

Advantage

Yuken India Limited | Annual Report 2017-18

Forward looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties occur, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

Contents

2	11 things you need to know about Yuken India
4	Our journey over the years
5	Review of our operating subsidiaries
6	Re-inventing Yuken: Our five pillars
12	Numbers speak louder than words
14	Founder's perspective
15	Chairman's message
16	Products overview
20	Management Discussion and Analysis
23	Risk Management
24	Directors' Report
46	Corporate Governance Report
57	Standalone Financials
121	Consolidated Financials

Corporate Information

BOARD OF DIRECTORS

Mr. Hideharu Nagahisa, *Chairman*

Mr. Koichi Oba

Mr. R Srinivasan

Capt. N S Mohanram

Dr. Premchander

Mrs. Vidya Rangachar

Mr. C P Rangachar, *Managing Director*

CHIEF FINANCIAL OFFICER

Mr. H M Narasinga Rao

COMPANY SECRETARY

Mr. Vinayak Hegde

BANKERS

State Bank of India.

Bank of Tokyo Mitsubishi UFJ Ltd.

Mizuho Bank Ltd.

HDFC Bank Ltd.

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

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

REGISTRAR & TRANSFER AGENT

Karvy Computershare Pvt. Ltd.

Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032.

Tel No.: 040-33211500,

Fax No.: 040-23420814,

Toll Free No.: 1800-3454-001

E-mail: einward.ris@karvy.com

Website: www.karvy.com

Our numbers

Our revenues break-up (%)

Hydraulic Pumps	Hydraulic Valves
22%	33%
Hydraulic Power Packs	Others
25%	20%

Enterprise Value,
March 31, 2018 (₹ crore)

1199.40

Total revenues,
2017-18 (₹ crore)

270.60

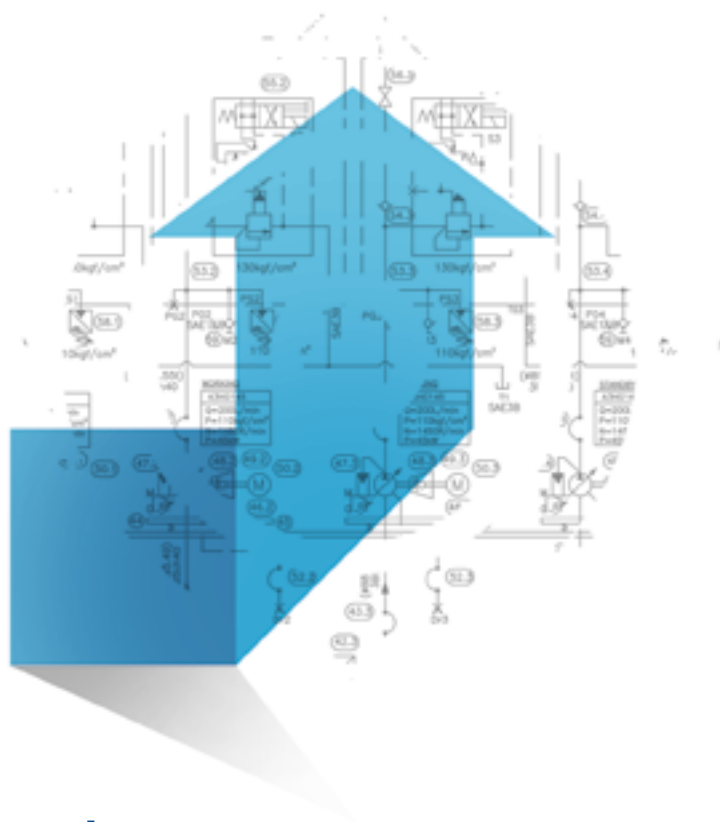
Our equity holding
as on 31st March 2018

Promoters

52.50%

Public

47.50%



Advantage

Over the past few years, we embarked on a number of initiatives that translated into enhanced revenues, margins, profits and order book – the highest in the Company's existence.

We believe that the performance of the Company in 2017-18 represents the cusp of significant and sustainable growth.

The result is that Yuken India enjoys an advantage today in the robust India story.

11

things you need to know about Yuken India

01

Our background

Established in 1976, Yuken India Limited was set up in technical and financial collaboration with Yuken Kogyo Company Limited, Japan (YKC), one of the global leaders in oil hydraulic equipment for industrial applications. Commercial production commenced in 1978.

02

Our business

The Company possesses precision manufacturing technologies, modern equipment and robust quality systems for the manufacture of hydraulic components such as pumps, valves, package system, cylinders and castings to cater to the needs of a wide number of industrial sectors. A strong product development focus has enabled Yuken to adopt new technologies and manufacture high precision hydraulic components and solutions.

The Company has an active marketing team supported by a vast network of dealers which help service a variety of capital equipment industries such as machine tools, plastics, steel and power plants, material handling and construction machinery. A key factor that has contributed in satisfying customers has been Yuken's superior customer servicing capabilities.

03

Our portfolio

Yuken is involved in manufacturing products across four categories:

Pumps

Yuken manufactures a wide variety of piston, vane and gear pumps. The export of pumps to the US, Europe and other nations has increased over the last decade.

The superior quality of the Company's pumps reflected in low noise and easy maintainability has led to increased use in demanding downstream sectors such as machine tools, plastics, power generation, steel mills and construction equipment.

Valves

Yuken manufactures a vast portfolio of valves such as: Direction Controls, Pressure Controls, Flow Controls, Modulators, Cartridges, Proportionals, Servos and variants. Special variants have been designed and manufactured to cater to demanding applications.

Hydraulic Package Systems

Yuken's dedicated application capability coupled with strong engineering competence has resulted in the manufacture of optimised hydraulic power-packs and diverse solutions for demanding sectors such as machine tools, plastics, power generation and steel mills.

Castings, cylinders and accessories

> Castings: Yuken's foundries can manufacture 1000 tons of castings per month and are located in Whitefield and Malur, Karnataka. Yuken exports these castings to leading hydraulic component manufacturers in Europe and USA.

> Cylinders & Accessories: Yuken possesses the expertise to manufacture hydraulic components such as cylinders & accessories through its precision technologies and state-of-the-art manufacturing equipment. The Company manufactures different types of hydraulic cylinders catering to a variety of applications in various fields.

04

Equipment for the environment

The Company has pioneered the manufacture of chip compactors (KIRIKO) under license from Yuken, Japan. It assists in the viable recycling of oil and metal chips, moderating its environmental impact.

05

YIL's subsidiaries and associate companies

Subsidiary	Function
Grotek Enterprises Private Limited	Manufactures precision ferrous castings
Coretec Engineering India Private Limited	Manufactures of Hydraulic Cylinders, Solenoids, precision ground spools and tooling for the foundry.
Associate company	Function
Kolben Hydraulics Limited	Hydraulic products for mobile applications in collaboration with global leaders in this segment
SAI India Limited	Manufactures hydraulic motors in collaboration with SAI s.p.a-Italy
Bourton Consulting (India) Private Limited	Engaged in lean manufacturing consulting

07

Our locations

Yuken has its headquarters in Bangalore and conducts all its manufacturing operations in India. The Company's principal plant is located near Malur, Kolar District.

Manufacturing locations:

Location	Number of plants	Business segment
Bangalore	4	Pumps and Power-packs, Castings and Solenoid valves
Malur, Karnataka	3	Pumps, Valves and Power Packs Chip Compacting Machines, Castings and Cylinders.
Mumbai	1	Power Packs manufacture
New Delhi	1	Power Packs manufacture

08

Our manufacturing capacities

The Company started its pump and valve operations with a capacity of 40,000 units per annum in 1978. Currently its capacity is 672,000 units per annum. Yuken's foundry has a capacity of manufacturing 12,000 TPA of castings across two facilities.

Pumps (units per annum)	Valves (units per annum)	Power packs (units per annum)	Foundry (TPA)
72,000	600,000	15,000	12,000

06

Our management

Yuken India's business is headed by Mr. C P Rangachar, Founder and Managing Director, with active support of the Board of Directors and guidance from YKC Japan. The senior management is assisted by qualified and experienced professionals.

09

Our quality policy

We will strive to meet the customer's expectations by providing world-class hydraulic products, components, castings and services through total employee commitment and continual improvement.

10

Our strengths

Yuken possesses rich resources in terms of manufacturing assets, technical expertise and technology, research and development, laboratories, infrastructure and utilities across all manufacturing locations. The Group's robust marketing network comprises an effective sales & service team as well as dealers across the country.

11

Our listing

Yuken's shares are listed and actively traded on the Bombay Stock Exchange (BSE). The Company enjoyed a market capitalisation of ₹1199.40 crore as on 31st March 2018.

Our journey over the years

2017-18

Stabilised & optimised production, increased capacity by 20% and laid out further expansion plans

2016-17

Relocated the plant from Whitefield, Bangalore, to Koppalthimmanahalli, Malur-Hosur Main Road, Kolar District. The Foundry business was transferred to a 100% subsidiary company Grotek Enterprises Pvt. Ltd.

2016

Executed a Joint Development Agreement of the Whitefield land area with Brigade Enterprises, Bangalore

2012

Foundry Unit 2 was commissioned in Hedaginabele, Malur, Kolar District

2005

Gear Pumps division was set up in Hyderabad

1991

- Public issue of YIL, was oversubscribed 40 times
- Sai India came into existence for manufacturing radial piston motors

1993

Coretec came into existence for manufacturing iron cores

2000

Launched Gemba Kaizen and TPM

2001

Yuflow was set up for manufacturing industrial cylinders

1986

Acquired a foundry

1979

Supplied first power unit to HMT for K130 Grinder

1978

Commercial production was started (solenoid valves, pumps, pressure controls, flow controls etc.)

1976

Yuken India Limited was incorporated; agreement between YKC and YIL

1970

Government of India invited entrepreneurs to set up hydraulics enterprises

1971

Mr. M Parthasarathy and Mr. CP Rangachar got a Letter of Intent to set up a company to make hydraulic equipment

Review of our operating subsidiaries

Parameter	Coretec Engineering India Pvt. Ltd.	Yuflow Engineering Pvt. Ltd.	Grotek Enterprises Pvt. Ltd.
Ownership	100%	100%	100%
Focus	Manufacture of Hydraulic Cylinders, Solenoids, precision ground spools and tooling for the foundry	Hydraulic Accessories	Manufacture of precision ferrous castings
Installed capacity:	Iron core: 600000 nos. per annum Solenoid coils: 480000 nos. per annum Spools: 200000 nos. per annum Cylinders: 7200 nos. per annum	NA	12000 tonnes per annum
Revenues, 2016-17: ₹ cr	12.20	8.36*	20.84*
Revenues, 2017-18: ₹ cr	23.29	0.09	52.28
Profit/(loss) status including OCI, 2016-17: ₹ cr	0.34	(2.82)	(3.05)
Profit/(loss) status including OCI, 2017-18: ₹ cr	0.64	(0.21)	(1.55)

* Part of the year



Yuken India's reinvention in numbers

20%

of FY17 and FY18 revenues were delivered from sectors where the Company had a negligible presence five years ago

8

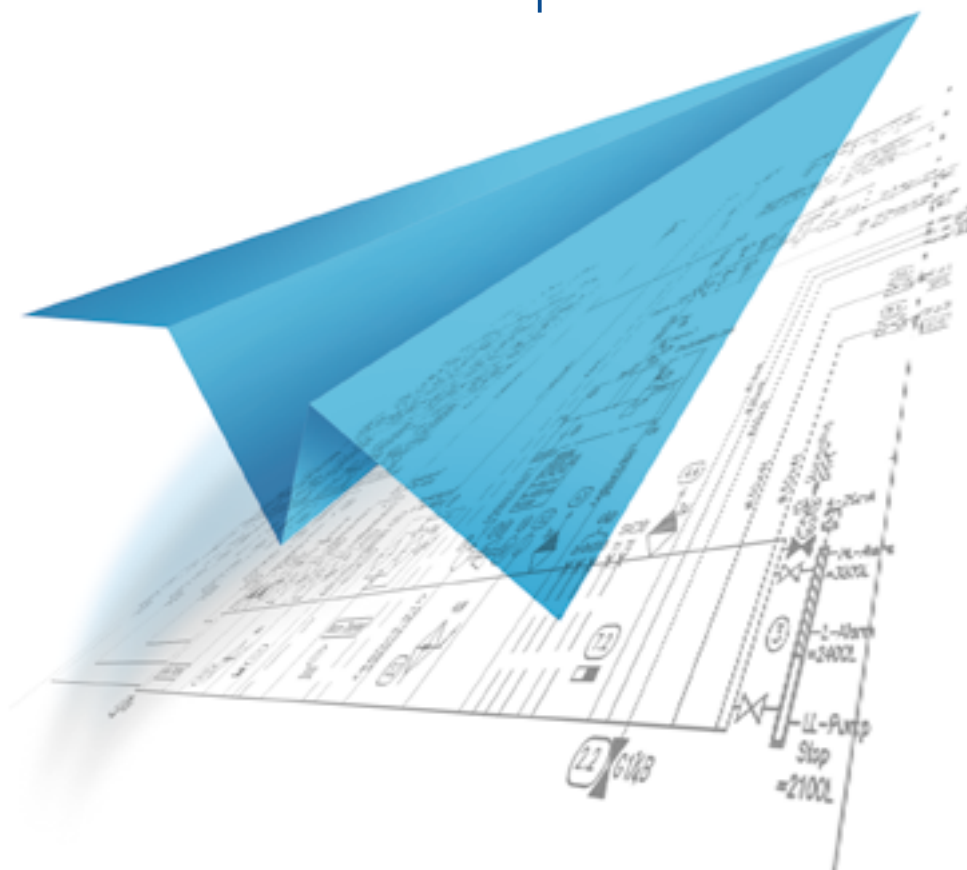
Number of key sectors addressed by the Company, 2012-13



15

Number of key sectors addressed by the Company, 2017-18

Re-inventing Yuken: Our five pillars



India is one of the most exciting economic opportunities in the world.

This excitement is derived from the fact that India needs to build considerably larger manufacturing capacities across sectors to address the extensive under-consumption within and also to feed a growing global appetite.

These twin imperatives are likely to enhance the proportion of industry in India's GDP from an estimated 7% to 9% across the foreseeable future.

At Yuken India, we embarked on a virtual reinvention of the Company in the last few years to address the unprecedented opportunity. We questioned every practice,

we restructured our businesses, we increased investments and we prioritised a new way of doing things. The result is that Yuken India has re-invented itself.

The five pillars around which we reinvented our company comprised business development, products for new applications, embedded electronic solutions for hydraulic products, business investments and Balance Sheet resizing.

These initiatives are now in various stages of implementation, the green shoots are beginning to show and Yuken India is likely to report significant growth across the foreseeable future.

01

Accelerated business development

Today's Yuken India continues to be a customer-facing organisation. By working closely with customers and integrating itself into the business plans of its customers, the Company has strengthened its business development with the objective to possess the right product at the right time for downstream sectors. Through the proactive commencement of its product development programme, the Company expects to initiate product design, prototype creation and testing, leading to new business opportunities.

02

Products for new applications

Today's Yuken India is not merely content in developing products and servicing customer needs from existing downstream customer sectors; the Company is addressing nascent sectors with attractive potential as well as large unaddressed sectors. The result is that the Company increased the number of sectors addressed from 8 in 2012-13 to 15 in 2017-18; the proportion of revenues from sectors previously unaddressed was 10% during the year under review. By seeding new segments, the Company has created multiple revenue engines expected to mature across the foreseeable future.

03

Right-sizing the Balance Sheet

The Company is engaged in right-sizing the Balance Sheet with the objective to moderate risk and increase business sustainability. The Company relocated its Whitefield factory to Malur; the Company entered into an agreement with a prominent real estate development company to develop the Whitefield property. The Company will be entitled to 41.20% of the sale proceeds, starting from the second quarter of the current financial year (extending across the next few years). The Company expects to allocate this sizable inflow towards debt repayment and business development – moderating costs on the one hand and enhancing revenues on the other.

04

Integration of electronics

The integration of electronics in a technologically stable area represents the new frontier in the global hydraulics sector. During the last couple of years, Yuken India incubated a team specialising in embedded electronic capabilities. The cutting-edge product development could potentially reduce electricity consumption and related costs, kick-starting a game-changer in the country's hydraulics sector. Besides, this development – likely to be commercialised during the current financial year – could reverse a long-standing paradigm of modern hydraulic technologies needing to be imported through collaborations, making proprietary Indian research the driver of the next generation of products.

05

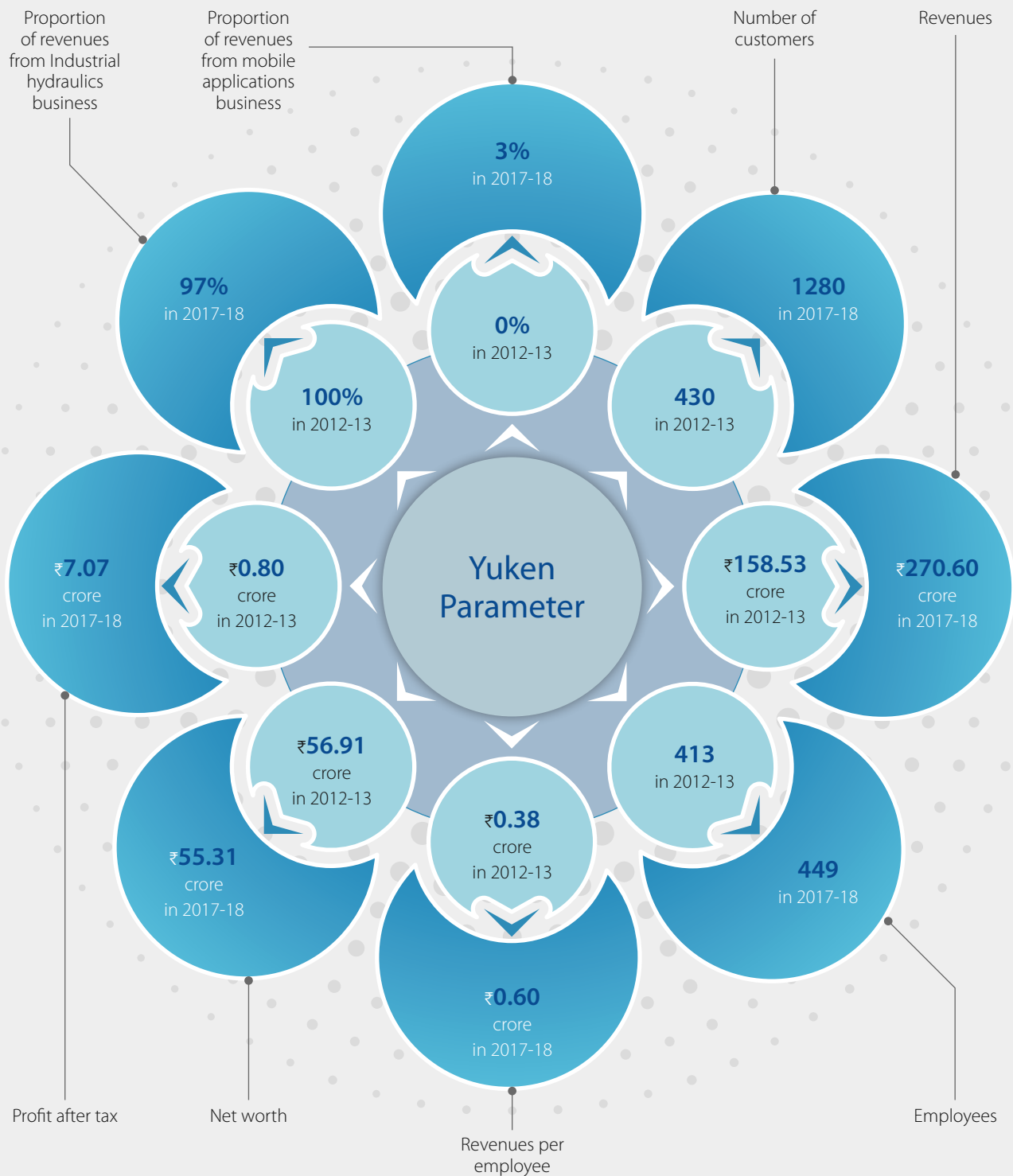
Increased capital expenditure

The Company has embarked on enhancing its future-preparedness through increased investments. During the last five years ending 2017-18, the Company, including subsidiaries, invested around ₹55 crore in their businesses. The Company intends to invest ₹30 crore in its business in 2018-19 and an aggregate ₹50 crore across next three years. This investment will treble hydraulics production capacity, double foundry capacity and treble ancillary capacity (subsidiary), creating a larger foundation on which to scale the business.

Outcome

At Yuken India, we are optimistic that these initiatives will grow the Company's topline, margins, cash flows and profits in a sustainable way, enhancing value for all stakeholders.

Yuken India's growth in the last five years





How Yuken India is reinventing itself

Business development



Products for new applications



Embedded electronic solutions for hydraulic products



Business investments



Balance Sheet re-sizing

What we had promised in our 2016-17 annual report

- We would export products to Yuken's global businesses
- We would shift our Whitefield facility to a new location
- We would turn our foundry SBU around
- We would largely retain our senior management
- We would increase sales to India's steel sector
- We would enter sunrise sectors
- We would strengthen our service network

What we achieved in 2017-18

- We exported products to Yuken Taiwan and Yuken Korea
- We completed our relocation to the Malur facility
- We turned our foundry SBU around
- We largely retained our senior management
- We increase sales to India's steel sector from 4.8% of revenues to 15%
- We entered nascent segments like renewable energy and Defence
- We strengthened our service network



What Yukenites have to say about Advantage Yuken

"There is a compartmentalised focus on each business segment"

"What used to be the turnover of the Company a few years ago was the Company's order book in the first quarter of 2018-19"

"There is a focus on inch wide and mile deep competence"

"In 2018, we are focused on building for 2021"

"Yuken has re-invented itself"

"Yuken has transformed with virtually the same people it had a few years ago"

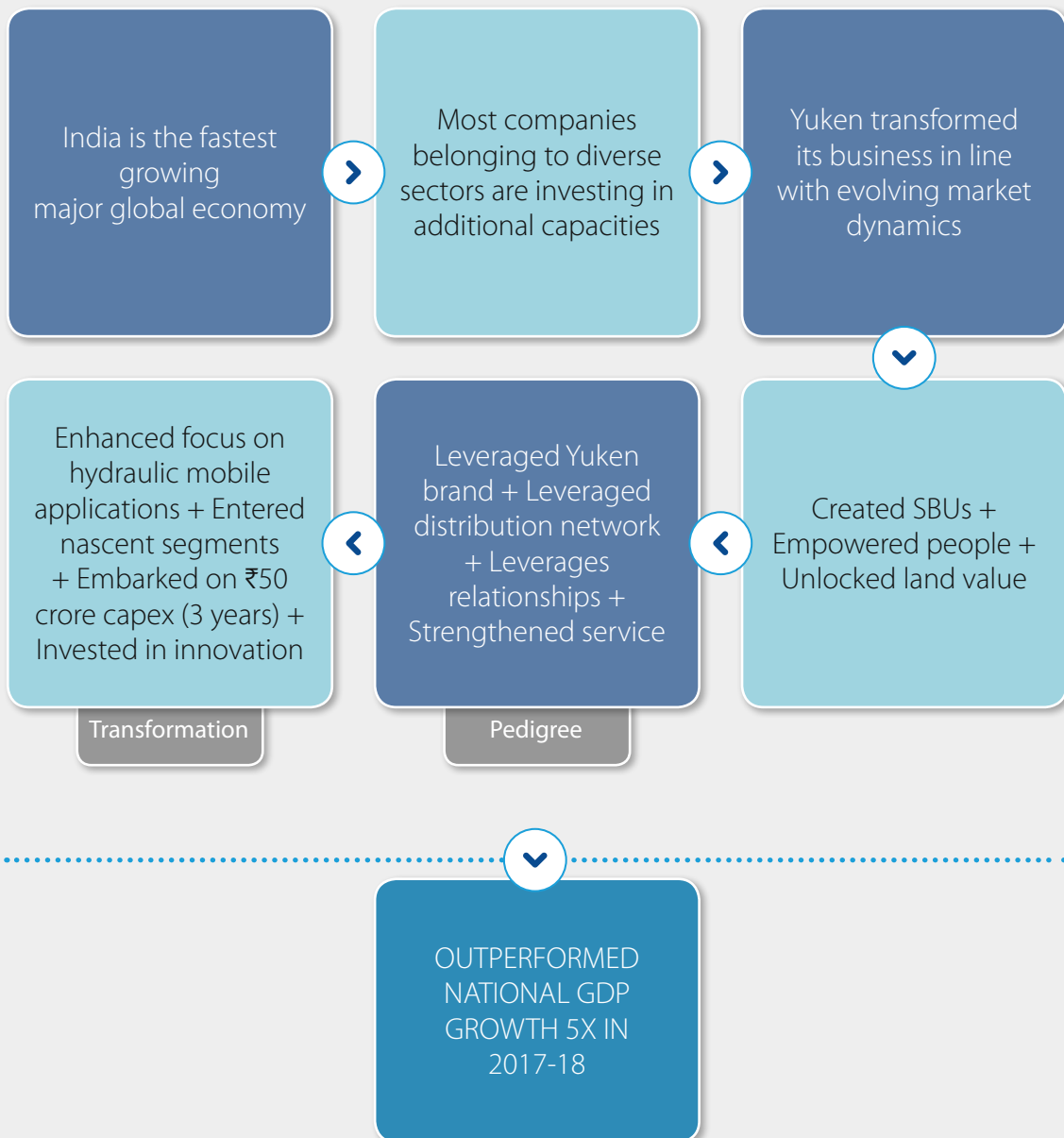
"There has been a conscious creation of more autonomous Yukens within one Yuken"

"There is a greater conviction that 'Opportunities are equal for all but the difference between companies lies in capability.'"

"The hunger of a reinvented Yuken is reflected in the sharp growth its order book"

"The needle has moved towards innovation at our company"

How Yuken India is advantageously placed to capitalise on national and sectoral realities



Why we are optimistic of Yuken's prospects



Collaborated with multiple global companies for technology access across product platforms



Provided a comprehensive range of hydraulic products – single-stop solution



Invested in the rapid growth of the hydraulic business for mobile applications



Moving from imports to an increasing indigenisation of products (through JVs)



Integrated backwards to the manufacture of castings in a captive foundry



Blended robust product, cost competitiveness and timely service

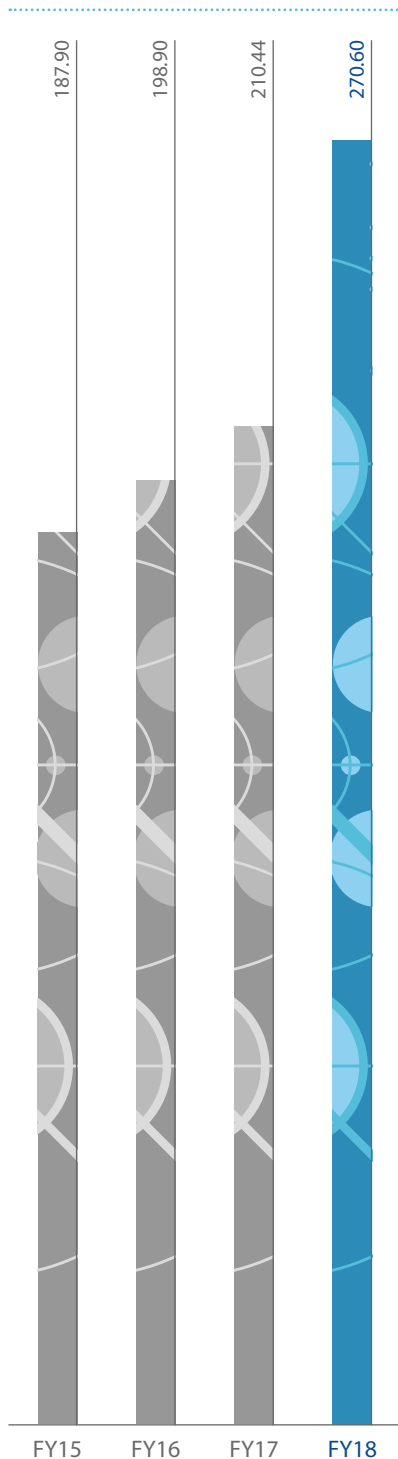
Numbers speak louder than words

(Consolidated)

01.

Revenues

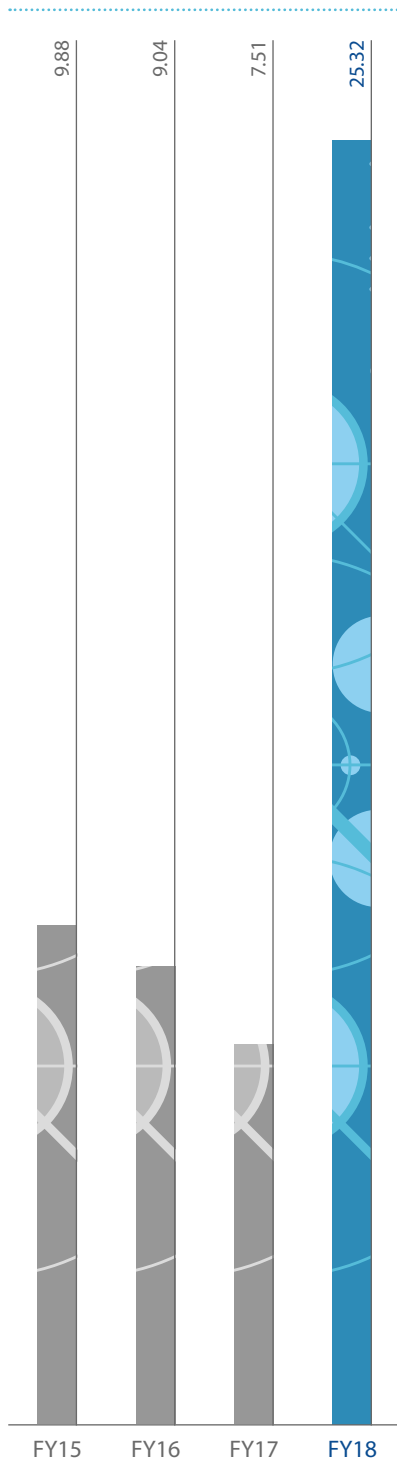
(₹ crore)



02.

EBIDTA

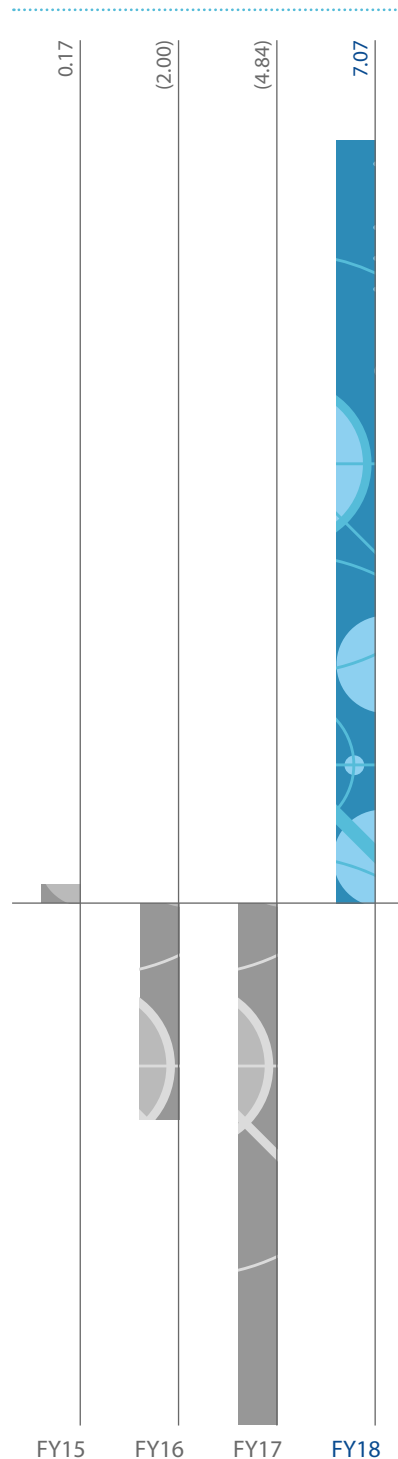
(₹ crore)



03.

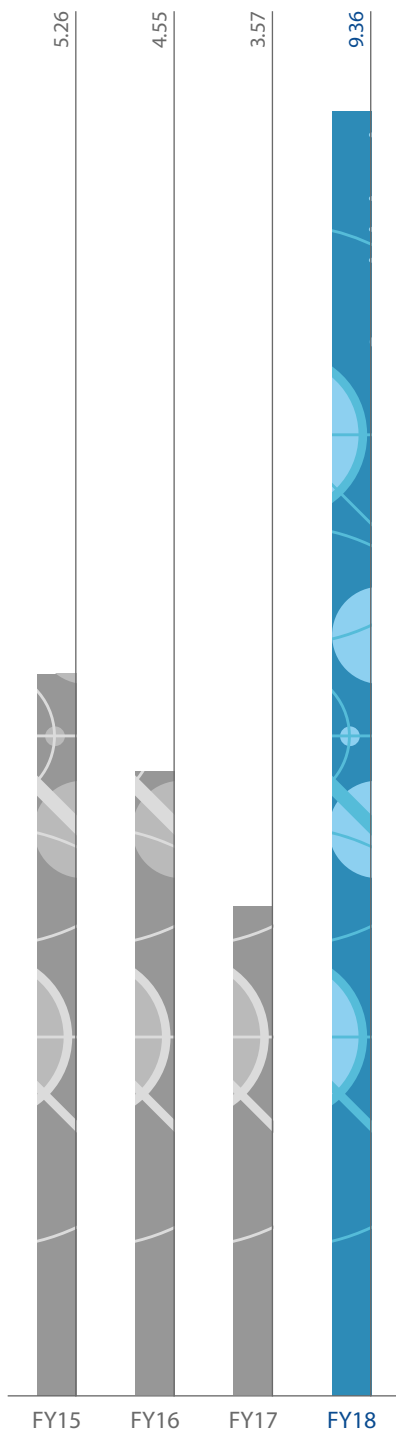
Net profit

Including Other Comprehensive Income (OCL) (₹ crore)



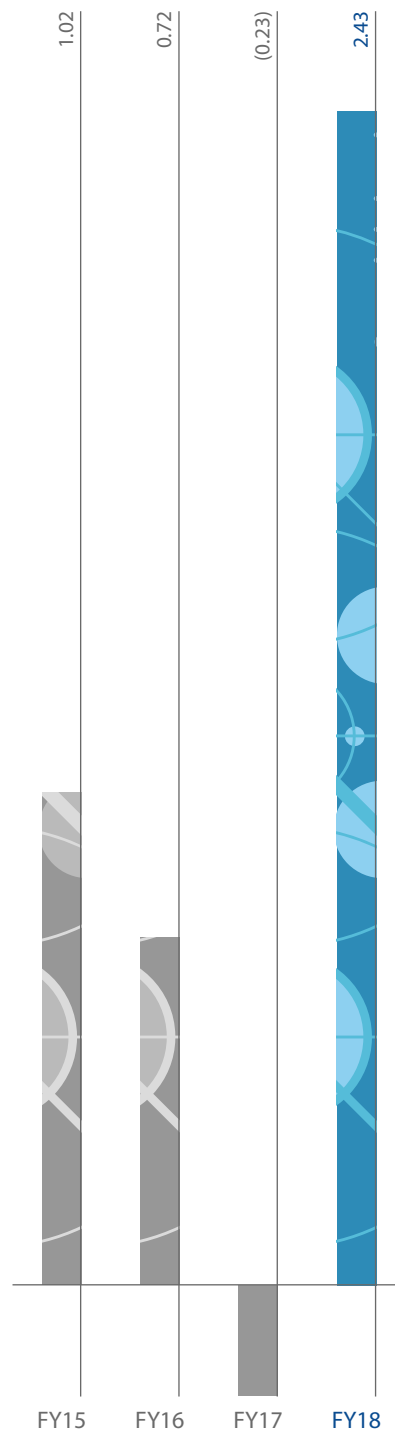
04.

EBIDTA margin
(%)



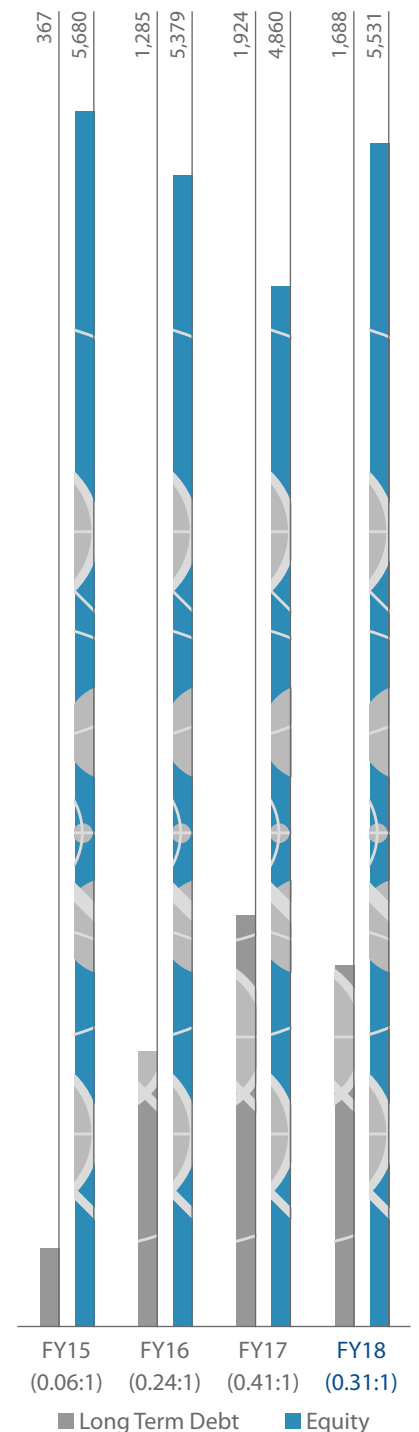
05.

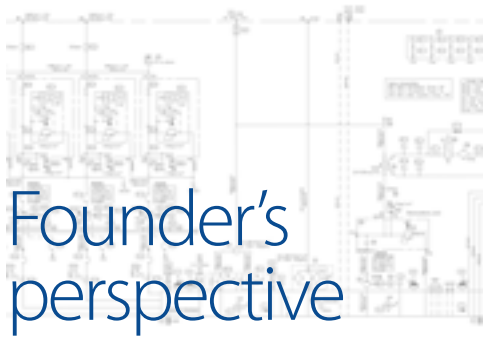
Interest cover
(x)



06.

Debt and equity
(₹ crore)





Dear Shareowners,

It gives me pleasure to report a healthy 30% growth in the group turnover to ₹270.60 crore and a significant net profit of ₹7.07 crore for the year ended March 2018. This growth in sales and turnaround in profitability was achieved following the participation of all stakeholders.

The Indian economy passed through a challenging 2017-18, marked by a lower GDP growth of 6.7%. However, this number masks the robust fourth quarter growth of 7.7%, auguring favourably for the country, its core and supporting industries and businesses. Mirroring this, we saw significant demand growth across key sectors like Machine Tools, Plastics, Steel and Construction Machinery. There was a surge in demand for hydraulic systems solutions along with hydraulic cylinders and accessories.

Consequently the demand for castings increased and has continued into the current year with our first quarter order intake growing over 60%, year-on-year.

Following the successful relocation of our plant from Whitefield to Malur over FY 2017, we stabilised production during the first quarter of FY 2018. While we had planned to increase our production capacity over time, a significant demand growth for our products and solutions made us prepone our expansion. We increased our capacities by 20% in the last quarter and will expand by another 20% in the second quarter of FY 2019. We have drawn up detailed plans to expand the capacity to three times our existing levels with an investment of ₹50 crores. The implementation of this expansion has commenced and the expanded facilities will be commissioned in phases over the next two years.

The growth was achieved thanks to the active participation of our employees and suppliers. A few years ago, we launched a 'Business Excellence' programme, through which we have enhanced employee skill sets, strengthened processes and reinforced our supply chain. We have been continuously recruiting the right manpower across levels, training and motivating them, leading to retention across the group.

We also strengthened our supply chain by improving their processes, assisting them in acquiring better machines, thereby improving the quality and timeliness of their supplies.

All these are continuous processes and we will keep investing in this journey which, in turn, will gear us to address significant growth challenges.

In 1974, the founder of Yuken Kogyo Mr S Yuki had mentioned that India with a large population could one day be a large market for hydraulics. His foresight is bearing fruit now. Over the four decades, we indigenised, adapted and adopted technologies and 'working proficiency' from our partner.

We understood the culture and ethos of the Indian entrepreneurs. We set up a strong distribution network. We created a customer friendly environment. We provided solutions across sectors. We pioneered innovative solutions for various applications. These have made us the preferred hydraulic supplier in India.

Hydraulics touch the daily life of every individual. The increased investment in infrastructure and rural connectivity will continue to drive consumption demand.

India is the fourth largest auto manufacturer in the world. We had not seen any significant capacity expansion in the decade

to 2010. Every large auto company across the spectrum has subsequently embarked on significant capacity expansion over two years starting 2017. New greenfield projects are coming up in India under the Make in India programme. All these will boost the demand for machine tools, plastics, steel, power and construction machinery over the next few years.

Our residential project with Brigade Enterprises on our Whitefield land was launched recently and received a good response. The revenues from this, coupled with internal accruals, could generate adequate resources to reduce our debt, invest in capacity expansion and create surpluses for onward investment.

The global economy is improving and there are capacity expansions happening across the world, resulting in increased lead time for components and equipment from manufacturing companies.

The closure of foundries across developed countries has also increased the demand for castings from India.

Our relationship with Yuken Kogyo as well as other global hydraulic companies has strengthened and many are increasing their business with us. Some are in advanced discussions with us for agreements to set up manufacturing facilities in India through joint ventures.

We are looking forward to compounded growth of 30% over the next two years, making it possible to double volumes around significantly improved margins, enhancing value for our stakeholders.

C.P. Rangachar,
Founder & Managing Director

Chairman's message

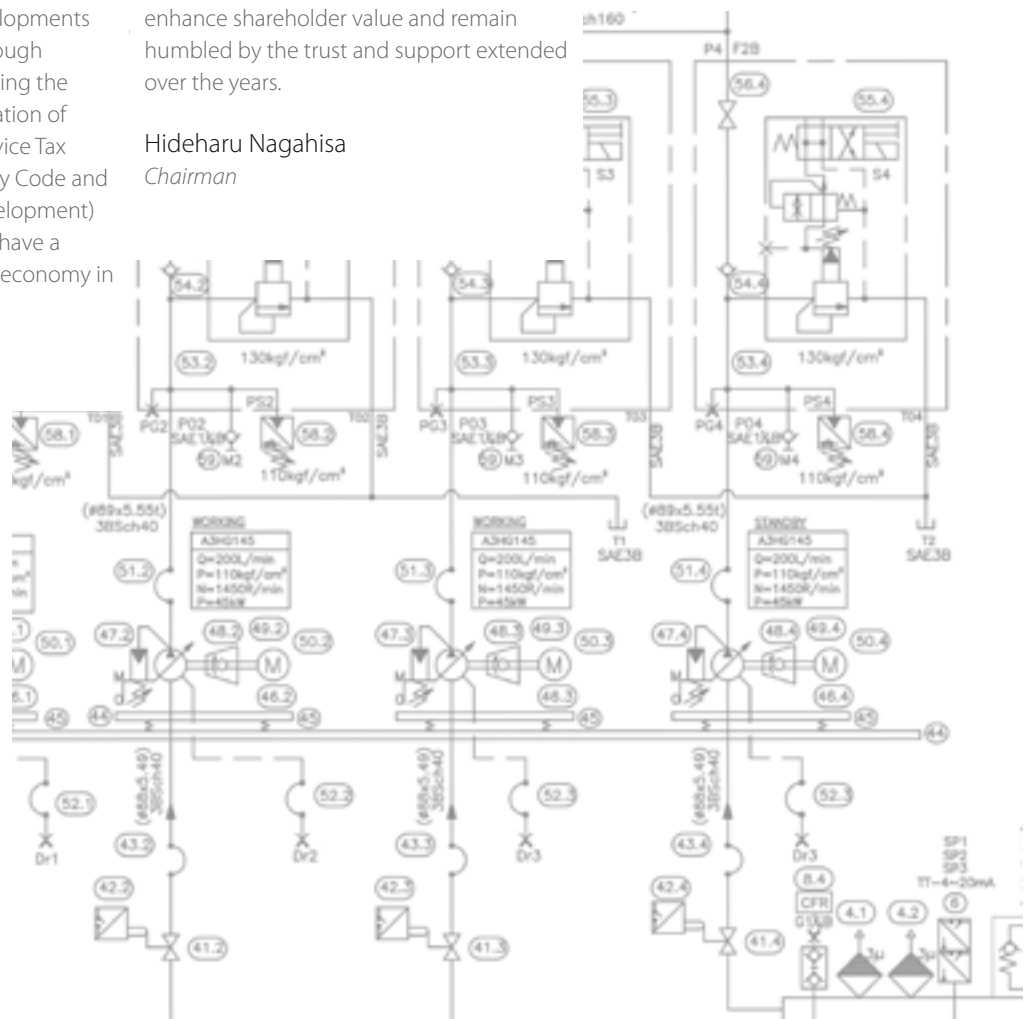
The global upswing in economic activity is strengthening, with global growth rising from 3.2% in 2016 to 3.7% in 2017 and a projected 3.9% in 2018. Global growth is expected to be sustained over the next couple of years and even accelerate in emerging markets and developing economies (EMDEs). Although near-term growth could surprise on the upside, the global outlook is still subject to substantial downside risks, including the possibility of financial stress, increased protectionism and rising geopolitical tensions.

We have witnessed several developments across the globe. India went through significant transformation following the announcement and implementation of demonetisation, Goods and Service Tax (GST), Insolvency and Bankruptcy Code and Real Estate (Regulation and Development) Act (RERA). These reforms could have a significant impact on the Indian economy in the long run.

For Yuken India, 2017-18 was a transitional year, as we were in the process of strengthening operations in line with our Yuken Group strategy. Even as the future is full of challenges, each challenge offers an opportunity. Yuken India plays a key role in Yuken's global success and we are committed to identify new opportunities and provide solutions that enhance customer delight.

On behalf of Yuken, I take this opportunity to thank all the stakeholders for their esteemed support. We are committed to enhance shareholder value and remain humbled by the trust and support extended over the years.



























































































Hideharu Nagahisa
Chairman



Products overview

Yuken is involved in the manufacture of a variety and types of products which find application in multiple industrial sectors. The Company has worked with over 1000 customers, spanning across 30 plus sectors over the year.



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• Actuators• Accumulators• Chip compacting machines (Kiriko)• Accessories• Castings																														
Variants	<ul style="list-style-type: none">• Variable displacement piston pumps: A, AR, A3HG series• PV2R Series Vane Pumps	<ul style="list-style-type: none">• Low noise type relief valves• Shock-less type valves• Solenoid operated valves• Reducing modular valves	<ul style="list-style-type: none">• Electro-hydraulic controls• Power-saving products• Customised power units																														
Performance	<ul style="list-style-type: none">• Share of total revenue: 22%	<ul style="list-style-type: none">• Share of total revenue: 33%	<ul style="list-style-type: none">• Share of total Revenue: 45%																														
Application segments	Plastics, Machine Tools, Power, Steel, Construction Equipment, Automotive, Presses, Railways, Material Handling, Drill Rigs, Rubber, Paper, Cement, Mines, Marine etc.																																
Customers	<table><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																																
																																	
																																	
																																	
																																	
																																	



ways in which we are transforming our business model

01

We were principally focused on industrial hydraulic applications

Generally, hydraulic companies derived a larger proportion of their revenues from mobile applications

At Yuken India, we derived only 3% of our revenues from mobile applications in 2017-18.

The Company intends to correct this skew through various initiatives

These initiatives could comprise larger investments, deeper focus and probable acquisitions

This is expected to enhance revenue share from mobile applications to 30% in the next few years

02

We had minimal exposure to India's steel sector until 2015-16

India is the third largest steel maker in the world and one of the fastest growing

Hydraulics represent a core part of the steel sector

The Company was having a sparse presence in this segment until 2015-16

The Company strengthened focus on the steel sector

Revenue share from the steel sector increased to 15% in 2017-18

03

Our foundry business was losing for years

The Company's foundry was a losing business for years

The Company spun the foundry into a subsidiary

The enhanced focus helped turn the subsidiary around

The foundry business turnaround in 2017-18.

Turnover: 51.00 crores

EBITDA: 1.31 crores

The foundry business will become an active contributor to the Company's bottomline

04

We were asset-rich in need of enhanced cash liquidity

The Company owned a 6.25 acre facility in urban Bangalore

However, the Company's revenues and profits were depressed

The Company selected to relocate the factory and monetise the land parcel

The Company collaborated with Brigade Group to build residential apartments

The inflow is expected to provide unprecedented liquidity starting 2018-19

05

We were perceived as a hydraulics company that would mirror national GDP growth

The Company was perceived as a stable hydraulics company

The Company's growth was usually pegged around national GDP growth

The business was restructured around SBUs, with wider and deeper sectoral focus

This translated into a record order book for 2017-18

The Company grew revenues 4x the country's GDP growth in 2017-18

06

We were investing moderately in our business

The Company invested ₹55 crore in the last five years in spite of moderate Cash flows

The Company kick started cash flows through plant relocation and stronger marketing

The Company intends to invest around ₹50 crore in the next three years

The Company expects this investment will create the next round of robust growth

07

We were known as an engineering company with low innovation

The Company focused on the hydraulics sector

The hydraulics sector technology has remained stable for decades

The Company disrupted this stability with focused investment in innovation and re engineering

The focus could extend the Company's products portfolio from the traditional electrical controls to the embedded electronic solution domain

How Yuken indirectly touches our everyday lives.



Waking up at home

Built with cement and steel
Building material sourced from
cement and steel plants
Driven by hydraulic solutions



Brushing one's teeth

Toothbrush made of plastic
Brush manufactured on injection
moulding machines
Driven by hydraulic solutions



Switch on the light

Source power from power
generation plants
Driven by hydraulic solutions



Drive to work

Use a personal or public vehicle
Automobiles manufactured
using steel
Driven by hydraulic solutions



Our lives are touched through Yuken's hydraulic products & solutions.

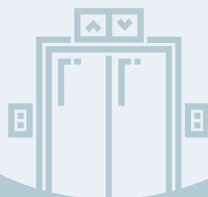


Enter the elevator

Press a button to close the doors

All made from steel

Driven by hydraulic solutions



Time for lunch

Have a nice vegetarian canteen lunch

Soil prepared for growing vegetables
using a tractor

Driven by hydraulic solutions



Enter the new office

Large floor plate; tall structures,

Built with sophisticated
construction equipment

Driven by hydraulic solutions



Back to work

Entering a meeting

Scribbling notes on a pad
made of paper

Driven by hydraulic solutions



Management discussion and analysis

Global economic overview

In 2017, a decade after the global economy spiraled into a meltdown, a revival in the global economy became visible. Consider the realities, every major economy expanded and a growth wave created jobs. This reality was marked by ongoing growth in the eurozone, modest growth in Japan, a late revival in China and improving conditions in Russia and Brazil leading to an estimated 3.7% growth in the global economy in 2017, 60 bps higher than the previous year. Crude oil prices increased in 2017, with a price of US\$54.13 per barrel at the beginning of the year, declining to a low of US\$46.78 per barrel in June 2017 and closing the year at US\$61.02 per barrel, the highest since 2013.

Global economic growth for six years

Year	2014	2015	2016	2017	2018 (f)	2019 (f)
Real GDP growth (%)	3.5	3.2	3.1	3.8	3.9	3.0

[Source: World Economic Outlook, January 2018] f: forecasted

Outlook

The outlook for advanced economies improved, notably for the eurozone, but in many countries inflation remained weak, indicating that prospects of GDP growth were being held back by weak productivity levels and rising dependency ratios. Prospects of emerging market and developing economies in sub-Saharan Africa, the Middle East, and Latin America remained lacklustre with several countries experiencing stagnant per capita incomes. Fuel exporters were particularly affected by protracted adjustments to lower commodity revenues. Global growth forecasts for 2018 and 2019 were revised upward by 20 bps to 3.9%, reflecting an improved momentum and the impact of tax policy changes in the US.

(Source: WEO, IMF)

Indian economic overview

After registering a GDP growth of over 7% for the third year in succession in 2016-17, the Indian economy headed for somewhat slower growth, estimated to be 6.7% in 2017-18. Even with this lower growth for 2017-18, GDP growth averaged 7.3% for the period from 2014-15 to 2017-18, the highest among the major economies. This was achieved on the back of lower inflation, an improved current account balance and a reduction in fiscal deficit-to-GDP ratio. The year under review was marked by various

structural reforms being undertaken by the Central Government. In addition to GST introduction, the year witnessed significant steps towards resolution of problems associated with NPA levels, FDI liberalisation, bank recapitalisation and privatisation of coal mines. After remaining in the negative territory for a couple of years, export growth rebounded during 2016-17 and strengthened in 2017-18. Foreign exchange reserves rose to US\$ 414 billion as on January 2018.

(Source: CSO, Economic Survey 2017-18)

Outlook

The World Bank projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20. Strong private consumption and a growth in the services sector are expected to continue supporting economic activity. Private investments are expected to revive as the corporate sector adjusts to the GST. Over the medium-term, the introduction of the GST is expected to catalyse economic activity and fiscal sustainability by reducing the cost of tax compliance drawing informal activity into the formal sector and expanding the

FY2017-18 versus FY 2016-17

Parameter	2017-18*	2016-17
GDP growth	6.7%	7.1%
GVA growth	6.4%	9.0%
Farm growth	3%	9.0%
Manufacturing growth	5.1%	9.3%
Power and gas growth	7.3%	6.5%
Mining growth	3%	1.9%
Construction growth	4.3%	3.5%
Trade, hotel, transport, telecom growth	8.3%	9.8%
Financials, realty growth	7.2%	9.8%
Public, admin, defence growth	10.1%	16.6%
Per capita income growth	8.3%	9.7%

*Estimated

(Source: Press Information Bureau)

tax base. The recapitalisation package for public sector banks announced by the Government of India is expected to resolve banking sector balance sheets, enhance credit to the private sector and spur investment inflows.

(Source: IMF, World Bank)

Key government initiatives

- **Bank recapitalisation scheme:** The Central Government announced capital infusion of ₹2.1 lac crore in public sector banks.

- **Expanding road network:** The Government of India announced a ₹6.9 lac crore investment to construct 83,677 kilometres of roads across five years.

- **Improving ecosystem:** The country was ranked at the hundredth position, an improvement of 30 places in the World Bank's Ease of Doing Business 2017 report, a result of the Central Government's pro-reform agenda.

- **Goods and Services Tax:** The Government of India launched GST in July 2017, with the vision of creating a unified market. Under this regime, various goods and services would be taxed as per five slabs (28%, 18%, 12%, 5% and zero tax).

- **Foreign Direct Investment:** Foreign direct investment increased from approximately US\$ 24 billion in FY2012 to approximately US\$ 60 billion in FY2017, an all-time high.

- **Coal mining opened for private sector:** The government opened coal mining to private sector firms for commercial use, the most ambitious sectoral reform since nationalisation in 1973.

- **Doubling farm incomes:** The government initiated a seven-point action plan to double farm incomes by 2022.

Outlook

The World Bank projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20. Strong private consumption and a growth in the services sector are expected to continue supporting economic activity. Private investments are expected to revive as the corporate sector adjusts to the GST. Over the medium-term,

the introduction of the GST is expected to catalyse economic activity and fiscal sustainability by reducing the cost of tax compliance drawing informal activity into the formal sector and expanding the tax base. The recapitalisation package for public sector banks announced by the Government of India is expected to resolve banking sector balance sheets, enhance credit to the private sector and spur investment inflows.

(Source: IMF, World Bank)

Global hydraulic components industry overview

In terms of region, countries in Asia Pacific such as India, China, and Japan lead the market in terms of manufacture and utilisation of hydraulic component market. Demand for these components is rising in the region due to rapid industrialisation and urbanisation. Manufacturing and industrial sectors are expanding at a rapid pace in India. This is boosting the hydraulic component market in the country. Growth in the construction sector, rise in sales of construction equipment containing hydraulic components, and increase in investments for developing smart machine tools are anticipated to propel the Hydraulic Component Market in the near future.

Growth drivers

- **Economic growth:** India is expected to be the fastest-growing major economy in 2019. Although the nation is recovering from the after-effects of demonetisation and the introduction of the Goods and Services Tax steadily, this recovery is underpinned by growing private consumption.

- **Consumerism:** India's private consumption is expected to increase and consumer spending across various sectors is expected to steadily rise in 2018 due to increasing disposable incomes, change in people's lifestyles and growing organised retail. Overall merchandise private consumption is expected to increase by about 12% in nominal terms with a real GDP growth of about 7%.

- **Smart cities:** The Smart Cities Mission aims to create livable cities with basic

amenities such as clean drinking water, sanitary and infrastructural facilities, among others. This mission seeks to transform cities into sustainable centres of economic activity and provide improved quality of life to citizens.

- **Automotive components:** The Indian automotive components industry is set to register a turnover of US\$100 billion by 2020 backed by strong exports ranging between US\$80-US\$100 billion by 2026, from the current US\$11.2 billion.

- **Defence:** Modernisation and indigenisation are the two new buzzwords in the nation's defence sector. Case in point: a y-o-y increase of 7.8% was recorded in the allocation towards the defence sector during the Union Budget 2018-19. The Central Government aims to increase the FDI cap from the current 49% to 74% in niche defence technologies under the automatic route to boost local manufacturing and lessen reliance on imports. This is expected to give a substantial boost to the hydraulic equipment sector.

- **Infrastructure:** The changing infrastructure landscape in India has generated significant interest from international investors. FDI received between April 2000 and December 2017 in the construction development sector (townships, housing, built up infrastructure and construction development projects) and in the construction (infrastructure) stood at US\$24.67 billion and US\$12.36 billion, respectively. Increasing investments in this sector could catalyse the purchase hydraulic equipment.

- **Railways:** Over the next five years the Indian railway market is expected to become the third-largest in the world. The Central Government is focusing on infrastructural development to transport increasing freight volumes. The Indian Railways is planning to invest ~₹3,000 crore to convert 40 out of its 100 yards into smart yards and end manual inspections which could increase the demand for hydraulic pumps.

- **Technology:** The hydraulic pumps industry in India has seen the arrival of several new designs, materials and manufacturing technologies resulting in enhanced energy efficiency and fuel consumption levels as well as equipment life-cycles.
- **Agriculture:** Over 58% of rural households depend on agriculture as their principal means of livelihood. The GVA from the sector is estimated to have grown at a rate of 3% during the fiscal gone by. The Union Budget 2018-19 announced decisive measures to double the incomes of farmers by 2020.
- **Manufacturing and engineering:** India is expected to become the fifth-largest manufacturing country in the world by 2020 according to Deloitte's Global Manufacturing Competitiveness Index. The Indian engineering sector has witnessed a remarkable growth over the last few years driven by increased investments in infrastructure and industrial production. Under the Make in India initiative, the Government of India aims to increase the share of the manufacturing sector to the GDP to 25% by 2022, from 16% and create 100 million jobs by 2022.

(Sources: Express Water, Financial Express, ET, PIB, IBEF, Bloomberg Quint, Invest India, Alliance Experts, Hindu)

Opportunities

Yuken India is in the hydraulics business for the past 40 years and has well established its brand image. We strongly believe in our brand and its ability to provide its customers with the best possible products and services.

We believe in our competitive strengths which include leadership in solutions that enable our customers to optimise the efficiency of their business, commitment to superior quality, long standing client relationships and competitive pricing. Some of the key trends in the Industry that are favorable to the Company to exploit these emerging opportunities are:

- Customers are more comfortable in continuing to partner with us in view of enhanced quality, reduced lead time and competitive prices and service.
- Customers are also demanding delivery excellence from distributed business units

using uniform processes globally to deliver a high quality of service.

In order to leverage these opportunities, the Company has over the years, extended its geographic foot print, entered into different market segments and applications for effectively marketing its offers.

Threats

Some of the key changes in the industry unfavorable to the Company are:

- To cater to increasing customer demand with strong technology and domain knowledge, the Company will have to invest increasingly higher amounts in equipment and facilities.
- The business may suffer if we fail to develop the new products and upgrade the existing products, keeping in mind the rapid changes in the technology.
- Product development, manufacturing and marketing are subject to high competition in the market, which may exert pressure both on the top line as well as the bottom line of the Company.
- Inflation, rupee depreciation from time to time, high commodity prices and interest rates are key challenges.
- Input cost increase is a cause of concern. It may not be possible for the Company to pass on the cost increase through pricing.
- Threat from overseas market.

Financial analysis (Consolidated)

- Gross revenues increased by 30% to ₹270.60 crore during FY2017-18 compared to ₹210.44 crore during FY2016-17.
- Operating profit (EBITDA) stood at ₹25.32 crore compared to ₹7.51 crore during FY2016-17.
- Finance costs increased by 21.83 % from ₹6.68 crore to ₹8.14 crore during FY2017-18 due to Increase in average utilisation of loans.
- Total expenses stood at ₹263.48 crores, including current tax worth ₹3.90 crore and deferred tax charges worth ₹0.47 crores
- Net worth stood at ₹55.31 crore as on 31st March 2018 compared to ₹48.60 crore on 31st March 2017.
- Property, Plant and Equipment, including Investment property, increased by 8.93% to

₹84.57 crore during FY2017-18 from ₹77.64 crore during FY2016-17.

- Capital work-in-progress for the year decreased by 52.97 % to ₹1.14 crore during FY2017-18 compared with ₹2.41 crore during FY 2016-17 primarily due to capitalisation of buildings at the Malur factory.
- Cash and cash equivalents stood at ₹0.63 crore as on 31st March, 2018 compared to ₹0.37 crore on 31st March, 2017.

Internal control systems and their adequacy

- In Yuken India, transparency and accountability has been part of its organisational culture for many years. The Company's Corporate Governance has been strengthened by its code of conduct and various policies framed in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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. The Company has a robust Audit Committee in place that monitors and controls regular internal processes. The committee of the Board and its constitution assures that the internal procedures and accounting policies are 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.

Human resources

The Company continues to believe in the policy that people are its vital assets. The Company has in place policies that encourage innovation, talent recognition and performance. The Company constantly endeavors to provide a professional growth platform to employees. The Company had 449 employees as on 31st March, 2018.

Risk management

At Yuken India, we have invested in a comprehensive 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.

The Company has identified and mitigated the following risks

Business risk	The products that the Company deals in may become irrelevant due to technology or lifestyles changes.	Mitigation measures: The products manufactured by the Company – pumps and valves – are integral to industrial existence and success. This explains why the product segment has remained relevant across the decades.
Economy risk	The Company's prospects are dependent on the growth of the global or national economy, which have not been performing too well in the last few years.	Mitigation measures: Yuken India possesses multi-decade industry presence; besides, the Company has diversified its presence across markets and products varieties, making it possible to protect against the full impact of economic sluggishness.
Technology risk	The Company's technologies may become obsolete, putting a premium on the need to invest in research.	Mitigation measures: The core technologies underlying the manufacture of pumps and valves have remained largely steady across the years, a hedge against technology obsolescence.
Downstream sectoral risk	The Company may service unprofitable and sluggish downstream sectors, affecting its growth prospects.	Mitigation measures: Yuken India has selected to address the growing prospects of sectors like the steel, plastic and power industries, an effective hedge against the risk of revenue sluggishness. The Company plans to widen its portfolio to address needs rising from the marine, renewable and defense sectors.
Service risk	The Company may not be able to respond with timely customer service, resulting in extended downtime that affects its customer-centric reputation.	Mitigation measures: Yuken India makes its products available through a wide distribution network of around 55 dealers across different states. The Company has strengthened its customer proximity through a service mindset that focuses on minimising equipment downtime.
Strategy risk	Inappropriate business strategy can affect prospects.	Mitigation measures: Yuken India has strengthened its responsiveness to market dynamics. The Company has divest its foundry business to reduce losses. The Company shifted out of its erstwhile manufacturing location with the objective to monetise the real estate value of the premises.
Competition risk	An inability to address competition can affect margins.	Mitigation measures: The Company is capital-light, competitive, multi-product and multi-customer segment, resulting in high customer loyalty that makes it a trusted brand and preferred hydraulic equipment partner.

Cautionary statement

Statements in this "Management Discussion and Analysis" describing the Company's situation may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from that either expressed or implied.

Directors' Report

To the Members of Yuken India Limited

Your Directors have pleasure in presenting their 42nd Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2018.

The Company has adopted Indian accounting standard ('Ind As') and accordingly financial results along with the comparatives have been prepared in accordance with the measurement principles stated therein as prescribed by the Ministry of Corporate Affairs on February 16, 2015, under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued there under and the other accounting principles generally accepted in India.

1. FINANCIAL RESULTS

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

Financial Highlights:

(Rs. In Lakhs)

Particulars	Standalone		Consolidated	
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2018	Year ended 31.03.2017
Gross Income	23,862.52	21,805.85	27,699.22	23,418.82
Less: Excise Duty	541.65	2,190.64	639.55	2,374.47
Net Income	23,320.87	19,615.21	27,059.67	21,044.35
Total expenditure	20,976.69	18,532.10	24,527.47	20,331.33
Profit/(Loss) before interest, depreciation and tax	2,344.18	1,083.11	2,532.20	713.02
Finance cost	714.47	629.23	814.17	668.27
Depreciation	308.72	387.72	555.51	538.64
Profit/(Loss) before Exceptional items and tax	1,320.99	66.16	1,162.52	(493.89)
Exceptional items*	-	328.23	-	328.23
Profit/(Loss) after Exceptional items & before tax	1,320.99	(262.07)	1,162.52	(822.12)
Provision for taxation (Net of deferred tax)	452.26	(341.14)	446.74	(323.54)
Profit/(loss) after tax	868.73	79.07	715.78	(498.58)
Share of Profit/(Loss) of associates	-	-	(5.06)	34.07
Net comprehensive income for the year	(8.42)	(31.75)	(3.66)	(19.92)
Total comprehensive income for the year	860.31	47.32	707.06	(484.43)
Balance in Statement of profit and loss	4,541.58	4,530.37	3,921.28	4,441.82
Amount available for appropriation	5,401.89	4,577.69	4,628.34	3,957.39
Appropriations:				
Equity dividend paid	(30.00)	(30.00)	(30.00)	(30.00)
Tax on Equity Dividend	(6.13)	(6.11)	(6.13)	(6.11)
Balance carried to Balance Sheet	5,365.76	4,541.58	4,592.22	3,921.28

*The above exceptional item of Rs. 328 lakhs includes additional depreciation charged for the year ended 31st March 2017, due to change in the useful life of buildings at Whitefield factory – net of salvage value of building and gain on sale of Foundry Business.

The Company has registered a net income of Rs. 23,320.87 lakhs as compared to Rs. 19,615.21 lakhs of previous year. The Company has registered a growth of 19% over the previous year.

2. DIVIDEND:

Your Directors recommend payment of a dividend of 20% on equity shares of the Company for the year ended 31st March, 2018, subject to the approval of the members at the ensuing Annual General Meeting.

3. THE EXTRACT OF ANNUAL RETURN:

The extract of Annual Return for the financial year 2017-18 pursuant to the provisions of Section 92(3) and Section 134(3)(a) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in 'Annexure-1' forming part of this report.

4. BOARD MEETINGS HELD DURING THE YEAR:

During the year, 5 meetings of the Board of Directors were held and one meeting of Independent Directors was also held. The details of the meeting 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 act that, they meet the criteria of independence as provided in Sub-Section 149 of the Act and also under the SEBI(Listing obligation and Disclosure Requirements) Regulations,2015(Listing Regulations).

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 to appoint Director, the Nomination and Remuneration Committee (NRC) of the Company will determine the criteria based on the specific requirements.

A Statement of Disclosure of Remuneration pursuant to Section 197 of the Act. Read with Rule 5(1) of 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:

Nomination and Remuneration Committee of the Company has formulated a criteria for evaluation of the Board Members. Accordingly performance evaluation of the Board and its members has been carried out.

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

There has been no significant and material order 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 of 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 & Investments:

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

Corporate Guarantee:

During the year under review, the Company granted the following Corporate Guarantees to its subsidiary Companies.

(Rs. in lakhs)

Particulars	Bank	Amount (Rs.)
Coretec Engineering India Private Limited (Subsidiary)	HDFC Bank	750
	Sumitomo Mitsui Banking Corporation	600
Grotek Enterprises Private Limited (Subsidiary)	HDFC Bank,	500

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

10. 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 Company will make available the Annual Accounts of the Subsidiary Companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the Subsidiary Companies will also be kept open for inspection by any investor at the Registered Office of the Company and that of the respective Subsidiary Companies. The consolidated financial statements presented by the Company include financial results of its Subsidiary Companies.

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

(Rs. in lakhs)

Particulars	Coretec Engineering India Pvt. Ltd. (Subsidiary)	Yuflow Engineering Pvt. Ltd. (Subsidiary)	Grotek Enterprises Pvt. Ltd. (Subsidiary)	Sai India Ltd (Associate) (Unaudited)	Kolben Hydraulics Ltd. (Associate)	Bourton Consulting (India) Pvt. Ltd. (Associate)
Total Income						
FY 2017-18	2,329.47	9.18	5,228.00	2,016.80	329.97	69.96
FY 2016-17	1,219.94	836.24	2,084.42	2,296.65	347.61	63.27
Total expenditure						
FY 2017-18	2,145.57	28.40	5,096.75	1,826.58	349.09	61.40
FY 2016-17	1,129.64	1,067.35	2,280.66	2,029.10	328.13	56.70
Profit/(Loss) before interest, depreciation and tax						
FY 2017-18	183.90	(19.22)	131.25	190.22	(19.12)	8.56
FY 2016-17	90.30	(231.11)	(196.24)	267.55	19.48	6.57
Finance cost						
FY 2017-18	59.10	1.81	110.42	83.27	1.94	-
FY 2016-17	13.02	26.02	19.96	92.98	2.02	-
Depreciation						
FY 2017-18	42.15	-	204.65	99.09	6.07	1.44
FY 2016-17	29.10	24.60	97.22	104.55	6.21	2.69
Profit before tax						
FY 2017-18	82.65	(21.03)	(183.82)	7.86	(27.13)	7.12
FY 2016-17	48.18	(281.73)	(313.42)	70.02	11.25	3.88
Provision for taxation (Net of deferred tax)						
FY 2017-18	21.66	0.43	(28.09)	(1.69)	(5.17)	2.05
FY 2016-17	16.17	-	1.43	(1.88)	2.14	1.41
Other comprehensive income for the period						
FY 2017-18	3.26	-	1.04	-	-	-
FY 2016-17	1.80	-	10.06	-	-	-
Profit/(Loss) after tax(Including comprehensive income)						
FY 2017-18	64.25	(21.46)	(154.69)	9.55	(21.96)	5.07
FY 2016-17	33.81	(281.73)	(304.80)	71.90	9.11	2.47
Earnings per share (in Rs.)						
FY 2017-18	9.84	(1.07)	(3.11)	1.06	(2.19)	4.02
FY 2016-17	5.17	(14.09)	(24.19)	7.99	0.91	1.96

Statement containing salient features of financial statements of subsidiaries and associate companies in form AOC-1 enclosed herewith as "Annexure 2" to this Report.

11. CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The details of related party transactions as required under Ind AS-24 are set out in Note-52 to the standalone financial statements of the Company.

Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) along with the justification for entering into such contract or arrangement in Form AOC-2 is enclosed herewith as Annexure-3 to this report.

The Policy on Related Party Transactions as approved by the Board may be accessed on the Company's website, web link of which is as under:

<http://www.yukenindia.com/wp-content/uploads/2016/02/Related-Party-Transactions-Policy.pdf>

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

During the year under review, the Company has not transferred any money towards General Reserve.

13. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND;

A. TRANSFER OF UNPAID DIVIDEND:

As required under Section 124 of the Act, the unclaimed dividend amount aggregating to Rs. 1.23 lakhs lying with the Company for a period of seven years pertaining to the financial year ended on March, 31 2010 was transferred during the financial year 2017-18 to the Investor Education and Protection Fund established by the Central Government.

B. TRANSFER OF SHARES:

As per the provisions of Section 124 of the Companies Act, 2013, 17,108 equity shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more, have been transferred by the Company to Investor Education and Protection Fund Authority (IEPF) during the financial year 2017-18. Details of shares transferred have been uploaded on the website of IEPF as well as Company.

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

There has been no material change and commitment, 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.

1. Conservation of Energy:

A. Steps taken or impact on conservation of energy:

- Replaced MHL lamps and CFL Lights by energy efficient LED lights.
- Power factor was maintained at 0.99 by identifying and replacing faulty capacitors, increasing the frequency of periodic/preventive maintenance of capacitor banks.
- Installation of Servo Stabilizer in Shop floor and certain office lighting reduced maintenance cost and saving in energy.

2. Foreign Exchange Earnings and Outgo:

A. Foreign Exchange Earnings:

(Rs. in lakhs)

Sl No	Particular	As on 31.03.2018	As on 31.03.2017
1	Export Sales	246.38	670.06
2	Other Income	9.20	4.31

B. Expenditure in Foreign Currency:

(Rs. in lakhs)

Sl No	Particular	As on 31.03.2018	As on 31.03.2017
1	Brand fee	90.47	80.32
2	Royalty	4.53	5.66
3	Others	31.66	19.95

C. Remittance in Foreign Currency on Account of:

(Rs. in lakhs)

Sl No	Particular	As on 31.03.2018	As on 31.03.2017
1	Dividend	12	12

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 requirement. 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:

- 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 application valves and pumps for process and steel industries.
- (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.
 - Focus on process improvements to enable the Company to penetrate the export market.
 - Strong focus on employee involvement to eliminate waste in operations through focused initiatives.
- (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.
- (b) Benefits derived as a result of the above efforts:
- Reduction of material cost.
 - Quality improvement and improvement in 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:

There was no change in the nature of business of the Company, during the year 2017-18.

17. DEPOSITS:

The Company has neither accepted nor renewed any deposits during the year.

18. 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 and experience.

The composition of Board is as under;

Sl. No.	Name of the Director	Designation
1	Capt. N S Mohanram	Independent Director
2	Mr. R Srinivasan	Independent Director
3	Dr. Premchander	Independent Director
4	Mr. C P Rangachar	Managing Director
5	Mr. Hideharu Nagahisa	Non-Executive Director
6	Mr. Koichi Oba	Non-Executive Director
7	Mrs. Vidya Rangachar	Non-Executive Director

Mr. Osamu Tanaka and Mr. Shiro Hattori, Directors resigned from the post of Directorship of the Company with effect from 05th September, 2017. Board placed on the record of appreciation for valuable advice given by them during the tenure of directorship.

Mr. Hideharu Nagahisa and Mr. Koichi Oba appointed as additional Director of the Company with effect from 23rd August, 2017 and re designated as Director at the AGM held on 05th September 2017.

Mr. Hideharu Nagahisa, Non-Executive Director, retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

19. KEY MANAGERIAL PERSONNEL:

Pursuant provisions of Section 203 of the Companies Act, 2013, following persons are Key Managerial Person as on 31.03.2018:

Sl. No.	Name of the KMP	Designation
1	Mr. C P Rangachar	Managing Director
2	Mr. H M Narasinga Rao	Chief Financial Officer
3	Mr. K Gopalkrishna	Executive Director
4	Mr. A Venkatakrishnan	VP Operations
5	Mr. Vinayak Hegde	Company Secretary

During the year under review, Mr. Subramanya Ullal, Chief Executive Officer resigned with effect from 15th February, 2018 and Ms. Sridevi Ch, Company Secretary resigned with effect from 12th February, 2018. Board placed on the record of appreciation for valuable advice given by them during the tenure of Key Managerial Person in the Company.

Mr. Vinayak Hegde was appointed as Company Secretary with effect from 12th February, 2018 and Mr. A Venkatakrishnan appointed as VP – Operations with effect from 15th February, 2018.

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

The Company's management is responsible for establishing and maintaining an adequate system of internal controls over financial reporting. The Company has in place adequate systems of internal controls commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with

regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. The observations arising out of audit are periodically reviewed and compliance ensured.

The Internal Audit Reports, observations and status of the implementation is submitted to the Audit Committee of the Board of Directors. The status of implementation of the recommendations is reviewed by the Committee on a regular basis and concerns, if any, are reported to the Board.

21. RISK MANAGEMENT POLICY:

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. The Company has in place, a Policy on Risk Management for the purpose of identification, assessment, handling, monitoring and dealing with various risks across the organization.

Risks are identified by the respective departmental heads. Each 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 adopted the following measures concerning the development and implementation of a Risk Management Policy during the year:

- 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; and
- c. Installation of CC TV cameras and siren at factory for safety of the employees.
- d. Measures taken by the Company to mitigate foreign exchange transaction risks.

22. DETAILS OF POLICY DEVELOPED, IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

The Company has constituted a Corporate Social Responsibility Committee and developed a CSR Policy, in compliance with the provisions of Section 135 of the Companies Act, 2013, with the following objectives:

- 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.
- 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.

In accordance with the Company's CSR Policy, following are the areas on which the Company would like to focus for the purpose of CSR:

1. Education and
2. Environmental sustainability

In compliance with the CSR Policy, your Company has undertaken the following activities:

1. Rain water harvesting in all the plants of the Company.
2. The Company has appointed a Teacher to teach English and Computers in the Government Elementary School in Hedaginabele village of Kolar District.
3. The Company has given donation to Sarojini Educational and Voluntary Action Trust, which has been active in the field of rural development.

However, the CSR provisions are not applicable to the Company for the year 2017-18, it was not required to allocate / spend any funds towards CSR activities under the provisions of Section 135 of the Companies Act, 2013.

23. DIRECTORS' 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.

24. COMPOSITION OF AUDIT COMMITTEE:

In compliance with the provisions of Section 177 of the Companies Act, 2013 read with Rules 6 and 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's Board has constituted an Audit Committee with the following Directors:

Sl No	Name of the Member	Designation
1	Capt. N S Mohanram	Chairman
2	Mr. R Srinivasan	Member
3	Mr. C P Rangachar	Member
4	Dr. Premchander	Member

The above composition of the Audit Committee consists of three Independent Directors, who form the majority.

25. WHISTLE BLOWER POLICY:

The Company has established a Vigil Mechanism to deal with the genuine concerns of the employees and Directors pertaining to the Company's interests and also provided direct access to the Chairman of the Audit Committee and the Vigilance Officer of the Company on reporting issues concerning the interests of the Company. The Company also has provided adequate safeguards against victimization of employees and Directors who are the whistle blowers.

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

<http://www.yukenindia.com/wp-content/uploads/2016/02/Whistle-Blower-Policy.pdf>

26. 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 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 2017-18, no complaint of sexual harassment has been received.

27. DETAILS OF REVISION OF FINANCIAL STATEMENTS:

There was no revision of the financial statements of the Company, during the year 2017-18.

28. FAMILIARISATION 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.

29. 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:

a. Ratio of remuneration of each Director/KMP to the median employee's remuneration and the percentage increase in the median remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2017-18.

Name of the Director / KMP	Remuneration for financial year 2017-18 (in Rs.)	Remuneration for financial year 2016-17 (in Rs.)	% increase in remuneration in the financial year 2017-18	Ratio of remuneration of each Director/KMP to that of Median remuneration of employees
Mr. C P Rangachar, Managing Director	67,58,728	52,92,489	27.70	8.03:1
Mr. Osamu Tanaka, Chairman & Non-Executive Director up to 05 th September, 2017	-	10,000	Nil	-
Capt. N S Mohanram, Non-Executive Independent Director	3,14,666	90,000	249.63	0.37:1
Mr. R Srinivasan, Non-Executive Independent Director	3,24,666	70,000	363.81	0.38:1
Dr. Premchander, Non-Executive Independent Director	3,24,667	70,000	363.81	0.38:1

Name of the Director / KMP	Remuneration for financial year 2017-18 (in Rs.)	Remuneration for financial year 2016-17 (in Rs.)	% increase in remuneration in the financial year 2017-18	Ratio of remuneration of each Director/KMP to that of Median remuneration of employees
Mr. Shiro Hattori, Nominee Director up to 05 th September, 2017	-	10,000	-	-
Mrs. Vidya Rangachar, Non-Executive Director	2,84,667	50,000	469.33	0.33:1
Mr. Hideharu Nagahisa Chairman & Non-Executive Director w.e.f 23 rd August, 2017	2,44,667	-	-	0.29:1
Mr. Koichi Oba Non Executive Director w.e.f 23 rd August, 2017	2,44,667	-	-	0.29:1
Mr. H M Narasinga Rao, CFO	50,81,332	48,68,252	4.38	6.04:1
Mr. Subramanya Ullal, CEO up to 15 th February, 2018	44,41,775	44,99,053	(1.27)	5.28:1
Ms. Sridevi Ch, Company Secretary up to 12 th February, 2018	5,24,755	6,01,237	(12.72)	0.62:1
Mr. Vinayak Hegde Company Secretary w.e.f 12 th February 2018	92,469	-	-	0.11:1
Mr. K Gopal Krishna, Executive Director	58,60,582	55,33,708	5.91	6.96:1
Mr. A Venkatakrishnan VP Operation w.e.f 15 th February, 2018	3,09,368	-	-	0.37:1

Notes:

1. The Net Profit after tax has increased by Rs. 789.66 lakhs (excluding comprehensive income) as compared to the previous year and the remuneration of the Managing Director has increased by 27.70 %.
2. Remuneration paid /payable to Managing Director and Non-Executive Directors for the financial year 2017-18 is inclusive of Salary, Commission and Sitting Fees.
3. Remuneration paid/payable to Managing Director and Non-Executive Director was increased due to payment of Commission for the FY 2017-18. Previous year commission is NIL.
- b. The number of permanent employees on the rolls of the Company as on 31st March, 2018 was 313.
- c. Percentage increase in median remuneration of employees for the financial year is 20.01%.
- d. Relationship between average increase in remuneration and Company performance:
The Profit after Tax for the financial year 2017-18 stood at Rs. 868.73 lakhs (excluding comprehensive income) and the average increase in median employee remuneration was 20.01%. Remunerations of the employees are as per the industry standards.
- e. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:
Overall remuneration of Key Managerial Personnel for the year 2017-18 has increased by 10.94% whereas the total revenue from the operations has increased by 19% when compared to the previous year. Remuneration of the KMP are as per the industry standards.
- f. Details of share price and market capitalization:

(i) The details of variation in the market capitalization and price earnings ratio as at the closing date of the current and previous financial years are as follows:

Si. No.	Particulars	2017-18	2016-17
i.	Variations in the market capitalization of the Company on 31 st March, 2018	1199.40 crores	314.82 crores
ii.	Price Earnings Ratio of the Company	138.05:1	1072:1

(ii) Percentage increase over/decrease in the market quotations of the shares of the Company as compared to the rate at which the company came out with the last public offer in the year:

The Company had come out with initial public offer in 1991. An amount of Rs. 10 invested in the said IPO would be worth Rs. 3998 as on 31st March, 2018 indicating a Compounded Annual Growth Rate of 24.83%. This is excluding the dividend accrued thereon.

g. Average percentage increase 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:

- Average percentage increase of salaries of employees other than the key managerial personnel in the financial year: 16.43%.
- Percentage increase in the key managerial remuneration: 10.94%.

h. The key parameters for any variable component of remuneration availed by the directors.

Directors are paid commission calculated on the basis of net profits of the Company under the provisions of Section 197 of the Companies Act, 2013 and as approved by the shareholders and based on the Nomination and Remuneration Policy of the Company. The Directors are eligible for the commission on the net profit of the Company for the year 2017-18. The commission amount will be paid after the approval of financial statements for the year ended 31st March 2018, by the Board of Directors.

i. 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.

Information as per rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: Nil

- Employed throughout the financial year and were in receipt of remuneration for the year, in the aggregate of not less than Rs. 102 lakhs - Nil
- 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 Rs. 8.50 lakhs per month - Nil
- 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

30. SHARE CAPITAL:

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

Si. 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 Rs. 6,00,00,000 consisting of 60,00,000 Equity Shares of Rs. 10/- each and paid up equity share capital of the Company is Rs. 3,00,00,000 consisting of 30,00,000 equity shares of Rs. 10/- each as on March 31, 2018. During the year under review, the Company has not issued any shares, debenture or convertible instruments.

31. COST AUDITORS:

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014 as amend 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 2018-19. Your Directors proposed to ratify the remuneration payable to them for the financial year 2018-19 at the ensuing Annual General Meeting.

32. STATUTORY AUDITORS:

M/s. Walker Chandiok and Co., LLP, Chartered Accountants, have been appointed as statutory auditors of the Company at the 41st Annual General Meeting held on 05th September, 2017, for a period of 5 years and to hold the office up to the conclusion 46th Annual General Meeting of the Company to be held in the year 2022. The Board proposed to fix the remuneration in consultation with the said auditors.

33. SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made there under, the Company has appointed M/s.

Joseph & Chacko LLP, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for F.Y 2017-18. The Report of the Secretarial Audit is annexed herewith as 'Annexure 4'.

The Board of Directors have re-appointed M/s. Joseph & Chacko LLP, Company Secretary in Practice to conduct the Secretarial Audit for FY 2018-19 also.

34. CORPORATE GOVERNANCE:

Your Company is committed to maintaining 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 to this Report as 'Annexure -5'.

35. 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. (Refer page No 20.)

36. 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.

37. 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.

38. ACKNOWLEDGEMENTS:

Your Directors place on record their sincere thanks to the bankers, business associates, consultants and various Government Authorities 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.

For and on behalf of the Board of Directors

Place: Bengaluru
Date: 30 May, 2018

C P Rangachar
Managing Director
(DIN: 00310893)

Capt. N S Mohanram
Director
(DIN: 02466671)

R. Srinivasan
Director
(DIN: 00043658)

Form No. MGT-9

EXTRACT OF ANNUAL RETURNAs on the financial year ended on 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L29150KA1976PLC003017
ii)	Registration Date	28 th June, 1976
iii)	Name of the Company	YUKEN INDIA LIMITED
iv)	Category/Sub-category of the Company	Company Limited by shares/ India Non-Government Company
v)	Address of the Registered office	No. 16-C, Doddanekundi Industrial Area, II Phase, Mahadevapura, Bengaluru, Karnataka, PIN Code: 560048, India. Telephone: 080 – 41163217
vi)	Address of Corporate Office	P B No. 5, Koppathimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District, Karnataka, PIN Code: 563130.
vii)	Contact Details	Contact No. +91 9845191995, +91 9731610341 & +91 9880187250 Email Address : hmn_rao@yukenindia.com Website: http://www.yukenindia.com/
viii)	Whether listed Company	Listed
ix)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower-B, Plot Nos. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad- 500 032. Telephone : 040 - 33211500 Fax Number : 040 - 23420814

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Hydraulic Pumps, Valves and Others	2812	63.77
2	Hydraulic Power Units	2812	30.15

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act, 2013
1.	Yuflow Engineering Private Limited	U29120TN2002PTC048619	Subsidiary	100%	2(87)
2.	Coretec Engineering India Private Limited	U29246KA1998PTC023863	Subsidiary	100%	2(87)
3.	Grotek Enterprises Private Limited	U29220KA1997PTC023210	Subsidiary	100%	2(87)
4.	Sai India Limited	U29120KA1989FLC010358	Associate	40.0%	2(6)
5.	Bourton Consulting (India) Private Limited	U74140KA2007PTC042384	Associate	29.54%	2(6)
6.	Kolben Hydraulics Limited	U29119KA2007PLC043340	Associate	43.69%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

(i) Category-wise Share Holding:

Category Code	Category Of Shareholder	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01.04.2017				NO. OF SHARES HELD AT THE END OF THE YEAR 31.03.2018				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	Indian									
(a)	Individual /HUF	27,100	-	27,100	0.90	27,100	-	27,100	0.90	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	3,47,952	-	3,47,952	11.60	3,47,952	-	3,47,952	11.60	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	3,75,052	-	3,75,052	12.50	3,75,052	-	3,75,052	12.50	-
(2)	Foreign									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	12,00,000	-	12,00,000	40.00	12,00,000	-	12,00,000	40.00	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	12,00,000	-	12,00,000	40.00	12,00,000	-	12,00,000	40.00	-
	Total A=A(1)+A(2)	15,75,052	-	15,75,052	52.50	15,75,052	-	15,75,052	52.50	-
(B)	PUBLIC SHAREHOLDING									
(1)	Institutions									
(a)	Mutual Funds /UTI	-	1,500	1,500	0.05	1,11,880	500	1,12,380	3.74	3.69
(b)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	527	-	527	0.02	0.02
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	-	1,500	1,500	0.05	1,12,407	500	1,12,907	3.76	3.71
(2)	Non-Institutions									
(a)	Bodies Corporate	2,81,675	1,068	2,82,743	9.42	3,03,327	608	3,03,935	10.13	0.71
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	5,42,871	95,142	6,38,013	21.27	5,72,610	69,446	6,42,056	21.40	0.13
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	4,41,907	-	4,41,907	14.73	2,89,205	-	2,89,205	9.64	(5.09)

Category Code	Category Of Shareholder	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01.04.2017				NO. OF SHARES HELD AT THE END OF THE YEAR 31.03.2018				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(c)	Others									
	Clearing Members	3,742	-	3,742	0.12	35,839	-	35,839	1.19	1.07
	Non Resident Indians	57,043	-	57,043	1.90	23,898	-	23,898	0.80	(1.10)
	TRUSTS	-	-	-	-	-	-	-	-	-
	IEPF	-	-	-	-	17,108	-	17,108	0.57	0.57
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	13,27,238	96,210	14,23,448	47.45	12,41,987	70,054	13,12,041	43.73	(3.71)
	Total B=B(1)+B(2) :	13,27,238	97,710	14,24,948	47.50	13,54,394	70,554	14,24,948	47.50	-
	Total (A+B) :	29,02,290	97,710	30,00,000	100	29,29,446	70,554	30,00,000	100	-
(C)	Shares held by custodians, against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	29,02,290	97,710	30,00,000	100	29,29,446	70,554	30,00,000	100	-

(ii). Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share Holding during The year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / Encumbered to total shares	
1.	Yuken Kogyo Co., Ltd	12,00,000	40.00	-	12,00,000	40.00	-	-
2.	Benefic Investment And Finance Company Pvt Ltd	3,47,952	11.60	-	3,47,952	11.60	-	-
3.	C P Rangachar	21,100	0.70	-	21,100	0.70	-	-
4.	Vidya Rangachar	4,000	0.13	-	4,000	0.13	-	-
5.	Madhuri Rangachar	2,000	0.07	-	2,000	0.07	-	-
	Total	15,75,052	52.50	-	15,75,052	52.50	-	-

(iii). Change in Promoters' Shareholding:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	15,75,052	52.50	-	-
	Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year			15,75,052	52.50

Note: There was no change in promoters' shareholding during the financial year 2017-18.

(iv). Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Si No	Name	Shareholding at the beginning of the year		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding during the year	Shareholding at the end of the year	
		No of shares	% of Share Capital of the Company					No of Shares	% of total shares of the Company
1	Fazal Nabi Shaik	36,300	1.21	07/04/2017	140	Purchase	36,440	75,000	2.50
				14/04/2017	6,559	Purchase	42,999		
				05/05/2017	3,588	Purchase	46,587		
				12/05/2017	61	Purchase	46,648		
				19/05/2017	111	Purchase	46,759		
				26/05/2017	18	Purchase	46,777		
				02/06/2017	1,223	Purchase	48,000		
				09/06/2017	2,000	Purchase	50,000		
				25/08/2017	1,000	Purchase	51,000		
				15/09/2017	1,000	Purchase	52,000		
				20/10/2017	1,000	Purchase	53,000		
				22/12/2017	1,000	Purchase	54,000		
				26/01/2018	(54,000)	Sale	-		
				26/01/2018	64,000	Purchase	64,000		
				02/02/2018	8,707	Purchase	72,707		
				16/02/2018	1,293	Purchase	74,000		
				02/03/2018	775	Purchase	74,775		
				09/03/2018	147	Purchase	74,922		
				16/03/2018	78	Purchase	75,000		
2	Indiabulls Mutual Fund - Blue Chip Fund	-	-	28/04/2017	8,100	Purchase	8,100	70,363	2.35
				05/05/2017	(2,850)	Sale	5,250		
				12/05/2017	8,000	Purchase	13,250		
				19/05/2017	(200)	Sale	13,050		
				02/06/2017	(9,600)	Sale	3,450		
				09/06/2017	9,000	Purchase	12,450		
				23/06/2017	18,976	Purchase	31,426		
				14/07/2017	8,814	Purchase	40,240		
				03/11/2017	1,400	Purchase	41,640		
				10/11/2017	10,000	Purchase	51,640		
				15/12/2017	49,488	Purchase	101,128		
				05/01/2018	(6,750)	Sale	94,378		
				02/02/2018	(7,192)	Sale	87,186		
				09/02/2018	18,177	Purchase	105,363		
				16/02/2018	(12,500)	Sale	92,863		
				23/03/2018	(4,000)	Sale	88,863		
				30/03/2018	(18,500)	Sale	70,363		
3	Anil Bhavanji Shah jointly with Darshana Anil Shah	70,988	2.37	12/01/2018	(5,000)	Sale	65,988	50,988	1.70
				19/01/2018	(5,000)	Sale	60,988		
				26/01/2018	(5,000)	Sale	55,988		
				02/02/2018	(5,000)	Sale	50,988		

(iv). Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No	Name	Shareholding at the beginning of the year		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding during the year	Shareholding at the end of the year	
		No of shares	% of Share Capital of the Company					No of Shares	% of total shares of the Company
4	KCP Sugar And Industries Corporation Limited	87,754	2.93	09/06/2017	(10,000)	Sale	77,754	44,784	1.49
				16/06/2017	10,000	Purchase	87,754		
				17/11/2017	(1,200)	Sale	86,554		
				24/11/2017	(200)	Sale	86,354		
				01/12/2017	(500)	Sale	85,854		
				08/12/2017	(500)	Sale	85,354		
				15/12/2017	(950)	Sale	84,404		
				22/12/2017	(1,750)	Sale	82,654		
				29/12/2017	(1,800)	Sale	80,854		
				05/01/2018	(1,900)	Sale	78,954		
				12/01/2018	(5,250)	Sale	73,704		
				19/01/2018	(3,150)	Sale	70,554		
				26/01/2018	(2,350)	Sale	68,204		
				02/02/2018	(4,650)	Sale	63,554		
				09/02/2018	(4,050)	Sale	59,504		
				16/02/2018	(4,340)	Sale	55,164		
				23/02/2018	(3,050)	Sale	52,114		
				02/03/2018	(1,850)	Sale	50,264		
				09/03/2018	(2,300)	Sale	47,964		
				16/03/2018	(350)	Sale	47,614		
				23/03/2018	(1,340)	Sale	46,274		
				30/03/2018	(1,490)	Sale	44,784		
5	J M Global Equities Private Limited	-	-	05/05/2017	9,000	Purchase	9,000	42,354	1.41
				09/06/2017	3,500	Purchase	12,500		
				16/06/2017	500	Purchase	13,000		
				30/06/2017	(5,443)	Sale	7,557		
				14/07/2017	(807)	Sale	6,750		
				28/07/2017	(426)	Sale	6,324		
				04/08/2017	5	Purchase	6,329		
				11/08/2017	2,495	Purchase	8,824		
				25/08/2017	990	Purchase	9,814		
				01/09/2017	2,500	Purchase	12,314		
				15/09/2017	(5,128)	Sale	7,186		
				22/09/2017	(7,186)	Sale	-		
				06/10/2017	48	Purchase	48		
				13/10/2017	(48)	Sale	-		
				24/11/2017	5	Purchase	5		
				01/12/2017	(5)	Sale	-		
				15/12/2017	250	Purchase	250		
				22/12/2017	6,052	Purchase	6,302		
				29/12/2017	10,837	Purchase	17,139		
				05/01/2018	(5,136)	Sale	12,003		
				12/01/2018	18,214	Purchase	30,217		
				19/01/2018	(1,772)	Sale	28,445		
				02/02/2018	3,845	Purchase	32,290		
				09/02/2018	3,271	Purchase	35,561		

(iv). Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No	Name	Shareholding at the beginning of the year		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding during the year	Shareholding at the end of the year	
		No of shares	% of Share Capital of the Company					No of Shares	% of total shares of the Company
				16/02/2018	1,883	Purchase	37,444		
				23/02/2018	10	Purchase	37,454		
				02/03/2018	279	Purchase	37,733		
				09/03/2018	(379)	Sale	37,354		
				30/03/2018	5,000	Purchase	42,354		
6	Salim Pyarli Govani	41,794	1.39	14/07/2017	(900)	Sale	40,894	36,971	1.23
				29/12/2017	(900)	Sale	39,994		
				05/01/2018	(450)	Sale	39,544		
				19/01/2018	(450)	Sale	39,094		
				26/01/2018	(1,350)	Sale	37,744		
				02/03/2018	(773)	Sale	36,971		
7	Tejas Vidyadhara Rao Sethi	27,000	0.90	31/03/2018	-	-	27,000	27,000	0.90
8	Indiabulls Mutual Fund Savings Income Fund	-	-	28/04/2017	900	Purchase	900	23,900	0.80
				19/05/2017	(200)	Sale	700		
				02/06/2017	700	Purchase	1,400		
				14/07/2017	8,500	Purchase	9,900		
				31/10/2017	(1,400)	Sale	8,500		
				05/01/2018	(1,100)	Sale	7,400		
				16/02/2018	12,500	Purchase	19,900		
				30/03/2018	4,000	Purchase	23,900		
9	Shivswaroop Gupta (HUF)	36,389	1.21	17/11/2017	(2,208)	Sale	34,181	23,317	0.78
				24/11/2017	(1,000)	Sale	33,181		
				01/12/2017	(1,810)	Sale	31,371		
				08/12/2017	(3,454)	Sale	27,917		
				12/01/2018	(600)	Sale	27,317		
				26/01/2018	(4,000)	Sale	23,317		
10	Raghavan Venkataramani	24,222	0.81	19/05/2017	(1,669)	Sale	22,553	19,141	0.64
				14/07/2017	(1,000)	Sale	21,553		
				23/03/2018	(2,412)	Sale	19,141		

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

Sl. No.	DPID	Folio/Client-Id	Name of the Share Holder	Jt1	Category	Sold	bought	Cumulative Holding	Date
1	IN300360	21003688	C P Rangachar	Vidya Rangachar	Director	-	-	21,100	01/04/2017
	IN300360	21003688	C P Rangachar	Vidya Rangachar	Director	-	-	21,100	31/03/2018
2	IN300360	21003670	Vidya Rangachar	C P Rangachar	Director	-	-	4,000	01/04/2017
	IN300360	21003670	Vidya Rangachar	C P Rangachar	Director	-	-	4,000	31/03/2018
3	-	YIL009000	H M Narasinga Rao	-	KMP	-	-	450	01/04/2017
	-	YIL009000	H M Narasinga Rao	-	KMP	-	-	450	31/03/2018

V. INDEBTEDNESS:

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

(Rs. in lakhs)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,249.34	3,250.00	-	6,499.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	19.86	4.68	-	24.54
Total (i+ii+iii)	3,269.20	3,254.68	-	6,523.88
Change in Indebtedness during the financial year				
Addition	3,832.69	-	-	3,832.69
Deletion	2,161.39	2,070.00	-	4,231.39
Net Change	1,671.30	(2,070.00)	-	(398.70)
Indebtedness at the end of the financial year				
i) Principal Amount	4,920.64	1,180.00	-	6,100.64
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5.21	0.96	-	6.17
Total (i+ii+iii)	4,925.85	1,180.96	-	6,106.81

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Total Amount (Rs.)
1	Name	C P Rangachar – Managing Director
2	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	39,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4,78,728
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
3.	Stock Option	-
4.	Sweat Equity	-
5.	Commission	14,08,000
	- as % of profit	1%
	- others, specify...	-
6	Others:	9,72,000
	Contribution to Superannuation fund, PF and Insurance other funds	
	Total (A)	67,58,728

Ceiling as per the Act: In the scale of Rs. 350,000/- to Rs. 700,000/- per month as per the provisions of the Companies Act, 2013 and as approved by the shareholders.

B. Remuneration to other directors:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Names of Directors						Total Amount (Rs.)
		Mr. Hideharu Nagahisa	Mr. R Srinivasan	Capt. N S Mohanram	Dr. Premchander	Mr. Koichi Oba	Mrs. Vidya Rangachar	
1.	Independent Directors							
	• Fee for attending board meetings	-	50,000	40,000	50,000	-	-	1,40,000
	• Committee meetings	-	40,000	40,000	40,000	-	-	1,20,000
	• Commission	-	2,34,666	2,34,666	2,34,667	-	-	7,03,999
	• Others, please specify	-	-	-	-	-	-	-
	Total (1)	-	3,24,666	3,14,666	3,24,667	-	-	9,63,999
2.	Other Directors							
	• Fee for attending board meetings	10,000	-	-	-	10,000	50,000	70,000
	• Committee meetings	-	-	-	-	-	-	-
	• Commission	2,34,667	-	-	-	2,34,667	2,34,667	7,04,001
	• Others, please specify	-	-	-	-	-	-	-
	Total (2)	2,44,667	-	-	-	2,44,667	2,84,667	7,74,001
	Total (1+2)	2,44,667	3,24,666	3,14,666	3,24,667	2,44,667	2,84,667	17,38,000

Note:

- Remuneration to other Directors includes Sitting Fees and Commission.
- Overall Ceiling as per the Act: Sitting Fee - Rs. 100,000/- per Meeting and Commission maximum 1% of net profit of the Company.

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel					Total Amount
		Executive Director	V P Operations	CEO	CFO	Company Secretary	
1.	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	54,01,582	2,81,153	39,68,375	47,03,332	5,71,814	1,49,26,256
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	21,600	2,700	19,800	21,600	-	65,700
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission - as % of profit- others, specify...	-	-	-	-	-	-
5.	Others: Contribution to Superannuation fund, PF and Insurance	4,37,400	25,515	4,53,600	3,56,400	45,410	13,18,325
	Total	58,60,582	3,09,368	44,41,775	50,81,332	6,17,224	1,63,10,281

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year under review, no penalty was levied against the Company, its Directors or any of its Officers under the Companies Act, 2013 and also there was no punishment or compounding of offences against the Company, its Directors or any of its Officer.

For and on behalf of the Board of Directors

Place: Bengaluru
Date: 30 May, 2018

C P Rangachar
Managing Director
(DIN: 00310893)

Capt. N S Mohanram
Director
(DIN: 02466671)

R. Srinivasan
Director
(DIN: 00043658)

ANNEXURE-2

Form AOC-1

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

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

Part "A": Subsidiaries

Rs. In lakhs

Sl. No.	Particulars	Details	Details	Details
1.	Name of the subsidiary	Coretec Engineering India Pvt. Ltd.	Yuflow Engineering Pvt. Ltd.	Grotek Enterprises Pvt. Ltd.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01 st April, 2017 to 31 st March, 2018	01 st April, 2017 to 31 st March, 2018	01 st April, 2017 to 31 st March, 2018
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	61.96	200.00	501.00
5.	Reserves & surplus	230.04	(576.09)	(460.57)
6.	Total assets	1,930.83	80.21	3,478.84
7.	Total Liabilities	1,930.83	80.21	3,478.84
8.	Investments	-	-	-
9.	Turnover	2,329.47	9.18	5,228.00
10.	Profit/(Loss) before taxation	82.65	(21.03)	(183.82)
11.	Provision for taxation	21.66	0.43	(28.09)
12.	Other comprehensive income for the period	3.26	-	1.04
13.	Profit/(Loss) after taxation	64.25	(21.46)	(154.69)
14.	Proposed Dividend	-	-	-
15.	% of shareholding	100%	100%	100%

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

- Names of subsidiaries which are yet to commence operations - NA
- Names of subsidiaries which have been liquidated or sold during the year - NA

Part "B" Associates and Joint Ventures

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

Rs. In lakhs

Name of associates	Sai India Ltd	Kolben Hydraulics Ltd	Bourton Consulting (India) Pvt. Ltd.
1. Latest audited Balance Sheet Date	31 st March, 2018	31 st March, 2018	31 st March, 2018
2. Shares of Associate/Joint Ventures held by the Company on the year end	3,60,000	4,37,200	37,300
3. Amount of Investment in Associates/Joint Venture	20.00	43.72	3.73
4. Extent of Holding%	40%	43.69%	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 43.69% stake 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 associate/joint venture is not consolidated	NA	NA	NA
7. Net worth attributable to shareholding as per latest audited Balance Sheet	879.86	61.33	23.23
8. Profit/(Loss) for the year	9.55	(21.96)	5.07
i. Considered in Consolidation	3.82	(9.59)	1.49
ii. Not Considered in Consolidation	5.73	(12.37)	3.58

- Names of associates or joint ventures which are yet to commence operations -NA.
- Names of associates or joint ventures which have been liquidated or sold during the year - NA.

For and on behalf of the Board of Directors

Place: Bengaluru
Date: 30 May, 2018

C P Rangachar
Managing Director
(DIN: 00310893)

Capt. N S Mohanram
Director
(DIN: 02466671)

R. Srinivasan
Director
(DIN: 00043658)

ANNEXURE-3

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:

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

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

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

For and on behalf of the Board of Directors

Place: Bengaluru
Date: 30 May, 2018

C P Rangachar
Managing Director
(DIN: 00310893)

Capt. N S Mohanram
Director
(DIN: 02466671)

R. Srinivasan
Director
(DIN: 00043658)

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST March, 2018

[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, Bangalore, Karnataka- 560048, India. Secretarial Audit was conducted in a manner that provided to 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, 2018 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, 2018 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, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during Audit period)
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (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, 2009; (Not Applicable to the Company during Audit Period)and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during Audit Period)
- i) 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

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 and Ahmedabad Stock Exchange Limited.

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 audit period there were no instances of

- a. Public/Right/Preferential issue of shares/debentures/sweat equity etc
- b. Redemption / buy-back of securities
- c. Merger / amalgamation / reconstruction, etc.
- d. Foreign technical collaborations

For **Joseph & Chacko LLP**

Company Secretaries

Binoy Chacko

FCS No.: 4792

CP No.: 4221

Place: Bangalore

Date: 10.05.2018

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. Where ever 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

Binoy Chacko

FCS No.: 4792

CP No.: 4221

Place: Bangalore

Date: 10.05.2018

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 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 are one Executive Director, viz., Mr. C P Rangachar, Managing Director. All the other Directors are Non-Executive Directors. Among the Non-Executive Directors, Mr. Hideharu Nagahisa, Mr. Koichi Oba and Mrs. Vidya Rangachar are Non-Executive and Non-Independent Directors and Mr. R Srinivasan, Capt. N S Mohanram and Dr. Premchander are Non-Executive Independent Directors.

During the year under review, Mr. Hideharu Nagahisa and Mr. Koichi Oba appointed as an additional Director of the Company with effect from 23.08.2017. Further from 05.09.2017 appointed as Directors of the Company. Mr. Osamu Tanaka and Mr. Shiro Hattori resigned for the post of directorship with effect from 05.09.2017.

The Company has not had any pecuniary relationship/transaction with any of the Non-Executive Independent Directors of the Company.

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, 2018 are as indicated below:

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. Hideharu Nagahisa (Chairman)	Non-Executive & Non-Independent Director (Collaborator)	1	Yes	Yes	-	-	-
2. Mr. Koichi Oba	Non-Executive & Non-Independent, Director (Collaborator)	1	Yes	Yes	-	-	-
3. Mr. R Srinivasan	Non-Executive & Independent Director	5	Yes	NA	7	5	2
4. Capt. N S Mohanram	Non-Executive & Independent Director	4	No	Yes	-	-	-
5. Dr. Premchander	Non-Executive & Independent Director	5	Yes	NA	1	-	-
6. Mr. CP Rangachar	Executive & Non-Independent Director (Promoter)	5	Yes	NA	8	2	-
7. Mrs. Vidya Rangachar	Non-Executive & Non-Independent Director	5	Yes	NA	1	-	-

Note:

- No. of outside Directorships held is 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).
- Chairmanship/Membership of Audit Committee and Nomination & Remuneration Committee in other Public Companies has been considered.
- LOA – Leave of Absence

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

<http://www.yukenindia.com/wp-content/uploads/2015/12/Familiarization-Programme-for-Independent-Directors.pdf>

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 2017-18, our Board met 5 times viz., on 29th May 2017, 29th July 2017, 05th September 2017, 09th November 2017 and 12th February, 2018.

In addition, a separate meeting of the independent directors was held on 12th February, 2018. 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.

Board Committees:

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, no Director can be a member of more than ten Committees or act as Chairman of more than five Committees across all the Companies in which he/she is a Director. None of the Directors of our Company was member of more than ten Committees nor acted as Chairman of more than five Committees across all the Companies in which they were Directors during the year.

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, 2018. A Certificate to this effect, duly signed by the Managing Director and Chief Financial Officer is annexed hereto. Code of Conduct of the Company is available in its website under:

<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 2017-18, no complaint of sexual harassment has been received.

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 Capt. N S Mohanram as the Chairman and Mr. R Srinivasan, Dr. Premchander, Mr. C P Rangachar as the Members. While Capt. N S Mohanram, Mr. R Srinivasan and Dr. Premchander are Non-Executive & Independent Directors, 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, four meetings of the Audit Committee were held, the dates being 29th May 2017, 29th July 2017, 09th November 2017 and 12th February, 2018. The composition of Audit Committee as at 31st March, 2018 and the attendance of the members at the Audit Committee Meetings are as follows:

Sl. No.	Director	No. of Meetings held during the year	No. of Meetings attended during the year
1.	Capt. N S Mohanram (Chairman)	4	4
2.	Mr. R Srinivasan	4	4
3.	Mr. C P Rangachar	4	4
4.	Dr. Premchander	4	4

The Chairman of the Audit Committee, Dr. Premchander in place of Capt. N S Mohanram was present at the Annual General Meeting held on 05th September, 2017.

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 with three Non-Executive and Independent Directors viz., Mr. R Srinivasan as Chairman and Capt. N S Mohanram and Dr. Premchander as members. During the financial year 2017-18, the Company has not conducted any meeting of Nomination and Remuneration Committee.

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 was constituted with Dr. Premchander –Non-Executive and Independent Director as Chairman, Mr. H M Narasinga Rao, CFO & Vice President-Finance, Mrs. U S Geetha Pushpa, General Manager – Finance and Mr. Chandrakanth H M – DGM Finance as the members and Mr. Vinayak Hegde- Company Secretary and Compliance officer of the Company to look into the issues pertaining to share transfers and stakeholders' grievances.

During the year, two meetings of the Stakeholders Relationship Committee were held, viz., on 21st April, 2017 and 15th June, 2017. The proceedings of the Meeting of the Committee are reported in the Board Meetings for the Board to take note of.

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

Committee Members	No. of Meetings held during the year	No. of Meetings attended during the year
Dr. Premchander	2	2
Mr. H M Narasinga Rao	2	2
Mrs. U S Geetha Pushpa	2	2
Mr. Chandrakanth H M (w.e.f 29.07.2017)	-	-

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	2	0
2.	Non-receipt of securities	5	5	0
3.	Non-receipt of Annual reports	3	3	0
4.	Complaints from Stock Exchanges / SEBI	0	0	0
	Total	10	10	0

RISK MANAGEMENT COMMITTEE:

Risk Management Committee of the Company was 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. Subramanya Ullal – Member up to 12th February, 2018.
4. Mr. A Venkatakrishnan – Member w.e.f. 12th February, 2018

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.

CORPORATE SOCIAL RESPONSIBILITY 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. Dr. Premchander – Chairman
2. Mr. C P Rangachar – Member and
3. Mr. R Srinivasan – Member.

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

However, since the CSR provisions are not applicable to the Company for the year 2017-18, the members have not met during the year.

SUBSIDIARY COMPANIES:

The Company does not have any material non-listed Indian subsidiary Companies as on 31.03.2018. The Audit Committee reviews financial statements, particularly, the capital investments made by the Company's non-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 by the subsidiary companies.

DISCLOSURES:

(A) Related Party Transactions:

During the financial year 2017-18, besides the transactions reported in Note No. 52 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. Further, there are no material related party transactions that are not in the normal course of business or not on arm's length basis. However, 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 under:

<http://www.yukenindia.com/wp-content/uploads/2016/02/Related-Party-Transactions-Policy.pdf>

(B) Disclosure of accounting treatment:

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

(C) Risk Management:

The Board has constituted a Risk Management Committee and has in place an integrated approach to manage risks inherent in various aspects of our business. The Company has established policy and procedures to periodically placed before the Board the risk assessment and minimization procedures that are being followed by the Company and steps taken by it to mitigate these risks.

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

The Company has not raised any capital during the year ended 31st March, 2018.

(E) Remuneration of Directors:

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

Details of remuneration paid/payable to the Managing Director, during the year, 2017-18 is as under*.

(Rs. In lakhs)

Name	Salary	Value of Perquisites	Contribution to Provident & Superannuation Fund	Leave encashment	Commission	Total
Mr. C P Rangachar	36.00	4.79	9.72	3.00	14.08	67.59

* 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 paid/payable to Non-Executive Directors for FY 2017-18 are given below:

(Amount in Rs.)

Sl No	Name of the Director	Sitting fees	Commission	Total
1	Mr. Hideharu Nagahisa	10,000	2,34,667	2,44,667
2	Mr. Koichi Oba	10,000	2,34,667	2,44,667
3	Mr. R Srinivasan	90,000	2,34,666	3,24,666
4	Capt. N S Mohanram	80,000	2,34,666	3,14,666
5	Dr. Premchander	90,000	2,34,667	3,24,667
6	Mrs. Vidya Rangachar	50,000	2,34,667	2,84,667
	Total	3,30,000	14,08,000	17,38,000

However, the commission amount as mentioned above will be paid after the approval of financial statements for year ended 31st March, 2018 by the Board of Directors of the Company.

Mrs. Vidya Rangachar, a Director, holds 4,000 equity shares in the Company and the Company has paid the rent of Rs. 1.80 lakhs for the year ended 31st March, 2018. There is no notice period and severance pay. No stock options have been issued to any of the Directors.

(F) 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, 2018, which is annexed hereto.

GENERAL BODY MEETINGS:

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

Year	Date	Special Resolution passed	Location	Time
2014-15	15 th September, 2015	Appointment of Mr. C P Rangachar as a Managing Director for a period of 5 years.	Woodlands Hotel Pvt. Ltd., No.5, Raja Ram Mohan Roy Road, Bengaluru – 560025.	10.00 am
2015-16	21 st September, 2016	NA	Woodlands Hotel Pvt. Ltd., No.5, Raja Ram Mohan Roy Road, Bengaluru – 560025.	10.00 am
2016-17	05 th September 2017	NA	Woodlands Hotel Pvt. Ltd., No.5, Raja Ram Mohan Roy Road, Bengaluru – 560025.	10.00 am

MEANS OF COMMUNICATION:

The quarterly financial results of the Company were submitted to the Stock Exchanges immediately after the Board took the same on record through e-mail and courier. Also, financial results have been submitted to BSE Ltd., by uploading in their portal - <http://listing.bseindia.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: www.yukenindia.com. No presentation has been made to Institutional Investors or to Analysts.

GENERAL SHAREHOLDER INFORMATION:**a. 42nd Annual General Meeting**

Day, date and time Tuesday, 04th September, 2018
 Venue Woodlands Hotel Pvt. Ltd., No.5, Raja Ram Mohan Roy Road, Bengaluru – 560025.

b. Financial Calendar

- i) Financial Year April to March
- ii) First Quarter Results July
- iii) Second Quarter Results November
- iv) Third Quarter Results February
- v) Year end Results May

c. Date of Book Closure 31st August, 2018 to 04th September, 2018

d. Proposed Dividend 20% on equity shares

e. Dividend Payment Date 30 days from the date of AGM

f. Listing of Equity Shares **BSE Limited**

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.

Scrip Code: 522108

Ahmedabad Stock Exchange Limited

Kamadhenu Complex,
 Opposite – Sahajanand College,
 Panjarapole, Ahmedabad – 380015.

Scrip Code: 68030

Listing Fee Annual listing fee for the financial year 2017-18 paid to the Stock Exchanges.

g. Depository Fee Annual custody fee for the financial year 2017-18 paid to the depositories.

h. Corporate Identity Number L29150KA1976PLC003017

i. Details of Registrar and Share Transfer Agents:
 Karvy Computershare Pvt. Ltd.,
 Karvy Selenium Tower-B,
 Plot Nos. 31 & 32, Financial District,
 Gachibowli, Nanakramguda,
 Serilingampally, Hyderabad- 500 032.
 Phone: 040-33211500

j. Market Price Data:

High – Low market price data during each month in the year 2017-18 at BSE Ltd. is furnished below:

Sl. No.	Month	High	Low
1	APR	1309	1040
2	MAY	1699	1260.1
3	JUN	1770	1558.45
4	JUL	1877.05	1750
5	AUG	1877.05	1750
6	SEP	1877.05	1850
7	OCT	2425	1900
8	NOV	2947	2390
9	DEC	3725	2800
10	JAN	4990	3360
11	FEB	4850	3701.5
12	MAR	4450	3852.05

There was no trading in the Ahmedabad Stock Exchange Ltd. during the year ended 31st March, 2018 since the stock exchange is under the process of de-recognition.

k. Share Transfer System:

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

The Company's Registrar and Share Transfer Agents M/s. Karvy Computershare Pvt. Ltd., Hyderabad, have adequate infrastructure to process the share transfers. The Committee meets to approve the transfers etc., as may be required by the Registrars and Share Transfer Agents. 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, 2018.

I. 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 with 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 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.

m. Distribution Schedule – Consolidated as on 31.03.2018:

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount (Rs.)	% of Amount
0 – 5000	4485	94.32	2,98,822	29,88,220	9.96
5001 – 10000	114	2.40	88,028	8,80,280	2.93
10001 – 20000	66	1.39	1,04,014	10,40,140	3.47
20001 – 30000	18	0.38	44,329	4,43,290	1.48
30001 – 40000	10	0.21	36,427	3,64,270	1.21
40001 – 50000	9	0.19	40,158	4,01,580	1.34
50001 – 100000	26	0.55	1,98,057	19,80,570	6.60
100001 & Above	27	0.57	21,90,165	2,19,01,650	73.01
Total	4755	100%	30,00,000	3,00,00,000	100%

n. Plant location / address for correspondence:

The Company's plant is located at Bengaluru, Karnataka and Malur, Kolar.

o. Address for communication:

Registrar & Share Transfer Agents (RTA) (matters relating to Shares, Dividends, Annual Reports)	Karvy Computershare Pvt. Ltd., Karvy Selenium Tower-B, Plot Nos. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad- 500 032. Phone: 040-33211500
For any other general matters or in case of any difficulties/grievances	The Company Secretary Yuken India Limited PB No. 5, Koppalthimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District, Karnataka, India. PIN – 563130. PH: +91- 9731610341, +91 9845191995, +91 9880187250 E-Mail: vinayak.hegde@yukenindia.com yilinfo@yukenindia.com , hmn_rao@yukenindia.com
Website address	www.yukenindia.com
Email ID of Investor Grievances Section	vinayak.hegde@yukenindia.com
Name of the Compliance Officer	Vinayak Hegde – Company Secretary

p. Shareholding Pattern as on 31st March, 2018:

Category	No. of shares held	Percentage of Shareholding
Promoters' holding	15,75,052	52.50
Mutual Funds / UTI	1,12,380	3.75
Private Corporate Bodies	3,04,462	10.15
Indian Public	8,85,514	29.52
HUF	45,747	1.52
NRIs/OCBs	23,898	0.80
Clearing Members	35,839	1.19
IEPF	17,108	0.57
Grand Total	30,00,000	100

q. 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. As on 31.03.2018, 97.64% of the paid up capital of the Company is in Demat form.

OTHER DISCLOSURES:

- A. 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.
- B. details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;

The whistle blower policy is available in Company website under:

<http://www.yukenindia.com/wp-content/uploads/2016/02/Whistle-Blower-Policy.pdf>

Further, the Company hereby confirm that no personnel has been denied access to the audit committee.

- C. 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.

STATUS OF COMPLIANCE OF NON-MANDATORY REQUIREMENTS:**1. Audit qualifications:**

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

2. Separate posts of Chairman and CEO:

While Mr. Hideharu Nagahisa is the Chairman, Mr. C P Rangachar is the Managing Director of the Company.

3. Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee.

DECLARATION ON CODE OF CONDUCT:

In compliance with the requirements of the Regulation 26(3) of Listing 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, 2018.

For and on behalf of the Board of Directors

Place: Bengaluru
Date: 30 May, 2018

C P Rangachar
Managing Director
(DIN: 00310893)

To the Members of
Yuken India Limited

Independent Auditor's Certificate on Corporate Governance

1. This certificate is issued in accordance with the terms of our engagement letter dated 13 October 2017.
2. We have examined the compliance of conditions of corporate governance by Yuken India Limited ('the Company') for the year ended on 31 March 2018, 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 2018.

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

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru

30th May, 2018

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, 2018 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: 30th May, 2018

Standalone Financial Statements

Independent Auditor's Report

To the Members of
Yuken India Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Yuken India Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act, and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit

evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The comparative financial information for the year ended 31 March 2017 and the transition date opening Balance Sheet as at 1 April 2016 prepared in accordance with Ind AS included in these standalone financial statements have been audited by the predecessor auditor, Deloitte Haskins & Sells, Chartered Accountants. The report of the predecessor auditor dated 19 April 2018 on the comparative financial information and the opening Balance Sheet expressed an unmodified opinion on the financial information as at 1 April 2016 and an unmodified opinion on the financial information for the year ended 31 March 2017. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('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.

11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the 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 is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 30 May 2018 as per Annexure II expressed an unmodified opinion;
- 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 40 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per Vijay Vikram Singh

Partner

Membership No.: 059139

Bengaluru

30 May 2018

Annexure I 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 2018

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief,

we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of two 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 program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of substantial inventory at reasonable intervals during the year, except for stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies between physical inventory and book records were noticed on physical verification of inventory.
- (iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest;

- (b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular;
- (c) there is no overdue amount in respect of loans granted to such companies, firms, LLPs or other parties.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) 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 under sub-section (1) of Section 148 of the Act in respect of Company's products 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) Undisputed statutory dues including 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 to the appropriate authorities, though there has been a slight delay 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) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of disputed dues:

Name of the statute	Nature of dues	Amount (₹)	Amount paid Under Protest (₹)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income Tax	19,10,000	-	AY 2009-10	Income Tax Appellate Tribunal	
	Income Tax	4,37,000	-	AY 2011-12	Assessing Officer	
	Income Tax	19,02,899	-	AY 2012-13	Income Tax Appellate Tribunal	
	Income Tax	16,25,935	-	AY 2014-15	Commissioner of Income Tax Appeals	

- viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable,

and the requisite details have been disclosed in the standalone financial statements etc., as required by the applicable Ind AS.

- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per Vijay Vikram Singh

Partner

Membership No.: 059139

Bengaluru

30 May 2018

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 2018

Independent Auditor's Report on the Internal Financial Controls 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 standalone financial statements of Yuken India Limited ('the Company') as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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

3. Our responsibility is to express an opinion on the Company's IFCoFR 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') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, 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 IFCoFR 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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 over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR 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 over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru

30 May 2018

Standalone Balance Sheet as at 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Notes	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	5,841.99	5,377.37	6,886.75
Capital work in progress		87.87	242.91	379.61
Other intangible assets	4	69.17	70.23	51.38
Investment property	5	64.90	1.88	1.88
Financial assets				
(i) Investments	6	900.80	858.59	357.59
(ii) Loans	7	259.99	522.35	7.49
(iii) Other financial assets	10	8.08	9.54	3.49
Other non-financial assets	12	42.46	5.79	26.55
		7,275.26	7,088.66	7,714.74
Current assets				
Inventories	13	3,436.27	3,109.08	3,282.03
Financial assets				
(i) Trade receivables	14	6,933.28	5,658.73	5,968.54
(ii) Cash and cash equivalents	8	40.96	32.51	27.90
(iii) Bank balances other than cash and cash equivalents	9	50.85	41.74	30.31
(iv) Loans	7	269.24	266.66	4.20
(v) Other financial assets	10	251.99	225.98	195.21
Current tax assets	11	136.65	172.94	173.58
Other non-financial assets	12	1,599.72	1,840.43	541.09
		12,718.96	11,348.07	10,222.86
TOTAL ASSETS		19,994.22	18,436.73	17,937.60
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	300.00	300.00	300.00
Other equity	16	5,925.34	5,101.16	5,089.95
		6,225.34	5,401.16	5,389.95
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	17	1,096.45	1,461.79	1,223.59
(ii) Other financial liabilities	18	914.09	921.52	929.50
Provisions	19	117.21	102.92	90.40
Deferred tax liabilities (net)	46	70.13	3.08	407.16
		2,197.88	2,489.31	2,650.65
Current liabilities				
Financial liabilities				
(i) Borrowings	17	4,543.20	4,575.75	4,228.62
(ii) Trade payables	20	4,579.70	3,699.49	3,871.03
(iii) Other financial liabilities	18	1,665.65	1,609.88	1,125.53
Provisions	19	280.41	308.59	316.93
Current tax liabilities	21	169.75	36.43	10.81
Other non-financial liabilities	22	332.29	316.12	344.08
		11,571.00	10,546.26	9,897.00
TOTAL EQUITY AND LIABILITIES		19,994.22	18,436.73	17,937.60

See accompanying notes (1-55) forming part of these financial statements.

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

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

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

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

C.P. Rangachar

Managing Director

(DIN: 00310893)

H.M Narasinga Rao

Chief Financial Officer

Bengaluru

30 May 2018

Capt. N S Mohanram

Director

(DIN: 02466671)

Vinayak Hegde

Company Secretary

Bengaluru

30 May 2018

R Srinivasan

Director

(DIN: 00043658)

Bengaluru
30 May 2018

Standalone Statement of Profit and Loss for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	23	23,458.22	21,570.57
Other income	24	404.30	235.28
		23,862.52	21,805.85
Expenses			
Cost of materials consumed	25	11,502.82	9,205.01
Purchases of stock-in-trade	26	1,040.80	922.38
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(77.68)	(218.14)
Excise duty on sale of products		541.65	2,190.64
Employee benefits expense	28	3,170.55	2,853.63
Finance costs	29	714.47	629.23
Depreciation and amortisation expense	30	308.72	387.72
Other expenses	31	5,340.20	5,769.22
		22,541.53	21,739.69
Net profit before exceptional item and tax		1,320.99	66.16
Exceptional item	32	-	328.23
Profit/(loss) before tax after exceptional items		1,320.99	(262.07)
Tax expense:			
Current tax		374.26	47.25
Deferred tax charge/(credit)		78.00	(388.39)
Total tax expense		452.26	(341.14)
Profit/(loss) after tax		868.73	79.07
Profit/(loss) from continuing operations before tax		1,320.99	(40.77)
Tax expense of continuing operations		452.26	(341.14)
Profit/ (loss) from continuing operations after tax		868.73	300.37
Profit/(loss) from discontinued operations before tax		-	(221.30)
Tax expense of discontinued operations		-	-
Profit/(loss) from discontinued operations after tax		-	(221.30)
Profit/(loss) for the year		868.73	79.07
Other comprehensive income			
Items that will not be reclassified to profit / (loss)			
Remeasurement (gains)/losses on defined benefit plans		19.37	47.43
Income tax effect		(10.95)	(15.68)
Other comprehensive income for the year		8.42	31.75
Total comprehensive income for the year		860.31	47.32
Earnings per equity share (for continuing operations):	42		
Basic and diluted		28.96	10.01
Earnings per equity share (for discontinued operations):			
Basic and diluted		-	(7.38)
Earnings per equity share (for continuing and discontinued operations):			
Basic and diluted		28.96	2.63

See accompanying notes (1-55) forming part of these 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's Registration No.: 001076N/N500013

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru
30 May 2018

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

C.P. Rangachar

Managing Director
(DIN: 00310893)

H.M Narasinga Rao

Chief Financial Officer

Bengaluru
30 May 2018

Capt. N S Mohanram

Director
(DIN: 02466671)

Vinayak Hegde

Company Secretary

Bengaluru
30 May 2018

R Srinivasan

Director
(DIN: 00043658)

Standalone Statement of Cash Flows for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
A. Cash flow from operating activities		
Profit/(Loss) before tax	1,320.99	(262.07)
Adjustments for:		
Depreciation and amortisation	308.72	841.26
Loss/(gain) on forward contract mark to market measurement	(2.25)	2.03
Loss on sale or on assets scrapped	4.25	-
Interest expense	631.65	581.83
Provision for doubtful trade receivables	23.83	74.25
Bad trade and other receivables written off	21.39	24.10
	2,308.58	1,261.40
Interest income	85.23	31.03
Guarantee comission income	26.55	-
Net income on discounting of deposits	14.52	19.26
Profit on sale of assets	-	8.62
Net unrealised exchange gain/(loss)	3.59	(7.86)
Profit on slump sale of foundry unit	-	38.13
Dividend income	0.43	1.18
Liabilities / provisions no longer required written back	53.46	20.93
Operating profit before working capital changes	2,124.80	1,150.11
Movements in working capital		
(Increase) in inventories	(327.19)	(408.35)
(Increase) in trade receivables	(1,269.50)	(407.12)
Decrease / (increase) in loans	259.80	(9.47)
(Increase) in other financial assets	(23.35)	(10.93)
Decrease / (increase) in other assets	243.54	(297.19)
Increase in trade payables	883.97	727.60
Increase / (decrease) in other financial liabilities	95.90	(44.87)
(Decrease) / increase in provisions	(33.26)	23.29
Increase in non-financial liabilities	16.17	11.95
Cash generated from operations	1,970.88	735.02
Net income tax paid	(219.48)	(20.98)
Net cash flow from operating activities (A)	1,751.40	714.04
B. Cash flow from investing activities		
Purchase of property,plant and equipment including capital advances	(762.05)	(1,119.01)
Proceeds from sale of property,plant and equipment.	12.05	12.62
Bank balance not considered as cash and cash equivalent	(9.11)	(11.43)
Purchase of long term investments - Subsidiary	-	(1.00)
Interest received	84.03	30.15
Dividend received	0.43	1.18
Net Cash flow used in Investing activities (B)	(674.65)	(1,087.49)

Standalone Statement of Cash Flows for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
C. Cash flow from financing activities		
Proceeds from Long term borrowings	1,795.25	700.00
Repayment of Long term borrowings	(2,161.39)	(61.80)
Net (decrease) / increase in working capital borrowings	(32.55)	347.14
Interest expense	(635.80)	(571.73)
Dividends and tax paid there on	(36.83)	(34.49)
Net Cash flow (used in) / from financing activities (C)	(1,071.32)	379.12
Net increase/(decrease) in cash and cash equivalents (A + B + C)	5.43	5.67
Cash and Cash Equivalent at the beginning of the year	32.51	27.90
Effect of exchange differences on restatement of foreign currency cash and cash Equivalents	3.02	(1.06)
Cash and cash equivalents at the end of the year	40.96	32.51
Cash and cash equivalents as per Note 8	40.96	32.51
See accompanying notes (1-55) forming part of these 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's Registration No.: 001076N/N500013

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru

30 May 2018

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

C.P. Rangachar

Managing Director

(DIN: 00310893)

H.M Narasinga Rao

Chief Financial Officer

Bengaluru

30 May 2018

Capt. N S Mohanram

Director

(DIN: 02466671)

Vinayak Hegde

Company Secretary

Bengaluru

30 May 2018

R Srinivasan

Director

(DIN: 00043658)

Standalone Statement of Changes in Equity for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

A. Equity share capital

Particulars	Equity shares	
	Number (in lakhs)	Amount
As at 01 April 2016	30.00	300.00
Add: Issued and subscribed during the year	-	-
As at 31 March 2017	30.00	300.00
Add: Issued and subscribed during the year	-	-
As at 31 March 2018	30.00	300.00

B. Other Equity

Particulars	Reserve and surplus		Total
	General reserve	Retained earnings	
Balance as at 01 April 2016	559.58	4,530.37	5,089.95
Additions during the year			
Profit for the year	-	79.07	79.07
Items of the other comprehensive income, net of tax			
Remeasurement gains/(losses) on defined benefit plans	-	(31.75)	(31.75)
Reductions during the year:			
Dividends and tax on dividend	-	(36.11)	(36.11)
Balance as at 31 March 2017	559.58	4,541.58	5,101.16
Additions during the year			
Profit for the year	-	868.73	868.73
Items of the other comprehensive income, net of tax			
Remeasurement gains/(losses) on defined benefit plans	-	(8.42)	(8.42)
Reductions during the year:			
Dividends and tax on dividend	-	(36.13)	(36.13)
Balance as at 31 March 2018	559.58	5,365.76	5,925.34

See accompanying notes (1-55) forming part of these 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's Registration No.: 001076N/N500013

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru

30 May 2018

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

C.P. Rangachar

Managing Director

(DIN: 00310893)

H.M Narasinga Rao

Chief Financial Officer

Bengaluru

30 May 2018

Capt. N S Mohanram

Director

(DIN: 02466671)

Vinayak Hegde

Company Secretary

Bengaluru

30 May 2018

R Srinivasan

Director

(DIN: 00043658)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 1

General Information

Yuken India Limited 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 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.

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 and the Companies (Accounting Standards) Amendment Rules, 2016. The aforesaid standalone financial statements have been approved by the Board of Directors in the meeting held on 30 May 2018.

For all periods up to and including the year ended 31 March 2017, the Company prepared its standalone financial statements in accordance with requirements of the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the first Ind AS standalone financial statements of the Company. The date of transition to Ind AS is 1 April 2016. Refer note 48 for the details of first-time adoption exemptions availed by the Company, reconciliations and descriptions of the effect of the transition. Amendments to the financial statements are permitted after approval.

(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 2018, the Statement of Profit and Loss, the Statements of Cash Flows and the Statement of Changes in Equity for the year ended 31 March 2018, 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

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.

Significant management judgements

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 within the next financial year.

Classification of leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

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;
- 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;

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

- 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

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

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

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	15
Furniture and fixtures	10
Vehicles	8
Office equipment and Electrical installations*	21
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 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.

(f) Intangible assets

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

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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 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)
Computer software	5

(g) Investment properties

Recognition and initial measurement

Investment properties are properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes to the standalone financial statements. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Subsequent measurement

Depreciation on investment properties is provided on the straight-line method, computed on the basis of useful lives prescribed under Part C of Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Statement of Profit or Loss in the period of de-recognition.

(h) 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.

(i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and service tax and amounts collected on behalf of third parties.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Sale of goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer and to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

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.

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.

(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 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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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 determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016 (date of transition to Ind AS), the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition."

Finance Lease

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset.

Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

(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.

(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.

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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 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

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

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 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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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."

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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.

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

(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.

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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.

(x) Standards issued but not yet effective

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the standalone financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers:

On 28 March 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting policies, changes in accounting estimates and errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018."

The Company will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The Company is still in the process of evaluating the impact on application of Ind AS 115.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 3 - Property, plant and equipment

Gross carrying amount

Particulars	Freehold land	Buildings	Plant and machinery	Electrical installation	Furniture and fixtures	Office equipment	Jigs and fixtures	Motor vehicles	Total
Deemed cost as at 01 April 2016	2,233.85	1,339.20	2,414.50	293.04	35.52	261.43	290.79	18.42	6,886.75
Additions	-	906.71	122.83	96.30	14.33	65.32	54.94	0.68	1,261.11
Disposals	-	-	(1,474.20)	(202.29)	(8.87)	(21.39)	(247.72)	(5.17)	(1,959.64)
Balance as at 31 March 2017	2,233.85	2,245.91	1,063.13	187.05	40.98	305.36	98.01	13.93	6,188.22
Additions	-	342.41	187.98	12.81	27.96	88.78	104.25	0.66	764.85
Disposals	-	-	(11.39)	-	-	(5.40)	-	(1.00)	(17.79)
Balance as at 31 March 2018	2,233.85	2,588.32	1,239.72	199.86	68.94	388.74	202.26	13.59	6,935.28

Accumulated depreciation

Balance as at 01 April 2016	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	513.14	204.08	14.26	6.27	53.10	16.48	3.52	810.85
Disposals	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	-	513.14	204.08	14.26	6.27	53.10	16.48	3.52	810.85
Depreciation for the year	-	64.35	136.29	10.91	6.51	51.50	11.63	3.11	284.30
Disposals	-	-	(0.88)	-	-	(0.93)	-	(0.05)	(1.86)
Balance as at 31 March 2018	-	577.49	339.49	25.17	12.78	103.67	28.11	6.58	1,093.29

Net carrying amount

Balance as at 31 March 2018	2,233.85	2,010.83	900.23	174.69	56.16	285.07	174.15	7.01	5,841.99
Balance as at 31 March 2017	2,233.85	1,732.77	859.05	172.79	34.71	252.26	81.53	10.41	5,377.37
Balance as at 01 April 2016	2,233.85	1,339.20	2,414.50	293.04	35.52	261.43	290.79	18.42	6,886.75

Note:

(a) Deemed carrying cost

For property, plant and equipment existing as on the date of transition to Ind AS, i.e., 1 April 2016, the Company has used carrying value as at 1 April 2016 as deemed cost.

(b) Contractual obligations

There are no contractual commitments for the acquisition of property, plant and equipment.

(c) Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2018 (31 March 2017: ₹22.25 lakhs).

(d) Property, plant and equipment pledged as security

Details of properties pledged are as per note 17.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

- (e) The Company has leased out assets to its subsidiary on which rental income is earned amounting to ₹60.75 lakhs (31 March 2017: ₹14.19 lakhs). Details of such assets are as follows:

Gross carrying amount

Particulars	Freehold land	Buildings	Total
Deemed cost as at 01 April 2016	140.07	591.29	731.36
Additions	-	11.55	11.55
Disposals	-	-	-
Balance as at 31 March 2017	140.07	602.84	742.91
Additions	-	4.06	4.06
Disposals	-	-	-
Balance as at 31 March 2018	140.07	606.90	746.97

Accumulated depreciation

Balance as at 01 April 2016	-	-	-
Depreciation for the year	-	22.45	22.45
Disposals	-	-	-
Balance as at 31 March 2017	-	22.45	22.45
Depreciation for the year	-	22.58	22.58
Disposals	-	-	-
Balance as at 31 March 2018	-	45.03	45.03

Net carrying amount

Balance as at 31 March 2018	140.07	561.87	701.94
Balance as at 31 March 2017	140.07	580.39	720.46
Balance as at 01 April 2016	140.07	591.29	731.36

Note 4 - Intangible assets

Gross carrying amount

Particulars	ERP software	Technical fee	Total
Deemed cost as at 01 April 2016	47.32	4.06	51.38
Additions	49.26	-	49.26
Disposals	-	-	-
Balance as at 31 March 2017	96.58	4.06	100.64
Additions	23.36	-	23.36
Disposals	-	-	-
Balance as at 31 March 2018	119.94	4.06	124.00

Accumulated depreciation

Balance as at 01 April 2016	-	-	-
Amortization for the year	26.36	4.05	30.41
Disposals	-	-	-
Balance as at 31 March 2017	26.36	4.05	30.41
Amortization for the year	24.42	-	24.42
Disposals	-	-	-
Balance as at 31 March 2018	50.78	4.05	54.83

Net carrying amount

Balance as at 31 March 2018	69.16	0.01	69.17
Balance as at 31 March 2017	70.22	0.01	70.23
Balance as at 01 April 2016	47.32	4.06	51.38

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 5 - Investment property

Gross carrying amount

Particulars	Freehold land	Total
Deemed cost as at 01 April 2016	1.88	1.88
Additions	-	-
Disposals	-	-
Balance as at 31 March 2017	1.88	1.88
Additions	63.02	63.02
Disposals	-	-
Balance as at 31 March 2018	64.90	64.90

Accumulated Depreciation

Balance as at 01 April 2016	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2017	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2018	-	-

Net carrying amount

Balance as at 31 March 2018	64.90	64.90
Balance as at 31 March 2017	1.88	1.88
Balance as at 01 April 2016	1.88	1.88

Note:

Fair value of investment property

Fair value of investment property as on 31 March 2018 is ₹12,212.82 lakhs

The Company has obtained an independent valuation for its investment property during the year ended 31 March 2018. The best evidence of fair value is current prices in an active market for similar properties.

Where such information is not available, the independent valuer consider information from a variety of sources including:

- In case of valuation of land, current prices in an active market for similar properties of the same area and localities have been taken. The rates of which are based on verbal enquiries from the property dealers of the areas and localities;
- In case of constructed building, rates derived from CPWD/CWC PARS as on 01-10-2010-12/1997 have been taken as the basis of valuation.

These rates have further been modified to bring them at par with the present day price index and as per specifications found at site. Necessary depreciation for age and life of the structure has been taken into account. Where the work is not covered under any of the standard specifications the rates have been assessed as on the date of valuations

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 6 - Investments

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Trade (Unquoted)			
Valued at cost			
Investment in equity shares of subsidiaries:			
Yuflow Engineering Private Limited	264.60	264.60	264.60
19,96,000 equity shares (31 March 2017: 19,96,000) of ₹ 10 each			
Coretec Engineering India Private Limited	57.75	25.54	25.54
6,19,200 equity shares (31 March 2017: 619,200) of ₹ 10 each			
Grotek Enterprises Private Limited	511.00	501.00	-
50,10,000 equity shares (31 March 2017: 50,10,000) of ₹ 10 each			
Investment in equity shares of associates:			
Sai India Limited	20.00	20.00	20.00
3,60,000 equity shares (31 March 2017: 3,60,000) of ₹ 10 each			
Kolben Hydraulics Limited	43.72	43.72	43.72
4,37,200 equity shares (31 March 2017: 4,37,200) of ₹ 10 each			
Bourton Consulting (India) Private Limited	3.73	3.73	3.73
37,300 equity shares (31 March 2017: 37,300) of ₹ 10 each			
Investments measured at fair value through OCI			
Hycom Engineering (India) Private Limited	94.13	94.13	94.13
9,41,330 equity shares (31 March 2017: 9,41,330) of ₹ 10 each			
The Shamrao Vittal Co-operative Bank Limited	0.50	0.50	0.50
2,000 equity shares (31 March 2017: 2,000) of ₹ 25 each			
Less : Provision for other than temporary diminution in value	(94.63)	(94.63)	(94.63)
	900.80	858.59	357.59

Note 7 - Loans

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current			
(Unsecured, considered good)			
Loan to employees	3.25	7.61	6.08
Loan to related parties	256.53	512.13	1.20
Others	0.21	2.61	0.21
	259.99	522.35	7.49
Current			
(Unsecured, considered good)			
Loan to employees	12.57	9.99	4.20
Loan to related parties	256.67	256.67	-
	269.24	266.66	4.20

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 8 - Cash and cash equivalents

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Cash on hand	3.30	2.58	7.40
Balances with banks			
(i) In current accounts	10.04	26.15	17.32
(ii) In EEFC accounts	27.62	3.78	3.18
	40.96	32.51	27.90

Note 9 - Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Current			
In earmarked accounts			
(i) Unpaid dividend accounts	6.08	6.80	5.18
(ii) Balance held as margin money	44.77	34.94	25.13
	50.85	41.74	30.31

Note 10 - Other financial assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current			
Balance held as margin money account	8.08	9.54	3.49
	8.08	9.54	3.49
Current			
Security deposits	171.66	146.85	141.97
Security deposits to related parties	25.00	25.00	-
Interest accrued on deposits	5.33	4.13	3.24
Other receivables	50.00	50.00	50.00
	251.99	225.98	195.21

Note 11 - Income tax assets (net)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Current			
Advance income tax [net of provision for tax of ₹ 166.88 lakhs (as at 31 March 2017 ₹ 166.88 lakhs)]	72.11	61.15	61.79
MAT credit entitlement	64.54	111.79	111.79
	136.65	172.94	173.58

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 12 - Non-financial assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current			
Prepaid expenses	5.21	5.79	9.79
Capital advances	37.25	-	16.76
	42.46	5.79	26.55
Current			
Advance to related parties	1,370.84	1,523.34	61.50
Advance to suppliers	161.78	102.68	183.42
Prepaid expenses	61.95	102.36	106.00
Duty drawback receivable	3.18	7.61	7.91
Balances with government authorities	0.79	93.93	167.77
Others	1.18	10.51	14.49
	1,599.72	1,840.43	541.09

Note 13 - Inventories

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
(Lower of cost or net realisable value)			
Raw materials and components	1,602.15	1,293.78	1,645.27
Goods-in-transit - raw material	20.70	16.60	23.77
Work-in-progress	1,093.16	965.05	711.00
Finished goods (other than those acquired for trading)	555.95	627.73	654.00
Stock-in-trade	33.19	106.18	119.76
Loose tools	131.12	99.74	128.23
	3,436.27	3,109.08	3,282.03

Note 14 - Trade receivables

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Unsecured			
Considered good	6,933.28	5,658.73	5,968.54
Considered doubtful	215.58	235.15	180.68
	7,148.86	5,893.88	6,149.22
Less: Allowance for doubtful trade receivables	215.58	235.15	180.68
	6,933.28	5,658.73	5,968.54

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 15 - Equity share capital

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Authorised share capital						
Equity shares of ₹ 10 each	60,00,000	600.00	60,00,000	600.00	60,00,000	600.00
	60,00,000	600.00	60,00,000	600.00	60,00,000	600.00
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	30,00,000	300.00	30,00,000	300.00	30,00,000	300.00
	30,00,000	300.00	30,00,000	300.00	30,00,000	300.00

(a) Reconciliation of the number of shares

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Equity shares of ₹ 10 each, par value						
Balances as at the beginning of the year	30,00,000	300.00	30,00,000	300.00	30,00,000	300.00
Add: Issued and subscribed during the year	-	-	-	-	-	-
Balance at the end of the year	30,00,000	300.00	30,00,000	300.00	30,00,000	300.00

(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) Details of shareholders holding more than 5% shares

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Number	Percentage	Number	Percentage	Number	Percentage
Equity shares of ₹ 10 each, par value						
Yuken Kogyo Co. Limited	12,00,000	40.00%	12,00,000	40.00%	12,00,000	40.00%
Benefic Investments & Finance Co. Pvt Ltd.	3,47,952	11.60%	3,47,952	11.60%	3,47,952	11.60%

(d) In the period of five years immediately preceding the balance sheet date, the Company has not issued any bonus shares or has bought back any shares.

(e) The Board of Directors, in its meeting held on 30 May 2018, proposed a final dividend of ₹ 2 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 ₹ 60 lakhs, excluding corporate dividend tax.

Note 16 - Other equity

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
General reserve	559.58	559.58	559.58
Surplus in Statement of Profit and Loss	5,365.76	4,541.58	4,530.37
	5,925.34	5,101.16	5,089.95

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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

Note 17 - Borrowings

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current			
Secured			
Term loans from banks	1,557.44	1,923.58	1,285.38
	1,557.44	1,923.58	1,285.38
Less: Current maturities of long-term borrowings	460.99	461.79	61.79
	1,096.45	1,461.79	1,223.59
Current			
Secured			
Loans repayable on demand from banks	3,363.20	1,325.75	1,128.62
Unsecured			
Working capital loans from banks	1,180.00	3,250.00	3,100.00
	4,543.20	4,575.75	4,228.62

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

(a) Secured borrowings

(i) Term loans from banks (refer notes below)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
HDFC Bank Limited			
Loan limit	-	2,000.00	2,000.00
Loan availed	-	1,800.00	1,100.00
Amount outstanding (refer note (i) below)	-	1,800.00	1,100.00
Repayable in 18 quarterly instalments with moratorium of 18 months			
Interest rate - 10.05%			
HDFC Bank Limited			
Loan limit	300.00	300.00	300.00
Loan availed	237.14	237.14	237.14
Amount outstanding	61.79	123.58	185.38
Repayable in 16 quarterly instalments without moratorium			
Interest rate - 10.22%			
Mizuho Bank Limited			
Loan limit	1,695.25	-	-
Loan availed	1,695.25	-	-
Amount outstanding	1,495.65	-	-
Repayable in 17 quarterly instalments without moratorium			
Interest rate - 8.35%			

Notes

- (i) Term loan amounting to ₹1,695.25 lakhs from HDFC Bank Limited has been transferred to Mizuho Bank Limited during the current year
- (ii) **Security Details for the term loans taken from HDFC Bank Limited:**
 - a Exclusive Charge on the Factory Land and Building of the company located at No. 52 Khatha No 84/171,85/172, Hedegabanahalli Village, Malur Taluk, Kolar District, Karnataka
- (iii) **Security Details for the term loan taken from Mizuho Bank Limited:**
 - a Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹1,900 lakhs

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 17 - Borrowings (Contd.)

(b) Secured working capital loans from banks (refer notes below)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Mizuho Bank Limited			
Loan limit	2,300.00	-	-
Amount outstanding	2,200.00	-	-
Repayable on demand			
Interest rate - MCLR rates			
HDFC Bank Limited			
Loan limit	800.00	800.00	800.00
Amount outstanding	665.32	96.73	154.25
Repayable on demand			
Interest rate - MCLR rates +1.20%			
HDFC Bank Limited			
Loan limit	-	300.00	-
Amount outstanding	-	300.00	-
Repayable on demand			
Interest rate - MCLR rates +1.20%			
SBI Bank Limited			
Loan limit	1,400.00	1,400.00	1,400.00
Amount outstanding	497.88	929.02	974.37
Repayable on demand			
Interest rate - MCLR rates +2.00%			

Notes

Details of security given

SBI Bank Limited

- (i) Primary security : Hypothecation on stocks, receivables and other current assets.
- (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.
- (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 Koppalthimmanahalli Village, Malur
- (iv) First charge on all movable fixed assets of the company - first paripassu charge with SBI.

Assets pledged as security

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

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Term Loans & Loans repayable on demand			
Land and Building (Net carrying value)	4,007.97	3,725.34	3,327.20
Stock	3,436.27	3,109.08	3,282.03
Trade receivables	6,933.28	5,658.73	5,968.54
Other current Assets	2,212.76	2,407.32	798.71

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 18 - Other financial liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current			
Security deposit received towards joint development of property	573.54	521.40	474.00
Deferred liability on discounting of deposits	322.17	388.84	455.50
Uncharged guarantee commission income	15.66	-	-
Others	2.72	11.28	-
	914.09	921.52	929.50
Current			
Trade / security deposits received	438.63	386.32	502.87
Payable to employees	290.98	240.20	305.72
Current maturities of long-term borrowings	460.99	461.79	61.79
Deferred liability on discounting of deposits	66.67	66.67	66.67
Interest accrued but not due on borrowings	6.17	24.54	13.42
Unpaid dividends	6.24	6.96	5.34
Payables on purchase of fixed assets	137.00	165.21	24.19
Interest accrued on trade payables	-	0.60	1.62
Forward contract	-	4.03	1.02
Accrued liabilities	256.29	250.71	139.69
Others	2.68	2.85	3.20
	1,665.65	1,609.88	1,125.53

Note 19 - Provisions

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current			
Provision for defined benefit obligations	117.21	102.92	90.40
	117.21	102.92	90.40
Current			
Provision for compensated absences	183.92	214.12	213.53
Provision for superannuation	96.49	94.47	103.40
	280.41	308.59	316.93

Note 20 - Trade payables

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Total outstanding dues of micro enterprises and small enterprises	228.76	93.26	138.59
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,350.94	3,606.23	3,732.44
	4,579.70	3,699.49	3,871.03

Note 21 - Income tax liabilities(net)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Provision for tax [net of advance tax of ₹ 1,041.09 lakhs (as at 31 March 2017 ₹ 832.56 lakhs)]	169.75	36.43	10.81
	169.75	36.43	10.81

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 22 - Other non-financial liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Statutory remittances	163.36	175.16	220.07
Advance from customers	168.93	140.96	124.01
	332.29	316.12	344.08

Note 23 - Revenue from operations

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products	23,319.68	21,474.92
	23,319.68	21,474.92
Other operating revenue		
Training and other services rendered	134.67	78.08
Duty drawback	3.87	17.57
	138.54	95.65
	23,458.22	21,570.57

Note 24 - Other income

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest income:		
- on deposits with banks	3.39	2.20
- on overdue trade receivables	53.27	67.79
- on others	81.84	28.83
Dividend income	0.43	1.18
Liabilities/ provisions no longer required written back	53.46	20.93
Profit on sale of fixed assets (net)	-	8.62
Rental income	69.26	23.66
Sale of scrap	48.00	14.68
Miscellaneous income	94.65	67.39
	404.30	235.28

Note 25 - Cost of materials consumed

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening stock	1,293.78	1,645.27
Add : Purchases	11,811.19	8,853.52
	13,104.97	10,498.79
Less : Closing stock	1,602.15	1,293.78
	11,502.82	9,205.01

Note 26 - Purchases of stock-in-trade

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Purchase of traded goods	1,040.80	922.38
	1,040.80	922.38

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Inventories at the end of the year:		
Finished goods	555.96	533.40
Work-in-progress	1,093.16	965.05
Stock-in-trade	33.19	106.18
	1,682.31	1,604.63
Inventories at the beginning of the year:		
Finished goods	533.40	555.73
Work-in-progress	965.05	711.00
Stock-in-trade	106.18	119.76
	1,604.63	1,386.49
	(77.68)	(218.14)

Note 28 - Employee benefits expense

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	2,743.89	2,438.75
Contributions to provident and other funds (refer note 47)	266.31	251.58
Staff welfare expenses	160.35	163.30
	3,170.55	2,853.63

Note 29 - Finance costs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest expenses on borrowings	591.18	573.28
Interest on dealers deposits and others	108.46	55.95
Interest on income tax	14.83	-
	714.47	629.23

Note 30 - Depreciation and amortisation expense

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on tangible assets (refer note 3)	284.30	810.85
Amortisation on intangible assets (refer note 4)	24.42	30.41
Less: Accelerated depreciation considered as exception item (refer note 32)	-	(453.54)
	308.72	387.72

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 31 - Other expenses

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of stores and spare parts	361.31	434.56
Tools consumed	120.32	104.77
Consumption of packing materials	316.33	259.15
Excise duty on finished goods	-	0.68
Subcontracting	1,578.85	1,303.37
Contract labour wages	374.04	501.90
Power and fuel	150.03	538.50
Rent including lease rentals	158.58	159.79
Repairs and maintenance - buildings	86.15	41.47
Repairs and maintenance - machinery	275.66	284.86
Repairs and maintenance - others	23.42	4.42
Vehicle maintenance	39.21	53.39
Insurance	11.11	14.50
Rates and taxes	50.58	82.16
Travelling and conveyance	520.29	481.72
Freight and forwarding	363.82	368.29
Legal and professional charges	296.00	427.18
Remuneration to auditors (refer note below)	17.84	17.06
Bad trade and other receivables written off	21.39	24.10
Loss on sale or scrapping of fixed assets	4.25	-
Net loss on foreign currency transactions and translation	14.03	16.96
Provision for doubtful trade receivables	23.83	74.25
Miscellaneous expenses	533.16	576.14
	5,340.20	5,769.22
Note:		
Remuneration to auditors comprises (net of service tax input credit):		
For statutory audit	13.75	14.25
For taxation matters	0.50	2.00
For company law matters	-	0.75
Reimbursement of expenses	3.59	0.06
	17.84	17.06

Note 32 - Exceptional items

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Accelerated depreciation	-	453.54
Less:		
Income on sale of business to subsidiary	-	38.13
Salvage value of buildings	-	87.18
	-	328.23

Note:

The company had considered an accelerated depreciation of ₹ 366.36 lakhs during the previous year due to change in the estimated useful life of the buildings at Whitefield, Bengaluru since the Company had shifted its factory from Whitefield to Malur.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 33 - Sale of products comprises :

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Manufactured goods		
Hydraulic pump, Valves,etc	14,873.24	13,492.10
Hydraulic systems	7,031.44	5,184.11
Cast Iron castings	-	1,648.18
	21,904.68	20,324.39
Traded goods		
Cartridges	-	43.73
Other Items	1,415.00	1,106.80
	1,415.00	1,150.53
	23,319.68	21,474.92

Note 34 - Raw materials consumed comprises:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Steel	467.32	379.83
Castings	1,497.19	865.58
Others	9,538.31	7,959.60
	11,502.82	9,205.01

*Note: Details of others have not been given since none of the individual items constitutes greater than 10% of the value.

Note 35 - Details of inventory of work-in-progress

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Hydraulic elements	806.44	798.82
Hydraulic power units	191.57	91.18
Gear pumps	95.15	75.05
	1,093.16	965.05

Note 36 - Value of imports on C.I.F. basis

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Raw materials	3,073.18	2,825.90
Capital goods	9.75	6.87
	3,082.93	2,832.77

Note 37 - Expenditure in foreign currency

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Brand fees	90.47	80.32
Royalty	4.53	5.66
Others	31.66	19.95
	126.66	105.93

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 38 - Value of imported and indigenous materials consumed

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of raw materials, processing materials and packing materials		
- Imported	3,132.17	3,126.15
- Indigenous	9,333.77	6,783.10
	12,465.94	9,909.25
% consumption to total consumption		
- Imported	25%	32%
- Indigenous	75%	68%
	100%	100%

Note 39 - Earnings in foreign exchange

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Export of goods calculated on FOB basis	246.38	670.06
Other income	9.20	4.31
	255.58	674.37

Note 40 - Contingencies and commitments

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Contingent liabilities		
Corporate guarantees given to subsidiaries	1,850.00	340.00
Disputed income tax liabilities		
(i) AY 2009-10	19.10	19.10
(ii) AY 2011-12	4.37	4.37
(iii) AY 2012-13	19.03	99.54
(iv) AY 2014-15	16.26	-
	1,908.76	463.01
Commitments		
Capital commitments	105.82	18.61
	105.82	18.61

Note 41 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 2018 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.

Particulars	As at 31 March 2018	As at 31 March 2017
Principal amount remaining unpaid to any supplier as at the end of the accounting year	228.76	93.26
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.60	0.65
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	0.65	0.98
The amount of interest due and payable for the year	-	0.60
The amount of interest accrued and remaining unpaid at the end of the accounting year	0.60	1.25

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 42 - Earnings per share

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Basic and diluted		
Net profit for the year from continuing operations attributable to the equity shareholders	868.73	300.37
Weighted average number of equity shares	30.00	30.00
Par value per share	10.00	10.00
Earnings per share from continuing operations - Basic and diluted	28.96	10.01
Net profit for the year from total operations attributable to the equity shareholders	868.73	79.07
Weighted average number of equity shares	30.00	30.00
Par value per share	10.00	10.00
Earnings per share from total operations - Basic and diluted	28.96	2.63

Note 43 - Amounts remitted in Foreign currency during the year on account of dividends paid

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Amount of dividends remitted in foreign currency	12.00	12.00
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	1	1
Total number of shares held by them on which dividend was due	12,00,000	12,00,000
Years to which dividend relates	2016-17	2015-16

Note 44 - Disclosure in respect of loans given, investment made, guarantees given and security provided as per section 186(4) of the Companies Act, 2013

Particulars	Terms	Year ended 31 March 2018	Year ended 31 March 2017
Loans given			
Grotek Enterprises Private Limited	The loan to be repaid in 36 installments @11% p.a	-	770.00
Investment made			
Grotek Enterprises Private Limited	50.10 lakhs equity shares of Rs 10/- each	-	501.00
Guarantees given			
Coretec Engineering India Private Limited	Corporate guarantee given to banks on behalf of subsidiary	1,350.00	120.00
Yuflow Engineering Private Limited	Corporate guarantee given to banks on behalf of subsidiary	-	220.00
Grotek Enterprises Private Limited	Corporate guarantee given to banks on behalf of subsidiary	500.00	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 45 - 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.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Borrowings (refer note 17)	6,100.64	6,499.33	5,514.00
Trade payables (refer note 20)	4,579.70	3,699.49	3,871.03
Less: Cash and short term deposits (refer note 8)	(40.96)	(32.51)	(27.90)
Less: Bank balances other than cash and cash equivalents (refer note 9)	(50.85)	(41.74)	(30.31)
Net debt	10,588.53	10,124.57	9,326.82
Equity	300.00	300.00	300.00
Other Equity	5,925.34	5,101.16	5,089.95
Capital and net debt	16,813.87	15,525.73	14,716.77
Gearing ratio	63%	65%	63%

Note 46 - Income Tax

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
The major components of income tax expense are:		
Current income tax:		
Current income tax charge	374.26	47.25
Deferred tax charge/ (credit)		
Relating to the origination and reversal of temporary differences	78.00	(388.39)
Income tax expense reported in Statement of Profit and Loss	452.26	(341.14)
Deferred tax related to items recognised in OCI		
Income tax relating to re-measurement gains on defined benefit plans	(10.95)	(15.68)
	(10.95)	(15.68)
	441.31	(356.82)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 46 - Income Tax (Contd.)

Reconciliation of deferred tax (net)

Particulars	As at 31 March 2018	As at 31 March 2017
Opening balance	3.08	407.16
Tax expense/ (credit) during the year recognised in statement of profit and loss	78.00	(388.39)
Tax expense/(credit) during the year recognised in OCI	(10.95)	(15.68)
Closing balance	70.13	3.08

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

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Accounting profit before tax and exceptional item	1,320.99	(262.07)
Tax on accounting profit at statutory income tax rate [34.608%] (PY 33.063%)	457.17	(86.65)
Reconciling items:		
Expense disallowed under the provisions of Income tax Act, 1961		
Donations and others	6.67	0.59
Discounting of deposits	(5.03)	(6.37)
Guarantee commission income	(9.19)	-
Effect of Income that is exempt from taxation on transfer of business	-	(312.89)
Expenses disallowed on transfer of business	-	33.31
Change in effective rate of taxation from 33.063% to 34.608% (PY 30.90% to 33.063%)	2.64	30.87
At the effective income tax rate of 34.608% (PY 33.063%)	452.26	(341.14)
Income tax expense reported in the Statement of Profit and Loss	452.26	(341.14)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Deferred tax asset		
Provision for employee benefits	104.23	104.83
Allowance for trade receivables	74.61	77.75
Fair value measurement of financial asset/liability	30.40	27.83
Deferred tax liability		
Depreciation and amortisation	279.37	213.49
Deferred tax asset / (liability), net	(70.13)	(3.08)

Note 47 - 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 ₹ 120.80 lakhs (31 March 2017: ₹ 121.84 lakhs) for provident fund contributions and ₹ 95.59 lakhs (31 March 2017: ₹ 101.93 lakhs) 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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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 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 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.

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 47 - Defined benefit obligations (Contd.)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows :		
Current service cost	27.18	25.05
Past service cost	15.08	-
Interest cost	23.82	20.64
Expected return on plan assets	(16.16)	(17.89)
Components of defined benefit costs recognised in Statement of Profit or Loss	49.92	27.80
Re-measurement on the net defined benefit liability :		
Actuarial gains and losses arising from change in financial, demographic and experience adjustments	13.66	43.02
Return on Plan assets excluding amount recognised in net interest expense	5.71	4.41
Components of defined benefit costs recognised in other comprehensive income	19.37	47.43
Actual contribution and benefit payments for year :		
Actual benefit payments	56.21	30.16
Actual contributions	-	-
Net asset / (liability) recognised in the Balance Sheet :		
Present value of defined benefit obligations	(343.50)	(319.97)
Fair value of plan assets	226.29	217.05
Funded status [surplus / (deficit)]	(117.21)	(102.92)
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(117.21)	(102.92)
Change in defined benefit obligations (DBO) during the year :		
Present value of DBO at the beginning of the year	319.97	314.13
Acquisition adjustment	-	(52.71)
Current service cost	27.18	25.05
Past service cost	15.08	-
Interest cost	23.82	20.64
Actuarial (gains) / losses	13.66	43.02
Benefits paid	(56.21)	(30.16)
Present value of DBO at the end of the year	343.50	319.97
Change in fair value of assets during the year :		
Plan assets at the beginning of the year	217.05	223.73
Expected return on plan assets	16.16	17.89
Actual company contributions	55.00	10.00
Actuarial gains / (losses)	(5.71)	(4.41)
Benefits paid	(56.21)	(30.16)
Plan assets at the end of the year	226.29	217.05
Actual return on plan assets	10.45	13.48
Composition of the plan assets is as follows :		
Others- insurer managed funds	100%	100%
Actuarial assumptions :		
Discount rate	7.80%	7.45%
Expected return on plan assets	7.50%	7.50%
Salary escalation	5.00%	5.00%
Attrition		
- Below 44 years	2.00%	2.00%
- 44 years and above	1.00%	1.00%

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note:

- The Company is estimated to contribute ₹ 146.55 lakhs (March 2017: ₹ 130.55 lakhs) towards gratuity funds during the next year.
- Details of fund assets which are managed by an insurance company have not been disclosed since the details have not been provided by them.
- 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 :

Particulars	As at 31 March 2018	As at 31 March 2017
Impact of change in the discount rate		
Impact due to increase of 1%	(29.48)	(27.86)
Impact due to decrease of 1%	34.17	32.40
Impact of change in the salary growth rate		
Impact due to increase of 1%	34.18	30.35
Impact due to decrease of 1%	(29.89)	(27.12)
Impact of change in the attrition rate		
Impact due to increase of 50%	5.67	4.33
Impact due to decrease of 50%	(5.19)	(4.75)
Impact of change in the mortality rate		
Impact due to increase of 10%	0.30	0.25
Impact due to decrease of 10%	(0.30)	(0.25)

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 10 years. Following is a maturity profile of the defined benefit obligation:

Expected cash flows over the next: (valued on undiscounted basis)

Particulars	As at 31 March 2018	As at 31 March 2017
1 year	9.29	16.79
2 - 5 years	136.14	106.14
6 - 10 years	212.72	197.90
More than 10 years	494.69	448.50

Compensated absences

Particulars	As at 31 March 2018	As at 31 March 2017
Charge in the Statement of Profit and Loss	39.94	63.77
Liability as at the year end	183.92	214.12
Actuarial assumptions		
Discount rate	7.80%	7.45%
Salary escalation	5.00%	5.00%
Attrition	2.00%	2.00%

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 48 - First time adoption of Ind AS

These are the financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP').

Accordingly, the Company has prepared financial statements for the comparative period data as at and for the year ended 31 March 2017 that comply with the Ind AS applicable, as described in the summary of significant accounting policies. In preparing these comparative financial statements, the Company's opening Balance Sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at 1 April 2016 and the comparative financial statements as at and for the year ended 31 March 2017.

(A) Ind AS optional exemptions

A1 Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101, First-time adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as on the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the company has elected to measure all of its property, plant and equipment at their carrying value as at the transition date and use that as deemed cost as on the date of transition. The company has elected to measure its intangible assets at their previous GAAP carrying value.

A2 Deemed cost for investments in subsidiaries and associates

Ind AS 101, First-time adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for investments in subsidiaries and associates as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure its investments in subsidiaries and associates in the standalone financial statements at their previous GAAP carrying value.

A3 Lease

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, Leases, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101, First-time adoption of Indian Accounting Standards, provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

(B) Ind AS mandatory exemptions

B1 Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except for impairment of financial assets based on Expected credit loss in accordance with Ind AS on the date of transition as this was not required as per previous GAAP.

B2 Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109, Financial Instruments are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 48 - First time adoption of Ind AS (Contd.)

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- The effects of the retrospective application or retrospective restatement are not determinable; or
- The retrospective application or restatement requires assumptions about what management's intent would have been in that period; or
- The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

B3 De-recognition of financial assets and liabilities

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires a first-time adopter to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101, First-time Adoption of Indian Accounting Standards, allows a first-time adopter to apply the de-recognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively from the date of transition to Ind AS.

(C) Reconciliations between previous GAAP and Ind AS

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS as at the periods specified below.

C1 Reconciliation of other equity

The Company has also prepared a reconciliation of equity as at 31 March 2017 and 1 April 2016 under the previous GAAP with the equity as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of statement of Balance Sheet which is presented below:

Particulars	Note	As at 31 March 2017	As at 01 April 2016
Total Equity as per previous GAAP		5,478.92	5,449.45
Prior period adjustment on account of provision for tax of earlier years		(38.60)	(38.60)
Restated Equity under previous GAAP		5,440.32	5,410.85
Adjustments on account of:			
Fair valuation of investment in equity instruments through OCI	7	(94.63)	(94.63)
Reversal of provision for proposed dividend	6	-	36.11
Measurement of financial liabilities at amortised cost	9	23.10	3.84
Measurement of forward contracts at mark to market valuation	5	(2.26)	(0.23)
Accounting for financial guarantee to subsidiaries	8	6.80	6.80
Deferred tax impact on above adjustments	1	27.83	27.21
Subtotal		(39.16)	(20.90)
Equity under Ind AS		5,401.16	5,389.95

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 48 - First time adoption of Ind AS (Contd.)

C2 Reconciliation of assets and liabilities presented in the Balance Sheet prepared as per Previous GAAP and as per Ind AS as at 1 April 2016 is as follows:

Particulars	Note	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		6,886.75	-	6,886.75
Capital work-in-progress		379.61	-	379.61
Other intangible assets		51.38	-	51.38
Investment Property		1.88	-	1.88
Financial assets				
(i) Investments	7,8	445.42	(87.83)	357.59
(ii) Loans		7.49	-	7.49
(iii) Other financial assets		3.49	-	3.49
Other non-current assets		26.55	-	26.55
		7,802.57	(87.83)	7,714.74
Current assets				
Inventories		3,282.03	-	3,282.03
Financial assets				
(i) Trade receivables		5,968.54	-	5,968.54
(ii) Cash and cash equivalents		27.90	-	27.90
(iii) Bank balances other than (ii) above		30.31	-	30.31
(iv) Loans		4.20	-	4.20
(v) Other financial assets		195.21	-	195.21
Current tax assets (net)		212.18	(38.60)	173.58
Other current assets	5	541.92	(0.83)	541.09
		10,262.29	(39.43)	10,222.86
TOTAL ASSETS		18,064.86	(127.26)	17,937.60

EQUITY AND LIABILITIES				
Equity				
Equity share capital		300.00	-	300.00
Other equity	11	5,149.45	(59.50)	5,089.95
		5,449.45	(59.50)	5,389.95
Liabilities				
Non-current liabilities				
Financial Liabilities				
(i) Borrowings		1,223.59	-	1,223.59
(ii) Other financial liabilities	9	1,000.00	(70.50)	929.50
Provisions		90.40	-	90.40
Deferred tax liabilities (net)	1	434.37	(27.21)	407.16
		2,748.36	(97.71)	2,650.65
Current liabilities				
Financial liabilities				
(i) Borrowings		4,228.62	-	4,228.62
(ii) Trade payables		3,871.03	-	3,871.03
(iii) Other financial liabilities	9,5	1,059.47	66.06	1,125.53
Provisions	6	353.04	(36.11)	316.93
Current tax liabilities (net)		10.81	-	10.81
Other current liabilities		344.08	-	344.08
		9,867.05	29.95	9,897.00
TOTAL EQUITY AND LIABILITIES		18,064.86	(127.26)	17,937.60

* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 48 - First time adoption of Ind AS (Contd.)

C3 Reconciliation of assets and liabilities presented in the Balance Sheet prepared as per Previous GAAP and as per Ind AS as at 31 March 2017 is as follows:

Particulars	Note	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		5,377.37	-	5,377.37
Capital work-in-progress		242.91	-	242.91
Other intangible assets		70.23	-	70.23
Investment Property		1.88	-	1.88
Financial assets				
(i) Investments	7,8	946.42	(87.83)	858.59
(ii) Loans		522.35	-	522.35
(iii) Other financial assets		9.54	-	9.54
Other non-current assets		5.79	-	5.79
		7,176.49	(87.83)	7,088.66
Current assets				
Inventories		3,109.08	-	3,109.08
Financial assets				
(i) Trade receivables		5,658.73	-	5,658.73
(ii) Cash and cash equivalents		32.51	-	32.51
(iii) Bank balances other than (ii) above		41.74	-	41.74
(iv) Loans		266.66	-	266.66
(v) Other financial assets		225.98	-	225.98
Current tax assets (net)		211.54	(38.60)	172.94
Other current assets	5	1,844.67	(4.24)	1,840.43
TOTAL ASSETS		11,390.91	(42.84)	11,348.07
		18,567.40	(130.67)	18,436.73
EQUITY AND LIABILITIES				
Equity				
Equity share capital		300.00	-	300.00
Other equity	10	5,178.92	(77.76)	5,101.16
		5,478.92	(77.76)	5,401.16
Liabilities				
Non-current liabilities				
Financial Liabilities				
(i) Borrowings		1,461.79	-	1,461.79
(ii) Other financial liabilities	9	1,011.30	(89.78)	921.52
Provisions		102.92	-	102.92
Deferred tax liabilities (net)	1	30.91	(27.83)	3.08
		2,606.92	(117.61)	2,489.31
Current liabilities				
Financial liabilities				
(i) Borrowings		4,575.75	-	4,575.75
(ii) Trade payables		3,699.49	-	3,699.49
(iii) Other financial liabilities	9,5	1,545.18	64.70	1,609.88
Provisions		308.59	-	308.59
Current tax liabilities (net)		36.43	-	36.43
Other current liabilities		316.12	-	316.12
		10,481.56	64.70	10,546.26
TOTAL EQUITY AND LIABILITIES		18,567.40	(130.67)	18,436.73

* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 48 - First time adoption of Ind AS (Contd.)

C4 Reconciliation of profit and loss presented in the Statement of Profit and Loss prepared as per Previous GAAP and as per Ind AS as at 31 March 2017 is as follows:

Particulars	Note	Previous GAAP	Adjustments	Ind AS
INCOME				
Revenue from operations	4	19,379.94	2,190.64	21,570.57
Other income	9	168.62	66.66	235.28
TOTAL		19,548.56	2,257.30	21,805.85
EXPENSES				
Cost of materials consumed		9,205.01	-	9,205.01
Purchases of stock-in-trade		922.38	-	922.38
Changes in inventories of finished goods,work-in-progress and stock-in-trade		(218.14)	-	(218.14)
Excise duty on sale of products	4	-	2,190.64	2,190.64
Employee benefits expense	3	2,901.06	(47.43)	2,853.63
Finance cost	9	581.83	47.40	629.23
Depreciation and amortisation expense		387.72	-	387.72
Other expenses	5	5,767.19	2.03	5,769.22
TOTAL		19,547.05	2,192.64	21,739.69
Profit before tax and exceptional items		1.51	64.66	66.16
Exceptional items		(328.23)	-	(328.23)
Profit/(loss) before tax		(326.72)	64.66	(262.07)
Tax expense:				
Current tax		47.25	-	47.25
Deferred tax credit	1	(403.44)	15.05	(388.39)
Profit after tax		29.47	49.61	79.07
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods :				
Re-measurement losses in defined benefit plans	2	-	47.43	47.43
Income tax effect	1,2	-	(15.68)	(15.68)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	31.75	31.75
Other comprehensive income, net of tax		-	31.75	31.75
Total comprehensive income for the year		29.47	17.86	47.32

* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

C5 Reconciliation of cash flow statement for the year ended 31 March 2017

Particulars	Note	Previous GAAP	Adjustments	Ind AS
Net cash generated from operating activities		714.04	-	714.04
Net used in investing activities		(1,087.49)	-	(1,087.49)
Net cash generated from financing activities		379.12	-	379.12
Net increase/(decrease) in cash and cash equivalents		5.67		5.67
Cash and cash equivalents at the beginning of the year		27.90	-	27.90
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		(1.06)	-	(1.06)
Cash and cash equivalents at the end of the year		32.51	-	32.51

* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

C6 Notes

1 Deferred tax

Under the Previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under Ind AS 12, Income Tax, deferred taxes are recognized following the Balance Sheet approach on the temporary differences between the carrying amount of asset or liability in the Balance Sheet and its tax base.

2 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes re-measurements of defined benefit plans, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVTOCI equity instruments. The concept of other comprehensive income did not exist under the Previous GAAP.

3 Defined benefit obligation

Both under the Previous GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by such amount with a corresponding adjustment on defined benefit plans has been recognized in the OCI net of tax.

4 Excise duty

Under the Previous GAAP, revenue from sale of goods was presented net of excise duty whereas under Ind AS the revenue from sale of goods is presented inclusive of excise duty. Accordingly, the excise duty has been included in revenue and other expenses respectively.

5 Forward contracts

Under previous GAAP, the premium paid on forward contracts which are not intended for speculation or trading purposes are recognised over the life of the contract. The forward contracts are subsequently measured at closing exchange rate prevailing on the reporting date. As per Ind AS, the forward contracts are marked to market at the reporting date and resulting gain/(loss) arising on it is recognised in Statement of Profit and Loss.

6 Proposed dividend

Under the Previous GAAP, dividends proposed by the board of directors after the Balance Sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings.

7 Measurement of investments at fair value through OCI

Under the Previous GAAP, the Company accounted for long term investments in quoted and unquoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes.

8 Financial guarantee

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified subsidiary fails to make a payment when due in accordance with the terms of a debt instrument. Under the Previous GAAP, there was no requirement to account for financial guarantees given by the Company. Under Ind AS, financial guarantee contracts are recognized 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 loss allowance determined as per impairment requirements of Ind AS 109, 'Financial Instruments' and the amount recognized less cumulative amortization.

9 Measurement of financial liabilities

Under Previous GAAP, all financial liabilities are carried at cost. Under Ind AS, financial liabilities are required to be recognised at fair value. Accordingly, the Company has recognised such financial liabilities at fair value and subsequently measured them at amortised cost using effective interest rate method.

10 Other equity

Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 49 - Discontinued operations

Business transfer agreement

Consequent to the approvals received from Board of Directors on 21 September 2016 and from the shareholders on 4 January 2017, the company has executed a Business Transfer Agreement on 5 January 2017 and has sold/transferred business operations of foundry effective from 1 October 2016 on a going concern basis for a consideration of ₹2,375 lakhs by way of slump sale to Grotek Enterprises Private Limited, a wholly owned subsidiary of the Company.

Particulars	Year ended 31 March 2018			Year ended 31 March 2017		
	Discontinued operations	Continuing operations	Total	Discontinued operations	Continuing operations	Total
INCOME						
Revenue from operations	-	23,458.22	23,458.22	2,221.88	19,939.44	22,161.32
Other income	-	404.30	404.30	1.52	233.76	235.28
Total revenue	-	23,862.52	23,862.52	2,223.40	20,173.20	22,396.60
EXPENSES						
Cost of materials consumed	-	11,502.82	11,502.82	793.10	8,942.99	9,736.09
Purchases of stock-in-trade	-	1,040.80	1,040.80	-	922.38	922.38
Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	(77.68)	(77.68)	(47.69)	(170.45)	(218.14)
Excise duty on sale of products	-	541.65	541.65	224.14	2,026.16	2,250.30
Employee benefits expense	-	3,170.55	3,170.55	207.83	2,645.81	2,853.64
Finance costs	-	714.47	714.47	7.84	621.39	629.23
Depreciation and amortisation expense	-	308.72	308.72	102.66	285.06	387.72
Other expenses	-	5,340.20	5,340.20	1,156.82	4,612.40	5,769.22
Total expenses	-	22,541.53	22,541.53	2,444.70	19,885.74	22,330.44
Profit/(loss) before exceptional item and tax	-	1,320.99	1,320.99	(221.30)	287.46	66.16
Exceptional Item	-	-	-	-	328.23	328.23
Profit from continuing operations before tax	-	1,320.99	1,320.99	(221.30)	(40.77)	(262.07)
Tax expense						
Current tax	-	374.26	374.26	-	47.25	47.25
Deferred tax charge/(credit)	-	78.00	78.00	-	(388.39)	(388.39)
Profit after tax	-	868.73	868.73	(221.30)	300.37	79.07
Other comprehensive income						
Items that will not be reclassified to profit/(loss)						
Remeasurement gains/(losses) on defined benefit plans	-	19.37	19.37	-	47.43	47.43
Income tax effect	-	(10.95)	(10.95)	-	(15.68)	(15.68)
Other comprehensive income for the year	-	8.42	8.42		31.75	31.75
Total comprehensive income for the year	-	860.31	860.31	(221.30)	268.62	47.32

Cash flow attributable to discontinued operations

Particulars	Year ended 31 March 2018			Year ended 31 March 2017		
	Discontinued operations	Continuing operations	Total	Discontinued operations	Continuing operations	Total
Cash flows from operating activities	-	1,751.40	1,751.40	141.27	572.77	714.04
Cash flows from investing activities	-	(674.65)	(674.65)	(133.37)	(954.12)	(1,087.49)
Cash flows from financing activities	-	(1,071.32)	(1,071.32)	(7.85)	386.97	379.12

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 50 - Fair value measurements

(i) Financial instruments by category

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

Particulars	Note	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
Assets:				
Investments	6	900.80	-	0.00
Loans	7			
Loan to employees		15.81	-	-
Loan to related parties		513.20	-	-
Others		0.21	-	-
Cash and cash equivalents	8	40.96	-	-
Bank balances other than cash and cash equivalents	9	50.85	-	-
Other financial assets	10			
Balance held as margin money account		8.08	-	-
Security deposits		171.66	-	-
Security deposits to related parties		25.00	-	-
Interest accrued on deposits		5.33	-	-
Other receivables		50.00	-	-
Trade receivables		6,933.28	-	-
Total		8,715.18	-	-
Liabilities:				
Borrowings	17	5,639.65	-	-
Trade payables	20	4,579.70	-	-
Other financial liabilities	18			
Security deposit received towards joint development of property		573.54	-	-
Deferred liability on discounting of deposits		388.84	-	-
Uncharged guarantee commission income		15.66	-	-
Trade / security deposits received		438.63	-	-
Payable to employees		290.98	-	-
Current maturities of long-term borrowings		460.99	-	-
Interest accrued but not due on borrowings		6.17	-	-
Unpaid dividends		6.24	-	-
Payables on purchase of fixed assets		137.00	-	-
Interest accrued on trade payables		-	-	-
Forward contract		-	-	-
Accrued liabilities		256.29	-	-
Others		5.40	-	-
Total		12,799.09	-	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 50 - Fair value measurements (Contd.)

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2017 were as follows:

Particulars	Notes	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
Assets:				
Investments	6	858.59	-	0.00
Loans	7			
Loan to employees		17.60	-	-
Loan to related parties		768.80	-	-
Others		2.61	-	-
Cash and cash equivalents	8	32.51	-	-
Bank balances other than cash and cash equivalents	9	41.74	-	-
Other financial assets	10			
Balance held as margin money account		9.54	-	-
Security deposits		146.85	-	-
Security deposits to related parties		25.00	-	-
Interest accrued on deposits		4.13	-	-
Other receivables		50.00	-	-
Trade receivables		5,658.73	-	-
Total		7,616.10	-	-
Liabilities:				
Borrowings	17	6,037.54	-	-
Trade payables	20	3,699.49	-	-
Other financial liabilities	18			
Security deposit received towards joint development of property		521.40	-	-
Deferred liability on discounting of deposits		455.51	-	-
Trade / security deposits received		386.32	-	-
Payable to employees		240.20	-	-
Current maturities of long-term borrowings		461.79	-	-
Interest accrued but not due on borrowings		24.54	-	-
Unpaid dividends		6.96	-	-
Payables on purchase of fixed assets		165.21	-	-
Interest accrued on trade payables		0.60	-	-
Forward contract		-	4.03	-
Accrued liabilities		250.71	-	-
Others		14.13	-	-
Total		12,264.40	4.03	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 50 - Fair value measurements (Contd.)

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 01 April 2016 were as follows:

Particulars	Notes	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
Assets:				
Investments	6	357.59	-	0.00
Loans	7			
Loan to employees		10.28	-	-
Loan to related parties		1.20	-	-
Others		0.21	-	-
Cash and cash equivalents	8	27.90	-	-
Bank balances other than cash and cash equivalents	9	30.31	-	-
Other financial assets	10			
Balance held as margin money account		3.49	-	-
Security deposits		141.97	-	-
Interest accrued on deposits		3.24	-	-
Other receivables		50.00	-	-
Trade receivables		5,968.54	-	-
Total		6,594.74	-	-
Liabilities:				
Borrowings	17	5,452.21	-	-
Trade payables	20	3,871.03	-	-
Other financial liabilities	18			
Security deposit received towards joint development of property		474.00	-	-
Deferred liability on discounting of deposits		522.17	-	-
Trade / security deposits received		502.87	-	-
Payable to employees		305.72	-	-
Current maturities of long-term borrowings		61.79	-	-
Interest accrued but not due on borrowings		13.42	-	-
Unpaid dividends		5.34	-	-
Payables on purchase of fixed assets		24.19	-	-
Interest accrued on trade payables		1.62	-	-
Forward contract		-	1.02	-
Accrued liabilities		139.69	-	-
Others		3.20	-	-
Total		11,377.25	1.02	-

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

(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 2018	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Non current investments	6	-	-	0.00	0.00
Derivative financial liability	18	-	-	-	-

As at 31 March 2017	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Non current investments	6	-	-	0.00	0.00
Derivative financial liability	18	-	4.03	-	4.03

As at 01 April 2016	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Non current investments	6	-	-	0.00	0.00
Derivative financial liability	18	-	1.02	-	1.02

Note 51- 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 2018	As at 31 March 2017	As at 01 April 2016
Investments	900.80	858.59	357.59
Loan to employees	15.81	17.60	10.28
Loan to related parties	513.20	768.80	1.20
Others	0.21	2.61	0.21
Cash and cash equivalents	40.96	32.51	27.90
Bank balances other than cash and cash equivalents	50.85	41.74	30.31

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 51- Financial risk management (Contd.)

Assets under credit risk	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Balance held as margin money account	8.08	9.54	3.49
Security deposits	171.66	146.85	141.97
Security deposits to related parties	25.00	25.00	-
Interest accrued on deposits	5.33	4.13	3.24
Other receivables	50.00	50.00	50.00
Trade receivables	6,933.28	5,658.73	5,968.54
	8,715.17	7,616.10	6,594.73

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.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Balance at the beginning	235.15	180.68	180.68
Impairment loss recognised	23.83	74.25	-
Impairment loss reversed	(43.39)	(19.78)	-
Balance at the end	215.58	235.15	180.68

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 51 - Financial risk management (Contd.)

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 2018	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	5,004.19	1,096.45	-	6,100.64
Trade payables	4,579.70	-	-	4,579.70
Other financial liabilities	1,665.65	-	-	1,665.65
Total	11,249.54	1,096.45	-	12,345.99

As at 31 March 2017	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	5,037.54	1,461.79	-	6,499.33
Trade payables	3,699.49	-	-	3,699.49
Other financial liabilities	1,609.88	-	-	1,609.88
Total	10,346.91	1,461.79	-	11,808.70

As at 1 April 2016	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	4,290.41	1,223.59	-	5,514.00
Trade payables	3,871.03	-	-	3,871.03
Other financial liabilities	1,125.53	-	-	1,125.53
Total	9,286.97	1,223.59	-	10,510.56

(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 2018		As at 31 March 2017	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Financial assets					
Trade receivables	USD	2.32	150.77	4.46	289.50
	EURO	0.01	1.18	0.17	12.15
	JPY	13.22	8.17	9.04	5.27
	GBP	0.05	4.49	0.05	4.27
EEFC balances	USD	0.38	24.47	0.05	3.16
	EURO	0.04	3.15	0.01	0.62
Financial liabilities					
Trade payables	USD	13.75	892.31	5.70	370.17
	EURO	0.03	2.37	0.001	0.05

Conversion rates	USD	EUR	JPY	GBP
As at 31 March 2018	64.88	80.26	0.62	91.90
As at 31 March 2017	64.96	70.24	0.58	80.63

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 51 - Financial risk management (Contd.)

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.

Particulars	Increase 31 March 2018	Decrease 31 March 2018	Increase 31 March 2017	Decrease 31 March 2017
Sensitivity				
INR/USD	(7.39)	7.39	(0.77)	0.77
INR/EURO	0.02	(0.02)	0.12	(0.12)
INR/JPY	0.08	(0.08)	0.05	(0.05)
INR/GBP	0.04	(0.04)	0.04	(0.04)

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or in directly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts

Particulars	31 March 2018	31 March 2017
Forward Contracts		
In USD	-	6.82

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

Particulars	31 March 2018	31 March 2017
Not later than one month	-	-
Later than one month and not later than three months	-	6.82
Later than three months and not later than a year	-	-

Interest rate risk

Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2018, 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:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Variable rate borrowing	4,543.20	4,575.75	4,228.62
Fixed rate borrowing	1,557.44	1,923.58	1,285.38
Total borrowings	6,100.64	6,499.33	5,514.00
Amount disclosed under other current financial liabilities	460.99	461.79	61.79
Amount disclosed under borrowings	5,639.65	6,037.54	5,452.21

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 51 - Financial risk management (Contd.)

Sensitivity

Below is the sensitivity of profit or loss in interest rates.

Particulars	31 March 2018	31 March 2017
Interest sensitivity		
Interest rates – increase by 100 basis points (100 bps)	45.43	45.76
Interest rates – decrease by 100 basis points (100 bps)	(45.43)	(45.76)

Note 52 - Related party disclosures

Nature of relationship	Name of related parties
I Subsidiary companies	Yuflow Engineering Private Limited Coretec Engineering India Private Limited Grotek Enterprises Private Limited
II Associate companies	Sai India Limited Bourton Consulting (India) Private Limited Kolben Hydraulics Limited
III Key Management Personnel (KMP)	C P Rangachar - Managing Director Subramanya Ullal - Chief Executive Officer* H M Narasinga Rao - Chief Financial Officer Sridevi Chintada - Company Secretary** Vinayak Hegde - Company Secretary*** K. Gopalakrishnan- Executive Director. A. Venkata Krishnan- Vice president operations****
IV Relatives of KMP	Vidya Rangachar Madhuri Rangachar
V Entity having significant influence	Yuken Kogyo Co Limited
VI Parties in which key management personnel or their relatives have significant influence	Al Khor Pumps & Hydraulic Machines TR. (LLC) Benefic Investment and Finance Company (Private) Ltd
VII Other related parties	Yuken India Employees Gratuity Trust Yuken India Employees Superannuation Fund
*Resigned w.e.f 15 February 2018	
**Resigned w.e.f 12 February 2018	
*** Appointed w.e.f 12 February 2018	
****Appointed w.e.f 15 February 2018	

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 52 - Related party disclosures (Contd.)

VIII Details of related parties transactions for the year ended 31 March 2018 and 31 March 2017 are as follows :

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2018	Year ended 31 March 2017
Purchase of fixed assets			
Coretec Engineering India Private Limited	Subsidiary	119.48	149.76
Yuflow Engineering Private Limited	Subsidiary	-	2.07
Purchase of goods and services received			
Coretec Engineering India Private Limited	Subsidiary	2,440.04	1,187.59
Yuflow Engineering Private Limited	Subsidiary	-	673.26
Yuken Kogyo Co Limited	Entity having significant influence	1,605.61	1,525.53
SAI India Limited	Associate	7.43	0.77
Kolben Hydraulics Limited	Associate	23.49	60.28
Bourton Consulting (India) Private Limited	Associate	16.93	17.46
Grotek Enterprises Private Limited	Subsidiary	1,507.20	646.26
Al Khooor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	6.76	14.94
Royalty and brand fees paid			
Yuken Kogyo Co Limited	Entity having significant influence	95.00	85.98
Sale of fixed assets			
Coretec Engineering India Private Limited	Subsidiary	13.75	1.32
Sale of goods and services			
Coretec Engineering India Private Limited	Subsidiary	3.39	24.20
Yuflow Engineering Private Limited	Subsidiary	-	10.93
Yuken Kogyo Co Limited	Entity having significant influence	5.87	9.59
Kolben Hydraulics Limited	Associate	7.47	10.79
SAI India Limited	Associate	3.57	59.09
Grotek Enterprises Private Limited	Subsidiary	39.77	30.75
Al Khooor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	37.37	41.38
Rent Received			
Grotek Enterprises Private Limited	Subsidiary	71.24	16.32
Kolben Hydraulics Limited	Associate	3.02	4.55
Interest Income Received			
Grotek Enterprises Private Limited	Subsidiary	71.63	19.96
Dividend received			
Bourton Consulting (India) Private Limited	Associate	0.37	1.12
Dividend paid			
Yuken Kogyo Co Limited	Entity having significant influence	12.00	12.00
C P Rangachar	KMP	0.21	0.21
Vidya Rangachar	Relative of KMP	0.04	0.04
Madhuri Rangachar	Relative of KMP	0.02	0.02
Benefic Investment and Finance Company (Private) Limited	Parties in which KMP or their relatives have significant influence	3.48	3.48

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 52 - Related party disclosures (Contd.)

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2018	Year ended 31 March 2017
Investment made in equity shares			
Grotek Enterprises Private Limited	Subsidiary	-	501.00
Corporate guarantee given			
Coretec Engineering India Private Limited	Subsidiary	1,350.00	-
Grotek Enterprises Private Limited	Subsidiary	500.00	-
Decrease in Corporate guarantee			
Coretec Engineering India Private Limited	Subsidiary	120.00	-
Yuflow Engineering India Private Limited	Subsidiary	220.00	-
Guarantee Commission income			
Coretec Engineering India Private Limited	Subsidiary	17.71	-
Grotek Enterprises Private Limited	Subsidiary	8.85	-
Remuneration including commission			
C P Rangachar	KMP	67.59	52.92
Subramanya Ullal - Chief Executive Officer(resigned on 15/02/2018)	KMP	44.42	44.99
H M Narasinga Rao - Chief Financial Officer	KMP	50.81	48.68
Sridevi Chintada - Company Secretary(resigned on 12/02/2018)	KMP	5.25	6.01
Vinayak Hegde - Company Secretary(appointed on 12/02/2018)	KMP	0.92	-
K. Gopalakrishnan- Executive Director.	KMP	58.61	55.34
A. Venkata Krishnan- Vice president operations(appointed on 15/02/2018)	KMP	3.09	-
Payment towards expenses			
Vidya Rangachar	Relative of KMP	1.80	1.80
Reimbursement of expense(net)			
Yuken Kogyo Co Limited	Entity having significant influence	0.58	-
Contribution to post employment benefit plans			
Yuken India Employees Gratuity Trust	Post -employment benefit plan	55.00	10.00
Yuken India Employees Superannuation Fund	Post -employment benefit plan	94.28	101.29

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 52 - Related party disclosures (Contd.)

IX Details of amounts outstandings from related parties as at 31 March 2018 and 31 March 2017 are as follows :

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2018	Year ended 31 March 2017
Amount outstanding (Advance towards purchase of goods and services)			
Yuflow Engineering Private Limited	Subsidiary	303.13	302.63
Grotek Enterprises Private Limited	Subsidiary	1,028.71	1,220.72
Kolben Hydraulics Limited	Associate	39.00	-
Loan Given			
Grotek Enterprises Private Limited	Subsidiary	513.20	770.00
Amount outstanding (Receivables)			
Coretec Engineering India Private Limited	Subsidiary	13.21	24.72
Yuflow Engineering Private Limited	Subsidiary	62.49	62.49
Yuken Kogyo Co Limited	Entity having significant influence	6.58	3.25
Grotek Enterprises Private Limited	Subsidiary	21.61	-
Sai India Limited	Associate	9.06	5.67
Kolben Hydraulics Limited	Associate	10.84	24.70
Al Khoor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	112.73	103.92
Amount outstanding (Payables)			
Coretec Engineering India Private Limited	Subsidiary	772.78	231.54
Yuken Kogyo Co Limited	Entity having significant influence	655.76	651.70
Sai India Limited	Associate	8.20	0.77
Kolben Hydraulics Limited	Associate	-	35.54
Bourton Consulting (India) Private Limited	Associate	3.89	1.89
Directors remuneration payable			
C P Rangachar	KMP	17.08	3.37
Security Deposit given			
Grotek Enterprises Private Limited	Subsidiary	25.00	25.00
Investments			
Yuflow Engineering Private Limited	Subsidiary	264.60	264.60
Coretec Engineering India Private Limited	Subsidiary	57.75	25.54
Grotek Enterprises Private Limited	Subsidiary	511.00	501.00
Sai India Limited	Associate	20.00	20.00
Kolben Hydraulics Limited	Associate	43.72	43.72
Bourton Consulting (India) Private Limited	Associate	3.73	3.73
Guarantees outstanding			
Coretec Engineering India Private Limited	Subsidiary	1,350.00	120.00
Yuflow Engineering Private Limited	Subsidiary	-	220.00
Grotek Enterprises Private Limited	Subsidiary	500.00	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 53 - 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 hydraulic business performance and other business performance. Accordingly the segment information has been presented.

The Company has identified business segments as its primary segment. India is the only major geographical segment, constituting over 95% of the Company'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.

Particulars	Year ended 31 March 2018				
	Hydraulic business	Other business	Eliminations	Unallocated	Total
Revenue from operations	23,319.68	-	-	-	23,319.68
Operating income	138.54	-	-	-	138.54
	23,458.22	-	-	-	23,458.22
Segment result before interest, other income and taxes	3,541.35	-	-	(1,910.19)	1,631.16
Add:Other income	146.47	-	-	257.83	404.30
Less: Finance costs	-	-	-	(714.47)	(714.47)
Profit/(loss) before taxes	3,687.82	-	-	(2,366.83)	1,320.99
Other comprehensive income	(13.56)	-	-	(5.81)	(19.37)
Taxes	-	-	-	-	441.31
Total Comprehensive Income					860.31

Particulars	Year ended 31 March 2017				
	Hydraulic business	Other business	Eliminations	Unallocated	Total
Revenue from operations	19,846.76	2,159.24	531.09	-	21,474.91
Operating income	94.06	1.60	-	-	95.66
	19,940.82	2,160.84	531.09	-	21,570.57
Segment result before interest, other income and taxes	2,052.15	(214.98)	-	(1,705.30)	131.87
Add:Other income	114.06	1.52	-	119.71	235.29
Less: Finance costs	-	-	-	(629.23)	(629.23)
Profit/(loss) before taxes	2,166.21	(213.46)	-	(2,214.82)	(262.07)
Other comprehensive income	(33.20)	-	-	(14.23)	(47.43)
Taxes	-	-	-	-	(356.82)
Total Comprehensive Income	-	-	-	-	47.32

Note:

Assets and liabilities used in the Company's hydraulic business are not identified to any of the operating segments, as they can be used interchangeably between segments.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 53 - Segment information (Contd.)

Entity-wide disclosure as required by Ind AS 108 "Operating Segment" are as follows:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenues from external customers for each product or each group of similar products		
Sale of products	23,319.68	21,474.92
	23,319.68	21,474.92
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	23,073.30	20,804.86
Outside India	246.38	670.06
	23,319.68	21,474.92
Non-current assets (other than financial instruments and deferred tax assets) located in the Company's country of domicile and in all foreign countries in which the Company holds assets		
India	6,106.39	5,698.18
Outside India	-	-
	6,106.39	5,698.18
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		
Revenue from top customer	2,031.87	1,746.20
Percentage	8.71%	8.13%
Revenue from customers contributing 10% or more to the Company's revenues from product sale	-	-
Percentage	-	-

Note 54 - Operating leases

The Company has entered into lease agreements for vehicles and office facilities which are cancellable. The lease payments recognised in the Statement of Profit and Loss for the year against these agreements are ₹158.58 lakhs (31 March 2017: ₹159.79 lakhs) which has been grouped under 'Rent' under note 31. There are no contingent rents payable.

Note 55 - Previous period comparatives

Prior year amounts have been regrouped/reclassified wherever necessary, to conform to the current years' presentation.

As per our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru

30 May 2018

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

C.P. Rangachar

Managing Director

(DIN: 00310893)

H.M Narasinga Rao

Chief Financial Officer

Bengaluru

30 May 2018

Capt. N S Mohanram

Director

(DIN: 02466671)

Vinayak Hegde

Company Secretary

Bengaluru

30 May 2018

R Srinivasan

Director

(DIN: 00043658)

Consolidated Financial Statements

Independent Auditor's Report

To the Members of
Yuken India Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Yuken India Limited ('the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. 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 the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit

report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 9 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group and its associates as at 31 March 2018, their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

9. We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹5,489.87

lakhs and net assets of ₹(43.66) lakhs as at 31 March 2018, total revenues of ₹7,566.65 and net cash inflows amounting to ₹16.78 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 loss (including other comprehensive income) of ₹8.18 lakhs for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of two 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, is 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.

10. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹3.12 lakhs for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements are unaudited and 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 this associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

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 matter with respect to our reliance on the financial statements certified by the management.

11. The comparative consolidated financial information for the year ended 31 March 2017 and the transition date consolidated opening Balance Sheet as at 1 April 2016 prepared in accordance with Ind AS included in the consolidated financial statements have been audited by the predecessor auditor, Deloitte Haskins & Sells, Chartered Accountants. The report of the predecessor auditor dated 19 April 2018 on the comparative consolidated financial information and the transition date consolidated opening Balance Sheet expressed an unmodified opinion on

the consolidated opening Balance Sheet as at 1 April 2016 and an unmodified opinion on the financial information for the year ended 31 March 2017. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

12. 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, 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;
- 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 other statutory auditors of its subsidiary companies and associate companies covered under the Act, none of the directors of the Group companies, its associate companies covered under the Act, are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the 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 I';
- 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 Auditor's) 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 as also the other financial information of the subsidiaries and associates:
 - (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 33 to the consolidated financial statements.

- (ii) The Group and its associates did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (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 covered under the Act;
- (iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were

applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per Vijay Vikram Singh

Partner

Membership No.: 059139

Bengaluru

30 May 2018

Annexure I 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 2018

Independent Auditor's Report on the Internal Financial Controls 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'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its associates as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, its subsidiary companies and its associate companies, which are companies covered under the Act, as at that date.

Management's Responsibility 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 control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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

3. Our responsibility is to express an opinion on the IFCoFR 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') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, 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 IFCoFR 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 IFCoFR of the Holding Company, its subsidiary companies and its associate companies as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR 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 over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and based on the consideration of the reports of the other auditors on IFCoFR of the subsidiary companies and 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 over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

8. We did not audit the IFCoFR in so far as it relates to three subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹5,489.87 lakhs and net assets of ₹(43.66) lakhs as at 31 March 2018, total revenues of ₹7,566.65 lakhs and net cash inflows amounting to ₹16.78 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 loss (including other comprehensive income) of ₹8.18 lakhs for the year ended 31 March 2018, in respect of two associate companies, which are companies covered under the Act, whose IFCoFR have not been audited by us. The IFCoFR 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 IFCoFR 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

per Vijay Vikram Singh

Partner

Membership No.: 059139

Bengaluru

30 May 2018

Consolidated Balance sheet as at 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Notes	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	8,102.91	7,647.85	7,286.18
Capital work in progress		113.50	241.31	355.77
Other intangible assets	4	288.89	113.77	51.92
Investment property	5	64.90	1.88	1.88
Goodwill arising on consolidation		35.61	35.61	35.61
Financial assets				
(i) Investments	6	367.80	372.86	340.03
(ii) Loans	7	3.46	9.02	7.49
(iii) Other financial assets	10	37.84	38.84	6.22
Other non-financial assets	12	62.16	25.49	46.25
		9,077.07	8,486.63	8,131.35
Current assets				
Inventories	13	4,021.86	3,629.02	3,444.60
Financial assets				
(i) Trade receivables	14	7,825.84	6,346.29	5,987.74
(ii) Cash and cash equivalents	8	62.62	37.39	31.45
(iii) Bank balances other than cash and cash equivalents	9	50.85	41.74	30.31
(iv) Loans	7	15.02	13.50	6.48
(v) Other financial assets	10	226.99	200.98	219.13
Current tax assets	11	162.46	193.36	196.81
Other non-financial assets	12	471.51	487.90	497.29
		12,837.15	10,950.18	10,413.81
TOTAL ASSETS		21,914.22	19,436.81	18,545.16
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	300.00	300.00	300.00
Other equity	16	5,230.71	4,559.77	5,079.23
		5,530.71	4,859.77	5,379.23
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(i) Borrowings	17	1,226.67	1,461.79	1,223.59
(ii) Other financial liabilities	18	899.17	922.91	929.50
Provisions	19	181.93	166.18	129.09
Deferred tax liabilities (net)	38	246.05	35.08	435.32
		2,553.81	2,585.96	2,717.50
Current liabilities				
Financial liabilities				
(i) Borrowings	17	5,634.44	4,893.24	4,544.86
(ii) Trade payables	20	5,537.93	4,671.74	4,050.85
(iii) Other financial liabilities	18	1,666.93	1,611.18	1,148.42
Provisions	19	361.52	363.60	305.85
Current tax liabilities	21	190.68	58.61	27.90
Other non-financial liabilities	22	438.19	392.71	370.55
		13,829.69	11,991.08	10,448.43
TOTAL EQUITY AND LIABILITIES		21,914.22	19,436.81	18,545.16

See accompanying notes (1-48) forming part of these financial statements.

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

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru
30 May 2018

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

C.P. Rangachar

Managing Director

(DIN: 00310893)

H.M Narasinga Rao

Chief Financial Officer

Bengaluru
30 May 2018

Capt. N S Mohanram

Director

(DIN: 02466671)

Vinayak Hegde

Company Secretary

Bengaluru
30 May 2018

R Srinivasan

Director

(DIN: 00043658)

Consolidated Statement of Profit and Loss for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Notes	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	23	27,432.57	23,219.83
Other income	24	266.65	198.99
		27,699.22	23,418.82
Expenses			
Cost of materials consumed	25	11,916.09	9,368.53
Purchases of stock-in-trade	26	1,042.21	922.38
Changes in stock of finished goods, work-in-progress and stock-in-trade	27	(150.43)	(396.70)
Excise duty on sale of goods		639.55	2,374.47
Employee benefits expense	28	4,302.22	3,522.79
Finance costs	29	814.17	668.27
Depreciation and amortisation expense	30	555.51	538.64
Other expenses	31	7,417.38	6,914.33
		26,536.70	23,912.71
Net Profit/(loss) before exceptional item and tax		1,162.52	(493.89)
Exceptional item	32	-	328.23
Profit/(loss) before tax after exceptional items		1,162.52	(822.12)
Tax expense:			
Current tax		390.16	66.31
Deferred tax charge/(credit)		56.58	(389.85)
Total tax expense		446.74	(323.54)
Profit/(loss) after tax		715.78	(498.58)
Equity earnings of associates		(5.06)	34.07
Profit/(loss) for the year		710.72	(464.51)
Other comprehensive income			
Items that will not be reclassified to profit / (loss)			
Remeasurement (gains)/losses on defined benefit plans		13.48	30.30
Income tax effect		(9.82)	(10.38)
Other comprehensive income for the year		3.66	19.92
Total comprehensive income for the year		707.06	(484.43)
Earnings per equity share:	35		
Basic and diluted		23.69	(15.48)

See accompanying notes (1-48) forming part of these 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's Registration No.: 001076N/N500013

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

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

C.P. Rangachar

Managing Director

(DIN: 00310893)

H.M Narasinga Rao

Chief Financial Officer

Bengaluru

30 May 2018

Capt. N S Mohanram

Director

(DIN: 02466671)

Vinayak Hegde

Company Secretary

Bengaluru

30 May 2018

R Srinivasan

Director

(DIN: 00043658)

Bengaluru

30 May 2018

Statement of Consolidated Cash Flows for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
A) Cash flow from operating activities		
Profit / (loss) before tax	1,162.52	(822.12)
Adjustments for:		
Depreciation and amortisation	555.51	992.18
Interest expense	731.35	620.87
Provision for doubtful trade receivables	23.83	74.25
Bad trade and other receivables written off	26.75	32.77
Loss/(gain) on forward contract mark to market measurement	(2.25)	2.03
Unrealised exchange difference on translation of foreign currency cash and cash equivalents	(3.02)	1.06
Net unrealised exchange (gain)/loss	(0.57)	6.80
Net income on discounting of deposits	(14.52)	(19.27)
(Profit)/loss on sale of assets(net)	(13.33)	(8.62)
Interest income	(66.87)	(78.86)
Dividend income	(0.43)	(1.18)
Liabilities / provisions no longer required written back	(56.66)	(20.96)
Operating profit before working capital changes	2,342.31	778.95
Movements in working capital		
(Increase) in inventories	(392.84)	(184.42)
(Increase) in trade receivables	(1,479.86)	(454.72)
Decrease/(increase) in loans	4.04	(8.55)
(Increase) in other financial assets	(23.79)	(13.59)
(Increase)/decrease in other non-financial assets	(18.03)	30.15
Increase in trade payables	873.15	624.20
Increase in other financial liabilities	67.02	67.08
Increase in provisions	0.19	64.54
Increase in other non-financial liabilities	45.48	22.16
Cash generated from operations	1,417.68	925.80
Net income tax paid	(242.25)	(34.93)
Net cash flow from operating activities (A)	1,175.43	890.87
B) Cash flow from investing activities		
Purchase of property, plant and equipment.	(975.73)	(1,527.68)
Proceeds from sale of property, plant and equipment	33.45	234.75
Bank balance not considered as cash and cash equivalents	(9.11)	(11.43)
Interest received	65.66	77.98
Dividend received	(0.43)	1.18
Net cash flow used in investing activities (B)	(886.17)	(1,225.20)

Statement of Consolidated Cash Flows for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
C) Cash flow from financing activities		
Proceeds from long-term borrowings	25.47	700.00
Repayment of long-term borrowings	(261.39)	(61.80)
Net increase in working capital borrowings	741.20	348.38
Interest expense	(735.50)	(610.77)
Dividends and tax thereon paid	(36.83)	(34.49)
Net cash flow from/(used in) financing activities (C)	(267.06)	341.32
Net increase in Cash and cash equivalents (A+B+C)	22.21	7.00
Cash and cash equivalents at the beginning of the year	37.39	31.45
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	3.02	(1.06)
Cash and cash equivalents at the end of the year (Refer Note 8)	62.62	37.39
See accompanying notes (1-48) forming part of these financial statements.		

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru

30 May 2018

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

C.P. Rangachar

Managing Director

(DIN: 00310893)

H.M Narasinga Rao

Chief Financial Officer

Bengaluru

30 May 2018

Capt. N S Mohanram

Director

(DIN: 02466671)

Vinayak Hegde

Company Secretary

Bengaluru

30 May 2018

R Srinivasan

Director

(DIN: 00043658)

Consolidated Statement of Changes in Equity for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

A. Equity share capital

Particulars	Equity shares	
	Number (in lakhs)	Amount
As at 01 April 2016	30.00	300.00
Add: Issued and subscribed during the year	-	-
As at 31 March 2017	30.00	300.00
Add: Issued and subscribed during the year	-	-
As at 31 March 2018	30.00	300.00

B. Other Equity

Particulars	Reserve and surplus			Total
	General reserve	Retained earnings	Capital reserve	
Balance as at 01 April 2016	596.08	4,441.82	41.33	5,079.23
Additions during the year				
Profit/(loss) for the year	-	(464.51)	-	(464.51)
Arising on account of acquisition of subsidiary	-	-	1.08	1.08
Items of the other comprehensive income, net of tax				
Remeasurement gains/(losses) on defined benefit plans	-	(19.92)	-	(19.92)
Reductions during the year:				
Dividends and tax on dividend	-	(36.11)	-	(36.11)
Balance as at 31 March 2017	596.08	3,921.28	42.41	4,559.77
Additions during the year				
Profit/(loss) for the year	-	710.72	-	710.72
Items of the other comprehensive income, net of tax				
Remeasurement gains/(losses) on defined benefit plans	-	(3.66)	-	(3.66)
Reductions during the year:				
Dividends and tax on dividend	-	(36.13)	-	(36.13)
Balance as at 31 March 2018	596.08	4,592.22	42.41	5,230.71

See accompanying notes (1-48) forming part of these financial statements.

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru

30 May 2018

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

C.P. Rangachar

Managing Director

(DIN: 00310893)

H.M Narasinga Rao

Chief Financial Officer

Bengaluru

30 May 2018

Capt. N S Mohanram

Director

(DIN: 02466671)

Vinayak Hegde

Company Secretary

Bengaluru

30 May 2018

R Srinivasan

Director

(DIN: 00043658)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

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 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 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 (%)	
		31-Mar-18	31-Mar-17
Subsidiaries:			
Yuflow Engineering Private Limited	India	100.00%	100.00%
Coretec Engineering India Private Limited	India	100.00%	100.00%
Grotek Enterprises Private Limited	India	100.00%	100.00%
Associates:			
Sai India Limited	India	40.00%	40.00%
Bourton Consulting (India) Private Limited	India	29.54%	29.54%
Kolben Hydraulics Limited	India	43.69%	43.69%

Note 2

Summary of significant accounting policies

Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2017. 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

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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. 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 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 and the Companies (Accounting Standards) Amendment Rules, 2016. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 30 May 2018

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with requirements of the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the first Ind AS financial statements of the Company. The date of transition to Ind AS is 1 April 2016. Refer note 40 for the details of first-time adoption exemptions availed by the Company, reconciliations and descriptions of the effect of the transition. Amendments to the financial statements are permitted after approval.

(c) Basis of accounting and preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company is required to prepare its 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 financial statements which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statements of Cash Flows and the Statement of Changes in Equity for the year ended 31 March 2018, and accounting policies and other explanatory information (together hereinafter referred to as "financial statements").

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 Company 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

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 Company 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 Company. Such changes are reflected in the assumptions when they occur.

Significant management judgements

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 financial statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Classification of leases

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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 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;
- 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.

(f) Property, plant and equipment

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

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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 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	15
Furniture and fixtures	10
Vehicles	8
Office equipment and Electrical installations*	5-21
Computer equipment*	3-6

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 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.

(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.

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.

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 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)
Computer software	5

(h) Investment properties

Recognition and initial measurement

Investment properties are properties held to earn rentals or for capital appreciation, or both. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes to the financial statements. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Subsequent measurement

Depreciation on investment properties is provided on the straight-line method, computed on the basis of useful lives prescribed under Part C of Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Where during any financial year, any addition has been made to any asset, or where any asset has been sold, discarded, demolished or destroyed, or significant components replaced; depreciation on such assets is calculated on a pro rata basis as individual assets with specific useful life from the month of such addition or, as the case may be, up to the month on which such asset has been sold, discarded, demolished or destroyed or replaced.

De-recognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Statement of Profit or Loss in the period of de-recognition.

(i) 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.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes, goods and service tax and amounts collected on behalf of third parties.

Sale of goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer and to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

(k) 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.

(l) 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 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.

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

(m) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016 (date of transition to Ind AS), the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Finance Lease

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset.

Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(n) Foreign currency transactions

Functional and presentation currency

The functional currency of the Company 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.

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.

(o) 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.

(p) 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.

(q) Investments in associates

The Company'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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

(r) 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."

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.

(s) 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.

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 financial statements.

Contingent assets

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

(t) Financial instruments

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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 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 & 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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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."

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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.

(u) 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.

(v) 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.

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

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

(w) 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.

(x) 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 and other business (foundry), which constitutes multiple 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".

(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 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.

(z) Standards issued but not yet effective

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Ind AS 115, Revenue from Contract with Customers:

On 28 March 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting policies, changes in accounting estimates and errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018.

The Company will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The Company is still in the process of evaluating the impact on application of Ind AS 115.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 3 - Property, plant and equipment

Gross carrying amount

Particulars	Freehold land	Buildings	Plant and machinery	Electrical installation	Furniture and fixtures	Office equipment	Jigs and fixtures	Motor vehicles	Total
Deemed cost as at 01 April 2016	2,233.84	1,397.31	2,810.33	300.49	43.76	264.51	211.07	24.87	7,286.18
Additions	-	906.71	1,837.44	300.58	25.83	90.71	338.94	2.83	3,503.04
Disposals	-	(31.05)	(1,655.17)	(202.29)	(13.68)	(23.31)	(247.72)	(9.21)	(2,182.43)
Balance as at 31 March 2017	2,233.84	2,272.97	2,992.60	398.78	55.91	331.91	302.29	18.49	8,606.79
Additions	-	369.60	381.80	14.43	28.72	93.91	105.37	1.90	995.73
Disposals	-	-	(15.63)	-	-	(5.40)	-	(1.00)	(22.03)
Balance as at 31 March 2018	2,233.84	2,642.57	3,358.77	413.21	84.63	420.42	407.66	19.39	9,580.49

Accumulated depreciation

Balance as at 01 April 2016	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	515.83	320.23	22.04	10.34	56.57	27.90	6.38	959.28
Disposals	-	-	(0.35)	-	-	-	-	-	(0.35)
Balance as at 31 March 2017	-	515.83	319.88	22.04	10.34	56.57	27.90	6.38	958.94
Depreciation for the year	-	66.70	321.51	25.26	8.83	59.08	34.79	4.37	520.54
Disposals	-	-	(0.93)	-	-	(0.93)	-	(0.05)	(1.91)
Balance as at 31 March 2018	-	582.53	640.46	47.30	19.17	114.72	62.69	10.70	1,477.57

Net carrying amount

Balance as at 31 March 2018	2,233.84	2,060.04	2,718.31	365.91	65.46	305.70	344.97	8.69	8,102.91
Balance as at 31 March 2017	2,233.84	1,757.14	2,672.72	376.74	45.57	275.34	274.39	12.11	7,647.85
Balance as at 01 April 2016	2,233.84	1,397.31	2,810.33	300.49	43.76	264.51	211.07	24.87	7,286.18

Note:

(a) Deemed carrying cost

For property, plant and equipment existing as on the date of transition to Ind AS, i.e., 1 April 2016, the Company has used carrying value as at 1 April 2016 as deemed cost.

(b) Contractual obligations

There are no contractual commitments for the acquisition of property, plant and equipment.

(c) Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2018 (31 March 2017: ₹22.25 lakhs).

(d) Property, plant and equipment pledged as security

Details of properties pledged are as per note 17.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 4 - Intangible assets

Gross carrying amount

Particulars	ERP software	Technical fee	Others	Total
Deemed cost as at 01 April 2016	47.86	4.06	-	51.92
Additions	56.95	-	38.09	95.04
Disposals	(0.29)	-	-	(0.29)
Balance as at 31 March 2017	104.52	4.06	38.09	146.67
Additions	44.79	-	165.30	210.09
Disposals	-	-	-	-
Balance as at 31 March 2018	149.31	4.06	203.39	356.76

Accumulated depreciation

Balance as at 01 April 2016	-	-	-	-
Amortization for the year	26.95	4.05	1.90	32.90
Disposals	-	-	-	-
Balance as at 31 March 2017	26.95	4.05	1.90	32.90
Amortization for the year	27.35	-	7.62	34.97
Disposals	-	-	-	-
Balance as at 31 March 2018	54.30	4.05	9.52	67.87

Net carrying amount

Balance as at 31 March 2018	95.01	0.01	193.87	288.89
Balance as at 31 March 2017	77.57	0.01	36.19	113.77
Balance as at 01 April 2016	47.86	4.06	-	51.92

Note 5 - Investment property

Gross carrying amount

Particulars	Freehold land	Total
Deemed cost as at 01 April 2016	1.88	1.88
Additions	-	-
Disposals	-	-
Balance as at 31 March 2017	1.88	1.88
Additions	63.02	63.02
Disposals	-	-
Balance as at 31 March 2018	64.90	64.90

Accumulated Depreciation

Balance as at 01 April 2016	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2017	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2018	-	-

Net carrying amount

Balance as at 31 March 2018	64.90	64.90
Balance as at 31 March 2017	1.88	1.88
Balance as at 01 April 2016	1.88	1.88

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note:

Fair value of investment property

Fair value of investment property as on 31 March 2018 is ₹12,212.82 lakhs

The Company has obtained an independent valuation for its investment property during the year ended 31 March 2018. The best evidence of fair value is current prices in an active market for similar properties.

Where such information is not available, the independent valuer consider information from a variety of sources including:

- In case of valuation of land, current prices in an active market for similar properties of the same area and localities have been taken. The rates of which are based on verbal enquiries from the property dealers of the areas and localities;
- In case of constructed building, rates derived from CPWD/CWC PARS as on 01-10-2010-12/1997 have been taken as the basis of valuation.

These rates have further been modified to bring them at par with the present day price index and as per specifications found at site. Necessary depreciation for age and life of the structure has been taken into account. Where the work is not covered under any of the standard specifications the rates have been assessed as on the date of valuations.

Note 6 - Investments

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Trade (Unquoted)			
Valued at cost			
Investment in equity shares of subsidiaries:			
Sai India Limited	352.07	348.93	320.72
360,000 equity shares (31 March 2017: 360,000) of ₹10 each			
Kolben Hydraulics Limited	7.39	16.98	13.00
437,200 equity shares (31 March 2017: 437,200) of ₹10 each			
Bourton Consulting (India) Private Limited	8.34	6.95	6.31
37,300 equity shares (31 March 2017: 37,300) of ₹10 each			
Investments measured at fair value through OCI			
Hycorn Engineering (India) Private Limited	94.13	94.13	94.13
941,330 equity shares (31 March 2017: 941,330) of ₹10 each			
The Shamrao Vittal Co-operative Bank Limited	0.50	0.50	0.50
2,000 equity shares (31 March 2017: 2,000) of ₹25 each			
Less : Provision for other than temporary diminution in value	(94.63)	(94.63)	(94.63)
	367.80	372.86	340.03

Note 7 - Loans

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current			
(Unsecured, considered good)			
Loan to employees	-	1.20	1.20
Loan to related parties	3.25	7.61	6.08
Others	0.21	0.21	0.21
	3.46	9.02	7.49
Current			
(Unsecured, considered good)			
Loan to employees	15.02	13.50	6.48
	15.02	13.50	6.48

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 8 - Cash and cash equivalents

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Cash on hand	3.93	3.12	8.31
Balances with banks			
(i) In current accounts	31.07	30.49	19.96
(ii) In EEFC accounts	27.62	3.78	3.18
	62.62	37.39	31.45

Note 9 - Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Current			
In earmarked accounts			
(i) Unpaid dividend accounts	6.08	6.80	5.18
(ii) Balance held as margin money	44.77	34.94	25.13
	50.85	41.74	30.31

Note 10 - Other financial assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current			
Security deposits	29.76	29.30	2.73
Balance held as margin money account	8.08	9.54	3.49
	37.84	38.84	6.22
Current			
Security deposits	171.66	146.86	165.89
Interest accrued on deposits	5.33	4.12	3.24
Other receivables	50.00	50.00	50.00
	226.99	200.98	219.13

Note 11 - Income tax assets (net)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Current			
Advance income tax	97.93	81.58	85.03
MAT credit entitlement	64.54	111.78	111.78
	162.46	193.36	196.81

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 12 - Non-financial assets

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current			
Prepaid expenses	5.21	5.79	9.79
Capital advances	56.95	19.70	36.46
	62.16	25.49	46.25
Current			
Duty drawback receivable	5.29	7.61	7.91
Prepaid expenses	86.58	121.22	108.16
Balances with government authorities	0.79	135.85	173.65
Advance to related parties	38.71	-	0.04
Advance to suppliers	335.87	209.48	192.98
Others	4.27	13.74	14.55
	471.51	487.90	497.29

Note 13 - Inventories

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
(Lower of cost or net realisable value)			
Raw materials and components	1,911.64	1,607.73	1,783.12
Goods-in-transit - raw material	20.70	16.60	23.77
Work-in-progress	1,178.45	1,103.80	713.92
Finished goods (other than those acquired for trading)	746.76	694.97	675.81
Stock-in-trade	33.19	106.18	119.75
Loose tools	131.12	99.74	128.23
	4,021.86	3,629.02	3,444.60

Note 14 - Trade receivables

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Current			
Unsecured			
Considered good	7,825.84	6,346.29	5,987.74
Considered doubtful	216.68	236.25	180.68
	8,042.52	6,582.54	6,168.42
Less: Allowance for doubtful trade receivables	216.68	236.25	180.68
	7,825.84	6,346.29	5,987.74

Note 15 - Equity share capital

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Authorised share capital						
Equity shares of ₹ 10 each	60,00,000	600.00	60,00,000	600.00	60,00,000	600.00
	60,00,000	600.00	60,00,000	600.00	60,00,000	600.00
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	30,00,000	300.00	30,00,000	300.00	30,00,000	300.00
	30,00,000	300.00	30,00,000	300.00	30,00,000	300.00

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 15 - Equity share capital (Contd.)

(a) Reconciliation of the number of shares

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Number	Amount	Number	Amount	Number	Amount
Equity shares of ₹ 10 each, par value						
Balances as at the beginning of the year	30,00,000	300.00	30,00,000	300.00	30,00,000	300.00
Add: Issued and subscribed during the year	-	-	-	-	-	-
Balance at the end of the year	30,00,000	300.00	30,00,000	300.00	30,00,000	300.00

(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) Details of shareholders holding more than 5% shares

Particulars	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Number	Percentage	Number	Percentage	Number	Percentage
Equity shares of ₹ 10 each, par value						
Yuken Kogyo Co. Limited	12,00,000	40.00%	12,00,000	40.00%	12,00,000	40.00%
Benefic Investments & Finance Co. Pvt Ltd.	3,47,952	11.60%	3,47,952	11.60%	3,47,952	11.60%

(d) In the period of five years immediately preceding the balance sheet date, the Company has not issued any bonus shares or has bought back any shares.

(e) The Board of Directors, in its meeting held on 30 May 2018, proposed a final dividend of ₹2 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 ₹60 lakhs, excluding corporate dividend tax.

Note 16 - Other equity

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
General reserve	596.08	596.08	596.08
Capital reserve	42.41	42.41	41.33
Surplus in Statement of Profit and Loss	4,592.22	3,921.28	4,441.82
	5,230.71	4,559.77	5,079.23

Note 17 - Borrowings

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current			
Secured			
Term loans from banks	1,687.66	1,923.58	1,285.38
	1,687.66	1,923.58	1,285.38
Less: Current maturities of long-term borrowings	460.99	461.79	61.79
	1,226.67	1,461.79	1,223.59
Current			
Unsecured			
Working capital demand loans from banks	1,180.00	3,567.49	3,416.24
Secured			
Loans repayable on demand from banks	4,454.44	1,325.75	1,128.62
	5,634.44	4,893.24	4,544.86

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 17 - Borrowings (Contd.)

(a) Secured borrowings

(i) Term loans from banks (refer notes below)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
HDFC Bank Limited			
Loan limit	-	2,000.00	2,000.00
Loan availed	-	1,800.00	1,100.00
Amount outstanding (refer note (i) below)	-	1,800.00	1,100.00
Repayable in 18 quarterly instalments with moratorium of 18 months			
Interest rate - 10.05%			
HDFC Bank Limited			
Loan limit	300.00	300.00	300.00
Loan availed	237.14	237.14	237.14
Amount outstanding	61.79	123.58	185.38
Repayable in 16 quarterly instalments without moratorium			
Interest rate - 10.22%			
Mizuho Bank Limited			
Loan limit	1,695.25	-	-
Loan availed	1,695.25	-	-
Amount outstanding	1,495.65	-	-
Repayable in 17 quarterly instalments without moratorium			
Interest rate - 8.35%			
HDFC Bank Limited (subsidiary)			
Loan limit	150.00	-	-
Loan availed	130.22	-	-
Amount outstanding	130.22	-	-
Repayable in 4 years with 6 months moratorium			
MCLR rates			

Notes

(i) Term loan amounting to ₹1,695.25 lakhs from HDFC Bank Limited has been transferred to Mizuho Bank Limited during the current year

(ii) Security Details for the term loans taken from HDFC Bank Limited:

a Exclusive Charge on the Factory Land and Bulding of the company located at No. 52 Khatha No 84/171,85/172, Hedegabanahalli Village, Malur Taluk, Kolar District, Karnataka

(iii) Security Details for the term loan taken from Mizuho Bank Limited:

a Corporate Guarantee given by Yuken Kogyo Co Limited amounting to ₹1,900 lakhs

(iv) 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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

(b) Secured working capital loans from banks (refer notes below)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Mizuho Bank Limited			
Loan limit	2,300.00	-	-
Amount outstanding	2,200.00	-	-
Repayable on demand			
Interest rate - MCLR rates			
HDFC Bank Limited			
Loan limit	800.00	800.00	800.00
Amount outstanding	665.32	96.73	154.25
Repayable on demand			
Interest rate - MCLR rates +1.20%			
HDFC Bank Limited			
Loan limit	-	300.00	-
Amount outstanding	-	300.00	-
Repayable on demand			
Interest rate - MCLR rates +1.20%			
SBI Bank Limited			
Loan limit	1,400.00	1,400.00	1,400.00
Amount outstanding	497.88	929.02	974.37
Repayable on demand			
Interest rate - MCLR rates+2%			
HDFC Bank Limited (subsidiary)			
Loan limit	500.00	-	-
Amount outstanding	410.01	-	-
Repayable on demand			
Interest rate - MCLR rates			
HDFC Bank Limited (subsidiary)			
Loan limit	500.00	-	-
Amount outstanding	481.23	-	-
Repayable on demand			
Interest rate - MCLR rates			
Sumitomo Mitsui Banking Corporation (subsidiary)			
Loan limit	600.00	-	-
Amount outstanding	200.00	-	-
Repayable on demand			
Interest rate - MCLR rates			

Notes

Details of security given

SBI Bank Limited

- (i) Primary security : Hypothecation on stocks, receivables and other current assets.
- (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.
- (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 Koppalthimmanahalli 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 2018

All amounts are in ₹ lakhs, unless otherwise stated

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

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:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Term Loans & Loans repayable on demand			
Land and building (Net carrying value)	4,054.02	3,749.69	3,352.91
Stock	4,068.78	3,276.83	3,345.80
Trade receivables	7,781.07	5,596.32	5,888.62
Other current assets	880.65	905.61	750.61
Movable fixed assets	2,309.87	-	-

Note 18 - Other financial liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current			
Security deposit received towards joint development of property	573.54	522.79	474.00
Deferred liability on discounting of deposits	322.17	388.84	455.50
Others	3.46	11.28	-
	899.17	922.91	929.50
Current			
Trade / security deposits received	438.63	386.32	502.87
Payable to employees	290.98	240.20	305.72
Current maturities of long-term borrowings	460.99	461.79	62.15
Deferred liability on discounting of deposits	66.67	66.67	66.67
Interest accrued but not due on borrowings	6.17	24.54	13.42
Unpaid dividends	6.24	6.96	5.34
Payables on purchase of fixed assets	137.00	165.21	24.19
Interest accrued on trade payables	-	0.60	1.62
Accrued liabilities	256.29	250.71	139.69
Forward contract	-	4.03	1.02
Others	3.96	4.15	25.73
	1,666.93	1,611.18	1,148.42

Note 19 - Provisions

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Non-current			
Provision for defined benefit obligations	181.93	166.18	129.09
	181.93	166.18	129.09
Current			
Provision for compensated absences	227.20	254.87	215.45
Payable towards defined benefit obligations	6.03	-	-
Provision for superannuation	128.29	108.73	90.40
	361.52	363.60	305.85

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 20 - Trade payables

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Total outstanding dues of micro enterprise and small enterprises	228.76	93.26	138.59
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,309.17	4,578.48	3,912.26
	5,537.93	4,671.74	4,050.85

Note 21 - Income tax liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Provision for tax	190.68	58.61	27.90
	190.68	58.61	27.90

Note 22 - Other non-financial liabilities

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Statutory remittances	219.37	225.28	238.88
Advance from customers	218.82	167.43	131.67
	438.19	392.71	370.55

Note 23 - Revenue from operations

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from sale of products	27,285.96	23,109.14
	27,285.96	23,109.14
Other operating revenues		
Training and other services rendered	142.74	93.12
Duty drawback	3.87	17.57
	146.61	110.69
	27,432.57	23,219.83

Note 24 - Other income

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest income:		
- on deposits with banks	3.39	2.20
- on overdue trade receivables	53.27	76.66
- on others	10.21	-
Dividend income	0.43	1.18
Liabilities/ provisions no longer required written back	56.66	2.27
Sale of scrap	4.37	23.18
Profit on sale of fixed assets	17.93	8.62
Miscellaneous income	120.39	84.88
	266.65	198.99

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 25 - Cost of materials consumed

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening stock	1,645.87	1,817.13
Add : Purchases	12,217.36	9,197.27
	13,863.23	11,014.40
Less : Closing stock	1,947.14	1,645.87
	11,916.09	9,368.53

Note 26 - Purchases of stock-in-trade

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Purchase of traded goods	1,042.21	922.38
	1,042.21	922.38

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

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Inventories at the end of the year:		
Finished goods	752.45	605.23
Work-in-progress	1,184.19	1,107.99
Stock-in-trade	33.19	106.18
	1,969.83	1,819.40
Inventories at the beginning of the year:		
Finished goods	605.23	585.85
Work-in-progress	1,107.99	717.10
Stock-in-trade	106.18	119.75
	1,819.40	1,422.70
	(150.43)	(396.70)

Note 28 - Employee benefits expense

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	3,750.87	2,993.90
Contribution to provident and other funds	348.42	325.78
Staff welfare expenses	202.92	203.11
	4,302.22	3,522.79

Note 29 - Finance costs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest expenses on borrowings	690.88	610.17
Interest on dealers deposits and others	108.46	58.10
Interest on income tax	14.83	-
	814.17	668.27

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 30 - Depreciation and amortisation expense

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on tangible assets (refer note 3)	523.23	961.97
Amortisation on intangible assets (refer note 4)	32.28	30.21
Less:- Accelerated depreciation considered as exceptional item (refer note 32)	-	(453.54)
	555.51	538.64

Note 31 - Other expenses

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of stores and spare parts	361.31	434.56
Tools consumed	120.32	104.77
Consumption of packing materials	316.33	259.15
Increase / (decrease) of excise duty on inventory	-	0.68
Subcontracting	2,249.36	1,626.86
Contract Labour wages	374.04	501.90
Power and fuel	1,093.88	911.94
Rent including lease rentals	188.31	201.57
Repairs and maintenance - Buildings	106.83	50.76
Repairs and maintenance - Machinery	393.22	373.22
Repairs and maintenance - Others	47.03	24.79
Vehicle maintenance	39.20	67.56
Insurance	25.37	18.51
Rates and taxes	62.13	110.40
Travelling and conveyance	574.96	543.17
Freight and forwarding	368.71	386.66
Legal and professional charges	357.40	471.10
Remuneration to auditors (Refer note below)	25.04	22.62
Bad debts written off	26.75	32.77
Loss on sale or scrapping of fixed assets	4.60	66.44
Net loss on foreign currency transactions and translations	14.03	22.92
Provision for doubtful trade receivables	23.83	55.56
Miscellaneous expenses	644.73	626.42
	7,417.38	6,914.33
Note:		
Remuneration to auditors comprises (net of service tax input credit):		
For statutory audit	19.45	18.56
For taxation matters	1.75	3.00
For other services	0.25	1.00
For reimbursement of expenses	3.59	0.06
	25.04	22.62

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 32 - Exceptional items

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Accelerated depreciation	-	453.54
Less:		
Income on sale of business to subsidiary	-	(38.13)
Salvage value of buildings	-	(87.18)
	-	328.23

Note 33 - Contingencies and commitments

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Contingent liabilities		
Disputed income tax liabilities		
(i) AY 2009-10	19.10	19.10
(ii) AY 2011-12	4.37	4.37
(iii) AY 2012-13	19.03	99.54
(iv) AY 2014-15	16.26	-
(v) Other years	9.70	8.11
	68.46	131.12
Commitments		
Capital commitments	122.49	18.61
	122.49	18.61

Note 34 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 2018 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.

Particulars	As at 31 March 2018	As at 31 March 2017
Principal amount remaining unpaid to any supplier as at the end of the accounting year	228.76	93.26
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.60	0.65
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	0.65	0.98
The amount of interest due and payable for the year	-	0.60
The amount of interest accrued and remaining unpaid at the end of the accounting year	0.60	1.25

Note 35 - Earnings per share

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Basic and diluted		
Net profit for the year attributable to the equity shareholders	710.72	(464.51)
Weighted average number of equity shares	30.00	30.00
Par value per share	10.00	10.00
Earnings per share from continuing operations - Basic and diluted	23.69	(15.48)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 36 - Amounts remitted in Foreign currency during the year on account of dividends paid

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Amount of dividends remitted in foreign currency	12.00	12.00
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	1	1
Total number of shares held by them on which dividend was due	12,00,000	12,00,000
Years to which dividend relates	2016-17	2015-16

Note 37 - 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.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Borrowings (refer note 17)	7,322.10	6,355.03	5,768.45
Trade payables (refer note 20)	5,537.93	4,671.74	4,050.85
Less: Cash and short term deposits (refer note 8)	(62.62)	(37.39)	(31.45)
Less: Bank balances other than cash and cash equivalents (refer note 9)	(50.85)	(41.74)	(30.31)
Net debt	12,746.56	10,947.64	9,757.54
Equity	300.00	300.00	300.00
Other Equity	5,230.71	4,559.77	5,079.23
Capital and net debt	18,277.27	15,807.41	15,136.77
Gearing ratio	70%	69%	64%

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 38 - Income Tax

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
The major components of income tax expense are:		
Current income tax:		
Current income tax charge	390.16	66.31
Deferred tax charge/ (credit)		
Relating to the origination and reversal of temporary differences	56.58	(389.85)
Income tax expense reported in Statement of Profit and Loss	446.74	(323.54)
Deferred tax related to items recognised in OCI		
Income tax relating to re-measurement gains on defined benefit plans	(9.82)	(10.38)
	(9.82)	(10.38)
	436.92	(333.92)

Reconciliation of deferred tax (net)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening balance	35.08	435.32
Tax expense/(credit) during the year recognised in Statement of Profit and Loss	56.58	(389.85)
Tax expense/(credit) during the year recognised in OCI	(9.82)	(10.38)
Temporary differences on account of business combination	164.21	-
Closing balance	246.05	35.08

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

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Accounting profit before tax and exceptional item	1,162.52	(822.12)
Add/(less):- Intra group eliminations	36.27	(281.61)
Accounting profit	1,198.79	(1,103.73)
Add: (profit)/loss of subsidiary on which tax expense was calculated at lower rates	122.20	841.66
Accounting profit before tax and exceptional item	1,320.99	(262.07)
Tax on accounting profit at statutory income tax rate [34.608%] (PY 33.063%)	457.17	(86.64)
Tax on subsidiary at lower rate (25.8%)(PY 30.90%)	(40.92)	(260.07)
Reconciling items:		
Expenses/(Incomes) disallowed under Income tax Act, 1961	(7.00)	(3.06)
Effect of Income that is exempt from taxation on transfer of business	-	(312.89)
Expenses disallowed on transfer of business	-	33.31
Deferred tax not created on unabasorbed losses	5.42	274.96
Tax on earlier years not provided	0.43	-
Deferred tax of earlier years	28.98	-
Change in effective rate of taxation from 33.063% to 34.608% (PY 30.90% to 33.063%)	2.66	30.85
At the effective income tax rate of 34.608% -25.8% (PY 33.063%-30.90%)	446.74	(323.54)
Income tax expense reported in the Statement of Profit and Loss	446.74	(323.54)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Components of deferred tax

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Deferred tax asset		
Provision for employee benefits	134.26	136.45
Allowance for trade receivables	74.61	77.74
Fair value measurement of financial asset/liability	30.40	29.94
Temporary differences on account of business combination	129.82	-
Deferred tax liability		
Depreciation and amortisation	615.14	279.22
Deferred tax asset / (liability), net	(246.05)	(35.08)

Note 39 - 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 Povision Act, 1952 and superannuation fund which are defined contribution plans as per Ind AS 19, Employee benefits. The Group recognised ₹154.20 lakhs (31 March 2017: ₹121.84 lakhs) for provident fund contributions and ₹114.96 lakhs (31 March 2017: ₹101.93 lakhs) 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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 39 - Defined benefit obligations (Contd.)

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.

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows :		
Current service cost	36.03	64.96
Past service cost	16.57	-
Interest cost	28.52	23.99
Expected return on plan assets	(16.16)	(17.89)
Components of defined benefit costs recognised in Consolidated Statement of Profit and Loss	64.96	71.06
Re-measurement on the net defined benefit liability		
Actuarial gains and losses arising from change in financial, demographic and experience adjustments	7.77	25.88
Return on plan assets excluding amount recognised in net interest expense	5.71	4.42
Components of defined benefit costs recognised in other comprehensive income	13.48	30.30
Actual contribution and benefit payments for year		
Actual benefit payments	56.21	30.16
Actual contributions	-	-
Net asset / (liability) recognised in the Consolidated Balance Sheet		
Present value of defined benefit obligations	(414.25)	(383.23)
Fair value of plan assets	226.29	217.05
Net asset / (liability) recognised in the Consolidated Balance Sheet	(187.96)	(166.18)
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at the beginning of the year	383.23	332.87
Current service cost	36.03	30.65
Past service cost	16.57	-
Interest cost	28.52	23.99
Actuarial (gains) / losses	7.77	25.88
Benefits paid	(57.87)	(30.16)
Present value of DBO at the end of the year	414.25	383.23
Change in fair value of assets during the year		
Plan assets at the beginning of the year	217.05	223.74
Expected return on plan assets	16.16	17.89
Actual Group contributions	55.00	10.00
Actuarial gains / (loses)	(5.71)	(4.42)
Benefits paid	(56.21)	(30.16)
Plan assets at the end of the year	226.29	217.05
Actual return on plan assets	10.45	13.47

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 39 - Defined benefit obligations (Contd.)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Composition of the plan assets is as follows:		
Others- Insurer managed funds	100%	100%
Actuarial assumptions		
Discount rate	7.65%-7.80%	7.40%-7.70%
Expected return on plan assets	7.50%	7.50%
Salary escalation	5% - 10%	5% - 10%
Attrition		
- Below 44 years	2% - 11.4%	2% - 11.4%
- 44 years and above	1% - 3.00%	

Note:

- The Group is estimated to contribute ₹146.55 lakhs (previous year - ₹130.55 lakhs) towards gratuity funds during the next year.
- Details of fund assets which are managed by an insurance Group have not been disclosed since the details have not been provided by them.
- 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 :

Particulars	As at 31 March 2018	As at 31 March 2017
Impact of change in the discount rate		
Impact due to increase of 1%	(36.17)	(34.04)
Impact due to decrease of 1%	41.95	39.19
Impact of change in the salary growth rate		
Impact due to increase of 1%	42.11	36.65
Impact due to decrease of 1%	(36.81)	(33.09)
Impact of change in the attrition rate		
Impact due to increase of 50%	6.68	4.85
Impact due to decrease of 50%	(6.31)	(5.31)
Impact of change in the mortality rate		
Impact due to increase of 10%	0.35	0.31
Impact due to decrease of 10%	(0.36)	(0.32)

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:

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 39 - Defined benefit obligations (Contd.)

Expected cash flows over the next: (valued on undiscounted basis)

Particulars	As at 31 March 2018	As at 31 March 2017
1 year	15.31	19.25
2 - 5 years	150.38	122.02
6 - 10 years	242.71	226.30
More than 10 years	628.44	560.43

Compensated absences

Particulars	As at 31 March 2018	As at 31 March 2017
Charge in the Consolidated Statement of Profit and Loss	56.05	80.44
Liability as at the year end	227.20	254.87
Actuarial assumptions		
Discount rate	7.80%	7.45%
Salary escalation	5.00%	5.00%
Attrition	2.00%	2.00%

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 40 - First time adoption of Ind AS

These are the consolidated financial statements prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2017, the Group prepared its consolidated financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('previous GAAP').

Accordingly, the Group has prepared consolidated financial statements for the comparative period data as at and for the year ended 31 March 2017 that comply with the Ind AS applicable, as described in the summary of significant accounting policies. In preparing these comparative consolidated financial statements, the Group's opening balance sheet was prepared as at 1 April 2016, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its previous GAAP consolidated financial statements, including the Balance Sheet as at 1 April 2016 and the comparative consolidated financial statements as at and for the year ended 31 March 2017.

(A) Ind AS optional exemptions

A1 Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101, First-time adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as on the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has elected to measure all of its property, plant and equipment at their carrying value as at the transition date and use that as deemed cost as on the date of transition. The Group has elected to measure its intangible assets at their previous GAAP carrying value.

A2 Deemed cost for investments in subsidiaries and associates

Ind AS 101, First-time adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for investments in subsidiaries and associates as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Group has elected to measure its investments in associates in the consolidated financial statements at their previous GAAP carrying value.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 40 - First time adoption of Ind AS (Contd.)

A3 Lease

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, Leases, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101, First-time adoption of Indian Accounting Standards, provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Group has elected to apply this exemption for such contracts/arrangements.

(B) Ind AS mandatory exemptions

B1 Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except for impairment of financial assets based on Expected credit loss in accordance with Ind AS on the date of transition as this was not required as per previous GAAP.

B2 Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109, Financial Instruments are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- The effects of the retrospective application or retrospective restatement are not determinable; or
- The retrospective application or restatement requires assumptions about what management's intent would have been in that period; or
- The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

B3 De-recognition of financial assets and liabilities

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires a first-time adopter to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101, First-time Adoption of Indian Accounting Standards, allows a first-time adopter to apply the de-recognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively from the date of transition to Ind AS.

C Reconciliations between previous GAAP and Ind AS

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS as at the periods specified below.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 40 - First time adoption of Ind AS (Contd.)

C1 Reconciliation of other equity

The Group has also prepared a reconciliation of equity as at 31 March 2017 and 1 April 2016 under the previous GAAP with the equity as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of Consolidated Balance Sheet which is presented below:

Particulars	Note	As at 31 March 2017	As at 01 April 2016
Total Equity as per previous GAAP		4,941.92	5,443.10
Prior period adjustment on account of provision for tax of earlier years		(38.60)	(38.60)
Restated Equity under previous GAAP		4,903.32	5,404.50
Adjustments on account of:			
Fair valuation of investment in equity instruments through OCI	7	(94.63)	(94.63)
Reversal of provision for proposed dividend	6	-	36.11
Measurement of financial liabilities at amortised cost	8	23.10	3.84
Measurement of forward contracts at mark to market valuation	5	(2.26)	(0.23)
Deferred tax impact on above adjustments	1	30.24	29.64
Subtotal		(43.55)	(25.27)
Equity under Ind AS		4,859.77	5,379.23

C2 Reconciliation of assets and liabilities presented in the Balance Sheet prepared as per Previous GAAP and as per Ind AS as at 1 April 2016 is as follows:

Particulars	Note	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		7,286.18	-	7,286.18
Capital work-in-progress		355.77	-	355.77
Other intangible assets		51.92	-	51.92
Investment Property		1.88	-	1.88
Goodwill arising on consolidation		35.61	-	35.61
Financial assets				
(i) Investments	7	434.67	(94.63)	340.03
(ii) Loans		7.49	-	7.49
(iii) Other financial assets		6.22	-	6.22
Other non-current assets		46.25	-	46.25
		8,225.98	(94.63)	8,131.35
Current assets				
Inventories		3,444.60	-	3,444.60
Financial assets				
(i) Trade receivables		5,987.74	-	5,987.74
(ii) Cash and cash equivalents		31.45	-	31.45
(iii) Bank balances other than (ii) above		30.31	-	30.31
(iv) Loans		6.48	-	6.48
(v) Other financial assets		219.13	-	219.13
Current tax assets (net)		235.41	(38.60)	196.81
Other current assets	5	498.12	(0.83)	497.29
		10,453.24	(39.43)	10,413.81
TOTAL ASSETS		18,679.22	(134.06)	18,545.16

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 40 - First time adoption of Ind AS (Contd.)

Particulars	Note	Previous GAAP	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		300.00	-	300.00
Other equity	9	5,143.10	(63.87)	5,079.23
		5,443.10	(63.87)	5,379.23
Liabilities				
Non-current liabilities				
Financial Liabilities				
(i) Borrowings		1,223.59	-	1,223.59
(ii) Other financial liabilities	8	1,000.00	(70.50)	929.50
Provisions		129.09	-	129.09
Deferred tax liabilities (net)	1	464.96	(29.64)	435.32
		2,817.64	(100.14)	2,717.50
Current liabilities				
Financial liabilities				
(i) Borrowings		4,544.86	-	4,544.86
(ii) Trade payables		4,050.85	-	4,050.85
(iii) Other financial liabilities	8,5	1,082.36	66.06	1,148.42
Provisions	6	341.96	(36.11)	305.85
Current tax liabilities (net)		27.90	-	27.90
Other current liabilities		370.55	-	370.55
		10,418.48	29.95	10,448.43
TOTAL EQUITY AND LIABILITIES		18,679.22	(134.06)	18,545.16

* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

C3 Reconciliation of assets and liabilities presented in the Balance Sheet prepared as per Previous GAAP and as per Ind AS as at 31 March 2017 is as follows:

Particulars	Note	Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		7,647.85	-	7,647.85
Capital work-in-progress		241.31	-	241.31
Other intangible assets		113.77	-	113.77
Investment property		1.88	-	1.88
Goodwill arising on consolidation		35.61	-	35.61
Financial assets				
(i) Investments	7	467.49	(94.63)	372.86
(ii) Loans		9.02	-	9.02
(iii) Other financial assets		38.84	-	38.84
Other non-current assets		25.49	-	25.49
		8,581.26	(94.63)	8,486.63
Current assets				
Inventories		3,629.02	-	3,629.02
Financial assets				
(i) Trade receivables		6,346.29	-	6,346.29
(ii) Cash and cash equivalents		37.39	-	37.39
(iii) Bank balances other than cash and cash equivalents		41.74	-	41.74
(iv) Loans		13.50	-	13.50
(v) Other financial assets		200.98	-	200.98
Current tax assets (net)		231.96	(38.60)	193.36
Other current assets	5	492.14	(4.24)	487.90
		10,993.02	(42.84)	10,950.18
TOTAL ASSETS		19,574.28	(137.47)	19,436.81

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 40 - First time adoption of Ind AS (Contd.)

Particulars	Note	Previous GAAP	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		300.00	-	300.00
Other equity	9	4,641.92	(82.15)	4,559.77
		4,941.92	(82.15)	4,859.77
Liabilities				
Non-current liabilities				
Financial Liabilities				
(i) Borrowings		1,461.79	-	1,461.79
(ii) Other financial liabilities	8,5	1,012.69	(89.78)	922.91
Provisions		166.18	-	166.18
Deferred tax liabilities (net)	1	65.31	(30.24)	35.08
		2,705.97	(120.02)	2,585.96
Current liabilities				
Financial liabilities				
(i) Borrowings		4,893.24	-	4,893.24
(ii) Trade payables		4,671.74	-	4,671.74
(iii) Other financial liabilities	8	1,546.48	64.70	1,611.18
Provisions		363.60	-	363.60
Current tax liabilities (net)		58.61	-	58.61
Other current liabilities		392.71	-	392.71
		11,926.38	64.70	11,991.08
TOTAL EQUITY AND LIABILITIES		19,574.28	(137.47)	19,436.81

* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

C4 Reconciliation of profit or loss presented in the Statement of Profit and Loss prepared as per Previous GAAP and as per Ind AS as at 31 March 2017 is as follows:

Particulars	Note	Previous GAAP	Adjustments	Ind AS
INCOME				
Revenue from operations	4	20,845.36	2,374.47	23,219.83
Other income	8	132.32	66.67	198.99
TOTAL		20,977.68	2,441.14	23,418.82
EXPENSES				
Cost of materials consumed		9,368.53	-	9,368.53
Purchases of stock-in-trade		922.38	-	922.38
Changes in inventories of finished goods, work-in-progress and stock-in-trade		(396.70)	-	(396.70)
Excise duty on sale of products	4	-	2,374.47	2,374.47
Employee benefits expense	3	3,553.09	(30.30)	3,522.79
Finance cost	8	620.87	47.40	668.27
Depreciation and amortisation expense		538.64	-	538.64
Other expenses	5	6,912.25	2.08	6,914.33
TOTAL		21,519.06	2,393.65	23,912.71
Profit/(Loss) before tax and exceptional items		(541.38)	47.49	(493.89)
Exceptional items		(328.23)	-	328.23
Profit/(loss) before tax		(869.61)	47.49	(822.12)
Tax expense:				
Current tax		66.31	-	66.31
Deferred tax credit	1	(399.59)	9.74	(389.85)
Profit/(Loss) after tax		(536.33)	37.75	(498.58)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 40 - First time adoption of Ind AS (Contd.)

Particulars	Note	Previous GAAP	Adjustments	Ind AS
Share of profit/(loss) of associates		34.07	-	34.07
Profit/(loss) for the year		(502.26)	37.75	(464.51)
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement losses in defined benefit plans	2	-	30.30	30.30
Income tax effect	1,2	-	(10.38)	(10.38)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	19.92	19.92
Other comprehensive income, net of tax		-	19.92	19.92
Total comprehensive income for the year		(502.26)	17.83	(484.43)

* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

C5 Reconciliation of cash flow statement for the year ended 31 March 2017

Particulars	Note	Previous GAAP	Adjustments	Ind AS
Net cash generated from operating activities		890.87	-	890.87
Net cash used in investing activities		(1,225.20)	-	(1,225.20)
Net cash generated from financing activities		341.32	-	341.32
Net increase/(decrease) in cash and cash equivalents		7.00		7.00
Cash and cash equivalents at the beginning of the year		31.45	-	31.45
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		(1.06)	-	(1.06)
Cash and cash equivalents at the end of the year		37.39	-	37.39

* The Previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

C6 Notes

1 Deferred tax

Under the Previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under Ind AS 12, Income Tax, deferred taxes are recognized following the Balance Sheet approach on the temporary differences between the carrying amount of asset or liability in the Balance Sheet and its tax base.

2 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes re-measurements of defined benefit plans, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under the Previous GAAP.

3 Defined benefit obligation

Both under the Previous GAAP and Ind AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by such amount with a corresponding adjustment on defined benefit plans has been recognized in the OCI net of tax.

4 Excise duty

Under the Previous GAAP, revenue from sale of goods was presented net of excise duty whereas under Ind AS the revenue from sale of goods is presented inclusive of excise duty. Accordingly, the excise duty has been included in revenue and other expenses respectively.

5 Forward contracts

Under previous GAAP, the premium paid on forward contracts which are not intended for speculation or trading purposes are recognised over the life of the contract. The forward contracts are subsequently measured at closing exchange rate prevailing on the reporting date. As per Ind AS, the forward contracts are marked to market at the reporting date and resulting gain/(loss) arising on it is recognised in Statement of Profit and Loss.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 40 - First time adoption of Ind AS (Contd.)

6 Proposed dividend

Under the Previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings.

7 Measurement of investments at fair value through OCI

Under the Previous GAAP, the Group accounted for long term investments in quoted and unquoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Group has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes.

8 Measurement of financial liabilities

Under Previous GAAP, all financial liabilities are carried at cost. Under Ind AS, financial liabilities are required to be recognised at fair value. Accordingly, the Group has recognised such financial liabilities at fair value and subsequently measured them at amortised cost using effective interest rate method.

9 Other equity

Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.

Note 41 - 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 hydraulic business performance and other business performance. Accordingly the segment information has been presented.

The Company has identified business segments as its primary segment. India is the only major geographical segment, constituting over 95% of the Company'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.

Particulars	Year ended 31 March 2018				
	Hydraulic business	Other business	Eliminations	Unallocated	Total
Revenue from operations	25,635.02	5,188.49	(3,537.55)	-	27,285.96
Operating income	146.61	-	-	-	146.61
	25,781.63	5,188.49	(3,537.55)	-	27,432.57
Segment result before interest, other income and taxes	3,648.63	(112.91)	84.52	(1,910.20)	1,710.04
Add: Other income	161.71	39.50	(192.39)	257.83	266.65
Less: Finance costs	-	-	-	(814.17)	(814.17)
Profit/(loss) before taxes	3,810.34	(73.41)	(107.88)	(2,466.54)	1,162.52
Taxes	-	-	-	-	446.74
Profit/(loss) after taxes	-	-	-	-	715.78
Add:- Share of profit/(loss)	-	-	-	-	(5.06)
Add:- Other comprehensive Income	(9.17)	-	1.50	(5.81)	(13.48)
Taxes	-	-	-	-	9.82
Total Comprehensive Income	-	-	-	-	707.06

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Year ended 31 March 2017				
	Hydraulic business	Other business	Eliminations	Unallocated	Total
Revenue from operations	23,512.16	2,080.53	(2,483.55)	-	23,109.14
Operating income	105.32	5.37	-	-	110.69
	23,617.49	2,085.90	(2,483.55)	-	23,219.83
Segment result before interest, other income and taxes	2,418.60	(1,066.12)	-	(1,705.31)	(352.83)
Add: Other income	68.35	10.92	-	119.71	198.98
Less: Finance costs	-	-	-	668.27	(668.27)
Profit/(loss) before taxes	2,486.95	(1,055.20)	-	(917.33)	(822.12)
Taxes	-	-	-	-	(323.54)
Profit/(loss) after taxes	-	-	-	-	(498.58)
Add:- Share of profit/(loss)	-	-	-	-	34.07
Add:- Other comprehensive Income	(30.63)	14.56	-	(14.23)	(30.30)
Taxes	-	-	-	-	10.38
Total Comprehensive Income	-	-	-	-	(484.43)

Note:

Assets and liabilities used in the Company's hydraulic 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:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenues from external customers for each product or each group of similar products		
Sale of products	27,432.57	23,219.83
	27,432.57	23,219.83
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	26,939.82	22,399.10
Outside India	492.75	820.73
	27,432.57	23,219.83
Non-current assets (other than financial instruments and deferred tax assets) located in the Company's country of domicile and in all foreign countries in which the Company holds assets		
India	8,632.36	8,030.30
Outside India	-	-
	8,632.36	8,030.30
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		
Revenue from top customer	2,031.87	1,746.20
Percentage	7.41%	7.52%
Revenue from customers contributing 10% or more to the Company's revenues from product sale	-	-
Percentage	-	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

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 2018 were as follows:

Particulars	Note	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
Assets:				
Investments	6	367.80	-	0.00
Loans	7			
Loan to employees		18.27	-	-
Others		0.21	-	-
Cash and cash equivalents	8	62.62	-	-
Bank balances other than cash and cash equivalents	9	50.85	-	-
Other financial assets	10			
Balance held as margin money account		8.08	-	-
Security deposits		201.42	-	-
Interest accrued on deposits		5.33	-	-
Other receivables		50.00	-	-
Trade receivables	14	7,825.84	-	-
Total		8,590.42	-	-
Liabilities:				
Borrowings	17	6,861.11	-	-
Trade payables	20	5,537.93	-	-
Other financial liabilities	18			
Security deposit received towards joint development of property		573.54	-	-
Deferred liability on discounting of deposits		388.84	-	-
Trade / security deposits received		442.09	-	-
Payable to employees		290.98	-	-
Current maturities of long-term borrowings		460.99	-	-
Interest accrued but not due on borrowings		6.17	-	-
Unpaid dividends		6.24	-	-
Payables on purchase of fixed assets		137.00	-	-
Interest accrued on trade payables		-	-	-
Accrued liabilities		256.29	-	-
Others		3.96	-	-
Total		14,965.14	-	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 42 - Fair value measurements (Contd.)

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2017 were as follows:

Particulars	Notes	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
Assets:				
Investments	6	372.86	-	0.00
Loans	7			
Loan to employees		21.11	-	-
Loan to related parties		1.20	-	-
Others		0.21	-	-
Cash and cash equivalents	8	37.39	-	-
Bank balances other than cash and cash equivalents	9	41.74	-	-
Other financial assets	10			
Balance held as margin money account		9.54	-	-
Security deposits		176.16	-	-
Interest accrued on deposits		4.12	-	-
Other receivables		50.00	-	-
Trade receivables	14	6,346.29	-	-
Total		7,060.62	-	-
Liabilities:				
Borrowings	17	6,355.03	-	-
Trade payables	20	4,671.74	-	-
Other financial liabilities	18			
Security deposit received towards joint development of property		522.79	-	-
Deferred liability on discounting of deposits		455.51	-	-
Trade / security deposits received		397.60	-	-
Payable to employees		240.20	-	-
Current maturities of long-term borrowings		461.79	-	-
Interest accrued but not due on borrowings		24.54	-	-
Unpaid dividends		6.96	-	-
Payables on purchase of fixed assets		165.21	-	-
Interest accrued on trade payables		0.60	-	-
Forward contract		-	4.03	-
Accrued liabilities		250.71	-	-
Others		4.15	-	-
Total		13,556.83	4.03	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 42 - Fair value measurements (Contd.)

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 01 April 2016 were as follows:

Particulars	Notes	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI
Assets:				
Investments	6	340.03	-	0.00
Loans	7			
Loan to employees		12.56	-	-
Loan to related parties		1.20	-	-
Others		0.21	-	-
Cash and cash equivalents	8	31.45	-	-
Bank balances other than cash and cash equivalents	9	30.31	-	-
Other financial assets	10			
Balance held as margin money account		3.49	-	-
Security deposits		168.62	-	-
Interest accrued on deposits		3.24	-	-
Other receivables		50.00	-	-
Trade receivables	14	5,987.74	-	-
Total		6,628.85	-	-
Liabilities:				
Borrowings	17	5,768.09	-	-
Trade payables	20	4,050.85	-	-
Other financial liabilities	18			
Security deposit received towards joint development of property		474.00	-	-
Deferred liability on discounting of deposits		522.17	-	-
Trade / security deposits received		502.87	-	-
Payable to employees		305.72	-	-
Current maturities of long-term borrowings		62.15	-	-
Interest accrued but not due on borrowings		13.42	-	-
Unpaid dividends		5.34	-	-
Payables on purchase of fixed assets		24.19	-	-
Interest accrued on trade payables		1.62	-	-
Forward contract		-	1.02	-
Accrued liabilities		139.69	-	-
Others		25.73	-	-
Total		11,895.84	1.02	-

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

(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 and 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 2018	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Non current investments	6	-	-	0.00	0.00
Derivative financial liability	18	-	-	-	-

As at 31 March 2017	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Non current investments	6	-	-	0.00	0.00
Derivative financial liability	18	-	4.03	-	4.03

As at 01 April 2016	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Non current investments	6	-	-	0.00	0.00
Derivative financial liability	18	-	1.02	-	1.02

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 Company'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 2018	As at 31 March 2017	As at 01 April 2016
Investments	367.80	372.86	340.03
Loan to employees	18.27	21.11	12.56
Loan to related parties	-	1.20	1.20
Others	0.21	0.21	0.21
Cash and cash equivalents	62.62	37.39	31.45
Bank balances other than cash and cash equivalents	50.85	41.74	30.31

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 43- Financial risk management (Contd.)

Assets under credit risk	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Balance held as margin money account	8.08	9.54	3.49
Security deposits	201.42	176.16	168.62
Interest accrued on deposits	5.33	4.12	3.24
Other receivables	50.00	50.00	50.00
Trade receivables	7,825.84	6,346.29	5,987.74
	8,590.42	7,060.62	6,628.85

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.

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Balance at the beginning	236.24	180.68	180.68
Impairment loss recognised	23.83	74.25	-
Impairment loss reversed	(43.39)	(18.69)	-
Balance at the end	216.68	236.24	180.68

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 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 43- Financial risk management (Contd.)

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 2018	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	6,095.43	1,226.67	-	7,322.10
Trade payables	5,537.93	-	-	5,537.93
Other financial liabilities	2,566.10	-	-	2,566.10
Total	14,199.46	1,226.67	-	15,426.13

As at 31 March 2017	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	5,355.03	1,461.79	-	6,816.82
Trade payables	4,671.74	-	-	4,671.74
Other financial liabilities	2,534.09	-	-	2,534.09
Total	12,560.86	1,461.79	-	14,022.65

As at 1 April 2016	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	4,606.65	1,223.59	-	5,830.24
Trade payables	4,050.85	-	-	4,050.85
Other financial liabilities	2,077.92	-	-	2,077.92
Total	10,735.42	1,223.59	-	11,959.01

(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 Company and unhedged foreign currency exposures.

Included in	Currency	As at 31 March 2018		As at 31 March 2017	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Financial Assets					
Trade receivables	USD	2.32	150.77	4.46	289.50
	EURO	0.01	1.18	0.17	12.15
	JPY	13.22	8.17	9.04	5.27
	GBP	0.05	4.49	0.05	4.27
EEFC balances	USD	0.38	24.47	0.05	3.16
	EURO	0.04	3.15	0.01	0.62
Financial liabilities					
Trade payables	USD	13.75	892.31	5.70	370.17
	EURO	0.03	2.37	0.001	0.05

Conversion rates	USD	EUR	JPY	GBP
As at 31 March 2018	64.88	80.26	0.62	91.90
As at 31 March 2017	64.96	70.24	0.58	80.63

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 43- Financial risk management (Contd.)

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.

Particulars	Increase 31 March 2018	Decrease 31 March 2018	Increase 31 March 2017	Decrease 31 March 2017
Sensitivity				
INR/USD	(7.39)	7.39	(0.77)	0.77
INR/EURO	0.02	(0.02)	0.12	(0.12)
INR/JPY	0.08	(0.08)	0.05	(0.05)
INR/GBP	0.04	(0.04)	0.04	(0.04)

Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts

Particulars	31 March 2018	31 March 2017
Forward Contracts		
In USD	-	6.82

The foreign exchange forward contracts mature within twelve months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date:

Particulars	31 March 2018	31 March 2017
Not later than one month	-	-
Later than one month and not later than three months	-	6.82
Later than three months and not later than a year	-	-

Interest rate risk

Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2018, 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:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 01 April 2016
Variable rate borrowing	5,634.44	4,893.24	4,544.86
Fixed rate borrowing	1,687.66	1,923.58	1,285.38
Total borrowings	7,322.10	6,816.82	5,830.24
Amount disclosed under other current financial liabilities	460.99	461.79	61.79
Amount disclosed under borrowings	6,861.11	6,355.03	5,768.45

Sensitivity

Below is the sensitivity of profit or loss in interest rates.

Particulars	31 March 2018	31 March 2017
Interest sensitivity		
Interest rates – increase by 100 basis points (100 bps)	56.34	48.93
Interest rates – decrease by 100 basis points (100 bps)	(56.34)	(48.93)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 44 - Related party disclosures

Nature of relationship	Name of related parties
I Associate companies	Sai India Limited
	Bourton Consulting (India) Private Limited
	Kolben Hydraulics Limited
II Key Management Personnel (KMP)	C P Rangachar - Managing Director
	Subramanya Ullal - Chief Executive Officer*
	H M Narasinga Rao - Chief Financial Officer
	K. Gopalakrishnan- Executive Director.
	A. Venkata Krishnan- Vice president operations****
	Sridevi Chintada - Company Secretary**
	Vinayak Hegde - Company Secretary***
III Relatives of KMP	Vidya Rangachar
	Madhuri Rangachar
IV Entity having significant influence	Yuken Kogyo Co Limited
V Parties in which key management personnel or their relatives have significant influence	Al Khooor Pumps and Hydraulic Machines TR. (LLC)
	Benefic Investment and Finance Company (Private) Ltd
VI Other related parties	Yuken India Employees Gratuity Trust
	Yuken India Employees Superannuation Fund
*Resigned w.e.f 15 February 2018	
**Resigned w.e.f 12 February 2018	
*** Appointed w.e.f 12 February 2018	
**** Appointed w.e.f 15 February 2018	

VII Details of related parties transactions for the year ended 31 March 2018 and 31 March 2017 are as follows :

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2018	Year ended 31 March 2017
Purchase of goods and services received			
Yuken Kogyo Co Limited	Entity having significant influence	1,605.61	1,525.53
SAI India Limited	Associate	7.43	0.77
Kolben Hydraulics Limited	Associate	23.49	60.28
Bourton Consulting (India) Private Limited	Associate	16.93	17.46
Al Khooor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	6.76	14.94
Royalty and brand fees paid			
Yuken Kogyo Co Limited	Entity having significant influence	95.00	85.98
Sale of goods and services			
Yuken Kogyo Co Limited	Entity having significant influence	5.87	9.59
Kolben Hydraulics Limited	Associate	7.47	10.79
SAI India Limited	Associate	3.57	59.09
Al Khooor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	37.37	41.38
Rent Received			
Kolben Hydraulics Limited	Associate	3.02	4.55
Dividend received			
Bourton Consulting (India) Private Limited	Associate	0.37	1.12
Dividend paid			
Yuken Kogyo Co Limited	Entity having significant influence	12.00	12.00
C P Rangachar	KMP	0.21	0.21
Vidya Rangachar	Relative of KMP	0.04	0.04
Madhuri Rangachar	Relative of KMP	0.02	0.02
Benefic Investment and Finance Company (Private) Limited	Parties in which KMP or their relatives have significant influence	3.48	3.48

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Remuneration including commission			
C P Rangachar	KMP	67.59	52.92
Subramanya Ullal - Chief Executive Officer(resigned on 15/02/2018)	KMP	44.42	44.99
H M Narasinga Rao - Chief Financial Officer	KMP	50.81	48.68
Sridevi Chintada - Company Secretary(resigned on 12/02/2018)	KMP	5.25	6.01
Vinayak Hegde - Company Secretary(appointed on 12/02/2018)	KMP	0.92	-
K. Gopalakrishnan- Executive Director.	KMP	58.61	55.34
A. Venkata Krishnan- Vice president operations(appointed on 15/02/2018)	KMP	3.09	-
Payment towards expenses			
Vidya Rangachar	Relative of KMP	1.80	1.80
Reimbursement of expense (net)			
Yuken Kogyo Co Limited	Entity having significant influence	0.58	-
Contribution to post employment benefit plans			
Yuken India Employees Gratuity Trust	Post -employment benefit plan	55.00	10.00
Yuken India Employees Superannuation Fund	Post -employment benefit plan	94.28	101.29

VIII Details of amounts outstandings from related parties as at 31 March 2018 and 31 March 2017 are as follows :

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2018	Year ended 31 March 2017
Amount outstanding (Advance towards purchase of goods and services)			
Kolben Hydraulics Limited	Associate	39.00	-
Amount outstanding (Receivables)			
Yuken Kogyo Co Limited	Entity having significant influence	6.58	3.25
Sai India Limited	Associate	9.06	5.67
Kolben Hydraulics Limited	Associate	10.84	24.70
Al Khor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	112.73	103.92
Amount outstanding (Payables)			
Yuken Kogyo Co Limited	Entity having significant influence	655.76	651.70
Sai India Limited	Associate	8.20	0.77
Kolben Hydraulics Limited	Associate	-	35.54
Bourton Consulting (India) Private Limited	Associate	3.89	1.89
Directors remuneration payable			
C P Rangachar	KMP	17.08	3.37
Investments			
Sai India Limited	Associate	20.00	20.00
Kolben Hydraulics Limited	Associate	43.72	43.72
Bourton Consulting (India) Private Limited	Associate	3.73	3.73

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2018

All amounts are in ₹ lakhs, unless otherwise stated

Note 45 - Operating leases

The Company has entered into lease agreements for vehicles and office facilities which are cancellable. The lease payments recognised in the Statement of Profit and Loss for the year against these agreements are ₹188.31 Lakhs (31 March 2017: ₹201.57 Lakhs) which has been grouped under 'Rent' under note 31. There are no contingent rents payable.

Note 46 - 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		Share of OCI		Share of total profit for the year	
	%	Amount	%	Amount	%	Amount	%	Amount
Yuken India Limited	79%	4,381.66	556%	3,950.36	230%	(8.42)	558%	3,941.94
Subsidiaries								
Yuflow Engineering Private Limited	1%	68.65	-3%	(18.01)	-	-	-3%	(18.01)
Coretec Engineering India Private Limited	-11%	(628.23)	-278%	(1,978.83)	-89%	3.26	-279%	(1,975.57)
Grotek Enterprises Private Limited	30%	1,708.63	-174%	(1,237.47)	-41%	1.50	-175%	(1,235.97)
Associates (Investment as per the equity method)								
Sai India Limited	-	-	0%	3.12	-	-	0%	3.12
Bourton Consulting (India) Private Limited	-	-	0%	1.40	-	-	0%	1.40
Kolben Hydraulics Limited	-	-	-1%	(9.58)	-	-	-1%	(9.58)
Total	100%	5,530.71	100%	710.72	100%	(3.66)	100%	707.06

Note 47 - Details of equity accounted in associates are as follows:

Name of the entity	Original cost of investment	Goodwill/ (Capital Reserve)	Accumulated Profit/ (Loss) as on 31 March, 2018	Carrying amount of Investment at 31 March 2018
Sai India Limited	20.00	(20.60)	332.07	352.07
Kolben Hydraulics Limited	43.72	19.42	(16.91)	7.39
Bourton Consulting (India) Private Limited	3.73	-	4.61	8.34
Total	67.45	(1.18)	319.78	367.80

Note 48 - Previous period comparatives

Prior year amounts have been regrouped/reclassified wherever necessary, to conform to the current years' presentation.

As per our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru

30 May 2018

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

C.P. Rangachar

Managing Director

(DIN: 00310893)

H.M Narasinga Rao

Chief Financial Officer

Bengaluru

30 May 2018

Capt. N S Mohanram

Director

(DIN: 02466671)

Vinayak Hegde

Company Secretary

Bengaluru

30 May 2018

R Srinivasan

Director

(DIN: 00043658)



BOOK POST

To

In Undelivered please return to

Karvy Computershare Pvt. Ltd.,
Karvy Computershare Pvt. Ltd.,
No. 59, Skanda, Puttanna Road,
Basavanagudi, Bangalore – 560004.