 79.94 |
| | 76.77 | 92.77 |

Note 14: Income tax assets (net)

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|---|------------------------|--------------------------------------|
| Current | | |
| Advance income tax (net of provision for tax) | 393.10 | 301.40 |
| | 393.10 | 301.40 |

Note 15: Equity share capital

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | Number | Amount | Number | Amount |
| Authorised share capital | | | | |
| Equity shares of ₹10 each | 1,50,00,000 | 1,500.00 | 1,50,00,000 | 1,500.00 |
| | 1,50,00,000 | 1,500.00 | 1,50,00,000 | 1,500.00 |
| Issued, subscribed and fully paid up | | | | |
| Equity shares of ₹10 each | 1,20,00,000 | 1,200.00 | 1,20,00,000 | 1,200.00 |
| | 1,20,00,000 | 1,200.00 | 1,20,00,000 | 1,200.00 |

(a) Reconciliation of the number of shares

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | Number | Amount | Number | Amount |
| Equity shares of ₹10 each, par value | | | | |
| Balances as at the beginning of the year | 1,20,00,000 | 1,200.00 | 1,20,00,000 | 1,200.00 |
| Add: Issued and subscribed during the year | - | - | - | - |
| Balance at the end of the year | 1,20,00,000 | 1,200.00 | 1,20,00,000 | 1,200.00 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 15: Equity share capital (Contd.)

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each equity share is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian rupees. In the event of liquidation of the Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- (c) During the year ended 31 March 2019, the Company had issued 9,000,000 fully paid equity shares of face value ₹10 each pursuant to a bonus issue approved by the shareholders through e-voting and physical ballot. The bonus shares were issued by capitalization of profits transferred from its reserves. In the period of five years immediately preceding the Balance Sheet date, the Company has not bought back any shares.
- (d) The Board of Directors, in its meeting held on 29 May 2023, proposed a final dividend of ₹0.80 per equity share. The proposal is subject to the approval of shareholders at the upcoming Annual General Meeting and if approved would result in a cash outflow of ₹96.

(e) Details of shareholders holding more than 5% shares

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---------------------|------------|---------------------|------------|
| | Number | Percentage | Number | Percentage |
| Equity shares of ₹10 each, par value | | | | |
| Yuken Kogyo Co. Limited | 48,00,000 | 40.00% | 48,00,000 | 40.00% |
| Benefic Investments & Finance Co. Private Limited | 13,91,808 | 11.60% | 13,91,808 | 11.60% |
| GKK Capital Markets Private Limited | 7,46,000 | 6.22% | 7,46,000 | 6.22% |

(d) Disclosure of Shareholding of Promoters

Equity shares of ₹10 each with voting rights:

| Promoter Name | No. of Shares | % Of total shares | % Change during the Year |
|--|------------------|-------------------|--------------------------|
| As at 31 March 2023: | | | |
| 1. Yuken Kogyo Co. Limited | 48,00,000 | 40.00% | - |
| 2. Benefic Investments & Finance Co. Private Limited | 13,91,808 | 11.60% | - |
| 3. C P Rangachar | 84,400 | 0.70% | - |
| 4. Vidya Rangachar | 16,000 | 0.13% | - |
| 5. Madhuri Rangachar | 8,000 | 0.07% | - |
| | 63,00,208 | 52.50% | - |
| As at 31 March 2022: | | | |
| 1. Yuken Kogyo Co. Limited | 48,00,000 | 40.00% | - |
| 2. Benefic Investments & Finance Co. Private Limited | 13,91,808 | 11.60% | - |
| 3. C P Rangachar | 84,400 | 0.70% | - |
| 4. Vidya Rangachar | 16,000 | 0.13% | - |
| 5. Madhuri Rangachar | 8,000 | 0.07% | - |
| | 63,00,208 | 52.50% | - |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 16: Other equity

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|-------------------|------------------------|--------------------------------------|
| General reserve | 506.30 | 506.30 |
| Retained earnings | 18,277.58 | 17,641.89 |
| Capital Reserve | (64.60) | (64.60) |
| | 18,719.28 | 18,083.59 |

General reserve:

General reserve represents appropriation of profits.

Retained earnings:

All the profits made or losses incurred by the Company are transferred to Retained earnings from the Statement of Profit and Loss.

Capital Reserve

Capital Reserve has been created on account of merger of Yuflow Engineering Private Limited in the current year (Refer Note 48).

Note 17: Borrowings

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Non-current | | |
| (Secured) | | |
| Term loans from banks | 1,834.68 | 1,793.40 |
| | 1,834.68 | 1,793.40 |
| Less: Current maturities of long-term borrowings | 796.56 | 776.48 |
| | 1,038.12 | 1,016.92 |
| Current | | |
| (Secured) | | |
| Loans repayable on demand from banks | 6,689.07 | 5,665.45 |
| Current maturities of long-term borrowings | 796.56 | 776.48 |
| (Unsecured) | | |
| Working capital loans from banks | 1,300.00 | 1,300.00 |
| | 8,785.63 | 7,741.93 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

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

(a) Secured borrowings

(i) Term loans from banks

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Mizuho Bank Limited | | |
| Loan limit | 2,000.00 | 2,000.00 |
| Loan availed | 2,000.00 | 2,000.00 |
| Amount outstanding | 277.50 | 807.50 |
| Repayable in 15 quarterly instalments with 1 year moratorium | | |
| Interest rate - 9.05% (31 March 2022: 7.35%) | | |
| Mizuho Bank Limited | | |
| Loan limit | 2,500.00 | 2,500.00 |
| Loan availed | 1,974.62 | 985.90 |
| Amount outstanding | 1,557.18 | 985.90 |
| Repayable in 15 quarterly instalments with 1 year moratorium | | |
| Interest rate - 8.40% (31 March 2022: 6.95%) | | |

Security Details for the term loans taken from Mizuho Bank Limited:

a Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹4,500.

(b) Secured working capital loans from banks

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Mizuho Bank Limited | | |
| Loan limit | 3,000.00 | 3,000.00 |
| Amount outstanding | 2,800.00 | 2,300.00 |
| Repayable on demand | | |
| Interest rate - MCLR rates | | |
| HDFC Bank Limited | | |
| Loan limit | 1,200.00 | 1,200.00 |
| Amount outstanding | - | - |
| Repayable on demand | | |
| Interest rate - MCLR rates +2.60% | | |
| State Bank of India (SBI) | | |
| Loan limit | 150.00 | 150.00 |
| Amount outstanding | - | - |
| Repayable on demand | | |
| Interest rate - MCLR rates + 2.50% | | |
| Sumitomo Mitsui Banking Corporation(SMBC) | | |
| Loan limit | 5,000.00 | 5,000.00 |
| Amount outstanding | 3,889.07 | 3,365.45 |
| Repayable on demand | | |
| Interest rate - MCLR rates | | |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 17: Borrowings (Contd.)

Details of security given

State Bank of India (SBI)

- (i) Primary security : Hypothecation on stocks, receivables and other current assets- paripassu charge with HDFC Bank Limited
- (ii) Collateral security details:
 - (a) Equitable mortgage on freehold rights on land and building- Doddanekundi industrial area, Mahadevapura, Bengaluru.
 - (b) Equitable mortgage of freehold rights on factory land and building located in Peenya, Bengaluru.
 - (c) Hypothecation of unencumbered fixed assets of the Company

HDFC Bank Limited

- (i) First pari passu charge on stocks, book debts and other current assets with SBI Bank
- (ii) First charge by way of extension of mortgage of factory land and building located in Hedegabanahalli Village, Malur.
- (iii) Exclusive charge by way of equitable mortgage on land and building located in Koppathimmanahalli Village, Malur.
- (iv) First charge on all movable fixed assets of the company - first paripassu charge with SBI Bank

Sumitomo Mitsui Banking Corporation (SMBC)

- (i) Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹5,000.

Mizuho Bank Limited

- (i) Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹3,000.

Assets pledged as security

The carrying amounts of assets pledged as security for current and non current borrowings are:

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Term Loans and Loans repayable on demand. | | |
| Land and building (Net carrying value) | 6,570.65 | 5,474.16 |
| Stock | 6,080.58 | 5,490.33 |
| Trade receivables | 10,350.74 | 10,391.70 |
| Other current assets | 4,546.62 | 3,703.31 |
| Movable Property, plant and equipment | 5,053.10 | 3,653.04 |

Note:

The Company has filed quarterly statements of inventory and trade receivables with banks from whom borrowings have been obtained by pledging these assets. The Company has carried out a reconciliation between these statements filed with the books of account which did not result in any material discrepancy.

Reconciliation of liabilities arising from Company's financing activities

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|---|------------------------|--------------------------------------|
| Opening balance | 8,758.85 | 8,060.14 |
| Net cash flow from loans availed/repaid during the year | 1,064.90 | 698.71 |
| Closing balance | 9,823.75 | 8,758.85 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 18: Lease liabilities

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Non-current | | |
| Lease liabilities (Refer note 46) | 81.91 | 72.73 |
| | 81.91 | 72.73 |
| Current | | |
| Lease liabilities (Refer note 46) | 61.81 | 49.58 |
| | 61.81 | 49.58 |
| Movement in lease liabilities | | |
| Balance at the beginning of the year | 122.31 | 57.71 |
| Lease liability recognised during the year | 75.71 | 97.31 |
| Finance cost incurred during the year | 11.77 | 6.76 |
| Payment of lease liabilities | (66.07) | (39.47) |
| Balance at the end of the year | 143.72 | 122.31 |

Note 19: Other financial liabilities

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Non-current | | |
| Uncharged guarantee commission income (Refer note 43) | 13.93 | 12.95 |
| Others security deposits | 2.47 | 3.47 |
| | 16.40 | 16.42 |
| Current | | |
| Trade / security deposits received | 531.51 | 542.51 |
| Payable to employees | 535.04 | 406.83 |
| Uncharged guarantee commission income (Refer note 43) | - | 23.64 |
| Interest accrued but not due on borrowings | 8.33 | 17.06 |
| Unpaid dividends | 6.54 | 6.44 |
| Capital creditors | 143.53 | 181.20 |
| Interest accrued on trade payables (Refer note 36) | 42.29 | 27.04 |
| Commission payable on account of Joint development of property | - | 1.65 |
| Other (Payables to LIC) | 1.07 | 1.10 |
| | 1,268.31 | 1,207.47 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 20: Provisions

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|---|------------------------|--------------------------------------|
| Non-current | | |
| Provision for defined benefit obligations (Refer note 40) | 155.27 | 175.71 |
| | 155.27 | 175.71 |
| Current | | |
| Provision for compensated absences (Refer note 40) | 292.61 | 266.10 |
| Provision for superannuation (Refer note 40) | 47.99 | 40.75 |
| | 340.60 | 306.85 |

Note 21: Trade payables

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer note 36) | 2,749.68 | 2,108.10 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 2,468.77 | 2,623.04 |
| | 5,218.45 | 4,731.14 |

Trade payables ageing schedule

| | Outstanding for following periods from date of transaction | | | | | |
|---------------------------------------|--|------------------|---------------|--------------|-------------------|-----------------|
| | Accrued Expenses | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| As at 31 March 2023 | | | | | | |
| Dues to MSME | - | 2,747.08 | 0.99 | 1.30 | 0.31 | 2,749.68 |
| Dues to Others | 375.15 | 2,054.80 | 18.41 | 14.66 | 5.75 | 2,468.77 |
| | 375.15 | 4,801.88 | 19.40 | 15.96 | 6.06 | 5,218.45 |
| As at 31 March 2022 (Restated) | | | | | | |
| Dues to MSME | - | 2,002.90 | 104.87 | 0.01 | 0.32 | 2,108.10 |
| Dues to MSME | 235.56 | 2,344.51 | 19.37 | 11.84 | 11.76 | 2,623.04 |
| | 235.56 | 4,347.41 | 124.24 | 11.85 | 12.08 | 4,731.14 |

Note 22: Other liabilities

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|-----------------------------|------------------------|--------------------------------------|
| Current | | |
| Statutory dues | 266.67 | 108.20 |
| Revenue received in advance | 214.35 | 7,271.69 |
| | 481.02 | 7,379.89 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 23: Revenue from operations

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|-----------------------------|---|
| Sale of products (Refer note 44 and 45) | 31,514.44 | 28,438.50 |
| | 31,514.44 | 28,438.50 |
| Other operating revenue | | |
| Training and other services rendered | 83.14 | 62.12 |
| Duty drawback | 10.45 | 9.07 |
| | 93.59 | 71.19 |
| | 31,608.03 | 28,509.69 |

Note 24: Other income

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|-----------------------------|---|
| Interest income: | | |
| - on deposits with banks | 5.99 | 5.12 |
| - on overdue trade receivables | 90.49 | 51.00 |
| - on others | 6.75 | 9.88 |
| Dividend income | - | 0.06 |
| Liabilities/ provisions no longer required written back | 101.01 | 22.93 |
| Profit on sale of property, plant and equipment (net) | - | 0.09 |
| Rental income (Refer note 43) | 51.49 | 74.98 |
| Sale of scrap | 142.75 | 51.54 |
| Miscellaneous income (Guarantee commission and discounts received) | 89.16 | 233.85 |
| | 487.64 | 449.45 |

Note 25: Cost of materials consumed

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|-----------------------------|-----------------------------|---|
| Opening stock | 2,661.33 | 2,003.23 |
| Add : Purchases | 16,971.68 | 15,213.05 |
| | 19,633.01 | 17,216.28 |
| Less : Closing stock | 3,104.15 | 2,661.33 |
| | 16,528.86 | 14,554.95 |

Note 26: Purchases of stock-in-trade

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--------------------------|-----------------------------|---|
| Purchase of traded goods | 1,918.41 | 2,057.01 |
| | 1,918.41 | 2,057.01 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 27: Changes in inventories of finished goods, work-in-progress and stock-in-trade

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|-----------------------------|---|
| Inventories at the end of the year: | | |
| Finished goods | 893.55 | 977.26 |
| Work-in-progress | 1,652.68 | 1,511.18 |
| Stock-in-trade | 430.20 | 340.55 |
| | 2,976.43 | 2,828.99 |
| Inventories at the beginning of the year: | | |
| Finished goods | 977.26 | 819.79 |
| Work-in-progress | 1,511.18 | 1,169.75 |
| Stock-in-trade | 340.55 | 295.97 |
| | 2,828.99 | 2,285.51 |
| | (147.44) | (543.48) |

Note 28: Employee benefits expense

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|-----------------------------|---|
| Salaries and wages | 3,499.98 | 3,082.28 |
| Contributions to provident and other funds (Refer note 41) | 343.53 | 306.71 |
| Staff welfare expenses | 295.34 | 215.00 |
| | 4,138.85 | 3,603.99 |

Note 29: Finance costs

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|-----------------------------|---|
| Interest expenses on borrowings | 703.28 | 461.88 |
| Interest on dealers deposits and others | 60.78 | 170.87 |
| Interest on income tax | - | 15.26 |
| | 764.06 | 648.01 |

Note 30: Depreciation and amortisation expense

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|-----------------------------|---|
| Depreciation on Property, plant and equipment (Refer note 3) | 607.67 | 470.81 |
| Depreciation on Investment property (Refer note 3) | 1.51 | - |
| Amortisation on intangible assets (Refer note 4) | 112.32 | 108.51 |
| Depreciation on right-of-use assets (Refer note 5) | 53.98 | 30.12 |
| | 775.48 | 609.44 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 31: Other expenses

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|-----------------------------|---|
| Consumption of stores and spare parts | 334.87 | 293.16 |
| Tools consumed | 316.47 | 242.86 |
| Consumption of packing materials | 461.80 | 405.95 |
| Subcontracting | 1,764.21 | 1,710.70 |
| Contract labour wages | 511.39 | 386.85 |
| Power and fuel | 250.88 | 205.53 |
| Rent including lease rentals | 190.48 | 166.78 |
| Repairs and maintenance - Buildings | 123.53 | 141.16 |
| Repairs and maintenance - Machinery | 405.29 | 345.31 |
| Repairs and maintenance - Others | 37.91 | 18.89 |
| Vehicle maintenance | 51.75 | 36.21 |
| Insurance | 28.38 | 22.64 |
| Rates and taxes | 28.98 | 45.03 |
| Travelling and conveyance | 727.99 | 477.60 |
| Freight and forwarding | 519.91 | 472.82 |
| Legal and professional charges | 394.95 | 343.44 |
| Remuneration to auditors (Refer note 33 below) | 31.41 | 24.40 |
| Bad trade and other receivables written off | 12.11 | 15.53 |
| Net loss on foreign currency transactions and translation | 121.49 | 110.93 |
| Provision for doubtful trade receivables | - | 50.26 |
| Corporate social responsibility expenses (Refer note 49) | 18.28 | 30.53 |
| Miscellaneous expenses | 774.69 | 627.46 |
| | 7,106.77 | 6,174.04 |

Note 32: Exceptional items

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|-----------------------------|---|
| Revenue from sale of residential flats under Joint development of property | 9,636.26 | 3,910.62 |
| Less: Cost of sales | (9,397.69) | (3,910.62) |
| | 238.57 | - |

Sale of Company's share of residential units:

During the year, the Company fulfilled its performance obligation with respect to the sale of certain Company's share of residential units by registering the said units in the name of the unit owner due to which the control over these units were transferred to the unit owner. Accordingly the Company recorded the revenue from sale of such units in accordance with Ind AS 115. All the flats have been registered during the year and a gain to the extent of ₹238.57 has been recognized.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 33: Remuneration to auditors comprises (excluding applicable taxes):

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---------------------------|-----------------------------|---|
| Statutory audit | 29.95 | 23.25 |
| Tax audit | 1.00 | 1.00 |
| Reimbursement of expenses | 0.46 | 0.15 |
| | 31.41 | 24.40 |

Note 34: Earnings per share

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|-----------------------------|---|
| Basic and diluted | | |
| Net profit for the year attributable to the equity shareholders | 750.16 | 1,255.74 |
| Weighted average number of equity shares | 1,20,00,000 | 1,20,00,000 |
| Par value per share | 10.00 | 10.00 |
| Earnings per share - Basic and diluted | 6.25 | 10.46 |

Note 35: Contingencies and commitments

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|-----------------------------|---|
| Contingent liabilities | | |
| Claims against the Company not acknowledged as debts | | |
| Disputed income tax liabilities | | |
| (i) AY 2009-10 | 19.10 | 19.10 |
| (ii) AY 2011-12 | 4.37 | 4.37 |
| (iii) AY 2012-13 | 10.83 | 10.83 |
| (iv) AY 2014-15 | - | 16.26 |
| | 34.30 | 50.56 |

Others

The Hon'ble Supreme Court of India had passed a judgement relating to definition of wages under the Provident Fund Act, 1952 on 28 February 2019. However, considering that there are numerous interpretative issues related to the judgement and in the absence of reliable measurement of the provision for the earlier period, the Company had made provision for provident fund contribution from the date of order. The Company will evaluate its position and update provision, if required, after receiving further clarity in this regard.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Commitments | | |
| Estimated amounts of contracts remaining to be executed on capital account and not provided for | | |
| Capital commitments | 87.77 | 392.02 |
| | 87.77 | 392.02 |
| Other commitments | | |
| Corporate guarantees given to subsidiaries | 4,450.00 | 4,144.00 |

Note 36: Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2023 has been made in the financial statement based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the Balance Sheet date.

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|---|------------------------|--------------------------------------|
| Principal amount remaining unpaid to any supplier as at the end of the accounting year | 2,749.68 | 2,108.10 |
| Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 27.04 | 21.46 |
| The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | 7.14 | 6.99 |
| The amount of interest due and payable for the year | 22.39 | 12.57 |
| The amount of interest accrued and remaining unpaid at the end of the accounting year | 42.29 | 27.04 |

Note 37: Disclosure in respect of loans given, investment made, guarantees given and security provided as per Section 186(4) of the Companies Act, 2013

| Particulars | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|-----------------------------|---|
| Guarantees given during the year | | |
| Grotek Enterprises Private Limited | 306.00 | 694.00 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 38: Capital management

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity shareholders of the Entity having significant influence. The primary objective of the Company's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash.

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Borrowings (Refer note 17) | 9,823.75 | 8,758.85 |
| Trade payables (Refer note 21) | 5,218.45 | 4,731.14 |
| Less: Cash and cash equivalents (Refer note 12) | 208.43 | 342.89 |
| Less: Bank balances other than cash and cash equivalents (Refer note 13) | 76.77 | 92.77 |
| Net debt | 15,327.40 | 13,925.65 |
| Equity | 1,200.00 | 1,200.00 |
| Other equity | 18,719.28 | 18,083.59 |
| Capital and net debt | 35,246.68 | 33,209.24 |
| Gearing ratio | 43% | 42% |

Note 39: Income Tax

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|-----------------------------|---|
| The major components of income tax expense are: | | |
| Current income tax: | | |
| Current income tax charge | 215.18 | 473.31 |
| MAT credit entitlement of prior periods | - | (2.96) |
| Tax reversal for prior periods | - | 24.87 |
| | 215.18 | 495.22 |
| Deferred tax charge | | |
| Relating to the origination and reversal of temporary differences | 283.91 | 104.22 |
| Income tax expense reported in Statement of Profit and Loss | 499.09 | 599.44 |
| Deferred tax related to items recognised in OCI | | |
| Income tax relating to re-measurement gains on defined benefit plans | (2.38) | (10.15) |
| | (2.38) | (10.15) |
| | 496.71 | 589.29 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 39: Income Tax (Contd.)

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Reconciliation of deferred tax liabilities (net) | | |
| Opening balance | 335.14 | 241.07 |
| Deferred tax charge during the year recognised in statement of profit and loss | 283.91 | 104.22 |
| Deferred tax charge/(credit) during the year recognised in OCI | (2.38) | (10.15) |
| Closing balance | 616.66 | 335.14 |

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

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|-----------------------------|---|
| Accounting profit before tax | 1,249.25 | 1,855.18 |
| Tax on accounting profit at statutory income tax rate at 27.82% (31 March 2022: 29.12%) | 353.34 | 540.23 |
| Reconciling items: | | |
| Expenses/(Income) disallowed under the provisions of Income tax Act, 1961 | | |
| Donations and others | 168.87 | 22.92 |
| Tax reversals of prior periods | - | 24.87 |
| MAT credit entitlement of prior periods | - | (2.96) |
| Change in income tax rate | (23.12) | 14.38 |
| | 499.09 | 599.44 |
| Income tax expense reported in the Statement of Profit and Loss | 499.09 | 599.44 |

Details of items disclosed under deferred tax assets / (liabilities):

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|------------------------------------|------------------------|--------------------------------------|
| Deferred tax assets | 206.58 | 243.71 |
| Deferred tax liabilities | (823.24) | (578.85) |
| Deferred tax liability, net | (616.66) | (335.14) |

Significant components of deferred tax asset / (liability) for the year ended 31 March 2023 are as follows :

| | Opening balance | Recognised in SPL | Recognised in OCI | MAT Credit claimed/ written off | Closing balance |
|--|--------------------|----------------------|----------------------|---------------------------------------|--------------------|
| (i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act, 1961. | (578.85) | (244.39) | - | - | (823.24) |
| (ii) Provision for doubtful receivables and advances | 87.73 | (31.74) | - | - | 55.99 |
| (iii) Re-measurement of defined benefit liability | 129.72 | (7.66) | 2.38 | - | 124.44 |
| (iv) Fair value measurement of financial asset/liability | 25.11 | - | - | - | 25.11 |
| (v) Lease liabilities net of lease assets | 1.15 | (0.11) | - | - | 1.04 |
| Deferred tax liability, net | (335.14) | (283.90) | 2.38 | - | (616.66) |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 39: Income Tax (Contd.)

Significant components of deferred tax asset / (liability) for the year ended 31 March 2022 are as follows :

| | Opening balance | Recognised in SPL | Recognised in OCI | MAT Credit claimed/ written off | Closing balance |
|--|-----------------|-------------------|-------------------|---------------------------------|-----------------|
| (i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act, 1961. | (444.41) | (134.44) | - | - | (578.85) |
| (ii) Provision for doubtful receivables and advances | 69.83 | 17.90 | - | - | 87.73 |
| (iii) Re-measurement of defined benefit liability | 108.38 | 11.19 | 10.15 | - | 129.72 |
| (iv) Fair value measurement of financial asset/liability | 23.97 | 1.14 | - | - | 25.11 |
| (v) Lease liabilities net of lease assets | 1.16 | (0.01) | - | - | 1.15 |
| Deferred tax liability, net | (241.07) | (104.22) | 10.15 | - | (335.14) |
| (vi) MAT credit entitlement | 17.25 | 2.96 | - | (20.21) | - |
| Deferred tax liability, net | 17.25 | 2.96 | - | (20.21) | - |

Note 40: Defined benefit obligations

The Company has provided for the gratuity liability and leave encashment (defined benefit plan), as per actuarial valuation carried out by an independent actuary on the Balance Sheet date.

A Defined benefit contributions

The Company makes contributions to statutory provident fund as per the Employees Provident Fund and Miscellaneous Provision Act, 1952 and superannuation fund which are defined contribution plans as per Ind AS 19, Employee benefits. The Company recognised ₹229.61 (31 March 2022: ₹193.38) for provident fund contributions and ₹48.70 (31 March 2022: ₹42.07) for superannuation fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B Defined benefit plans

The Company has provided for gratuity and leave encashment liability, for its employees as per actuarial valuation carried out by an independent actuary on the balance sheet date. The valuation has been carried out using the Projected Unit Credit Method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The gratuity plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

a Interest rate risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in financial statements.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 40: Defined benefit obligations (Contd.)

b Liquidity risk

This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

c Salary escalation risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the rate of interest in future for employees from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

d Demographic risk

The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

e Regulatory risk

Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts

f Asset liability mismatching or market risk

The duration of the liability is longer compared to duration of assets, exposing the company to market risk for volatilities/fall in interest rate.

g Investment risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows :

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Current service cost | 45.89 | 51.39 |
| Interest cost | 38.99 | 31.42 |
| Expected return on plan assets | (26.17) | (18.68) |
| Components of defined benefit costs recognised in Standalone Statement of Profit or Loss | 58.71 | 64.13 |
| Re-measurement on the net defined benefit liability : | | |
| Actuarial gains and losses arising from change in financial , demographic and experience adjustments | 15.12 | 21.47 |
| Return on Plan assets excluding amount recognised in net interest expense | 5.73 | 2.72 |
| Components of defined benefit costs recognised in Standalone Other Comprehensive Income | 20.85 | 24.19 |
| Actual contribution and benefit payments for year : | | |
| Actual benefit payments | 68.29 | 32.15 |
| Actual contributions | 100.01 | 100.01 |
| Net asset / (liability) recognised in the Standalone Balance Sheet : | | |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 40: Defined benefit obligations (Contd.)

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|---|--|--|
| Present value of defined benefit obligations | (566.17) | (534.46) |
| Fair value of plan assets | 410.91 | 358.75 |
| Funded status [surplus / (deficit)] | (155.26) | (175.71) |
| Unrecognised past service costs | - | - |
| Net asset / (liability) recognised in the Standalone Balance Sheet | (155.26) | (175.71) |
| Change in defined benefit obligations (DBO) during the year : | | |
| Present value of DBO at the beginning of the year | 534.46 | 462.33 |
| Current service cost | 45.89 | 51.39 |
| Interest cost | 38.99 | 31.42 |
| Actuarial (gains) / losses | 15.12 | 21.47 |
| Benefits paid | (68.29) | (32.15) |
| Present value of DBO at the end of the year | 566.17 | 534.46 |
| Change in fair value of assets during the year : | | |
| Plan assets at the beginning of the year | 358.75 | 274.93 |
| Expected return on plan assets | 26.17 | 18.68 |
| Actual company contributions | 100.01 | 100.01 |
| Actuarial gains / (losses) | (5.73) | (2.72) |
| Benefits paid | (68.29) | (32.15) |
| Plan assets at the end of the year | 410.91 | 358.75 |
| Actual return on plan assets | 20.44 | 15.96 |
| Composition of the plan assets is as follows : | | |
| Others- insurer managed funds | 100% | 100% |
| Actuarial assumptions : | | |
| Discount rate | 7.45% | 7.30% |
| Salary escalation | 2.00% for first year and 4% thereafter | 2.00% for first year and 4% thereafter |
| Attrition | | |
| - Below 44 years | 2.00% | 2.00% |
| - 44 years and above | 1.00% | 1.00% |

Note:

a The Company is estimated to contribute ₹200.08 (March 2022 ₹221.59) towards gratuity funds during the next year.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 40: Defined benefit obligations (Contd.)

- b Details of fund assets which are managed by an insurance company have not been disclosed since the details have not been provided by them.
- c The assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

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

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|---|------------------------|--------------------------------------|
| Impact of change in the discount rate | | |
| Impact due to increase of 1% | (51.46) | (41.65) |
| Impact due to decrease of 1% | 44.35 | 48.44 |
| Impact of change in the salary growth rate | | |
| Impact due to increase of 1% | 45.96 | 49.39 |
| Impact due to decrease of 1% | (51.30) | (43.17) |
| Impact of change in the attrition rate | | |
| Impact due to increase of 50% | 10.49 | 8.82 |
| Impact due to decrease of 50% | (9.62) | (9.67) |
| Impact of change in the mortality rate | | |
| Impact due to increase of 10% | 0.46 | 0.40 |
| Impact due to decrease of 10% | (0.45) | (0.40) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior periods.

Effect of plan on entity's future cash flows

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. The weighted average duration of the plan is estimated to be 9 years. Following is a maturity profile of the defined benefit obligation:

Expected cash flows over the next: (valued on undiscounted basis)

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--------------------|------------------------|--------------------------------------|
| 1 year | 56.35 | 75.40 |
| 2 - 5 years | 255.36 | 210.67 |
| 6 - 10 years | 150.44 | 183.62 |
| More than 10 years | 802.96 | 707.21 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Compensated absences

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|--|--|
| Charge in the Statement of Profit and Loss | 103.94 | 130.12 |
| Liability as at the year end | 292.61 | 266.10 |
| Actuarial assumptions | | |
| Discount rate | 7.45% | 7.30% |
| Salary escalation | 2.00% for first year and 4% thereafter | 2.00% for first year and 4% thereafter |
| Attrition | | |
| - Below 44 years | 2.00% | 2.00% |
| - 44 years and above | 1.00% | 1.00% |

The discount rate is based on the prevailing market yields of government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Note 41: Fair value measurements

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2023 were as follows:

| Particulars | Notes | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVOCI |
|--|-------|-------------------|---|---|
| Assets: | | | | |
| Investments | 6 | 1,212.76 | - | 0.00 |
| Loans | 7 | | | |
| Loan to related parties | | 60.28 | - | - |
| Loan to employees | | 11.94 | - | - |
| Others | | 0.20 | - | - |
| Cash and cash equivalents | 12 | 208.43 | - | - |
| Bank balances other than cash and cash equivalents | 13 | 76.77 | - | - |
| Other financial assets | 8 | | | |
| Balance held as margin money account | | 12.88 | - | - |
| Security deposits | | 154.78 | - | - |
| Interest accrued on deposits | | 16.84 | - | - |
| Other receivables from related parties | | 22.41 | - | - |
| Trade receivables | 11 | 10,350.74 | - | - |
| Total | | 12,128.03 | - | 0.00 |
| Liabilities: | | | | |
| Borrowings | 17 | 9,823.75 | - | - |
| Trade payables | 21 | 5,218.45 | - | - |
| Lease liabilities | 18 | 143.72 | | |
| Other financial liabilities | 19 | | | |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 41: Fair value measurements (Contd.)

| Particulars | Notes | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVOCI |
|--|-------|------------------|---------------------------------------|---------------------------------------|
| Uncharged guarantee commission income | | 13.93 | - | - |
| Trade / security deposits received | | 531.51 | - | - |
| Payable to employees | | 535.04 | - | - |
| Interest accrued but not due on borrowings | | 8.33 | - | - |
| Unpaid dividends | | 6.54 | - | - |
| Payables on purchase of fixed assets | | 143.53 | - | - |
| Interest accrued on trade payables | | 42.29 | - | - |
| Accrued liabilities | | - | - | - |
| Commission payable on account of Joint development of property | | - | - | - |
| Others | | 3.54 | - | - |
| Total | | 16,470.63 | - | - |

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:

| Particulars | Notes | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVOCI |
|--|-------|------------------|---------------------------------------|---------------------------------------|
| Assets: | | | | |
| Investments | 6 | 1,012.76 | - | 0.00 |
| Loans | 7 | | | |
| Loan to related parties | | 74.32 | - | - |
| Loan to employees | | 5.15 | - | - |
| Others | | 0.20 | - | - |
| Cash and cash equivalents | 12 | 208.43 | - | - |
| Bank balances other than cash and cash equivalents | 13 | 76.77 | - | - |
| Other financial assets | 8 | | | |
| Balance held as margin money account | | 23.43 | - | - |
| Security deposits | | 255.95 | - | - |
| Interest accrued on deposits | | 17.85 | - | - |
| Other receivables from related parties | | 7.67 | - | - |
| Trade receivables | 11 | 10,391.70 | - | - |
| Total | | 12,074.23 | - | 0.00 |
| Liabilities: | | | | |
| Borrowings | 17 | 8,758.85 | - | - |
| Trade payables | 21 | 4,731.14 | - | - |
| Lease liabilities | 18 | 122.31 | - | - |
| Other financial liabilities | 19 | | | |
| Uncharged guarantee commission income | | 36.59 | - | - |
| Trade / security deposits received | | 542.51 | - | - |
| Payable to employees | | 406.83 | - | - |
| Interest accrued but not due on borrowings | | 17.06 | - | - |
| Unpaid dividends | | 6.44 | - | - |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 41: Fair value measurements (Contd.)

| Particulars | Notes | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVOCI |
|--|-------|------------------|---------------------------------------|---------------------------------------|
| Payables on purchase of fixed assets | | 181.20 | - | - |
| Interest accrued on trade payables | | 27.04 | - | - |
| Accrued liabilities | | - | - | - |
| Commission payable on account of Joint development of property | | 1.65 | - | - |
| Others | | 4.57 | - | - |
| Total | | 14,836.19 | - | - |

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

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

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

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

(iii) Fair value hierarchy

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

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

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

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

a) Assets and liabilities measured at fair value - recurring fair value measurement

| As at 31 March 2023 | Notes | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|-------|---------|---------|---------|-------|
| Assets measured at fair value | | | | | |
| Non current investments | 6 | - | - | - | - |
| As at 31 March 2022 | | | | | |
| Assets measured at fair value | | | | | |
| Non current investments | 6 | - | - | - | - |

b) Description of valuation techniques used and key inputs valuation disclosures on investment properties *

| Investment Properties | Valuation technique | Rate / Sq.Ft | Hierarchy | Fair Value (in ₹) | Actual Cost (in ₹) |
|-----------------------|----------------------|--------------|-----------|-------------------|--------------------|
| Apartments | Estimated fair value | 7,600 | Level 2 | 1,553.44 | 1,282.36 |

* Refer note 3(B)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 42: Financial risk management

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

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

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

(A) Credit risk analysis

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

Assets under credit risk

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Investments | 1,212.76 | 1,012.76 |
| Loan to related parties | 60.28 | 74.32 |
| Loan to employees | 11.94 | 5.15 |
| Others | 0.20 | 0.20 |
| Cash and cash equivalents | 208.43 | 208.43 |
| Bank balances other than cash and cash equivalents | 76.77 | 76.77 |
| Balance held as margin money account | 12.88 | 23.43 |
| Security deposits | 154.78 | 255.95 |
| Interest accrued on deposits | 16.84 | 17.85 |
| Other receivables from related parties | 22.41 | 7.67 |
| Trade receivables | 10,350.74 | 10,391.70 |
| | 12,128.03 | 12,074.23 |

A1 Trade and other receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company's exposure to customers is diversified and no single customer contributes to more than 10 percent of outstanding trade receivables. On account of adoption of Ind AS 109, Financial Instruments, the Company uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors and Company's historical experience for customers.

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|----------------------------|------------------------|--------------------------------------|
| Balance at the beginning | 301.28 | 251.02 |
| Impairment loss recognised | - | 50.26 |
| Impairment loss reversed | (100.00) | - |
| Balance at the end | 201.28 | 301.28 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 42: Financial risk management (Contd.)

The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

A2 Cash and cash equivalents

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due but not impaired

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

(B) Liquidity risk

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

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

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

Maturities of financial liabilities

| As at 31 March 2023 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|-----------------------------|------------------|-------------------|-------------------|------------------|
| Borrowings | 8,785.63 | 1,038.12 | - | 9,823.75 |
| Lease liabilities | 61.81 | 81.91 | - | 143.72 |
| Trade payables | 5,218.45 | - | - | 5,218.45 |
| Other financial liabilities | 1,268.31 | 16.40 | - | 1,284.71 |
| Total | 15,334.20 | 1,136.43 | - | 16,470.63 |
| As at 31 March 2022 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
| Borrowings | 7,741.93 | 1,016.92 | - | 8,758.85 |
| Lease liabilities | 49.58 | 72.73 | - | 122.31 |
| Trade payables | 4,731.14 | - | - | 4,731.14 |
| Other financial liabilities | 1,207.47 | 16.42 | - | 1,223.89 |
| Total | 13,730.12 | 1,106.07 | - | 14,836.19 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 42: Financial risk management (Contd.)

(C) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign currency sensitivity

The Company operates internationally and a significant portion of the business is transacted in USD, JPY, GBP and EURO currencies and consequently the Company is exposed to foreign exchange risk through its sales and purchases from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. These include outstanding derivatives contracts entered into by the Company and unhedged foreign currency exposures.

| Included In | Currency | As at 31 March 2023 | | As at 31 March 2022 (Restated) | |
|------------------------------|----------|-------------------------------|-------------|-----------------------------------|-------------|
| | | Amount in foreign currency | Amount in ₹ | Amount in foreign currency | Amount in ₹ |
| Financial assets | | | | | |
| Trade receivables | USD | 2.67 | 219.35 | 2.46 | 186.73 |
| | JPY | - | - | 30.55 | 18.79 |
| | GBP | 0.08 | 7.94 | 0.25 | 24.85 |
| | EURO | - | - | 0.27 | 22.53 |
| EEFC balances | USD | - | - | 0.04 | 3.35 |
| Financial liabilities | | | | | |
| Trade payables | USD | 9.22 | 758.07 | 10.53 | 799.57 |
| | JPY | 35.00 | 22.03 | - | - |
| | EURO | 1.18 | 104.89 | 1.80 | 150.15 |

Sensitivity

The following table details the Company's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

| | Increase 31 March 2023 | Decrease 31 March 2023 | Increase 31 March 2022 | Decrease 31 March 2022 |
|--------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Sensitivity | | | | |
| INR/USD | (5.39) | 5.39 | (6.09) | 6.09 |
| INR/EURO | (1.05) | 1.05 | (1.28) | 1.28 |
| INR/JPY | (0.22) | 0.22 | 0.19 | (0.19) |
| INR/GBP | 0.08 | (0.08) | 0.25 | (0.25) |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 42: Financial risk management (Contd.)

Interest rate risk

Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2023, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|-----------------------------------|------------------------|--------------------------------------|
| Variable rate borrowing | 9,823.75 | 8,758.85 |
| Fixed rate borrowing | - | - |
| Total borrowings | 9,823.75 | 8,758.85 |
| Amount disclosed under borrowings | 9,823.75 | 8,758.85 |

Sensitivity

Below is the sensitivity of profit or loss in interest rates.

| | 31 March 2023 | 31 March 2022 (Restated) |
|---|---------------|-----------------------------|
| Interest sensitivity | | |
| Interest rates – increase by 100 basis points (100 bps) | 98.24 | 87.59 |
| Interest rates – decrease by 100 basis points (100 bps) | (98.24) | (87.59) |

Note 43: Related party disclosures

| Nature of relationship | Name of related parties |
|---|---|
| I Subsidiary Companies | Coretec Engineering India Private Limited Grotek Enterprises Private Limited Kolben Hydraulics Limited |
| II Associate companies | Sai India Limited Bourton Consulting (India) Private Limited AEPL Grotek Renewable Energy Private Limited |
| III Key Management Personnel (KMP) | |
| Managing Director | C P Rangachar |
| Whole Time Director | Yoshitake Tanaka (Appointed w.e.f 14.09.2022) |
| Chief Financial Officer | H M Narasinga Rao |
| Chief Executive Officer | A. Venkata Krishnan |
| Company Secretary | Vinayak Hegde (Resigned w.e.f 13.12.2022) |
| Company Secretary | P.Vignesh (Appointed w.e.f 20.02.2023) |
| Executive Director | K. GopalKrishna |
| Non Executive Directors: | N S Mohanram (Resigned w.e.f 02.09.2022) |
| | Premchander |
| | Indra Prem Menon |
| | R Srinivasan |
| | Kenichi Takaku (Resigned w.e.f 09.08.2022) |
| | Vidya Rangachar |
| | Hidemi Yasuki |
| | Hideharu Nagahisa |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 43: Related party disclosures (Contd.)

| Nature of relationship | Name of related parties |
|---|---|
| IV Relatives of KMP | Madhuri Rangachar |
| V Entity having significant influence | Yuken Kogyo Co Limited |
| VI Entities controlled by significant shareholder | Yuken Hydraulics (T.W) Co Limited Yuken Europe Limited Yuken Korea Co Limited Yuken Kogyo (Shanghai) Company Ltd. Yuken Taiwan Co. Ltd. Yuken Sea Co Limited |
| VII Parties in which key management personnel or their relatives have significant influence | Al Khor Pumps and Hydraulic Machines TR. (LLC) Benefic Investment and Finance Company (Private) Limited |
| VIII Other related parties | Yuken India Employees Gratuity Trust Yuken India Employees Superannuation Fund |

IX Details of related parties transactions for the year ended 31 March 2023 and 31 March 2022 are as follows :

| Nature of transactions/ Name of related party | Description of the relationship | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|--|-----------------------------|---|
| Purchase of Property, plant and equipment | | | |
| Coretec Engineering India Private Limited | Subsidiary | 10.57 | 18.08 |
| Grotek Enterprises Private Limited | Subsidiary | 138.14 | 193.92 |
| Purchase of goods and services received | | | |
| Coretec Engineering India Private Limited | Subsidiary | 4,039.48 | 3,000.90 |
| Yuken Kogyo Co Limited | Entity having significant influence | 1,943.72 | 2,274.31 |
| Yuken Hydraulics (T.W) Co Limited | Entity controlled by significant shareholder | 782.27 | 734.24 |
| Sai India Limited | Associate | 7.03 | 7.14 |
| Kolben Hydraulics Limited | Subsidiary | 238.70 | 303.66 |
| Bourton Consulting (India) Private Limited | Associate | 14.28 | 5.08 |
| Grotek Enterprises Private Limited | Subsidiary | 2,262.25 | 2,314.09 |
| Yuken Korea Co Ltd | Entity controlled by significant shareholder | 0.55 | - |
| Brand fees paid | | | |
| Yuken Kogyo Co Limited | Entity having significant influence | 117.53 | 103.63 |
| Sale of Property, plant and equipment | | | |
| Coretec Engineering India Private Limited | Subsidiary | - | 1.00 |
| Coretec Engineering India Private Limited | Subsidiary | 69.83 | 61.04 |
| Yuken Kogyo Co Limited | Entity having significant influence | 9.16 | 29.18 |
| Yuken Hydraulics (T.W) Co Ltd | Entity controlled by significant shareholder | 2.44 | 8.68 |
| Yuken Europe Limited | Entity controlled by significant shareholder | 100.01 | 74.77 |
| Yuken Korea Co Ltd | Entity controlled by significant shareholder | - | - |
| Yuken Sea Co Limited | Entity controlled by significant shareholder | 22.56 | 0.11 |
| Yuken Kogyo (Shanghai) Company Ltd. | Entity controlled by significant shareholder | 21.81 | - |
| Kolben Hydraulics Ltd | Subsidiary | 752.68 | 596.00 |
| Sai India Limited | Associate | 4.38 | 29.84 |
| Grotek Enterprises Private Limited | Subsidiary | 4.85 | 88.63 |
| Al Khor Pumps & Hydraulic Machines TR. (LLC) | Parties in which KMP or their relatives have significant influence | - | 8.76 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 43: Related party disclosures (Contd.)

| Nature of transactions/ Name of related party | Description of the relationship | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|--|-----------------------------|---|
| Sale of Scrap | | | |
| Coretec Engineering India Private Limited | Subsidiary | 1.72 | - |
| Grotek Enterprises Private Limited | Subsidiary | 131.48 | - |
| Rent received | | | |
| Grotek Enterprises Private Limited | Subsidiary | 56.27 | 86.77 |
| Kolben Hydraulics Ltd | Subsidiary | 1.70 | 1.70 |
| Dividend paid | | | |
| Yuken Kogyo Co Limited | Entity having significant influence | 30.41 | 28.80 |
| C P Rangachar | KMP | 0.61 | 0.51 |
| Vidya Rangachar | KMP | 0.12 | 0.10 |
| Madhuri Rangachar | Relative of KMP | 0.06 | 0.05 |
| Benevolent Investment and Finance Company (Private) Limited | Parties in which KMP or their relatives have significant influence | 10.02 | 8.35 |
| Interest Income | | | |
| Grotek Enterprises Private Limited | Subsidiary | 2.48 | - |
| Guarantee Commission Income | | | |
| Coretec Engineering India Private Limited | Subsidiary | 24.20 | 35.54 |
| Grotek Enterprises Private Limited | Subsidiary | 22.46 | 33.75 |
| Guarantees given | | | |
| Grotek Enterprises Private Limited | Subsidiary | 306.00 | 694.00 |
| Loans or Advances provided | | | |
| K. Gopalkrishna | KMP | - | 85.00 |
| Remuneration including commission | | | |
| C P Rangachar | KMP | 99.53 | 97.86 |
| H M Narasinga Rao | KMP | 62.18 | 58.21 |
| Vinayak Hegde | KMP | 8.51 | 8.93 |
| Vignesh P | KMP | 1.28 | - |
| K. GopalKrishna | KMP | 69.81 | 64.80 |
| A. Venkata Krishnan | KMP | 47.44 | 38.50 |
| Yoshitake Tanaka | KMP | 36.05 | - |
| N S Mohanram | KMP | - | 2.45 |
| Premchander | KMP | 2.32 | 2.45 |
| Indra Prem menon | KMP | 2.32 | 2.45 |
| Vidya Rangachar | KMP | 2.32 | 2.45 |
| R Srinivasan | KMP | 2.32 | 2.45 |
| Kenichi Takaku | KMP | - | 2.45 |
| Hidemi Yasuki | KMP | 2.32 | 2.45 |
| Hideharu Nagahisa | KMP | 2.32 | 2.45 |
| Director's Sitting fee | | | |
| N S Mohanram | KMP | 1.20 | 1.76 |
| Premchander | KMP | 2.60 | 2.60 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 43: Related party disclosures (Contd.)

| Nature of transactions/ Name of related party | Description of the relationship | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|-------------------------------------|-----------------------------|---|
| Indra Prem menon | KMP | 2.00 | 0.80 |
| Vidya Rangachar | KMP | 0.80 | 0.96 |
| R Srinivasan | KMP | 2.60 | 2.36 |
| Kenichi Takaku | KMP | 0.40 | 0.96 |
| Hideemi Yasuki | KMP | 0.80 | 0.96 |
| Hideharu Nagahisa | KMP | 0.80 | 0.96 |
| Payment towards expenses | | | |
| Vidya Rangachar | KMP | 1.80 | 1.80 |
| Yuken Kogyo Co Limited | Entity having significant influence | 2.36 | - |
| Grotek Enterprises Private Limited | Subsidiary | 20.12 | 15.66 |
| Kolben Hydraulics Ltd | Subsidiary | 6.74 | 5.92 |
| Contribution to post employment benefit plans | | | |
| Yuken India Employees Gratuity Trust | Post -employment benefit plan | 100.01 | 100.01 |
| Yuken India Employees Superannuation Fund | Post -employment benefit plan | 38.49 | 92.30 |

X Details of amounts outstandings from related parties as at 31 March 2023 and 31 March 2022 are as follows :

| Nature of transactions/ Name of related party | Description of the relationship | As on 31 March 2023 | As on 31 March 2022 (Restated) |
|---|--|------------------------|--------------------------------------|
| Advance towards purchase of goods and services | | | |
| Coretec Engineering India Private Limited | Subsidiary | 1,843.19 | 1,170.47 |
| Grotek Enterprises Private Limited | Subsidiary | 1,893.28 | 1,508.77 |
| Advance from customers | | | |
| Coretec Engineering India Private Limited | Subsidiary | 0.02 | - |
| Trade Receivables | | | |
| Coretec Engineering India Private Limited | Subsidiary | 0.24 | 97.94 |
| Yuken Kogyo Co Limited | Entity having significant influence | 0.82 | 21.94 |
| Yuken Hydraulics (T.W) Co Ltd | Entity controlled by significant shareholder | - | 2.40 |
| Yuken Europe Limited | Entity controlled by significant shareholder | 7.94 | 24.88 |
| Yuken Sea Co Limited | Entity controlled by significant shareholder | 11.54 | 0.12 |
| Grotek Enterprises Private Limited | Subsidiary | 14.91 | 20.57 |
| Sai India Limited | Associate | 24.65 | 46.16 |
| Kolben Hydraulics Ltd | Subsidiary | 652.84 | 587.82 |
| Al Khooor Pumps & Hydraulic Machines TR. (LLC) | Parties in which KMP or their relatives have significant influence | 176.89 | 171.12 |
| Rent Receivable | | | |
| Grotek Enterprises Private Limited | Subsidiary | 22.41 | 7.53 |
| Kolben Hydraulics Ltd | Subsidiary | - | 0.14 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 43: Related party disclosures (Contd.)

| Nature of transactions/ Name of related party | Description of the relationship | As on 31 March 2023 | As on 31 March 2022 (Restated) |
|--|--|------------------------|--------------------------------------|
| Loans or Advances receivable | | | |
| K. Gopalkrishna | KMP | 51.00 | 85.00 |
| Trade Payables | | | |
| Yuken Kogyo Co Limited | Entity having significant influence | 639.40 | 604.64 |
| Yuken Hydraulics (T.W) Co Ltd | Entity controlled by significant shareholder | 101.18 | 185.27 |
| Al Khooor Pumps & Hydraulic Machines TR. (LLC) | Parties in which KMP or their relatives have significant influence | 0.12 | 0.11 |
| Kolben Hydraulics Ltd | Subsidiary | 19.62 | 54.26 |
| Sai India Limited | Associate | - | 7.14 |
| Bourton Consulting (India) Private Limited | Associate | 1.29 | 1.06 |
| Yuken Korea Co Ltd | Entity controlled by significant shareholder | 0.55 | - |
| Coretec Engineering India Private Limited | Subsidiary | 102.83 | 102.83 |
| Grotek Enterprises Private Limited | Subsidiary | 14.92 | 9.51 |
| Capital Payables | | | |
| Coretec Engineering India Private Limited | Subsidiary | - | 8.18 |
| Grotek Enterprises Private Limited | Subsidiary | 1.68 | 6.91 |
| Remuneration payable | | | |
| C P Rangachar | KMP | 5.80 | 13.40 |
| H M Narasinga Rao | KMP | 21.65 | 21.19 |
| Yoshitake Tanaka | KMP | 4.15 | - |
| Vinayak Hegde | KMP | - | 0.61 |
| P Vignesh | KMP | 0.83 | - |
| K. Gopalkrishna | KMP | 23.53 | 21.29 |
| A. Venkatakrisnan | KMP | 12.71 | 8.21 |
| Guarantees outstanding | | | |
| Coretec Engineering India Private Limited | Subsidiary | 1,850.00 | 1,850.00 |
| Grotek Enterprises Private Limited | Subsidiary | 2,600.00 | 2,294.00 |

Note:

Related Party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 44: Ind AS 115 - Revenue from Contracts with Customers

i) Disaggregated revenue information

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition:

| | Timing of revenue recognition | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--------------------------------------|-------------------------------|-----------------------------|---|
| Sale of products | | | |
| Finished goods | At point in time | 31,514.44 | 28,438.50 |
| Sale of residential units | At point in time | 9,636.26 | - |
| Other operating revenue | | | |
| Training and other services rendered | Over a period of time | 83.14 | 62.12 |
| Duty drawback | At point in time | 10.45 | 9.07 |
| Sale of products comprises : | | | |
| Manufactured goods | | | |
| Hydraulic pumps, valves, etc | | 17,352.87 | 16,188.59 |
| Hydraulic systems | | 12,180.00 | 10,018.00 |
| | | 29,532.87 | 26,206.59 |
| Traded goods | | | |
| Other Items | | 1,981.57 | 2,231.91 |
| | | 1,981.57 | 2,231.91 |
| | | 31,514.44 | 28,438.50 |

ii) Contract balances

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|--|------------------------|--------------------------------------|
| Trade receivables | 10,350.74 | 10,391.70 |
| Contract liabilities – Revenue received in advance | 214.35 | 7,271.69 |

Trade Receivables- The credit period on sale of goods ranges from 45 to 120 days with or without security (dealer deposits).

Contract liabilities include advances received from customers. The outstanding balances of these accounts has increased primarily on account of satisfaction of performance obligation subsequent to year-end against which the advances were received.

Contract liabilities - Advance from customers include the advances received from customers on the booking of residential units.

iii) Performance obligation

Information about the Company's performance obligations are summarised below:

Sale of goods

The performance obligation is satisfied upon shipment of the goods and transfer of control. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price is allocated.

Sale of services

The performance obligation is satisfied over-time or point in time based on the nature of services and payment is generally due upon completion of services.

Sale of residential units

The performance obligation is satisfied at a point in time when the obligation of transferring the control of residential units is fulfilled.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 45: Segment information

The Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108- Operating Segments. The CODM evaluates the Company performance and allocates resources based on Single Segment - Hydraulics

Entity-wide disclosure as required by Ind AS 108 "Operating Segment" are as follows:

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|-----------------------------|---|
| Revenues from external customers for each product or each group of similar products | | |
| Sale of products | 31,514.44 | 28,438.50 |
| | 31,514.44 | 28,438.50 |
| Revenues from external customers attributed to the Company's country of domicile and attributed to all foreign countries from which the Company derives revenues | | |
| India | 31,175.60 | 28,111.21 |
| Outside India | 338.84 | 327.29 |
| | 31,514.44 | 28,438.50 |
| Non-current assets (other than financial assets and deferred tax assets) located in the Company's country of domicile and in all foreign countries in which the Company holds assets | | |
| India | 13,603.30 | 11,716.92 |
| Outside India | - | - |
| | 13,603.30 | 11,716.92 |

Details in respect of percentage of revenues generated from top customer and revenues from transactions with customers amounts to 10 percent or more of Company's revenues from product sale

No single customer contributes 10 percent or more of the Company's total revenue for the years ended 31 March 2023 and 31 March 2022.

Note 46: Leases

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2023 on an undiscounted basis:

| | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|---|------------------------|--------------------------------------|
| Within one year | 71.54 | 49.67 |
| After one year but not more than five years | 91.65 | 92.12 |
| | 163.19 | 141.79 |

Amount recognised in Statement of Profit and Loss

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|-----------------------------|---|
| Depreciation on right of use assets | 53.98 | 30.12 |
| Interest on lease liabilities | 11.77 | 6.76 |
| Expenses relating to short term leases | 190.48 | 166.78 |

Amount recognised in Statement of Cash Flow Statement

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|-----------------------------|---|
| Total cash outflow for leases - principal | 54.30 | 32.71 |
| Total cash outflow for leases - interest | 11.77 | 6.76 |

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 47: Ratio analysis

| Ratio | Numerator | Denominator | 31 March 2023 | 31 March 2022 (Restated) | % Change | Reason for variance |
|---------------------------------|---|---|---------------|--------------------------|----------|---|
| Current Ratio | Current Assets | Current Liabilities | 1.32 | 1.38 | -4% | NA |
| Debt-Equity Ratio | Total Debt | Shareholder's Equity | 0.49 | 0.45 | 9% | NA |
| Debt Service Coverage Ratio | Earning for Debt Service = Net Profit after taxes + Depreciation and other amortisations + Interest | Debt service = Interest & Lease Payments + Principal Repayments | 2.26 | 2.90 | -22% | NA |
| Return on Equity Ratio | Net Profits after taxes | Average Shareholder's Equity | 0.04 | 0.07 | -43% | The employee benefit expense, finance costs and depreciation have increased by a huge margin that has led to an overall reduction in Net Profits. |
| Inventory Turnover Ratio | Cost of Goods Sold | Average Inventory (excl. Residential units from JDA) | 3.16 | 3.32 | -5% | NA |
| Trade Receivable Turnover Ratio | Net credit sales = Gross credit sales - sales return | Average Trade Receivable | 3.04 | 2.96 | 3% | NA |
| Trade Payable Turnover Ratio | Net credit purchases = Gross credit purchases - purchase return | Average Trade Payables | 3.80 | 3.96 | -4% | NA |
| Net Capital Turnover Ratio | Net sales = Total sales - sales return | Working capital = Current assets - Current liabilities | 6.04 | 3.51 | 72% | Increase in operations during the year resulted in higher revenues, thereby resulting in higher Capital turnover. |
| Net Profit Ratio | Net Profits after taxes | Net sales = Total sales - sales return | 0.02 | 0.04 | -47% | The employee benefit expense, finance costs and depreciation have increased by a huge margin that has led to an overall reduction in Net Profits. |
| Return on Capital Employed | Earnings before interest and taxes | Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability | 0.05 | 0.07 | -26% | The employee benefit expense, finance costs and depreciation have increased by a huge margin that has led to an overall reduction in EBIT. |

Notes

- Reasons for variance has been provided for ratios that have a % change of more than 25%
- Net profits after taxes considered is after including other comprehensive income/loss
- Equity Share Capital and Other Equity has been used to derive Average Shareholder's Equity
- Average Shareholder's Equity, Average Inventory, Average Trade Receivable and Average Trade Payables for the year ended 31 March 2023 have been arrived at using the average values as at 31 March 2023 and 31 March 2022 and for 31 March 2022 have been arrived at using the restated average values as at 31 March 2022 and 31 March 2021.
- Ratios that are Nil or Not applicable have not been disclosed

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 48: Scheme of Amalgamation of Yuflow Engineering Private Limited with the Company

Pursuant to Scheme of Amalgamation (the "scheme") u/s 230 to 232 of the Companies Act 2013, duly approved by the Honourable National Company Law Tribunal, Bengaluru Bench via order dated 28 February 2023, erstwhile wholly owned subsidiary company, Yuflow Engineering Private limited ('the Transferor Company') has been merged with the Company. Accordingly all the assets, liabilities and reserves of Yuflow Engineering Private Limited were transferred to and vested in the Company on a going concern basis with effect from 01 April 2021 being appointed Date ("Appointed Date").

| Particulars | As on 01 April 2021 ₹ in lakhs |
|---|-----------------------------------|
| Assets:- | |
| (i) Property, Plant and Equipment | 70.25 |
| (ii) Intangible Assets | 0.01 |
| (iii) Inventories | 97.91 |
| (iv) Trade receivables | 11.37 |
| (v) Current tax assets | 0.02 |
| (vi) Cash and cash equivalents | 2.10 |
| (vii) other current assets & Advance to suppliers | 33.52 |
| Total Acquired Assets | 215.18 |
| Less: Liabilities | |
| Financial Liabilities | |
| (i) Trade payables | 170.59 |
| (ii) Other current liabilities | 556.68 |
| Total liabilities | 727.27 |
| Net Assets | (512.09) |
| Less: Other Equity | |
| General Reserves | -53.28 |
| Retained Earnings | 765.37 |
| | 712.09 |
| Purchase Consideration | - |
| Net Identifiable assets acquired | 200.00 |
| Carrying Value of investments | 264.60 |
| Loss on account of common control transaction | (64.60) |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 49: Corporate social responsibility ('CSR')

The Company has incurred CSR expenses mainly towards promoting education, healthcare, animal welfare, Rural development programmes, Water treatment, setting up old age homes and setting up homes for orphans which are specified in Schedule VII of the Companies Act, 2013.

| | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|-----------------------------|---|
| Gross amount required to be spent during the year | 17.12 | 17.65 |
| Amount spent during the year | 18.28 | 30.53 |
| In cash | | |
| i) Construction/acquisition of any asset | - | - |
| ii) On purposes other than (i) above | 18.28 | 30.53 |
| iii) Transferred to separate bank account | - | - |
| Yet to be paid in cash | | |
| i) Construction/acquisition of any asset | - | - |
| ii) On purposes other than (i) above | - | - |

a) Details of unspent CSR amounts:

| Opening Balance | Amount deposited in Specified Fund of Sch. VII within 6 months | Amount required to be spent during the year | Amount spent during the year | Closing Balance |
|-----------------|--|---|---------------------------------|-----------------|
| 6.40 | - | - | - | |

b) Details of excess CSR amounts spent:

| Opening Balance | Amount required to be spent during the year | Amount spent during the year | Closing Balance |
|-----------------|--|---------------------------------|-----------------|
| - | 17.12 | 18.28 | 1.16 |

Note 50: Other statutory information

- The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Company has reviewed transactions to identify if there are any transactions with struck off companies. To the extent information is available on struck off companies, there are no transactions with struck off companies.
- There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

5. The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.
6. The creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act, 2006") have been identified on the basis of information available with the Company.
7. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
8. The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.
9. No charges or satisfaction yet to be registered with ROC beyond the statutory period.
10. No proceeding have been initiated on or is pending against the Company for holding benami property under the Benami Transactions Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

Note 51: Previous period comparatives

Prior year amounts have been regrouped/reclassified wherever necessary, to conform to the current years' presentation. The impact of such reclassification/regrouping is not material to the financial statements.

As per our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay Vikram Singh

Partner

Membership No.: 059139

Place: Bengaluru

Date: 29 May 2023

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

Dr. Premchander

Director

DIN: 02278652

H M Narasinga Rao

Chief Financial Officer

R Srinivasan

Director

DIN: 00043658

Vignesh P

Company Secretary

ACS No : 67229

Place: Bengaluru

Date: 29 May 2023

C P Rangachar

Managing Director

DIN: 00310893

Independent Auditors' Report

To the Members of Yuken India Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Yuken India Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, and its associates, as at 31 March 2023, their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

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

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p>Revenue recognition</p> <p>We refer to the Holding Company's significant accounting policies in Note 2 and the revenue related disclosure in Note 24 and Note 45 of the consolidated financial statements.</p> <p>Ind AS 115, "Revenue from Contracts with Customers", requires management to make certain key judgements, such as, identification of distinct performance obligations in contracts with customers, determination of transaction price for the contract factoring in the consideration payable to customers (such as rebates and discounts) and selection of a method to allocate the transaction price to the performance obligations.</p> <p>Owing to the multiplicity of the Company's products, volume of sales transactions, size of distribution network and varied terms of contracts with customers and also, in line with the requirements of the Standards on Auditing, revenue has been determined as an area involving significant risk and hence we have assessed revenue recognition as a key audit matter.</p> | <p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> assessed the design and operating effectiveness of Holding Company's controls (including the automated controls) around revenue recognition (including rebates / discounts); assessed the appropriateness of Holding Company's identification of performance obligations in its contracts with customers, its determination of transaction price, including allocation thereof to performance obligations and accounting policies for revenue recognition in accordance with the accounting principles laid down in Ind AS 115; scrutinized sales ledgers to verify completeness of sales transactions; on a sample basis, tested the revenue recognised including testing of cut off assertion as at the year end. Our testing included tracing the information to agreements, price lists, invoices, proof of dispatches/deliveries (as the case may be), and approved incentives/ discounts schemes; tested the appropriateness of accruals for various rebates and discounts as at the year-end; assessed the revenue recognised with substantive analytical procedures including review of price, quantity and product mix variances and analysis of discounts at customer level; circularized the invoice confirmation for samples of customers and reviewing the reconciling items, if any; tested the related disclosures made in notes to the consolidated financial statements in respect of the revenue from operations. |

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

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates in accordance with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and

application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under Section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the consolidated financial statements of the entities or business activities within the Group, and its associates, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of consolidated financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of three subsidiaries, whose financial statements reflects total assets of ₹11,865.83 lakhs and net assets of ₹1,017.62 lakhs as at 31 March 2023, total revenues of ₹12,120.64 lakhs and net cash inflows amounting to ₹15.09 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹10.56 lakhs for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of three associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management

and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, and associates, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by Section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, and associates, we report that the Holding Company and 1 associate company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act. Further, we report that the provisions of Section 197 read with Schedule V to the Act are not applicable to 3 subsidiary companies, and 2 associate companies incorporated in India whose financial statements have been audited under the Act, since none of such companies is a public company as defined under Section 2(71) of the Act.
17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements for the year ended 31 March 2023 and covered under the Act we report that:

- A. Following are the qualifications the other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2023 for which such Order reports have been issued till date and made available to us:

| S No | Name | CIN | Holding Company / subsidiary / Associate / Joint Venture | Clause number of the CARO report which is qualified or adverse |
|------|-------------------|-----------------------|--|--|
| 1 | Sai India Limited | U29120KA1989FLC010358 | Associate | Clause ii (b) |

18. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
 - e) On the basis of the written representations received from the directors of the Holding Company, and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary companies and associate companies, covered under the Act, none of the directors of the Group companies, and its associate companies are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, and associate companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II' wherein we have expressed an unmodified opinion; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries and associates incorporated in India whose financial statements have been audited under the Act:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its associates as detailed in Note 36 to the consolidated financial statements;
 - ii. The Holding Company, its subsidiary companies, and associate companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023.;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate companies during the year ended 31 March 2023;
 - iv.
 - a. The respective managements of the Holding Company and its subsidiary companies, and associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, as disclosed in Note 51 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies and its associate companies to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary companies and its associate companies ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The respective managements of the Holding Company and its subsidiary companies and associate companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, and

- associates respectively that, to the best of their knowledge and belief, as disclosed in the Note 51 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary companies, its associate companies shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, and associates, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The final dividend paid by the Holding Company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 15 to the accompanying consolidated financial statements, the Board of Directors of the Holding Company have proposed final dividend for the year ended 31 March 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

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

Vijay Vikram Singh
Partner
Membership No.: 059139
UDIN: 23059139BGXSND2435

Bengaluru
29 May 2023

Annexure I

List of entities included in the Consolidated Financial Statements

| Sr. No. | Name of the Company | Relationship | Country of Incorporation |
|---------|---|--------------|--------------------------|
| 1 | Coretec Engineering India Private Limited | Subsidiary | India |
| 2 | Grotek Enterprises Private Limited | Subsidiary | India |
| 3 | Kolben Hydraulics Limited | Subsidiary | India |
| 4 | Bourton Consulting India Private Limited | Associate | India |
| 5 | Sai India Limited | Associate | India |
| 6 | AEPL Grotek Renewable Energy Private Limited (Associate of Grotek Enterprises Private Limited) | Associate | India |

Annexure II to the Independent Auditor's Report of even date to the members of Yuken India Limited on the consolidated financial statements for the year ended 31 March 2023

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

1. In conjunction with our audit of the consolidated financial statements of Yuken India Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, as at that date.

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

2. The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's

business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their

operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and its associate companies as aforesaid.

Meaning of Internal Financial Controls with Reference to consolidated Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to consolidated Financial Statements

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

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies and its associate companies, the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India..

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to three subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹11,865.83 lakhs and net assets of ₹1,017.62 lakhs as at 31 March 2023, total revenues of ₹12,120.64 lakhs and net cash inflows amounting to ₹15.09 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹10.56

lakhs for the year ended 31 March 2023, in respect of three associate companies, which are companies covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies and associate companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and its associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies and associate companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this

matter with respect to our reliance on the work done by and on the reports of the other auditors.

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

Vijay Vikram Singh
Partner
Membership No.: 059139
UDIN: 23059139BGXSND2435

Bengaluru
29 May 2023

BOARDS REPORT

CG REPORT

STANDALONE

CONSOLIDATED

Consolidated Balance Sheet as at 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | Note | As at 31 March 2023 | As at 31 March 2022 |
|--|------|---------------------|---------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 16,459.08 | 13,444.81 |
| Capital work-in-progress | 3A | 1,163.97 | 1,591.53 |
| Investment Property | 3B | 1,749.94 | - |
| Goodwill | 4 | 165.30 | 165.30 |
| Goodwill arising on consolidation | | 92.57 | 92.57 |
| Intangible assets | 4 | 345.38 | 419.24 |
| Right-of-use Assets | 5 | 142.46 | 120.73 |
| Financial assets | | | |
| (i) Investments | 6 | 800.06 | 510.80 |
| (ii) Loans | 7 | 33.54 | 41.26 |
| (iii) Other financial assets | 8 | 35.23 | 45.71 |
| Deferred tax asset | 39 | 294.19 | 243.40 |
| Other non-current assets | 9 | 606.55 | 805.11 |
| | | 21,888.27 | 17,480.46 |
| Current assets | | | |
| Inventories | 10 | 8,538.14 | 16,922.75 |
| Financial assets | | | |
| (i) Trade receivables | 11 | 11,476.53 | 11,840.09 |
| (ii) Cash and cash equivalents | 12 | 248.21 | 367.61 |
| (iii) Bank balances other than cash and cash equivalents | 13 | 76.77 | 92.77 |
| (iv) Loans | 7 | 44.72 | 42.15 |
| (v) Other financial assets | 8 | 200.65 | 273.80 |
| Current tax assets | 14 | 480.33 | 323.86 |
| Other current assets | 9 | 1,135.28 | 888.92 |
| | | 22,200.63 | 30,751.95 |
| TOTAL ASSETS | | 44,088.90 | 48,232.41 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity share capital | 15 | 1,200.00 | 1,200.00 |
| Other equity | 16 | 18,731.34 | 17,888.78 |
| | | 19,931.34 | 19,088.78 |
| Non-controlling interests | | 10.37 | 2.18 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 17 | 1,410.52 | 1,544.73 |
| (ii) Lease Liabilities | 18 | 81.91 | 72.73 |
| (iii) Other financial liabilities | 19 | 16.40 | 3.47 |
| Provisions | 20 | 265.29 | 266.90 |
| Deferred tax liabilities (net) | 39 | 916.29 | 522.85 |
| | | 2,690.41 | 2,410.68 |
| Current liabilities | | | |
| Financial liabilities | | | |
| (i) Borrowings | 17 | 10,363.52 | 9,512.12 |
| (ii) Lease Liabilities | 18 | 61.81 | 49.58 |
| (iii) Trade payables | 21 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 3,266.13 | 2,605.08 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 4,583.27 | 4,290.13 |
| (iv) Other financial liabilities | 19 | 1,269.09 | 1,406.26 |
| Provisions | 20 | 423.89 | 384.16 |
| Current tax liabilities | 23 | 81.86 | 23.47 |
| Other current liabilities | 22 | 1,407.21 | 8,459.97 |
| | | 21,456.78 | 26,730.77 |
| TOTAL EQUITY AND LIABILITIES | | 44,088.90 | 48,232.41 |

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

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

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

Vijay Vikram Singh
Partner
Membership No.: 059139
Place: Bengaluru
Date: 29 May 2023

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

Dr. Premchander
Director
DIN: 02278652
H M Narasinga Rao
Chief Financial Officer

R Srinivasan
Director
DIN: 00043658
Vignesh P
Company Secretary
ACS No : 67229
Place: Bengaluru
Date: 29 May 2023

C P Rangachar
Managing Director
DIN: 00310893

Consolidated Statement of Profit and Loss for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | Note | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|------|-----------------------------|-----------------------------|
| Income | | | |
| Revenue from operations | 24 | 37,244.10 | 33,111.94 |
| Other income | 25 | 359.46 | 416.82 |
| | | 37,603.56 | 33,528.76 |
| Expenses | | | |
| Cost of materials consumed | 26 | 17,235.94 | 14,746.81 |
| Purchases of stock-in-trade | 27 | 1,918.41 | 2,057.01 |
| Changes in stock of finished goods, work-in-progress and stock-in-trade | 28 | (623.86) | (605.02) |
| Employee benefits expense | 29 | 5,095.23 | 4,501.89 |
| Finance costs | 30 | 979.39 | 837.24 |
| Depreciation and amortisation expense | 31 | 1,258.29 | 1,046.07 |
| Other expenses | 32 | 10,376.63 | 9,016.82 |
| | | 36,240.03 | 31,600.82 |
| Net Profit before tax | | 1,363.53 | 1,927.94 |
| Exceptional Item | 33 | 238.57 | - |
| Profit before tax after exceptional items | | 1,602.10 | 1,927.94 |
| Tax expense: | | | |
| Current tax | | 216.22 | 496.78 |
| Tax for prior periods | | - | 24.87 |
| MAT credit entitlement of prior periods | | - | (2.96) |
| Deferred tax charge | | 431.34 | 95.18 |
| Total tax expense | | 647.56 | 613.87 |
| Profit after tax | | 954.54 | 1,314.07 |
| Share of profit of associates | | 10.56 | 62.30 |
| Profit for the year | | 965.10 | 1,376.37 |
| Profit attributable to owners of parent | | 956.91 | 1,370.79 |
| Profit attributable to non- controlling Interest | | 8.19 | 5.58 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit / (loss) | | | |
| Remeasurement loss on defined benefit plans | | 20.71 | 28.40 |
| Income tax effect | | (2.36) | (11.60) |
| Other comprehensive income for the year | | 18.35 | 16.80 |
| Total comprehensive income for the year | | 946.75 | 1,359.57 |
| Total comprehensive Income attributable to | | | |
| Owners of the parent: | | 938.56 | 1,353.99 |
| Non controlling interest | | 8.19 | 5.58 |
| Earnings per equity share: | | | |
| Basic and diluted | 34 | 7.97 | 11.42 |

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

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

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay Vikram Singh

Partner

Membership No.: 059139

Place: Bengaluru

Date: 29 May 2023

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

Dr. Premchander

Director

DIN: 02278652

H M Narasinga Rao

Chief Financial Officer

R Srinivasan

Director

DIN: 00043658

Vignesh P

Company Secretary

ACS No : 67229

Place: Bengaluru

Date: 29 May 2023

C P Rangachar

Managing Director

DIN: 00310893

Statement of Consolidated Cash Flows for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| A) Cash flow from operating activities | | |
| Profit before tax after exceptional items | 1,602.10 | 1,927.94 |
| Adjustments for: | | |
| Depreciation and amortisation | 1,204.31 | 1,015.95 |
| Depreciation on right-of-use assets | 53.98 | 30.12 |
| Loss on sale or on assets scrapped | 1.01 | 1.89 |
| Profit on sale of registered JDA units | (238.57) | - |
| Net unrealised exchange (gain)/loss | (27.09) | 7.48 |
| Provision for doubtful trade receivables | (100.00) | 50.26 |
| Bad debts written off | 14.02 | 19.45 |
| Interest expense | 979.39 | 707.21 |
| Interest income | (12.74) | (15.00) |
| Dividend income | - | (0.06) |
| Liabilities no longer required written back | (1.87) | (23.16) |
| Operating profit before working capital changes | 3,474.54 | 3,722.08 |
| Movements in working capital | | |
| Increase in inventories | (1,251.65) | (1,546.01) |
| Decrease / (Increase) in trade receivables | 465.45 | (2,664.59) |
| Decrease/ (Increase) in loans | 5.15 | (78.23) |
| Decrease in other financial assets | 111.65 | 4.18 |
| Increase in non-financial assets | (260.56) | (278.65) |
| Increase in trade payables | 960.10 | 752.86 |
| (Decrease) / Increase in other financial liabilities | (101.84) | 75.85 |
| Increase in provisions | 17.61 | 14.84 |
| Increase in non-financial liabilities | 55.30 | 758.82 |
| Cash generated from operations | 3,475.75 | 761.15 |
| Net income tax paid | (400.63) | (551.58) |
| Net cash generated from operating activities (A) | 3,075.12 | 209.57 |
| B) Cash flow from investing activities | | |
| Purchase of property, plant and equipment. | (4,017.06) | (3,654.66) |
| Proceeds from sale of property, plant and equipment | 14.63 | 67.00 |
| Bank balance not considered as cash and cash equivalents | 16.00 | (28.59) |
| Interest received | 13.75 | 10.26 |
| Investment in Associate | (278.70) | (1.30) |
| Advance received on account of joint development of property | 1,454.76 | 4,036.49 |
| Security Deposit recovery on account of joint development of property | - | (550.00) |
| Dividend received | - | 0.06 |
| Net cash used in investing activities (B) | (2,796.62) | (120.74) |

Statement of Consolidated Cash Flows for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| C) Cash flow from financing activities | | |
| Proceeds from long-term borrowings | 1,254.46 | 1,161.96 |
| Repayment of long-term borrowings | (1,328.11) | (1,230.98) |
| Net increase in working capital borrowings | 790.84 | 554.20 |
| Repayment of principal amount of Lease liability | (54.30) | (32.71) |
| Repayment of interest amount on Lease liability | (11.77) | (6.76) |
| Interest expense | (953.12) | (678.64) |
| Dividends and tax thereon paid | (95.90) | (72.16) |
| Net cash used in financing activities (C) | (397.90) | (305.09) |
| Net decrease in cash and cash equivalents (A + B + C) | (119.40) | (216.26) |
| Cash and cash equivalents at the beginning of the year | 367.61 | 584.61 |
| Effect of exchange differences on restatement of foreign currency Cash and cash equivalents | - | (0.74) |
| Cash and cash equivalents at the end of the year | 248.21 | 367.61 |
| Cash and cash equivalents at the end of the year as per Note 12 | 248.21 | 367.61 |

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

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

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay Vikram Singh

Partner

Membership No.: 059139

Place: Bengaluru

Date: 29 May 2023

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

Dr. Premchander

Director

DIN: 02278652

H M Narasinga Rao

Chief Financial Officer

R Srinivasan

Director

DIN: 00043658

Vignesh P

Company Secretary

ACS No : 67229

Place: Bengaluru

Date: 29 May 2023

C P Rangachar

Managing Director

DIN: 00310893

Consolidated Statement of Changes in Equity for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

A. Equity share capital

| | Equity shares | |
|--|-------------------|----------|
| | Number (in lakhs) | Amount |
| As at 01 April 2021 | 120.00 | 1,200.00 |
| Add: Issued and subscribed during the year | - | - |
| As at 31 March 2022 | 120.00 | 1,200.00 |
| Add: Issued and subscribed during the year | - | - |
| As at 31 March 2023 | 120.00 | 1,200.00 |

B. Other Equity

| | General reserve | Retained earnings | Capital reserve | Total |
|--|-----------------|-------------------|-----------------|-----------|
| Balance as at 01 April 2021 | 596.08 | 15,968.30 | 42.41 | 16,606.79 |
| Additions during the year | | | | |
| Profit for the year | - | 1,370.79 | - | 1,370.79 |
| Items of the other comprehensive income, net of tax | | | | |
| Remeasurement losses on defined benefit plans | - | (16.80) | - | (16.80) |
| Reductions during the year: | | | | |
| Dividends paid | - | (72.00) | - | (72.00) |
| Balance as at 31 March 2022 | 596.08 | 17,250.29 | 42.41 | 17,888.78 |
| Additions during the year | | | | |
| Profit for the year | - | 956.91 | - | 956.91 |
| Items of the other comprehensive income, net of tax | | | | |
| Remeasurement losses on defined benefit plans | - | (18.35) | - | (18.35) |
| Reductions during the year: | | | | |
| Dividend paid | - | (96.00) | - | (96.00) |
| Balance as at 31 March 2023 | 596.08 | 18,092.85 | 42.41 | 18,731.34 |

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

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

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay Vikram Singh

Partner

Membership No.: 059139

Place: Bengaluru

Date: 29 May 2023

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

Dr. Premchander

Director

DIN: 02278652

H M Narasinga Rao

Chief Financial Officer

R Srinivasan

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DIN: 00043658

Vignesh P

Company Secretary

ACS No : 67229

Place: Bengaluru

Date: 29 May 2023

C P Rangachar

Managing Director

DIN: 00310893

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 1

General Information

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

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as 'the Group') and associates listed below:

| Name of the entities | Country of incorporation | Ownership interest (%) | |
|--|--------------------------|------------------------|---------------------|
| | | As on 31 March 2023 | As on 31 March 2022 |
| Subsidiaries: | | | |
| Coretec Engineering India Private Limited | India | 100.00% | 100.00% |
| Grotek Enterprises Private Limited | India | 100.00% | 100.00% |
| Kolben Hydraulics Limited | India | 85.92% | 85.92% |
| Associates: | | | |
| Sai India Limited | India | 40.00% | 40.00% |
| AEPL Grotek Renewable Energy Private Limited | India | 26.02% | 0.12% |
| Bourton Consulting (India) Private Limited | India | 29.54% | 29.54% |

Note 2

Summary of significant accounting policies

(a) Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2023. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Associates

Investment in entities in which there exists significant influence but not a controlling interest are accounted for under the equity method i.e. the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition, as the case may

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

be, which will be inherent in investment. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the investee, adjusted where necessary to ensure consistency with the accounting policies of the Group. The consolidated statement of profit and loss includes the Group's share of the results of the operations of the investee. Dividends received or receivable from associate ventures are recognised as a reduction in the carrying amount of the investment. Unrealised gains on transactions between the Group and associates are eliminated to the extent of the Group's interest in these entities.

(b) Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Accounting Standards) Amendment Rules, 2016 and guidelines issued by the Securities and Exchange Board of India (SEBI). The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 29 May 2023.

(c) Basis of accounting and preparation

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in these financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to Ind AS.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

(d) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Classification of leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset taking in to account the location of the underlying asset and the availability of suitable alternatives.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Provision for warranty

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

Recoverability of advances / receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful lives of depreciable / amortisable assets

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(e) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has evaluated and considered its operating cycle as 12 months.

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

(f) Property, plant and equipment

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

The Group depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013:

| Asset Category | Useful lives (in years) |
|--|-------------------------|
| Buildings | 30-60 |
| Plant and machinery* | 3-15 |
| Furniture and fixtures | 10 |
| Vehicles | 8-10 |
| Office equipment and Electrical installations* | 5-21 |
| Computer equipment* | 3-6 |

The Group has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives. Schedule II requires the Group to identify and depreciate significant components with different useful lives separately.

*Based on an internal technical assessment, the management believes that the useful lives as given above represents the period over which management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

Capital work in progress represents projects under which the property, plant and equipment are not yet ready for their intended use and are carried at cost determined as aforesaid.

(g) Intangible assets

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

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

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate. The amortisation expense on intangible assets with finite life is recognised in the statement of profit and loss under the head Depreciation and amortization expense.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

The Group amortises intangible over their estimated useful lives using the straight-line method. The estimated useful lives of intangible assets are as follows:

| Asset Category | Useful lives (in years) |
|-----------------------|-------------------------|
| ERP software | 5 |
| Technical Fee | 5 |
| Intellectual Property | 5 |

(h) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

(i) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue from Contracts is measured at transaction price net of variable consideration. Transaction price are net of returns, trade allowances, rebates, other similar allowances, goods and services tax and amounts collected on behalf of third parties, if any.

Sale of goods

Revenue from the sale of goods is recognised at point in time when controls of promised goods are transferred to the customer (i.e. upon satisfaction of performance obligation), generally on dispatch of the goods.

Dividend income

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

Interest income

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

Rental income

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

Training and other service income

Revenue from training and other service income is recognised over the period when these services using an input method to measure the progress towards complete satisfaction of the training and other services because the customer simultaneously receives and consumes the benefits provided by the Company.

Duty drawback

Income from export incentives such as duty drawback is recognised on accrual basis when there is no significant uncertainty as to the amount of consideration that would be derived and as to its ultimate collections exists.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

(j) Sale of residential units under Joint Development Agreement

For projects executed through joint development arrangements, wherein the Company provides land and the Developer undertakes to develop properties on such land and in lieu of the Company providing land, the Developer has agreed to transfer certain percentage of constructed area or certain percentage of the revenue proceeds. For residential units sold under joint development agreements, the revenue from the sale of residential units is recognised at point in time when controls of promised goods are transferred to the customer (i.e. upon satisfaction of performance obligation), on execution of sale deed.

(k) Employee benefits

Employee benefits include provident fund, employee state insurance scheme, superannuation fund, gratuity and compensated absences. Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

Defined contribution plan

Retirement benefit in the form of provident fund and employee state insurance scheme is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund and employee state insurance scheme. The Group recognises contribution payable to the schemes as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plan

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Compensated absences

The Group provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting as well as non vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the projected unit credit method. The Group treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Group presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs.

Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Group transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

(l) Leases

The Group as a lessee

The Group's lease asset classes primarily consist of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(m) Foreign currency transactions

Functional and presentation currency

The functional currency of the Group is the Indian Rupee. These financial statements are presented in Indian Rupees (₹)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

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

(n) Borrowing costs

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

(o) Inventories

Inventories are valued at lower of costs or net realisable value.

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. Cost is computed on a weighted average basis. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

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

Proceeds in respect of sale of raw materials/stores are credited to the respective heads. Obsolete, defective and unserviceable inventory is duly provided for.

(p) Investments in associates

The Group's investment in equity instruments in associates are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

(q) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date."

While determining the tax provisions, the Group assesses whether each uncertain tax position is to be considered separately or together with one or more uncertain tax positions depending upon the nature and circumstances of each uncertain tax position.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(r) Provisions and contingencies

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

(s) Financial instruments

Financial assets

Initial recognition and measurement

The Group initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition.

Trade Receivables-

At initial recognition, trade receivables are measured at their transaction price (as defined in Ind AS 115) if the trade receivables do not contain a significant financing component in accordance with Ind AS 115 (or when the entity applies the practical expedient in accordance with Para 63 of Ind AS 115).

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk rather, it recognises impairment loss allowance based on lifetime expected credit loss ('ECL') at each reporting date, right from its initial recognition.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Expected lifetime losses to be recognised from initial recognition of the receivables. The Group 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.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost;
- ii. Debt instruments at fair value through other comprehensive income (FVTOCI);
- iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
- iv. Equity investments.

i. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

ii. Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit & loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of profit & loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

iv. Equity investments

All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 Business

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Combinations, applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 Financial Instruments and the amount recognised less cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(t) Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables

The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

(u) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

(v) Cash and cash equivalents

Cash and cash equivalent in the statement of financial position comprises cash at banks and on hand, demand deposits, short-term deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group is engaged in the business of manufacturing hydraulic pumps and power units and other business (foundry), which constitutes multiple reportable segment.

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

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

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

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

(x) Exceptional Items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as exceptional item and the same is disclosed in the profit or loss and in the notes forming part of financial statements.

(y) Earnings/ (Loss) per Share (EPS)

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

(z) Statement of Cash Flows

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

(aa) Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, the MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to IndAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 - Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

None of the amendments notified by MCA which are applicable from April 1, 2023 are expected to have any material impact on the financial statements of the Company.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 3: Property, plant and equipment

| | Freehold land | Buildings | Plant and machinery | Electrical installation | Furniture and fixtures | Office equipment | Jigs and fixtures | Motor vehicles | Total |
|---------------------------------|---------------|-----------|---------------------|-------------------------|------------------------|------------------|-------------------|----------------|-----------|
| Gross carrying amount | | | | | | | | | |
| Balance as at 01 April 2021 | 2,487.91 | 3,529.00 | 6,728.25 | 522.11 | 176.07 | 629.36 | 732.60 | 27.85 | 14,833.15 |
| Additions | - | 1,126.79 | 1,454.74 | 91.35 | 90.69 | 128.37 | 91.79 | 5.13 | 2,988.86 |
| Disposals | - | - | (191.97) | (2.64) | - | (8.50) | - | (0.53) | (203.64) |
| Balance as at 31 March 2022 | 2,487.91 | 4,655.79 | 7,991.02 | 610.82 | 266.76 | 749.23 | 824.39 | 32.45 | 17,618.37 |
| Additions | - | 1,492.61 | 2,161.93 | 8.43 | 177.85 | 106.17 | 155.64 | - | 4,102.63 |
| Disposals | - | - | (20.48) | - | - | (0.94) | - | - | (21.42) |
| Balance as at 31 March 2023 | 2,487.91 | 6,148.40 | 10,132.47 | 619.25 | 444.61 | 854.46 | 980.03 | 32.45 | 21,699.58 |
| Accumulated depreciation | | | | | | | | | |
| Balance as at 01 April 2021 | - | 862.00 | 1,876.36 | 126.59 | 57.96 | 280.02 | 200.74 | 16.79 | 3,420.46 |
| Depreciation for the year | - | 127.91 | 569.52 | 35.56 | 18.48 | 83.42 | 62.67 | 2.40 | 899.96 |
| Disposals | - | (0.79) | (104.72) | (34.64) | - | (6.50) | - | (0.21) | (146.86) |
| Balance as at 31 March 2022 | - | 989.12 | 2,341.16 | 127.51 | 76.44 | 356.94 | 263.41 | 18.98 | 4,173.56 |
| Depreciation for the year | - | 171.48 | 664.96 | 41.46 | 32.38 | 90.03 | 69.83 | 2.57 | 1,072.71 |
| Disposals | - | - | (5.38) | - | - | (0.40) | - | - | (5.78) |
| Balance as at 01 April 2023 | - | 1,160.60 | 3,000.74 | 168.97 | 108.82 | 446.57 | 333.24 | 21.55 | 5,240.49 |
| Net carrying amount | | | | | | | | | |
| Balance as at 01 April 2022 | 2,487.91 | 3,666.67 | 5,649.86 | 483.31 | 190.32 | 392.29 | 560.98 | 13.47 | 13,444.81 |
| Balance as at 01 April 2023 | 2,487.91 | 4,987.80 | 7,131.73 | 450.28 | 335.79 | 407.89 | 646.79 | 10.90 | 16,459.08 |

Note:

(a) **Contractual obligations**

Refer note 36

(b) **Capitalised borrowing cost**

The amount of borrowing costs capitalised during the year ended 31 March 2023 is ₹8.96 (31 March 2022: ₹38.54). The rate of capitalisation is 8.80%.

(c) **Property, plant and equipment pledged as security**

Details of properties pledged are as per Note 17.

(d) Title deeds of the various freehold lands held by the Company and its subsidiaries are in the name of the Company and its subsidiaries.

Note 3A: Capital work-in-progress

| | As at 31 31 March 2023 | As at 31 31 March 2022 |
|-----------------------------------|---------------------------|---------------------------|
| Opening balance | 1,591.53 | 1,255.90 |
| Add: Additions during the year | 5,519.11 | 3,324.49 |
| Less: Capitalised during the year | (5,946.67) | (2,988.86) |
| | 1,163.97 | 1,591.53 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 3A: Capital work-in-progress (Contd.)

Capital work-in-progress ageing schedule

| | Amount in Capital work in progress for a period of | | | | |
|----------------------------|--|---------------|---------------|-------------------|-----------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| As at 31 March 2023 | | | | | |
| Projects in progress | 456.25 | 527.35 | 151.82 | 28.55 | 1,163.97 |
| | 456.25 | 527.35 | 151.82 | 28.55 | 1,163.97 |
| As at 31 March 2022 | | | | | |
| Projects in progress | 1,262.72 | 83.00 | 234.87 | 10.94 | 1,591.53 |
| | 1,262.72 | 83.00 | 234.87 | 10.94 | 1,591.53 |

Note:

(A) There are no projects that are overdue its completion as on 31 March 2023 and 31 March 2022.

(B) There are no projects that have been suspended as on 31 March 2023 and 31 March 2022.

Note 3B: Investment Property

| | Freehold land | Total |
|------------------------------------|-----------------|-----------------|
| Gross carrying amount | | |
| Balance as at 01 April 2021 | - | - |
| Additions | - | - |
| Disposals | - | - |
| Balance as at 31 March 2022 | - | - |
| Additions | 1,751.45 | 1,751.45 |
| Disposals | - | - |
| Balance as at 31 March 2023 | 1,751.45 | 1,751.45 |
| Accumulated depreciation | | |
| Balance as at 01 April 2021 | - | - |
| Depreciation for the year | - | - |
| Disposals | - | - |
| Balance as at 31 March 2022 | - | - |
| Depreciation for the year | 1.51 | 1.51 |
| Disposals | - | - |
| Balance as at 31 March 2023 | 1.51 | 1.51 |
| Net carrying amount | | |
| Balance as at 31 March 2022 | - | - |
| Balance as at 31 March 2023 | 1,749.94 | 1,749.94 |

The fair value of apartments included in investment property is ₹1,553.44 lakhs (31 March 2022: Nil) as against the cost amounting to ₹1,282.36 lakhs, and the same has been determined by an external independent registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement for investment property has been categorised as Level 2 fair value based on the inputs to the valuation technique used. The valuation techniques used for determining the fair value of the property was based on the prevailing market price of similar property in the same locality. The above investment property includes an asset that has been sub-leased and rental income of ₹2.36 lakhs (31 March 2022: Nil) has been recognised in the Statement of Profit and Loss (rental income - Refer Note 25).

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 4: Intangible assets

| | ERP software | Technical fee | Intellectual property | Goodwill | Others | Total |
|---------------------------------|--------------|---------------|-----------------------|----------|--------|----------|
| Gross carrying amount | | | | | | |
| Balance as at 01 April 2021 | 240.24 | 4.06 | 409.51 | 165.30 | 49.09 | 868.20 |
| Additions | 68.62 | 25.00 | - | - | - | 93.62 |
| Disposals | (4.76) | - | - | - | - | (4.76) |
| Balance as at 31 March 2022 | 304.10 | 29.06 | 409.51 | 165.30 | 49.09 | 957.06 |
| Additions | 56.20 | - | - | - | - | 56.20 |
| Disposals | - | - | - | - | - | - |
| Balance as at 31 March 2023 | 360.30 | 29.06 | 409.51 | 165.30 | 49.09 | 1,013.26 |
| Accumulated amortisation | | | | | | |
| Balance as at 01 April 2021 | 164.48 | 4.05 | 64.07 | - | 24.15 | 256.75 |
| Amortisation for the year | 41.14 | 0.01 | 74.84 | - | - | 115.99 |
| Disposals | (0.21) | - | - | - | - | (0.21) |
| Balance as at 31 March 2022 | 205.41 | 4.06 | 138.91 | - | 24.15 | 372.53 |
| Amortisation for the year | 50.21 | 5.00 | 74.84 | - | - | 130.05 |
| Disposals | - | - | - | - | - | - |
| Balance as at 31 March 2023 | 255.62 | 9.06 | 213.75 | - | 24.15 | 502.58 |
| Net carrying amount | | | | | | |
| Balance as at 31 March 2022 | 98.69 | 25.00 | 270.60 | 165.30 | 24.94 | 584.54 |
| Balance as at 31 March 2023 | 104.68 | 20.00 | 195.76 | 165.30 | 24.94 | 510.68 |

Note 5: Right-of-use Assets

| | Servers | Laptops | Total |
|---------------------------------|---------|---------|--------|
| Gross carrying amount | | | |
| Balance as at 01 April 2021 | 86.84 | - | 86.84 |
| Additions | - | 97.31 | 97.31 |
| Disposals | - | - | - |
| Balance as at 31 March 2022 | 86.84 | 97.31 | 184.15 |
| Additions | - | 75.71 | 75.71 |
| Disposals | - | - | - |
| Balance as at 31 March 2023 | 86.84 | 173.02 | 259.86 |
| Accumulated Depreciation | | | |
| Balance as at 01 April 2021 | 33.30 | - | 33.30 |
| Depreciation for the year | 17.37 | 12.75 | 30.12 |
| Disposals | - | - | - |
| Balance as at 31 March 2022 | 50.67 | 12.75 | 63.42 |
| Depreciation for the year | 17.37 | 36.61 | 53.98 |
| Disposals | - | - | - |
| Balance as at 31 March 2022 | 68.04 | 49.36 | 117.40 |
| Net carrying amount | | | |
| Balance as at 31 March 2022 | 36.17 | 84.56 | 120.73 |
| Balance as at 31 March 2023 | 18.80 | 123.66 | 142.46 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 6: Investments

| | Face value | As at 31 March 2023 | | As at 31 March 2022 | |
|---|------------|------------------------|---------------|------------------------|---------------|
| | | No of Shares | Amount | No of Shares | Amount |
| Investment in associates accounted for using the equity method (Refer note 48) | | | | | |
| Sai India Limited | 10 | 3,60,000 | 525.65 | 3,60,000 | 505.65 |
| Bourton Consulting (India) Private Limited | 10 | 37,300 | 2.55 | 37,300 | 3.85 |
| AEPL Grotek Renewable Energy Private Limited | 10 | 13,000 | 271.86 | 13,000 | 1.30 |
| Extent of Investment in associates | | | | | |
| Sai India Limited | | | 40.00% | | 40.00% |
| Bourton Consulting (India) Private Limited | | | 29.54% | | 29.54% |
| AEPL Grotek Renewable Energy Private Limited | | | 26.00% | | 0.12% |
| Investments measured at fair value through OCI | | | | | |
| Hycom Engineering (India) Private Limited (Refer note (C)) | 10 | 9,41,330 | 94.13 | 9,41,330 | 94.13 |
| The Shamrao Vittal Co-operative Bank Limited (Refer note (C)) | 10 | 2,000 | 0.50 | 2,000 | 0.50 |
| Less : Provision for other than temporary diminution in value | | | (94.63) | | (94.63) |
| | | | 800.06 | | 510.80 |

Notes

- (A) Aggregate value of unquoted investments 894.69 605.43
- (B) Aggregate value of impairment recorded 94.63 94.63
- (C) The Group has made an irrevocable election to present in Other Comprehensive Income subsequent changes in the fair value of equity investments that are not held for trading.

Note 7: Loans

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Non-current | | |
| <i>(Unsecured, considered good)</i> | | |
| Loan to related parties (Refer note 45) | 33.24 | 40.96 |
| Loan to employees | 0.10 | 0.10 |
| Others | 0.20 | 0.20 |
| | 33.54 | 41.26 |
| Current | | |
| <i>(Unsecured, considered good)</i> | | |
| Loan to related parties (Refer note 45) | 27.04 | 33.36 |
| Loan to employees | 17.68 | 8.79 |
| | 44.72 | 42.15 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 8: Other financial assets

| | As at 31 March 2023 | As at 31 March 2022 |
|--------------------------------------|------------------------|------------------------|
| Non-current | | |
| Security deposits | 22.35 | 22.28 |
| Balance held as margin money account | 12.88 | 23.43 |
| | 35.23 | 45.71 |
| Current | | |
| Security deposits | 154.78 | 255.95 |
| Interest accrued on deposits | 16.84 | 17.85 |
| Other receivables | 29.03 | - |
| | 200.65 | 273.80 |

Note 9: Other assets

| | As at 31 March 2023 | As at 31 March 2022 |
|--------------------------------------|------------------------|------------------------|
| Non-current | | |
| Prepaid expenses | 25.82 | 8.91 |
| Deferred loan discounting | 4.76 | 7.04 |
| Capital advances | 525.97 | 739.16 |
| Other receivables | 50.00 | 50.00 |
| | 606.55 | 805.11 |
| Current | | |
| Prepaid expenses | 246.93 | 249.21 |
| Deferred loan discounting | 3.13 | 3.64 |
| Advance to suppliers | 741.80 | 479.32 |
| Duty drawback receivable | 8.13 | 5.58 |
| Balances with government authorities | 133.87 | 142.28 |
| Others | 1.42 | 8.89 |
| | 1,135.28 | 888.92 |

Note 10: Inventories

| | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| <i>(Lower of cost or net realisable value)</i> | | |
| Raw materials and components (includes goods in transit amounting to ₹15.93 (31 March 2022: ₹5.24) | 4,322.18 | 3,694.39 |
| Work-in-progress | 1,901.81 | 1,684.69 |
| Finished goods (other than those acquired for trading) | 1,883.95 | 1,566.86 |
| Stock-in-trade | 430.20 | 340.55 |
| Residential units from Joint development of property | - | 9,636.26 |
| | 8,538.14 | 16,922.75 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 11: Trade receivables

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| <i>(Unsecured)</i> | | |
| Considered good | 11,476.53 | 11,840.09 |
| Credit impaired | 201.28 | 301.28 |
| | 11,677.81 | 12,141.37 |
| Less: Allowances for doubtful trade receivables | 201.28 | 301.28 |
| | 11,476.53 | 11,840.09 |

Trade receivables ageing schedule:

| | Outstanding for following periods from due date of transaction | | | | | |
|--|--|----------------------|---------------|---------------|----------------------|------------------|
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| As at 31 March 2023 | | | | | | |
| Undisputed Trade receivables - considered good | 10,282.58 | 645.18 | 229.28 | 41.80 | 277.69 | 11,476.53 |
| Undisputed Trade Receivables - credit impaired | - | - | 20.78 | 52.13 | 128.37 | 201.28 |
| | 10,282.58 | 645.18 | 250.06 | 93.93 | 406.06 | 11,677.81 |
| As at 31 March 2022 | | | | | | |
| Undisputed Trade receivables - considered good | 10,762.67 | 303.75 | 329.96 | 280.93 | 162.78 | 11,840.09 |
| Undisputed Trade Receivables - credit impaired | - | - | 9.79 | 46.07 | 245.42 | 301.28 |
| | 10,762.67 | 303.75 | 339.75 | 327.00 | 408.20 | 12,141.37 |

Note 12: Cash and cash equivalents

| | As at 31 March 2023 | As at 31 March 2022 |
|------------------------|------------------------|------------------------|
| Cash on hand | 2.97 | 4.05 |
| Balances with banks | | |
| (i) In current account | 245.24 | 359.21 |
| (ii) In EEFC account | - | 4.35 |
| | 248.21 | 367.61 |

Note 13: Bank balances other than cash and cash equivalents

| | As at 31 March 2023 | As at 31 March 2022 |
|------------------------------------|------------------------|------------------------|
| In earmarked accounts | | |
| (i) Unpaid dividend accounts | 6.53 | 6.44 |
| (ii) Unspent CSR accounts | 6.39 | 6.39 |
| (iii) Balance held as margin money | 63.85 | 79.94 |
| | 76.77 | 92.77 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 14: Income tax assets (net)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Current | | |
| Advance income tax (net of provision for tax) | 480.33 | 323.86 |
| | 480.33 | 323.86 |

Note 15: Equity share capital

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | Number | Amount | Number | Amount |
| Authorised share capital | | | | |
| Equity shares of ₹10 each | 1,50,00,000 | 1,500.00 | 1,50,00,000 | 1,500.00 |
| | 1,50,00,000 | 1,500.00 | 1,50,00,000 | 1,500.00 |
| Issued, subscribed and fully paid up | | | | |
| Equity shares of ₹10 each | 1,20,00,000 | 1,200.00 | 1,20,00,000 | 1,200.00 |
| | 1,20,00,000 | 1,200.00 | 1,20,00,000 | 1,200.00 |
| (a) Reconciliation of the number of shares | | | | |
| Equity shares of ₹10 each, par value | | | | |
| Balance as at the beginning of the year | 1,20,00,000 | 1,200.00 | 1,20,00,000 | 1,200.00 |
| Add: Issued and subscribed during the year | - | - | - | - |
| Balance at the end of the year | 1,20,00,000 | 1,200.00 | 1,20,00,000 | 1,200.00 |

(b) Terms and rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of ₹10 per share. Each equity share is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting and shall be payable in Indian rupees. In the event of liquidation of the Holding Company, the shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---------------------|------------|---------------------|------------|
| | Number | Percentage | Number | Percentage |
| Equity shares of ₹10 each, par value | | | | |
| Yuken Kogyo Co. Limited | 48,00,000 | 40.00% | 48,00,000 | 40.00% |
| Benefic Investments & Finance Co. Private Limited | 13,91,808 | 11.60% | 13,91,808 | 11.60% |
| GKK Capital Markets Private Limited | 7,46,000 | 6.22% | 6,15,800 | 5.13% |

(d) During the year ended 31 March 2019, the Company had issued 9,000,000 fully paid equity shares of face value ₹10 each pursuant to a bonus issue approved by the shareholders through e-voting and physical ballot. The bonus shares were issued by capitalization of profits transferred from its reserves. In the period of five years immediately preceding the Balance Sheet date, the Company has not bought back any shares.

(e) The Board of Directors, in its meeting held on 29 May 2023, proposed a final dividend of ₹0.80 per equity share. The proposal is subject to the approval of shareholders at the upcoming Annual General Meeting and if approved would result in a cash outflow of ₹96.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

(f) Disclosure of Shareholding of Promoters

Equity shares of ₹10 each with voting rights:

| Promoter Name | No.of Shares | % Of total shares | % Change during the Year |
|--|------------------|-------------------|--------------------------|
| As at 31 March 2023: | | | |
| 1. Yuken Kogyo Co. Limited | 48,00,000 | 40.00% | - |
| 2. Benefic Investments & Finance Co. Private Limited | 13,91,808 | 11.60% | - |
| 3. C P Rangachar | 84,400 | 0.70% | - |
| 4. Vidya Rangachar | 16,000 | 0.13% | - |
| 5. Madhuri Rangachar | 8,000 | 0.07% | - |
| | 63,00,208 | 52.50% | - |
| As at 31 March 2022: | | | |
| 1. Yuken Kogyo Co. Limited | 48,00,000 | 40.00% | - |
| 2. Benefic Investments & Finance Co. Private Limited | 13,91,808 | 11.60% | - |
| 3. C P Rangachar | 84,400 | 0.70% | - |
| 4. Vidya Rangachar | 16,000 | 0.13% | - |
| 5. Madhuri Rangachar | 8,000 | 0.07% | - |
| | 63,00,208 | 52.50% | - |

Note 16: Other equity

| | As at 31 March 2023 | As at 31 March 2022 |
|-------------------|------------------------|------------------------|
| General reserve | 596.08 | 596.08 |
| Capital reserve | 42.41 | 42.41 |
| Retained earnings | 18,092.85 | 17,250.29 |
| | 18,731.34 | 17,888.78 |

General reserve:

General reserve represents appropriation of profits.

Retained earnings:

All the profits made or losses incurred by the Group are transferred to Retained earnings from the Statement of Profit and Loss.

Capital reserve:

Reserves transferred when the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds purchase consideration payable for such acquisition

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 17: Borrowings

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Non-current | | |
| <i>(Secured)</i> | | |
| Term loans from banks | 2,207.08 | 2,702.22 |
| | 2,207.08 | 2,702.22 |
| Less:- Current maturities of long-term borrowings | 796.56 | 1,157.49 |
| | 1,410.52 | 1,544.73 |
| Current | | |
| <i>(Secured)</i> | | |
| Loans repayable on demand from banks | 8,141.96 | 7,054.63 |
| <i>Current maturities of long-term debt</i> | 921.56 | 1,157.49 |
| <i>(Unsecured)</i> | | |
| Working capital demand loans from banks | 1,300.00 | 1,300.00 |
| | 10,363.52 | 9,512.12 |

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

(a) Secured borrowings

(i) Term loan from a bank (Refer notes below)

| | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Mizuho Bank Limited | | |
| Loan limit | 2,000.00 | 2,000.00 |
| Loan availed | 2,000.00 | 2,000.00 |
| Amount outstanding | 277.50 | 807.50 |
| Repayable in 15 quarterly instalments with 1 year moratorium | | |
| Interest rate - 9.05% (31 March 2022: 7.35%) | | |
| Mizuho Bank Limited | | |
| Loan limit | 2,500.00 | 2,500.00 |
| Loan availed | 1,974.62 | 985.90 |
| Amount outstanding | 1,557.18 | 985.90 |
| Repayable in 15 quarterly instalments with 1 year moratorium | | |
| Interest rate - 8.40% (31 March 2022: 6.95%) | | |
| HDFC Bank Limited (subsidiary) | | |
| Loan limit | 150.00 | 150.00 |
| Loan availed | - | 130.22 |
| Amount outstanding | - | - |
| Repayable in 4 years with 6 months moratorium | | |
| MCLR rates | | |
| Sumitomo Mitsui Banking Corporation (subsidiary) | | |
| Loan limit | 500.00 | 500.00 |
| Loan availed | 500.00 | 500.00 |
| Amount outstanding | 163.00 | 287.50 |
| Repayable in 16 quarterly instalments years with 1 year moratorium | | |
| MCLR rates | | |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Sumitomo Mitsui Banking Corporation (subsidiary) | | |
| Loan limit | 1,000.00 | 1,000.00 |
| Loan availed | 1,000.00 | 1,000.00 |
| Amount outstanding | 633.40 | 621.33 |
| Repayable in 16 quarterly instalments years with 1 year moratorium | | |
| MCLR rates | | |
| HDFC Bank Limited (subsidiary) | | |
| Loan limit | 600.00 | 600.00 |
| Loan availed | 600.00 | 600.00 |
| Amount outstanding | 116.80 | 327.35 |
| Repayable on demand | | |
| Interest rate - 9.90% (31 March 2022: 9.75%) | | |

Notes- Term Loans

(i) **Security Details for the term loan taken from Mizuho Bank Limited:**

- a. Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹4,500.

(ii) **Security Details for the term loans taken from HDFC Bank Limited (subsidiary):**

- a. Primary : First charge on fixed assets, stock and book debts of the company.
b. Secondary : Corporate guarantee given by Yuken India Limited and equitable mortgage of property at B59, Dyavasandra Industrial Estate Mahadevapura.

(iii) **Security Details for the term loans taken from Sumitomo Mitsui Banking Corporation (subsidiary):**

Letter of Guarantee from Yuken India Limited

(b) **Secured working capital loans from banks (Refer notes below)**

| | As at 31 March 2023 | As at 31 March 2022 |
|------------------------------------|------------------------|------------------------|
| Mizuho Bank Limited | | |
| Loan limit | 3,000.00 | 3,000.00 |
| Amount outstanding | 2,800.00 | 2,300.00 |
| Repayable on demand | | |
| Interest rate - MCLR rates | | |
| HDFC Bank Limited | | |
| Loan limit | 1,200.00 | 1,200.00 |
| Amount outstanding | - | - |
| Repayable on demand | | |
| Interest rate - MCLR rates +2.60% | | |
| SBI Bank | | |
| Loan limit | 150.00 | 150.00 |
| Amount outstanding | - | - |
| Repayable on demand | | |
| Interest rate - MCLR rates + 2.50% | | |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Sumitomo Mitsui Banking Corporation | | |
| Loan limit | 5,000.00 | 5,000.00 |
| Amount outstanding | 3,889.07 | 3,365.45 |
| Repayable on demand | | |
| Interest rate - MCLR rates | | |
| HDFC Bank Limited (subsidiary) | | |
| Loan limit | 600.00 | 600.00 |
| Amount outstanding | 116.80 | 327.35 |
| Repayable on demand | | |
| Interest rate - 9.90% | | |
| Sumitomo Mitsui Banking Corporation (subsidiary) | | |
| Loan limit | 500.00 | 500.00 |
| Amount outstanding | 500.00 | 299.70 |
| Repayable on demand | | |
| Interest rate - MCLR rates | | |
| HDFC Bank Limited (subsidiary) | | |
| Loan limit | 600.00 | 600.00 |
| Amount outstanding | 238.00 | 462.83 |
| Repayable on demand | | |
| Interest rate - MCLR rates | | |
| Sumitomo Mitsui Banking Corporation (subsidiary) | | |
| Loan limit | 600.00 | 600.00 |
| Amount outstanding | 300.00 | 300.00 |
| Repayable on demand | | |
| Interest rate - MCLR rates | | |

Details of security given

SBI Bank

- (i) **Primary security** : Hypothecation on stocks, receivables and other current assets-paripassu charge with HDFC Bank Limited
- (ii) **Collateral security details:**
 - (a) Equitable mortgage on freehold rights on land and building- Doddanekundi industrial area, Mahadevapura, Bengaluru.
 - (b) Equitable mortgage of freehold rights on factory land and building located in Peenya, Bengaluru.
 - (c) Hypothecation of unencumbered fixed assets of the Company

HDFC Bank Limited

- (i) First pari pasu charge on stocks, book debts and other current assets with SBI
- (ii) First charge by way of extension of mortgage of factory land and building located in Hedegabanahalli Village, Malur
- (iii) Exclusive charge by way of equitable mortgage on land and building located in Koppathimmanahalli Village, Malur
- (iv) First charge on all movable fixed assets of the company - first paripassu charge with SBI.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Mizuho Bank Limited

Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹3,000.

Sumitomo Mitsui Banking Corporation

(i) Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹5,000.

HDFC Bank Limited (subsidiary)

(i) Primary : First charge on fixed assets, stock and book debts of the company.

(ii) Primary : First charge on fixed assets, stock and book debts of the company.

HDFC Bank Limited (subsidiary)

(i) Primary : First charge on fixed assets, stock and book debts of the company.

(ii) Secondary : Corporate guarantee given by Yuken India Limited and equitable mortgage of property at B59, Dyavasandra Industrial Estate Mahadevapura.

Sumitomo Mitsui Banking Corporation (subsidiary)

(i) Letter of Guarantee from Yuken India Limited

Assets pledged as security

The carrying amounts of assets pledged as security for current and non current borrowings are:

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Term Loans and loans repayable on demand | | |
| Land and building (Net carrying value) | 6,631.19 | 5,534.70 |
| Stock | 7,976.24 | 6,862.06 |
| Trade receivables | 11,281.10 | 11,654.00 |
| Other current assets | 880.27 | 1,182.05 |
| Movable property, plant and equipment | 8,940.79 | 7,214.14 |

Note:

The Company and its subsidiaries have filed quarterly statements of inventory and trade receivables with banks from whom borrowings have been obtained by pledging these assets. The Company and its subsidiaries have carried out a reconciliation between these statements filed with the books of account which did not result in any material discrepancy.

Reconciliation of liabilities arising from Company's financing activities

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Opening balance | 11,056.85 | 10,571.67 |
| Net cash flow from loans availed/repaid during the year | 717.19 | 485.18 |
| Closing balance | 11,774.04 | 11,056.85 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 18: Lease liabilities

| | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Non-current | | |
| Lease liabilities (Refer note 46) | 81.91 | 72.73 |
| | 81.91 | 72.73 |
| Current | | |
| Lease liabilities (Refer note 46) | 61.81 | 49.58 |
| | 61.81 | 49.58 |
| Movement in lease liabilities | | |
| Balance at the beginning of the year | 122.31 | 57.71 |
| Lease liability recognised during the year | 75.71 | 97.31 |
| Finance cost incurred during the year | 11.77 | 6.76 |
| Payment of lease liabilities | (66.07) | (39.47) |
| Balance at the end of the year | 143.72 | 122.31 |

Note 19: Other financial liabilities

| | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Non-current | | |
| Uncharged guarantee commission Income | 13.93 | - |
| Others | 2.47 | 3.47 |
| | 16.40 | 3.47 |
| Current | | |
| Trade / security deposits received | 531.51 | 542.51 |
| Payable to employees | 540.51 | 407.13 |
| Interest accrued but not due on borrowings | 10.91 | 18.80 |
| Unpaid dividends | 6.54 | 6.44 |
| Capital creditors | 136.25 | 166.11 |
| Interest accrued on trade payables | 42.29 | 27.04 |
| Accrued liabilities | - | 235.48 |
| Commission payable on account of Joint development of property | - | 1.65 |
| Others | 1.08 | 1.10 |
| | 1,269.09 | 1,406.26 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 20: Provisions

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Non-current | | |
| Payable towards defined benefit obligations (Refer note 40) | 265.29 | 266.90 |
| | 265.29 | 266.90 |
| Current | | |
| Provision for compensated absences (Refer note 40) | 369.64 | 333.27 |
| Payable towards defined benefit obligations (Refer note 40) | 2.55 | 2.06 |
| Provision for superannuation (Refer note 40) | 51.70 | 48.83 |
| | 423.89 | 384.16 |

Note 21: Trade payables

| | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer note 37) | 3,266.13 | 2,605.08 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 4,583.27 | 4,290.13 |
| | 7,849.40 | 6,895.21 |

Trade payables ageing schedule

| | Outstanding for following periods from date of transaction | | | | | Total |
|----------------------------|---|---------------------|---------------|--------------|----------------------|-----------------|
| | Accrued Expenses | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at 31 March 2023 | | | | | | |
| Dues to MSME | - | 3,263.52 | 0.99 | 1.30 | 0.32 | 3,266.13 |
| Dues to Others | 450.73 | 4,052.18 | 43.77 | 14.66 | 21.93 | 4,583.27 |
| | 450.73 | 7,315.70 | 44.76 | 15.96 | 22.25 | 7,849.40 |
| As at 31 March 2022 | | | | | | |
| Dues to MSME | - | 2,504.12 | 10.77 | 8.69 | 81.50 | 2,605.08 |
| Dues to Others | - | 4,082.98 | 196.53 | 10.62 | - | 4,290.13 |
| | - | 6,587.10 | 207.30 | 19.31 | 81.50 | 6,895.21 |

Note 22: Other liabilities

| | As at 31 March 2023 | As at 31 March 2022 |
|-----------------------------|------------------------|------------------------|
| Current | | |
| Statutory dues | 354.30 | 246.02 |
| Revenue received in advance | 1,052.91 | 8,213.95 |
| | 1,407.21 | 8,459.97 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 23: Income tax liabilities

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Provision for tax (net of advance tax) | 81.86 | 23.47 |
| | 81.86 | 23.47 |

Note 24: Revenue from operations

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Revenue from sale of products (Refer note 44 and 45) | 37,116.51 | 33,012.83 |
| | 37,116.51 | 33,012.83 |
| Other operating revenues | | |
| Training and other services rendered | 117.14 | 90.04 |
| Duty drawback | 10.45 | 9.07 |
| | 127.59 | 99.11 |
| | 37,244.10 | 33,111.94 |

Note 25: Other income

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Interest income: | | |
| - on deposits with banks | 5.99 | 5.12 |
| - on overdue trade receivables | 90.49 | 51.00 |
| - on others | 6.75 | 9.88 |
| Dividend income | - | 0.06 |
| Liabilities/ provisions no longer required written back | 101.87 | 23.16 |
| Sale of scrap | 58.55 | 69.05 |
| Profit on sale of property, plant and equipment (net) | 12.04 | 32.81 |
| Miscellaneous income | 83.77 | 225.74 |
| | 359.46 | 416.82 |

Note 26: Cost of materials consumed

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---------------------|-----------------------------|-----------------------------|
| Opening stock | 3,694.39 | 2,754.96 |
| Add: Purchases | 17,863.73 | 15,686.24 |
| | 21,558.12 | 18,441.20 |
| Less: Closing stock | 4,322.18 | 3,694.39 |
| | 17,235.94 | 14,746.81 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 27: Purchases of stock-in-trade

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--------------------------|-----------------------------|-----------------------------|
| Purchase of traded goods | 1,918.41 | 2,057.01 |
| | 1,918.41 | 2,057.01 |

Note 28: Changes in inventories of finished goods, work-in-progress and stock-in-trade

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Inventories at the end of the year: | | |
| Finished goods | 1,883.95 | 1,566.86 |
| Work-in-progress | 1,901.81 | 1,684.69 |
| Stock-in-trade | 430.20 | 340.55 |
| | 4,215.96 | 3,592.10 |
| Inventories at the beginning of the year: | | |
| Finished goods | 1,566.86 | 1,339.90 |
| Work-in-progress | 1,684.69 | 1,351.22 |
| Stock-in-trade | 340.55 | 295.96 |
| | 3,592.10 | 2,987.08 |
| | (623.86) | (605.02) |

Note 29: Employee benefits expense

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Salaries and wages | 4,308.79 | 3,825.07 |
| Contribution to provident and other funds | 416.56 | 379.17 |
| Staff welfare expenses | 369.88 | 297.65 |
| | 5,095.23 | 4,501.89 |

Note 30: Finance costs

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Interest expenses on borrowings | 906.41 | 651.06 |
| Interest on dealers deposits and others | 72.98 | 170.92 |
| Interest on income tax | - | 15.26 |
| | 979.39 | 837.24 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 31: Depreciation and amortisation expense

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Depreciation on tangible assets (Refer note 3) | 1,072.75 | 899.96 |
| Depreciation on Investment property (Refer note 3) | 1.51 | - |
| Amortisation on intangible assets (Refer note 4) | 130.05 | 115.99 |
| Depreciation on right-of-use assets (Refer note 5) | 53.98 | 30.12 |
| | 1,258.29 | 1,046.07 |

Note 32: Other expenses

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Consumption of stores and spare parts | 334.87 | 293.16 |
| Tools consumed | 316.47 | 242.79 |
| Consumption of packing materials | 461.89 | 405.95 |
| Subcontracting | 2,442.60 | 2,329.21 |
| Contract Labour wages | 1,146.51 | 949.91 |
| Power and fuel | 1,408.60 | 1,233.99 |
| Rent including lease rentals | 234.88 | 199.27 |
| Repairs and maintenance - Buildings | 138.28 | 153.63 |
| Repairs and maintenance - Machinery | 635.80 | 530.21 |
| Repairs and maintenance - Others | 112.49 | 42.55 |
| Vehicle maintenance | 54.52 | 38.95 |
| Insurance | 86.97 | 63.59 |
| Rates and taxes | 35.97 | 55.51 |
| Travelling and conveyance | 794.01 | 528.76 |
| Freight and forwarding | 586.14 | 551.16 |
| Legal and professional charges | 516.23 | 419.90 |
| Remuneration to auditors (Refer note 35) | 44.41 | 35.29 |
| Bad debts written off | 14.02 | 19.45 |
| Loss on sale or scrapping of fixed assets | 1.01 | 1.89 |
| Net loss on foreign currency transactions and translations | 127.99 | 120.82 |
| Provision for doubtful trade receivables | - | 50.26 |
| Corporate social responsibility expenses (Refer note 50) | 18.28 | 30.53 |
| Miscellaneous expenses | 864.69 | 720.04 |
| | 10,376.63 | 9,016.82 |

Note 33: Exceptional items

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Revenue from sale of residential flats under Joint development of property | 9,636.26 | 3,910.62 |
| Less: Cost of sales | (9,397.69) | (3,910.62) |
| | 238.57 | - |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Sale of Company's share of residential units:

During the year, the Company fulfilled its performance obligation with respect to the sale of certain Company's share of residential units by registering the said units in the name of the unit owner due to which the control over these units were transferred to the unit owner. Accordingly the Company recorded the revenue from sale of such units in accordance with Ind AS 115. All the flats have been registered during the year and a gain to the extent of ₹238.57 has been recognized.

Note 34: Earnings per share

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Basic and diluted | | |
| Net profit for the year attributable to the equity shareholders | 956.91 | 1,370.79 |
| Weighted average number of equity shares | 1,20,00,000 | 1,20,00,000 |
| Par value per share | 10.00 | 10.00 |
| Earnings per share - Basic and diluted | 7.97 | 11.42 |

Note 35: Remuneration to auditors comprises (excluding applicable taxes):

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---------------------------|-----------------------------|-----------------------------|
| For statutory audit | 37.23 | 30.23 |
| For taxation matters | 2.35 | 2.33 |
| For other services | 2.71 | 2.58 |
| Reimbursement of expenses | 0.46 | 0.15 |
| | 42.75 | 35.29 |

Note 36: Contingencies and commitments

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Contingent liabilities | | |
| Claims against the Company not acknowledged as debts | | |
| Disputed income tax liabilities | | |
| (i) AY 2009-10 | 19.10 | 19.10 |
| (ii) AY 2011-12 | 4.37 | 4.37 |
| (iii) AY 2012-13 | 10.83 | 10.83 |
| (iv) AY 2014-15 | - | 16.26 |
| (v) Other years | - | 2.72 |
| | 34.30 | 53.28 |
| Subsidiary | | |
| Grotek Enterprises Private Limited | | |
| (i) AY 2008-09 | 0.01 | - |
| (ii) AY 2018-19 | 0.10 | - |
| (iv) AY 2019-20 | 0.07 | - |
| (v) AY 2020-21 | 0.07 | - |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| (vi) AY 2021-22 | 0.23 | - |
| (vi) AY 2022-23 | 22.71 | - |
| (vii) Other years | 1.36 | - |
| | 24.56 | - |
| Subsidiary | | |
| Coretec Engineering India Private Limited | | |
| (i) AY 2006-07 | 3.64 | - |
| (ii) AY 2008-09 | 5.68 | - |
| | 9.32 | - |

Others

The Hon'ble Supreme Court of India had passed a judgement relating to definition of wages under the Provident Fund Act, 1952 on 28 February 2019. However, considering that there are numerous interpretative issues related to the judgement and in the absence of reliable measurement of the provision for the earlier period, the Company had made provision for provident fund contribution from the date of order. The Company will evaluate its position and update provision, if required, after receiving further clarity in this regard.

Commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---------------------|-----------------------------|-----------------------------|
| Capital commitments | 85.73 | 476.31 |
| | 85.73 | 476.31 |

Note 37: Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2023 has been made in the financial statement based on information received and available with the Group. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Group has not received any claim for interest from any supplier as at the Balance Sheet date.

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Principal amount remaining unpaid to any supplier as at the end of the accounting year | 3,266.13 | 2,605.08 |
| Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 30.27 | 24.53 |
| The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | 3.97 | 5.64 |
| The amount of interest due and payable for the year | 22.07 | 17.12 |
| The amount of interest accrued and remaining unpaid at the end of the accounting year | 48.37 | 36.01 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 38: Capital management

For the purpose of the Group's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity shareholders of the Entity having significant influence. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade payables, less cash.

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Borrowings (Refer note 17) | 11,774.04 | 11,056.85 |
| Trade payables (Refer note 21) | 7,849.40 | 6,895.21 |
| Less: Cash and cash equivalents (Refer note 8) | (248.21) | (367.61) |
| Less: Bank balances other than cash and cash equivalents (Refer note 9) | (76.77) | (92.77) |
| Net debt | 19,298.46 | 17,491.68 |
| Equity | 1,200.00 | 1,200.00 |
| Other Equity | 18,731.34 | 17,888.78 |
| Capital and net debt | 39,229.80 | 36,580.46 |
| Gearing ratio | 49% | 48% |

Note 39: Income Tax

| | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| The major components of income tax expense are: | | |
| Current income tax: | | |
| Current tax | 216.22 | 496.78 |
| Tax reversal for prior periods | - | 24.87 |
| MAT credit entitlement of prior periods | - | (2.96) |
| | 216.22 | 518.69 |
| Deferred tax charge | | |
| Relating to the origination and reversal of temporary differences | 431.34 | 95.18 |
| Income tax expense reported in Statement of Profit and Loss | 647.56 | 613.87 |
| Deferred tax related to items recognised in OCI | | |
| Income tax relating to re-measurement gains on defined benefit plans | (2.36) | (11.60) |
| | (2.36) | (11.60) |
| | 645.20 | 602.27 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Reconciliation of deferred tax liabilities (net) | | |
| Opening balance | 522.85 | 395.87 |
| Tax expense/(credit) during the year recognised in Statement of Profit and Loss | 395.80 | 138.58 |
| Tax expense/(credit) during the year recognised in OCI | (2.36) | (11.60) |
| Closing balance | 916.29 | 522.85 |

| | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Reconciliation of deferred tax assets (net) | | |
| Opening balance | 243.40 | 218.71 |
| Additions during the year | 50.79 | 41.94 |
| Additions/(Deletions) pertaining to prior periods | - | 2.96 |
| Utilized during the year against tax payment | - | (20.21) |
| Closing balance | 294.19 | 243.40 |

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

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|-----------------------------|-----------------------------|
| Accounting profit before tax | 1,602.10 | 1,927.94 |
| Add/(less):- Intra group eliminations | (183.34) | 90.40 |
| Accounting profit | 1,418.76 | 2,018.34 |
| Add: (Profit) / Loss of subsidiaries considered separately | (408.08) | (127.94) |
| Accounting profit before tax | 1,010.68 | 1,890.40 |
| Tax on accounting profit at statutory income tax rate at 27.82% (31 March 2022: 29.12%) | 294.31 | 550.48 |
| Tax on subsidiary at lower rates | 113.53 | 36.17 |
| Reconciling items: | | |
| (Incomes)/Expenses disallowed under Income tax Act, 1961 | 139.76 | (17.36) |
| Deferred tax not created on unabsorbed losses | - | 8.29 |
| MAT credit entitlement of prior periods | - | (2.96) |
| Tax reversals of prior periods | - | 24.87 |
| Change in income tax rate | (19.19) | 14.38 |
| | 528.41 | 613.87 |
| Income tax expense reported in the Statement of Profit and Loss | 647.56 | 613.87 |

Details of items disclosed under deferred tax liabilities:

| | As at 31 March 2023 | As at 31 March 2022 |
|--------------------------------------|------------------------|------------------------|
| Deferred tax assets | 329.27 | 451.01 |
| Deferred tax liabilities | (1,245.56) | (973.86) |
| Deferred tax (liability), net | (916.29) | (522.85) |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Details of Items disclosed under deferred tax asset

| | As at 31 March 2023 | As at 31 March 2022 |
|--------------------------------|------------------------|------------------------|
| Deferred tax assets | 176.05 | 211.58 |
| MAT credit entitlement | 118.14 | 31.82 |
| Deferred tax asset, net | 294.19 | 243.40 |

Significant components of deferred tax asset / (liability) for the year ended 31 March 2023 are as follows :

| | Opening balance | Recognised in SPL | Recognised in OCI | MAT Credit claimed/ written off | Closing balance |
|---|--------------------|----------------------|----------------------|---------------------------------------|--------------------|
| (i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961. | (973.86) | (271.70) | - | - | (1,245.56) |
| (ii) Provision for doubtful receivables and advances | 87.88 | (31.74) | - | - | 56.14 |
| (iii) Re-measurement of defined benefit liability | 160.66 | (5.00) | 2.36 | - | 158.02 |
| (iv) Fair value measurement of financial asset/liability | 25.11 | - | - | - | 25.11 |
| (v) Lease liabilities net of lease assets | 1.15 | (0.11) | - | - | 1.04 |
| (vi) Brought forward business losses/Unabsorbed | 176.21 | (87.25) | - | - | 88.96 |
| Deferred tax liability, net | (522.85) | (395.80) | 2.36 | - | (916.29) |
| (i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961. | (121.51) | (27.65) | - | - | (149.16) |
| (ii) Re-measurement of defined benefit liability | 18.19 | (7.88) | - | - | 10.31 |
| (iii) MAT credit entitlement | 31.82 | 86.32 | - | - | 118.14 |
| (iv) Brought forward business losses/Unabsorbed depreciation carried forward | 314.90 | - | - | - | 314.90 |
| Deferred tax asset, net | 243.40 | 50.79 | - | - | 294.19 |

Significant components of deferred tax asset / (liability) for the year ended 31 March 2022 are as follows :

| | Opening balance | Recognised in SPL | Recognised in OCI | MAT Credit claimed/ written off | Closing balance |
|---|--------------------|----------------------|----------------------|---------------------------------------|--------------------|
| (i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961. | (799.26) | (174.60) | - | - | (973.86) |
| (ii) Provision for doubtful receivables and advances | 69.98 | 17.90 | - | - | 87.88 |
| (iii) Re-measurement of defined benefit liability | 130.76 | 18.30 | 11.60 | - | 160.66 |
| (iv) Fair value measurement of financial asset/liability | 23.97 | 1.14 | - | - | 25.11 |
| (v) Lease liabilities net of lease assets | 1.16 | (0.01) | - | - | 1.15 |
| (vi) Brought forward business losses | 177.52 | (1.31) | - | - | 176.21 |
| Deferred tax liability, net | (395.87) | (138.58) | 11.60 | - | (522.85) |
| (i) Difference between written down value of fixed assets as per books of accounts and Income Tax Act,1961. | (102.11) | (19.40) | - | - | (121.51) |
| (ii) Re-measurement of defined benefit liability | 13.34 | 4.85 | - | - | 18.19 |
| (iii) MAT credit entitlement | 49.07 | 2.96 | - | (20.21) | 31.82 |
| (iv) Brought forward business losses/Unabsorbed depreciation carried forward | 258.41 | 56.49 | - | - | 314.90 |
| Deferred tax asset, net | 218.71 | 44.90 | - | (20.21) | 243.40 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 40: Defined benefit obligations

The Group has provided for the gratuity liability and leave encashment (defined benefit plan), as per actuarial valuation carried out by an independent actuary on the balance sheet date.

A Defined benefit contributions

The Group makes contributions to statutory provident fund as per the Employees Provident Fund and Miscellaneous Provision Act, 1952 and superannuation fund which are defined contribution plans as per Ind AS 19, Employee benefits. The Group recognised ₹282.76 (31 March 2022: ₹236.37) for provident fund contributions and ₹53.26 (31 March 2022: ₹50.09) for superannuation fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

B Defined benefit plans

The Group has provided for gratuity and leave encashment liability, for its employees as per actuarial valuation carried out by an independent actuary on the balance sheet date. The valuation has been carried out using the Project Unit Credit Method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The gratuity plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Group is exposed to various risks in providing the above benefit which are as follows:

a Interest rate risk

The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in financial statements.

b Liquidity risk

This is the risk that the Group is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

c Salary escalation risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the rate of interest in future for employees from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

d Demographic risk

The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.

e Regulatory risk

Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts

f Asset liability mismatching or market risk

The duration of the liability is longer compared to duration of assets, exposing the Group to market risk for volatilities/fall in interest rate.

g Investment risk

The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

| | As at 31 March 2023 | As at 31 March 2022 |
|--|---------------------------------------|---------------------------------------|
| Current service cost | 58.16 | 64.94 |
| Interest cost | 45.20 | 35.75 |
| Expected return on plan assets | (26.17) | (18.68) |
| Components of defined benefit costs recognised in Consolidated Statement of Profit and Loss | 77.19 | 82.01 |
| Re-measurement on the net defined benefit liability | | |
| Actuarial gains and losses arising from change in financial , demographic and experience adjustments | 17.36 | 35.82 |
| Return on plan assets excluding amount recognised in net interest expense | 5.73 | 2.72 |
| Components of defined benefit costs recognised in Other Comprehensive Income | 23.09 | 38.54 |
| Actual contribution and benefit payments for year | | |
| Actual benefit payments | 69.70 | 38.38 |
| Actual contributions | 100.01 | 100.01 |
| Net asset / (liability) recognised in the Consolidated Balance Sheet | | |
| Present value of defined benefit obligations | (678.73) | (627.71) |
| Fair value of plan assets | 410.91 | 358.75 |
| Net asset / (liability) recognised in the Consolidated Balance Sheet | (267.82) | (268.96) |
| Change in defined benefit obligations (DBO) during the year | | |
| Present value of DBO at the beginning of the year | 627.71 | 529.58 |
| Current service cost | 58.15 | 64.94 |
| Interest cost | 45.20 | 35.75 |
| Actuarial (gains) / losses | 17.36 | 35.82 |
| Benefits paid | (69.70) | (38.38) |
| Present value of DBO at the end of the year | 678.72 | 627.71 |
| Change in fair value of assets during the year | | |
| Plan assets at the beginning of the year | 358.75 | 274.93 |
| Expected return on plan assets | 26.17 | 18.68 |
| Actual Group contributions | 100.01 | 100.01 |
| Actuarial gains / (loses) | (5.73) | (2.72) |
| Benefits paid | (68.29) | (32.15) |
| Plan assets at the end of the year | 410.91 | 358.75 |
| Actual return on plan assets | 20.44 | 15.96 |
| Composition of the plan assets is as follows: | | |
| Others- Insurer managed funds | 100% | 100% |
| Actuarial assumptions | | |
| Discount rate | 7.45% | 7.25-7.30% |
| Salary escalation | 2.00% for 1-2 years and 4% thereafter | 2.00% for 1-2 years and 4% thereafter |
| Attrition | | |
| - Below 44 years | 2.00% | 1-2% |
| - 44 years and above | 1.00% | 0.60-1.00% |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note:

- a The Group is estimated to contribute ₹200.09 (31 March 2022: ₹221.59) towards gratuity funds during the next year.
- b Details of fund assets which are managed by an insurance Group have not been disclosed since the details have not been provided by them.
- c The assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

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

| | As at 31 March 2023 | As at 31 March 2022 |
|---|------------------------|------------------------|
| Impact of change in the discount rate | | |
| Impact due to increase of 1% | (60.52) | (49.73) |
| Impact due to decrease of 1% | 54.77 | 57.76 |
| Impact of change in the salary growth rate | | |
| Impact due to increase of 1% | 55.74 | 58.04 |
| Impact due to decrease of 1% | (59.89) | (50.78) |
| Impact of change in the attrition rate | | |
| Impact due to increase of 50% | 12.35 | 10.38 |
| Impact due to decrease of 50% | (11.62) | (11.36) |
| Impact of change in the mortality rate | | |
| Impact due to increase of 10% | 0.58 | 0.48 |
| Impact due to decrease of 10% | (0.55) | (0.48) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior periods.

Effect of plan on entity's future cash flows

The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Group carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group. The weighted average duration of the plan is estimated to be 10 years. Following is a maturity profile of the defined benefit obligation:

Expected cash flows over the next: (valued on undiscounted basis)

| | As at 31 March 2023 | As at 31 March 2022 |
|--------------------|------------------------|------------------------|
| 1 year | 58.89 | 77.46 |
| 2 - 5 years | 275.03 | 225.63 |
| 6 - 10 years | 244.23 | 252.97 |
| More than 10 years | 924.67 | 824.57 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Compensated Absences

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---------------------------------------|---------------------------------------|
| Charge in the Consolidated Statement of Profit and Loss | 125.68 | 156.01 |
| Liability as at the year end | 369.64 | 333.27 |
| Actuarial assumptions | | |
| Discount rate | 7.45% | 7.25-7.30% |
| Salary escalation | 2.00% for 1-2 years and 4% thereafter | 2.00% for 1-2 years and 4% thereafter |
| Attrition | 1-2% | 1-2% |

The discount rate is based on the prevailing market yields of Government of India securities as at the consolidated balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Note 41: Segment information

The Managing Director of the Group has been identified as the Chief Operating Decision Maker(CODM) as defined by Ind AS 108- Operating Segments. The CODM evaluates the Group performance and allocates resources based on hydraulic business performance and other business performance. Accordingly the segment information has been presented.

The Group has identified business segments as its primary segment. India is the only major geographical segment, constituting over 95% of the Group's revenues for the reporting period. Hence geographical segment is not reported. Business segments are primarily hydraulic business segment and other business segment. Hydraulic business segment consists of hydraulic pumps, valves and hydraulic systems. Other business segment consists of cast iron castings. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

| | Year ended 31 March 2023 | | | | |
|--|--------------------------|-----------------|-------------------|-------------------|------------------|
| | Hydraulic business | Other business | Eliminations | Unallocated | Total |
| Revenue from sale of products | 36,081.47 | 7,439.15 | (4,344.19) | - | 39,176.43 |
| Operating income | 127.59 | - | - | - | 127.59 |
| Less: Inter segment revenue | (9.05) | (2,050.87) | - | - | (2,059.92) |
| | 36,200.01 | 5,388.28 | (4,344.19) | - | 37,244.10 |
| Segment result before interest, other income and taxes | 4,751.47 | 523.62 | (287.89) | (3,003.74) | 1,983.46 |
| Add:Other income | 408.75 | 50.62 | (208.92) | 109.01 | 359.46 |
| Less: Finance costs | - | - | - | (979.39) | (979.39) |
| Profit before taxes | 5,160.22 | 574.24 | (496.81) | (3,874.12) | 1,363.53 |
| Exceptional item | 238.57 | - | - | - | 238.57 |
| Profit/(loss) before tax after exceptional items | - | - | - | - | 1,602.10 |
| Taxes | - | - | - | - | 647.56 |
| Profit after taxes | - | - | - | - | 954.54 |
| Add:- Share of profit of associates | - | - | - | - | 10.56 |
| Add:- Other comprehensive Income | (13.83) | (0.62) | - | (6.26) | (20.71) |
| Taxes | - | - | - | - | (2.36) |
| Total Comprehensive Income | - | - | - | - | 946.75 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| | Year ended 31 March 2022 | | | | |
|--|--------------------------|-----------------|-------------------|-------------------|------------------|
| | Hydraulic business | Other business | Eliminations | Unallocated | Total |
| Revenue from sale of products | 32,239.73 | 6,519.42 | (3,575.18) | - | 35,183.97 |
| Operating income | 99.12 | - | - | - | 99.11 |
| Less: Inter segment revenue | (292.19) | (1,878.95) | - | - | (2,171.14) |
| | 32,046.66 | 4,640.47 | (3,575.18) | - | 33,111.94 |
| Segment result before interest, other income and taxes | 4,308.01 | 452.29 | (116.07) | (2,295.87) | 2,348.36 |
| Add: Other income | 308.76 | 33.59 | (162.20) | 236.67 | 416.82 |
| Less: Finance costs | - | - | - | (837.24) | (837.24) |
| Profit before taxes | 4,616.77 | 485.88 | (278.27) | (2,896.44) | 1,927.94 |
| Taxes | - | - | - | - | 613.87 |
| Profit after taxes | - | - | - | - | 1,314.07 |
| Add:- Share of profit of associates | - | - | - | - | 62.30 |
| Add:- Other comprehensive Income | (11.95) | (9.19) | - | (7.26) | (28.40) |
| Taxes | - | - | - | - | (11.60) |
| Total Comprehensive Income | - | - | - | - | 1,359.57 |

Note:

Assets and liabilities used in the Group's business are not identified to any of the operating segments, as they can be used interchangeably between segments.

Entity-wide disclosure as required by Ind AS 108 "Operating Segment" are as follows:

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Revenues from external customers for each product or each group of similar products | | |
| Sale of products | 37,116.51 | 33,012.83 |
| | 37,116.51 | 33,012.83 |
| Revenues from external customers attributed to the Group's country of domicile and attributed to all foreign countries from which the Group derives revenues | | |
| India | 36,252.39 | 32,299.74 |
| Outside India | 864.12 | 713.09 |
| | 37,116.51 | 33,012.83 |
| Non-current assets (other than financial instruments and deferred tax assets) located in the Group's country of domicile and in all foreign countries in which the Group holds assets | | |
| India | 18,740.28 | 16,426.00 |
| Outside India | - | - |
| | 18,740.28 | 16,426.00 |

Details in respect of percentage of revenues generated from top customer and revenues from transactions with customers amounts to 10 percent or more of Group's revenues from product sale

No single customer contributes 10 percent or more of the Group's total revenue for the years ended 31 March 2023 and 31 March 2022.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 42: Fair value measurements

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2023 were as follows:

| Particulars | Notes | Amortised cost | Financial assets/ liabilities at FVTPL | Financial assets/ liabilities at FVOCI |
|--|-------|------------------|--|--|
| Assets: | | | | |
| Investments | 6 | 800.06 | - | 0.00 |
| Loans | 7 | | | |
| Loan to employees | | 17.78 | - | - |
| Loan to related parties | | 60.28 | - | - |
| Others | | 0.20 | - | - |
| Cash and cash equivalents | 12 | 248.21 | - | - |
| Bank balances other than cash and cash equivalents | 13 | 76.77 | - | - |
| Other financial assets | 8 | | | |
| Balance held as margin money account | | 12.88 | - | - |
| Security deposits | | 177.13 | - | - |
| Interest accrued on deposits | | 16.84 | - | - |
| Trade receivables | 11 | 11,476.53 | - | - |
| Total | | 12,886.68 | - | 0.00 |
| Liabilities: | | | | |
| Borrowings | 17 | 11,774.04 | - | - |
| Trade payables | 21 | 7,849.40 | - | - |
| Lease Liabilities | 18 | 143.72 | - | - |
| Other financial liabilities | 19 | | | |
| Trade / security deposits received | | 531.51 | - | - |
| Payable to employees | | 540.51 | - | - |
| Interest accrued but not due on borrowings | | 10.91 | - | - |
| Unpaid dividends | | 6.54 | - | - |
| Payables on purchase of fixed assets | | 136.25 | - | - |
| Interest accrued on trade payables | | 42.29 | - | - |
| Others | | 3.55 | - | - |
| Total | | 21,038.72 | - | - |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

The carrying value and fair value of financial instruments by categories as of 31 March 2022 were as follows:

| Particulars | Notes | Amortised cost | Financial assets/ liabilities at FVTPL | Financial assets/ liabilities at FVOCI |
|---|-------|------------------|--|--|
| Assets: | | | | |
| Investments | 6 | 510.80 | - | 0.00 |
| Loans | 7 | | | |
| Loan to employees | | 8.89 | - | - |
| Loan to related parties | | 74.32 | - | - |
| Others | | 0.20 | - | - |
| Cash and cash equivalents | 12 | 367.61 | - | - |
| Bank balances other than cash and cash equivalents | 13 | 92.77 | - | - |
| Other financial assets | 8 | | | |
| Balance held as margin money account | | 23.43 | - | - |
| Security deposits | | 278.23 | - | - |
| Interest accrued on deposits | | 17.85 | - | - |
| Trade receivables | 11 | 11,840.09 | - | - |
| Total | | 13,214.19 | - | 0.00 |
| Liabilities: | | | | |
| Borrowings | 17 | 11,056.85 | - | - |
| Trade payables | 21 | 6,895.21 | - | - |
| Lease Liabilities | 18 | 122.31 | | |
| Other financial liabilities | 19 | | | |
| Security deposit received towards joint development of property | | - | - | - |
| Trade / security deposits received | | 542.51 | - | - |
| Payable to employees | | 407.13 | - | - |
| Interest accrued but not due on borrowings | | 18.80 | - | - |
| Unpaid dividends | | 6.44 | - | - |
| Payables on purchase of fixed assets | | 166.11 | - | - |
| Interest accrued on trade payables | | 27.04 | - | - |
| Commission payable on account of Joint development of property | | 1.65 | | |
| Accrued liabilities | | 235.48 | - | - |
| Others | | 4.57 | - | - |
| Total | | 19,484.10 | - | - |

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

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

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

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

(iii) Fair value hierarchy

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

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

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

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

a) Assets and liabilities measured at fair value - recurring fair value measurement

| As at 31 March 2023 | Notes | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|-------|---------|---------|---------|-------|
| Assets measured at fair value | | | | | |
| Non current investments | 6 | - | - | 0.00 | 0.00 |

| As at 31 March 2022 | Notes | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|-------|---------|---------|---------|-------|
| Assets measured at fair value | | | | | |
| Non current investments | 6 | - | - | 0.00 | 0.00 |

b) Description of valuation techniques used and key inputs valuation disclosures on investment properties *

| Investment Properties | Valuation technique | Rate / Sq.Ft | Hierarchy | Fair Value (in ₹) |
|-----------------------|----------------------|--------------|-----------|-------------------|
| Apartments | Estimated fair value | 7,600 | Level 2 | 1,553.44 |

* Refer note 3(B)

Note 43: Financial risk management

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

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

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

(A) Credit risk analysis

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

Assets under credit risk

| | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Investments | 800.06 | 510.80 |
| Loan to employees | 17.78 | 8.89 |
| Loan to related parties | 60.28 | 74.32 |
| Others | 0.20 | 0.20 |
| Cash and cash equivalents | 248.21 | 367.61 |
| Bank balances other than cash and cash equivalents | 76.77 | 92.77 |
| Balance held as margin money account | 12.88 | 23.43 |
| Security deposits | 177.13 | 278.23 |
| Interest accrued on deposits | 16.84 | 17.85 |
| Trade receivables | 11,476.53 | 11,840.09 |
| | 12,886.68 | 13,214.19 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

A1 Trade and other receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group's exposure to customers is diversified and no single customer contributes to more than 10 percent of outstanding trade receivables. On account of adoption of Ind AS 109, Financial Instruments, the Group uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors and Group's historical experience for customers.

| | As at 31 March 2023 | As at 31 March 2022 |
|----------------------------|------------------------|------------------------|
| Balance at the beginning | 301.28 | 252.70 |
| Impairment loss recognised | - | 50.26 |
| Impairment loss reversed | (100.00) | (1.68) |
| Balance at the end | 201.28 | 301.28 |

The Group measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

A2 Cash and cash equivalents

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due but not impaired

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

(B) Liquidity risk

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

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

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

Maturities of financial liabilities

| As at 31 March 2023 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|-----------------------------|------------------|-------------------|-------------------|------------------|
| Borrowings | 10,363.52 | 1,410.52 | - | 11,774.04 |
| Lease liabilities | 61.81 | 81.91 | - | 143.72 |
| Trade payables | 7,849.40 | - | - | 7,849.40 |
| Other financial liabilities | 1,269.09 | 16.40 | - | 1,285.49 |
| Total | 19,543.82 | 1,508.83 | - | 21,052.65 |

| As at 31 March 2022 | Less than 1 year | 1 year to 5 years | More than 5 years | Total |
|-----------------------------|------------------|-------------------|-------------------|------------------|
| Borrowings | 9,512.12 | 1,544.73 | - | 11,056.85 |
| Lease liabilities | 49.58 | 72.73 | - | 122.31 |
| Trade payables | 6,895.21 | - | - | 6,895.21 |
| Other financial liabilities | 1,406.26 | 3.47 | - | 1,409.73 |
| Total | 17,863.17 | 1,620.93 | - | 19,484.10 |

(C) Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign currency sensitivity

The Group operates internationally and a significant portion of the business is transacted in USD, JPY, GBP and EURO currencies and consequently the Group is exposed to foreign exchange risk through its sales and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. These include outstanding derivatives contracts entered into by the Group and unhedged foreign currency exposures.

| Included In | Currency | As at 31 March 2023 | | As at 31 March 2022 | |
|------------------------------|----------|----------------------------|-------------|----------------------------|-------------|
| | | Amount in foreign currency | Amount in ₹ | Amount in foreign currency | Amount in ₹ |
| Financial assets | | | | | |
| Trade receivables | USD | 3.88 | 319.36 | 2.84 | 214.34 |
| | JPY | - | - | 30.55 | 18.79 |
| | GBP | 0.08 | 7.94 | 0.25 | 24.85 |
| | EURO | 0.20 | 18.17 | 2.12 | 176.56 |
| EEFC balances | USD | - | - | 0.04 | 3.35 |
| Financial liabilities | | | | | |
| Trade payables | USD | 9.22 | 758.07 | 10.53 | 799.57 |
| | JPY | 35.00 | 22.03 | - | - |
| | EURO | 1.18 | 104.89 | 1.80 | 150.15 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Sensitivity

The following table details the Group's sensitivity to a 1% increase and decrease in the ₹ against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where ₹ strengthens 1% against the relevant currency. For a 1% weakening of ₹ against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

| | Increase 31 March 2023 | Decrease 31 March 2023 | Increase 31 March 2022 | Decrease 31 March 2022 |
|--------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Sensitivity | | | | |
| INR/USD | (4.39) | 4.39 | (5.82) | 5.82 |
| INR/EURO | (0.87) | 0.87 | 0.26 | (0.26) |
| INR/JPY | - | - | 0.19 | (0.19) |
| INR/GBP | 0.08 | (0.08) | 0.25 | (0.25) |

Interest rate risk

Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2023, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

| | As at 31 March 2023 | As at 31 March 2022 |
|-----------------------------------|------------------------|------------------------|
| Variable rate borrowing | 11,774.04 | 11,056.85 |
| Fixed rate borrowing | - | - |
| Total borrowings | 11,774.04 | 11,056.85 |
| Amount disclosed under borrowings | 11,774.04 | 11,056.85 |

Sensitivity

Below is the sensitivity of profit or loss in interest rates.

| | 31 March 2023 | 31 March 2022 |
|---|---------------|---------------|
| Interest sensitivity | | |
| Interest rates – increase by 100 basis points (100 bps) | 117.74 | 110.57 |
| Interest rates – decrease by 100 basis points (100 bps) | (117.74) | (110.57) |

Note 44: Ind AS 115 - Revenue from Contracts with Customers

i) Disaggregated revenue information

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition:

| | Timing of revenue recognition | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--------------------------------------|-------------------------------|-----------------------------|-----------------------------|
| Sale of products | | | |
| Finished goods | At point in time | 37,116.51 | 33,012.83 |
| Sale of residential units | At point in time | 9,636.26 | 3,910.62 |
| Other operating revenue | | | |
| Training and other services rendered | Over a period of time | 117.14 | 90.04 |
| Duty drawback | At point in time | 10.45 | 9.07 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 44: Ind AS 115 – Revenue from Contracts with Customers

ii) Contract balances

| | As at 31 March 2023 | As at 31 March 2022 |
|--|------------------------|------------------------|
| Trade receivables | 11,476.53 | 11,840.09 |
| Contract liabilities – Revenue received in advance | 1,052.91 | 8,213.95 |

Trade Receivables- The credit period on sale of goods ranges from 45 to 120 days with or without security (dealer deposits).

Contract liabilities include advances received from customers. The outstanding balances of these accounts has decreased primarily on account of satisfaction of performance obligation subsequent to year-end against which the advances were received during the year.

Contract liabilities - Advance from customers include the advances received from customers on the booking of residential units

iii) Performance obligation

Information about the Group's performance obligations are summarised below:

Sale of goods

The performance obligation is satisfied upon shipment of the goods and transfer of control. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price is allocated

Sale of services

The performance obligation is satisfied over-time or point in time based on the nature of services and payment is generally due upon completion of services.

Sale of residential units

The performance obligation is satisfied at a point in time when the obligation of transferring the control of residential units is fulfilled.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 45: Related party disclosures

| Nature of relationship | Name of related parties |
|--|---|
| I Associate companies | Sai India Limited Bourton Consulting (India) Private Limited AEPL Grotek Renewable Energy Private Limited |
| II Key Management Personnel (KMP) Managing Director Whole Time Director Chief Financial Officer Chief Executive Officer Company Secretary Company Secretary Executive Director Non Executive Directors: | C P Rangachar Yoshitake Tanaka (Appointed w.e.f 14.09.2022) H M Narasinga Rao A. Venkata Krishnan Vinayak Hegde (Resigned w.e.f 13.12.2022) P. Vignesh (Appointed w.e.f 20.02.2023) K. GopalKrishna N S Mohanram (Resigned w.e.f 02.09.2022) Premchander Indra Prem Menon R Srinivasan Kenichi Takaku (Resigned w.e.f 09.08.2022) Vidya Rangachar Hidemi Yasuki Hideharu Nagahisa |
| III Relatives of KMP | Madhuri Rangachar |
| IV Entity having significant influence | Yuken Kogyo Co Limited |
| V Entities controlled by significant shareholder | Yuken Hydraulics (T.W) Co Limited Yuken Europe Limited Yuken Korea Co Limited Yuken Kogyo (Shangai) Company Ltd. Yuken Taiwan Co. Ltd. Yuken Sea Co Limited |
| VI Parties in which key management personnel or their relatives have significant influence | Al Khor Pumps and Hydraulic Machines TR. (LLC) Benefic Investment and Finance Company (Private) Limited |
| VII Other related parties | Yuken India Employees Gratuity Trust Yuken India Employees Superannuation Fund |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

VIII Details of related parties transactions for the year ended 31 March 2023 and 31 March 2022 are as follows :

| Nature of transactions/ Name of related party | Description of the relationship | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|--|-----------------------------|---|
| Purchase of goods and services received | | | |
| Yuken Kogyo Co Limited | Entity having significant influence | 1,943.72 | 2,274.31 |
| Yuken Hydraulics (T.W) Co Limited | Entity controlled by significant shareholder | 782.27 | 734.24 |
| Sai India Limited | Associate | 7.03 | 7.14 |
| Bourton Consulting (India) Private Limited | Associate | 14.28 | 5.08 |
| Yuken Korea Co Ltd | Entity controlled by significant shareholder | 0.55 | - |
| Brand fees paid | | | |
| Yuken Kogyo Co Limited | Entity having significant influence | 117.53 | 103.63 |
| Sale of goods and services | | | |
| Yuken Kogyo Co Limited | Entity having significant influence | 9.16 | 29.18 |
| Yuken Hydraulics (T.W) Co Ltd | Entity controlled by significant shareholder | 2.44 | 8.68 |
| Yuken Europe Limited | Entity controlled by significant shareholder | 100.01 | 74.77 |
| Yuken Korea Co Ltd | Entity controlled by significant shareholder | - | - |
| Yuken Sea Co Limited | Entity controlled by significant shareholder | 22.56 | 0.11 |
| Yuken Kogyo (Shanghai) Company Ltd. | Entity controlled by significant shareholder | 21.81 | - |
| Sai India Limited | Associate | 4.38 | 29.84 |
| Al Khooor Pumps & Hydraulic Machines TR. (LLC) | Parties in which KMP or their relatives have significant influence | - | 8.76 |
| Dividend paid | | | |
| Yuken Kogyo Co Limited | Entity having significant influence | 30.41 | 28.80 |
| C P Rangachar | KMP | 0.61 | 0.51 |
| Vidya Rangachar | KMP | 0.12 | 0.10 |
| Madhuri Rangachar | Relative of KMP | 0.06 | 0.05 |
| Benefic Investment and Finance Company (Private) Limited | Parties in which KMP or their relatives have significant influence | 10.02 | 8.35 |
| Loans or Advances provided | | | |
| K. Gopalkrishna | KMP | - | 85.00 |
| Remuneration including commission | | | |
| C P Rangachar | KMP | 99.53 | 97.86 |
| H M Narasinga Rao | KMP | 62.18 | 58.21 |
| Vinayak Hegde | KMP | 10.01 | 10.43 |
| Vignesh P | KMP | 1.28 | - |
| K. GopalKrishna | KMP | 69.81 | 64.80 |
| A. Venkata Krishnan | KMP | 47.44 | 38.50 |
| Yoshitake Tanaka | KMP | 36.05 | - |
| N S Mohanram | KMP | - | 2.45 |
| Premchander | KMP | 2.32 | 2.45 |
| Indra Prem menon | KMP | 2.32 | 2.45 |
| Vidya Rangachar | KMP | 2.32 | 2.45 |
| R Srinivasan | KMP | 2.32 | 2.45 |
| Kenichi Takaku | KMP | - | 2.45 |
| Hidemi Yasuki | KMP | 2.32 | 2.45 |
| Hideharu Nagahisa | KMP | 2.32 | 2.45 |
| Director's Sitting fee | | | |
| N S Mohanram | KMP | 1.20 | 1.76 |
| Premchander | KMP | 2.60 | 2.60 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

| Nature of transactions/ Name of related party | Description of the relationship | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|--|-------------------------------------|-----------------------------|---|
| Indra Prem menon | KMP | 2.00 | 0.80 |
| Vidya Rangachar | KMP | 0.80 | 0.96 |
| R Srinivasan | KMP | 2.60 | 2.36 |
| Kenichi Takaku | KMP | 0.40 | 0.96 |
| Hidemi Yasuki | KMP | 0.80 | 0.96 |
| Hideharu Nagahisa | KMP | 0.80 | 0.96 |
| Payment towards expenses | | | |
| Vidya Rangachar | KMP | 1.80 | 1.80 |
| Reimbursement of expense(net) | | | |
| Yuken Kogyo Co Limited | Entity having significant influence | 2.36 | - |
| Contribution to post employment benefit plans | | | |
| Yuken India Employees Gratuity Trust | Post -employment benefit plan | 100.01 | 100.01 |
| Yuken India Employees Superannuation Fund | Post -employment benefit plan | 38.49 | 92.30 |

IX Details of amounts outstandings from related parties as at 31 March 2023 and 31 March 2022 are as follows :

| Nature of transactions/ Name of related party | Description of the relationship | As at 31 March 2023 | As at 31 March 2022 (Restated) |
|---|--|------------------------|--------------------------------------|
| Trade Receivables | | | |
| Yuken Kogyo Co Limited | Entity having significant influence | 0.82 | 21.94 |
| Yuken Hydraulics (T.W) Co Ltd | Entity controlled by significant shareholder | - | 2.40 |
| Yuken Europe Limited | Entity controlled by significant shareholder | 7.94 | 24.88 |
| Yuken Sea Co Limited | Entity controlled by significant shareholder | 11.54 | 0.12 |
| Sai India Limited | Associate | 24.65 | 46.16 |
| Al Khor Pumps & Hydraulic Machines TR. (LLC) | Parties in which KMP or their relatives have significant influence | 176.89 | 171.12 |
| Loans or Advances receivable | | | |
| K. Gopalkrishna | KMP | 51.00 | 85.00 |
| Trade Payables | | | |
| Yuken Kogyo Co Limited | Entity having significant influence | 639.40 | 604.64 |
| Yuken Hydraulics (T.W) Co Ltd | Entity controlled by significant shareholder | 101.18 | 185.27 |
| Al Khor Pumps & Hydraulic Machines TR. (LLC) | Parties in which KMP or their relatives have significant influence | 0.12 | 0.11 |
| Sai India Limited | Associate | - | 7.14 |
| Bourton Consulting (India) Private Limited | Associate | 1.29 | 1.06 |
| Yuken Korea Co Ltd | Entity controlled by significant shareholder | 0.55 | - |
| Remuneration payable | | | |
| C P Rangachar | KMP | 5.80 | 13.40 |
| H M Narasinga Rao | KMP | 21.65 | 21.19 |
| Yoshitake Tanaka | KMP | 4.15 | - |
| Vinayak Hegde | KMP | - | 0.61 |
| P Vignesh | KMP | 0.83 | - |
| K. Gopalkrishna | KMP | 23.53 | 21.29 |
| A. Venkatakrishnan | KMP | 12.71 | 8.21 |

Note

Related Party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 46: Leases

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2023 and its comparatives on an undiscounted basis:

| | As at 31 March 2023 | As at 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Within one year | 71.54 | 49.67 |
| After one year but not more than five years | 91.65 | 92.12 |
| | 163.19 | 141.80 |
| | Year ended 31 March 2023 | Year ended 31 March 2022 |
| Amount recognised in Statement of Profit and Loss | | |
| Depreciation on right of use assets | 53.98 | 30.12 |
| Interest on lease liabilities | 11.77 | 6.76 |
| Expenses relating to short term leases | 234.88 | 199.27 |
| Amount recognised in Statement of Cash Flow | | |
| Total cash outflow for leases - principal | 54.30 | 32.71 |
| Total cash outflow for leases - interest | 11.77 | 6.76 |

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Note 47: Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 (net of eliminations)

| Name of the entity | Net assets, i.e., total assets minus total liabilities | | Share of profit/ (loss) | | Share of OCI | | Share of total profit/(loss) for the year | |
|---|--|------------------|----------------------------|---------------|--------------|----------------|---|---------------|
| | % | Amount | % | Amount | % | Amount | % | Amount |
| Yuken India Limited | 75% | 15,014.88 | 552% | 5,326.73 | 101% | (18.47) | 561% | 5,308.26 |
| Subsidiaries | | | | | | | | |
| Coretec Engineering India Private Limited, India | 7% | 1,471.42 | -350% | (3,374.73) | -3% | 0.55 | -356% | (3,374.18) |
| Grotek Enterprises Private Limited, India | 15% | 2,936.65 | -158% | (1,523.20) | 2% | (0.43) | -161% | (1,523.63) |
| Kolben Hydraulics Limited, India | 3% | 508.58 | 54% | 525.73 | 0% | - | 56% | 525.73 |
| Associates (Investment as per the equity method) | | | | | | | | |
| Sai India Limited, India | - | - | 2% | 17.18 | - | - | 2% | 17.18 |
| Bourton Consulting (India) Private Limited, India | - | - | 0% | 1.52 | - | - | 0% | 1.52 |
| AEPL Grotek Renewable Energy Private Limited , India | - | - | -1% | (8.14) | - | - | -1% | (8.14) |
| Total | 100% | 19,931.53 | 100% | 965.09 | 100% | (18.35) | 100% | 946.74 |

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 48: The group also has interests in a number of individually immaterial associates that are accounted for using the equity method.:

| Name of the Company | Original Cost of Investment | Goodwill/ (Capital Reserve) | Accumulated Profit/ (Loss) as at 31 March 2023 | Carrying amount of Investment at 31 March 2023 |
|--|-----------------------------|-----------------------------|--|--|
| Sai India Limited | 20.00 | (20.60) | 505.65 | 525.65 |
| Bourton Consulting (India) Private Limited | 3.73 | - | (1.18) | 2.55 |
| Total | 23.73 | (20.60) | 504.47 | 528.20 |

Note 49: Ratio analysis

| Ratio | Numerator | Denominator | 31 March 2023 | 31 March 2022 | % Change | Reason for variance |
|---------------------------------|---|---|---------------|---------------|----------|---|
| Current Ratio | Current Assets | Current Liabilities | 1.03 | 1.15 | -10% | NA |
| Debt-Equity Ratio | Total Debt | Shareholder's Equity | 0.59 | 0.58 | 2% | NA |
| Debt Service Coverage Ratio | Earning for Debt Service = Net Profit after taxes + Depreciation and other amortizations + Interest | Debt service = Interest & Lease Payments + Principal Repayments | 2.29 | 2.52 | -9% | NA |
| Return on Equity ratio | Net Profits after taxes | Average Shareholder's Equity | 0.05 | 0.07 | -34% | The operating expenses, finance costs and depreciation have increased by a huge margin that has led to an overall reduction in Net Profits. |
| Inventory Turnover Ratio | Cost of Goods Sold | Average Inventory (excl. Residential units from JDA) | 0.59 | 0.62 | -6% | NA |
| Trade Receivable Turnover Ratio | Net credit sales = Gross credit sales - sales return | Average Trade Receivable | 3.18 | 3.13 | 2% | NA |
| Trade Payable Turnover Ratio | Net credit purchases = Gross credit purchases - purchase return | Average Trade Payables | 2.68 | 2.72 | -1% | NA |
| Net Capital Turnover Ratio | Net sales = Total sales - sales return | Working capital = Current assets - Current liabilities | 49.90 | 8.21 | 508% | Increase in operations during the year resulted in higher revenues, thereby resulting in higher Capital turnover. |
| Net Profit Ratio | Net Profits after taxes | Net sales = Total sales - sales return | 0.03 | 0.04 | -38% | The operating expenses, finance costs and depreciation have increased by a huge margin that has led to an overall reduction in Net Profits. |
| Return on Capital Employed | Earnings before interest and taxes | Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability | 0.07 | 0.09 | -20% | NA |

Notes

- Reasons for variance has been provided for ratios that have a % change of more than 25%
- Net profits after taxes considered is after including other comprehensive income/loss
- Equity Share Capital and Other Equity has been used to derive Average Shareholder's Equity
- Average Shareholder's Equity, Average Inventory, Average Trade Receivable and Average Trade Payables for the year ended 31 March 2023 have been arrived at using the average values as at 31 March 2023 and 31 March 2022 and for 31 March 2022 have been arrived at using the average values as at 31 March 2022 and 31 March 2021.
- Ratios that are Nil or Not applicable to the Group have not been disclosed

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

Note 50: Corporate social responsibility ('CSR')

The Company has incurred CSR expenses mainly towards promoting education, healthcare, animal welfare, Rural development programmes, Water treatment, setting up old age homes and setting up homes for orphans which are specified in Schedule VII of the Companies Act, 2013.

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|--|-----------------------------|-----------------------------|
| Gross amount required to be spent during the year | 17.12 | 17.65 |
| Amount spent during the year | 18.28 | 30.53 |
| In cash | | |
| i) Construction/acquisition of any asset | - | - |
| ii) On purposes other than (i) above | 18.28 | 30.53 |
| iii) Transferred to separate bank account | - | - |
| Yet to be paid in cash | | |
| i) Construction/acquisition of any asset | - | - |
| ii) On purposes other than (i) above | - | - |

a) Details of unspent CSR amounts:

| Opening Balance | Amount deposited in Specified Fund of Sch. VII within 6 months | Amount required to be spent during the year | Amount spent during the year | Closing Balance |
|-----------------|--|--|---------------------------------|-----------------|
| 6.40 | - | - | - | 6.40 |

b) Details of excess CSR amounts spent:

| Opening Balance | Amount required to be spent during the year | Amount spent during the year | Closing Balance |
|-----------------|--|------------------------------|-----------------|
| - | 17.12 | 18.28 | 1.16 |

Note 51 Other statutory information

- The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Group has reviewed transactions to identify if there are any transactions with struck off companies. To the extent information is available on struck off companies, there are no transactions with struck off companies.
- There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2023

All amounts are in ₹ lakhs, unless otherwise stated

5. The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.
6. The creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act, 2006") have been identified on the basis of information available with the Company.
7. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
8. The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.
9. No charges or satisfaction yet to be registered with ROC beyond the statutory period.
10. No proceeding have been initiated on or is pending against the Company for holding benami property under the Benami Transactions Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

Note 52: Previous period comparatives

Prior year amounts have been regrouped/reclassified wherever necessary, to conform to the current years' presentation. The impact of such reclassification/regrouping is not material to the financial statements.

As per our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay Vikram Singh

Partner

Membership No.: 059139

Place: Bengaluru

Date: 29 May 2023

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

Dr. Premchander

Director

DIN: 02278652

H M Narasinga Rao

Chief Financial Officer

R Srinivasan

Director

DIN: 00043658

Vignesh P

Company Secretary

ACS No : 67229

Place: Bengaluru

Date: 29 May 2023

C P Rangachar

Managing Director

DIN: 00310893

YUKEN INDIA LIMITED

CIN: L29150KA1976PLC003017

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

E mail Id: vignesh.p@yukenindia.com. Contact No.+91 97316 10341

Website: www.yukenindia.com.

E COMMUNICATION REGISTRATION FORM

To

KFIN TECHNOLOGIES LIMITED

UNIT: YUKEN INDIA LIMITED

Karvy Selenium Tower B, Plot 31-32,

Gachibowli, Financial District.

Nanakramguda, Hyderabad - 500 032

GREEN INITIATIVE IN CORPORATE GOVERNANCE

I/we hereby exercise my/our option to receive all communications from the Company such as Notice of General Meeting, Explanatory Statement, Audited Financial Statements, Board's Report, Auditor's Report etc. In electronic mode pursuant to the 'Green Initiative in Corporate Governance' taken by the Ministry of Corporate Affairs. Please register my E-Mail id as given below, in your records, for sending the communications and you can also register your details in below mentioned link:

<https://forms.office.com/Pages/ResponsePage.aspx?id=50YGarI49U-14qW1r929neOqM593jO9MhQvF7NJUcxUOVhES0xlUFdIMEhXQTVVTTTFZRMVCT09VTC4u>

| | |
|--|--|
| Folio No./ DP Id & Client Id No. | |
| Name of 1st Registered Holder | |
| Name of Joint Holder(s), If Any | |
| Registered Address of the Sole/ 1st Registered Holder | |
| No. of Shares Held | |
| E-Mail Id (to be registered) | |

Date:

Signature.....

NOTE:

1. On registration, all communications will be sent to the E-Mail Id registered.
2. The form is also available on the website of the Company www.Yukenindia.com under the section Investor - Investor Services.
3. Shareholders are requested to keep the Company's registrar-KFIN Technologies Limited informed as and when there is any change in the E-Mail address.



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