YUKEN INDIA LIMITED
An ISO 9001:2015 Company
Manufacturers of Oil Hydraulic Equipment
IN COLLABORATION WITH YUKEN KOGYO CO. LTD., JAPAN.
CIN: L29150KA1976PLC003017

Regd. Office:	No. 16-C, Doddanekundi Industrial Area II Phase, Mahadevapura, Bengaluru – 560 048.	Factory:	PB No. 5, Koppathimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District – 563 130.
Phone	+91-9731610341	Phone:	+91 9845191995
Our Ref No:	YIL/Sec/2019	E-mail:	hmn_rao@yukenindia.com
Date:	07th August, 2019	Web:	www.yukenindia.com

To,

BSE Script Code: 522108

The General Manager,
Listing Compliance & Legal Regulatory,
BSE Limited, PJ Towers, Dalal Street,
Mumbai – 400001.

Dear Sir,

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

In compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Annual Report of Yuken India Ltd., for the year 2018-19.

Kindly acknowledge the receipt.

Thanking you,

Yours faithfully,
For Yuken India Limited

YUKEN INDIA LTD.

Vinayak Hegde
Company Secretary & Compliance officer

OUTPERFORMING

YUKEN INDIA LIMITED
ANNUAL REPORT 2018-19

Forward-looking statements

This document contains statements about expected future events and financial and operating results of Yuken India Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Yuken India Limited Annual Report 2018-19.

CONTENTS

CORPORATE **INFORMATION**

Board of Directors

Mr. Koichi Oba, Chairman

Mr. Hideharu Nagahisa

Capt. N S Mohanram

Mr. R Srinivasan

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 & Main plant

P B No. 5, Koppathimmanahalli Village,

Malur-Hosur Main Road, Malur Taluk, Kolar District,

Karnataka – 563 130.

Registrar & Transfer Agent

Karvy Fintech Pvt. Ltd.

Karvy Selenium Tower B, Plot 31-32, Gachibowli,

Financial District, Nanakramguda, Hyderabad – 500 032.

Tel No.: 040-6716 1502/1509/1508

Fax No.: 040-2342 0814

Toll Free No.: 1800-3454-001

E-mail: einward.ris@karvy.com

Website: www.karvyfintech.com

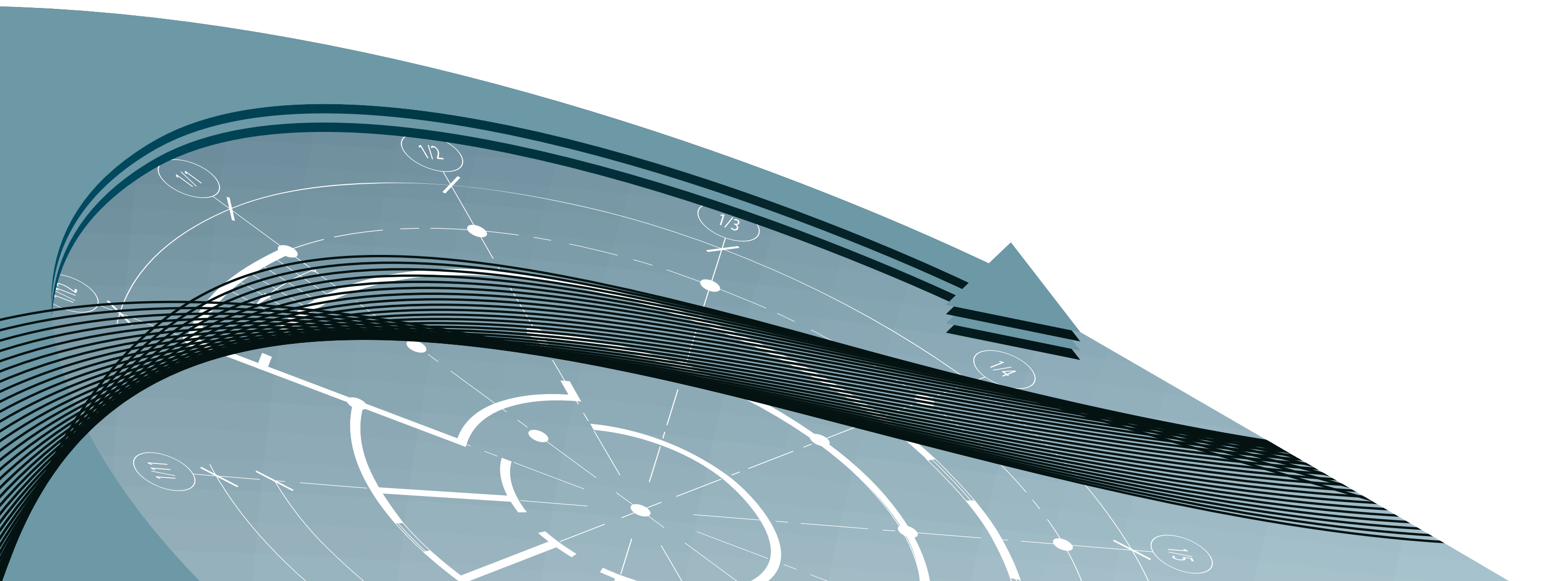
OUTPERFORMING

Over the last few years, Yuken India Limited transformed its business model, with the objective to enhance agility, relevance and competitiveness.

The business model began to deliver positive results in the last three years.

Creating a profitable launching platform capable of generating sustainable growth.

Reinforcing the Company's prospect as an outperformer.



THE DYNAMIC WORLD OF **YUKEN INDIA LIMITED**

Background

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

Knowledge capital

Yuken India 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 more than 50 qualified and experienced professionals. Yuken employed 483 employees as on 31st March, 2019 with an average age of 40, possessing training and a rich exposure to technologies and practices.

Manufacturing presence

The Yuken India headquarters are located in Bengaluru. The Company's plants are located in Bengaluru, Malur (near Bengaluru), Mumbai and New Delhi, proximate to large downstream consuming clusters.

Strengths

The Company's professionals possess competence across manufacturing assets, technical expertise, technology, research & development, laboratories, infrastructure and utilities across manufacturing locations. The Group's robust marketing network comprises an effective sales and service team supported by pan-India dealers.

Credit rating

Yuken is a credible organisation with a credit rating of CARE BBB from CARE BBB- by the close of 2018-19.

Listing

Yuken India's shares are listed and actively traded on the Bombay Stock Exchange (BSE). The Company enjoyed a market capitalisation of Rs.811.62 crore as on 31st March, 2019.

Subsidiaries and associates

Subsidiaries: Grotek Enterprises Private Limited.

Coretec Engineering India Private Limited.

Yuflow Engineering Private Limited.

Associates: Kolben Hydraulics Limited (manufactures 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)

Products

The Company possesses precision manufacturing technologies, modern equipment and robust quality systems. These are utilised in the manufacture of hydraulic components like pumps, valves, package system, cylinders and castings, addressing the widening needs of a number of industrial sectors.

Yuken's offerings

Pumps: Yuken manufactures a wide variety of piston, vane and gear pumps.

Valves: Yuken manufactures a vast portfolio of valves comprising: direction controls, pressure controls, flow controls, modulars, cartridges, proportionals, servos and variants.

Hydraulic package system: Yuken manufacturers optimised hydraulic power-packs and diverse solutions for demanding sectors like machine tools, plastics, power generation, steel mills, renewable energy and defence.

Castings, Cylinders and Accessories

OUR OPERATING SUBSIDIARIES

Coretec Engineering India Pvt. Ltd.

Products

Manufacture of Hydraulic Cylinders, Solenoids, precision ground spools and toolings for the foundry sector

Capacity

- Iron core (720,000 numbers per annum)
- Solenoid coils (540,000 numbers per annum)
- Spools (200,000 numbers per annum)
- Cylinders (7,200 numbers per annum)

Revenue (Rs. in crore) for 2018-19

30.98

Profit/(Loss) (Rs. in crore) for 2018-19 including OCI

(0.61)

Grotek Enterprises Pvt. Ltd.

Products

Manufacturer of precision ferrous castings

Capacity

12000 tonnes per annum

Revenue (Rs. in crore) for 2018-19

69.36

Profit (Rs. in crore) for 2018-19 including OCI

2.65

Yuflow Engineering Pvt. Ltd.

Products

Manufacturer of Electric motors and manifolds (just commenced)

Capacity

Electric Motors 18000 numbers per annum and Manifolds 20000 numbers per annum

Revenue (Rs. in crore) for 2018-19

0.04

Profit/(Loss) (Rs. in crore) for 2018-19 including OCI

(0.63)

AT YUKEN INDIA, OUTPERFORMANCE IS DERIVED FROM
THE ABILITY TO MATCH PROMISES WITH DELIVERY

What we promised our stakeholders in the last few years

Capacity expansion

Promise: We would significantly expand our capacity.

Delivery: We embarked on a substantial hydraulic components expansion that will enhance capacity by 50% by FY20.

Knowledge capital

Promise: We resolved to largely retain our senior management and protect the knowledge capital of the Company (in terms of customer relationships, business experience, technologies and finance).

Delivery: We largely retained our senior management; retention was 95% in the three years ending 2018-19.

Foundry turnaround

Promise: We resolved to turn the operations of our foundry SBU around from a operating loss (EBITDA) of Rs.1.82 crore in 2016-17 and accumulated operating loss of Rs.16 crore upto that financial year.

Delivery: We turned our foundry SBU around in 2017-18 with operating profit of Rs.1.33 crore and Rs.6.27 crore in 2018-19.

Export presence

Promise: We would increase our direct exports.

Delivery: Our direct exports generated Rs.7.50 crore in 2018-19.

Monetising real estate

Promise: We resolved to shift our Whitefield facility to a new location outside Bengaluru, transforming the former property into a residential facility.

Delivery: We completed the relocation of our Whitefield factory to Malur and embarked on the development of the former property with a reputed real estate company, strengthening cash flows from 2018-19 onwards.

Service income

Promise: We resolved to strengthen our service not just from the perspective of providing an assurance to customers but by being able to monetise it through revenues.

Delivery: We strengthened our service offerings across the sectors and we generated service income 0.50% of our annual revenues in 2018-19.

Presence in new segments

Promise: We resolved to seed our business with a presence in sunrise and mobility sectors like infrastructure, construction, agriculture and waste management that could increase substantially in line with the country's economic growth.

Delivery: We entered all the above segments (including renewable energy and Defence) in 2017-18; revenues from these segments accounted for 5% of the Company's revenues in 2018-19.

CHAIRMAN'S **MESSAGE**

The principal message that I wish to send out is that India continues to be one of the most exciting long-term stories in the global economy and Yuken India is attractively placed to capitalise on the country's long-term growth journey.

Dear Shareholders,

The global economic growth weakened by 20 bps from 3.8% to 3.6% in 2018 following a sustained slowdown in advanced economies.

This slowdown is expected to extend into 2019 on account of the expectations of a trade war between US and China, rebound in the price of oil, fallout of Britain's withdrawal from the European Union and increased global tensions arising out of sanctions on Iran.

India retained its position as the world's fastest growing economy through a major part of the year under review. The country grew attractively in the first half of 2018-19, but slowed considerably thereafter on account of a liquidity paralysis that affected a number of prominent downstream sectors. The Indian government responded to this reality by sustaining the pace of economic reforms.

The year under review was also influenced by the impending general elections in India in April-May 2019. In a post-Balance Sheet date development, the pro-business political party that had been in power between 2014 and 2019 returned with a sizable majority, which should translate into increased reforms in the coming years. In view of this, we believe that India's economic outlook, the short-term realities notwithstanding, appear optimistic across the medium-term.

Yuken India is attractively placed to capitalise on this reality. The Company services the mission-critical needs of core sectors within the country. The result is that each wave of the country's economic growth is likely to generate a positive pass-through for the Company. The Company is capital-light, enjoys long-standing customer engagements, possesses extensive domain knowledge and is attractively placed to grow its business through networth.

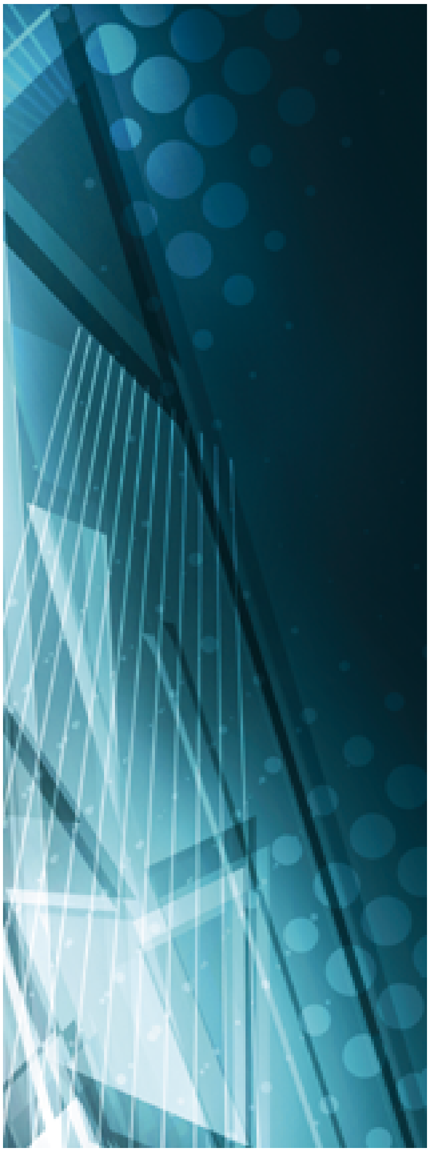
During the year under review, the Company capitalised on the fundamental robustness of the Indian economy and the increased capital spending by large players. This translated into increased revenues in 2018-19 and an attractive increase in order book by the close of the year under review. I am optimistic that this business foundation should translate into sustainable growth across the coming years.

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.

Koichi Oba,
Chairman

MANAGING DIRECTOR'S **PERSPECTIVE**

As India's economy grows larger, Yuken is attractively positioned to capitalise its products and solutions.



Dear Shareholders,

I am pleased to report a creditable performance by the Company for the year ended 31st March, 2019.

Overview

The Indian economy slowed through the course of the year, reporting a 40 bps decline in GDP growth from 7.2% in 2017-18 to 6.8% in 2018-19. The country ended the year under review with a downward bias, reflected in 5.8% growth in the fourth quarter, the lowest in the last few years.

This economic slowdown was perceptible during the second half of the financial year under review, marked by a liquidity paralysis triggered by one of the largest non-banking finance companies in India unable to address debt servicing and repayment. The result was a hesitant national consumer sentiment and delayed purchases, reflected most visibly in a slowdown of the country's automobile sector with a trickle-down effect that extended across most related sectors.

It is against this background that Yuken reported attractive profitable growth in 2018-19: a revenue growth of 28% was corresponded by 37% increase in EBIDTA and 150% growth in profit after tax (excluding exceptional item). The profitable growth was a measure of the Company's competitiveness and its capacity to succeed across market cycles.

Business model

At Yuken India, we strengthened our business model to enhance value in a sustainable way.

The reinvented Yuken has been positioned to capitalise on national economic growth; if the country's GDP grows, so will Yuken.

The Company has broad-based its excessive dependence on a handful of customer sectors to a wider number, making it possible to seed the business with new applications, create multiple revenue engines and enhance the flexibility to shift from one sector (that could be in a temporary slowdown) to another (that could be poised for robust growth).

At Yuken, we possess the fundamentals to scale our revenues from Rs.345 crores in 2018-19 to a projected Rs.1000 crores in next five years.

Performance, 2018-19

The Company reported robust growth through all four quarters. The Company reported sequential quarter-on-quarter growth, starting from Rs.70 crore revenues in the first quarter and growing every subsequent quarter thereafter to Rs.94 crore during in the fourth quarter of the year under review.

This revenue growth was corresponded by stabilised margins (EBITDA) at around 10% across all quarters. This was a reflection of the responsiveness of the Company's profitability to an increase in revenues.

The proportion of revenues derived from new sectors was 5% during the year under review. By seeding new segments, the Company has crested multiple revenue engines expected to mature in the foreseeable future.

The Company finished the year under review with most of its business segments in attractive health, indicating that the performance of 2018-19 is likely to sustain.

This performance could have been better but for a delayed capacity expansion in the components business. The delay affected the Company's revenues by 15%. The Company's proposed 25% capacity expansion was delayed to September 2019, which should reflect in revenues from the second half of the current financial year. The Rs.50 crore expansion is expected to enhance component capacity from 6.72 lac units per annum to 9 lac units per annum with the potential to enhance annual revenues by more than Rs.100 crores.

Five pillars of the business

At Yuken, we believe that the trade war between US and China could encourage a number of US capital goods buyers to seek alternative suppliers, benefiting India in general and a company like Yuken in particular.

At Yuken, we are optimistic of our prospects for a number of reasons.

One, we accelerated our business development on the one hand and deepened our engagement with customers around product designs, resulting in proactive and customised product development. By integrating into the business plans of customers, the Company strengthened its business development activity: the right product at the right time.

Two, products for new applications developed by the Company can be adapted for other applications, shrinking time-to-market. The Company is increasingly addressing nascent sectors with attractive potential. The proportion of revenues derived from new sectors was 5% during the year under review. By seeding new segments, the Company has created multiple revenue engines, expected to mature in the foreseeable future.

Three, the Company is strengthening offerings across hydraulic accessories; the expansions by the Company are expected to be margins-accretive, strengthening overall competitiveness. The Company's integration of electronics into hydraulic products possesses game-changing implications. The Company incubated a team specialising in embedded electronic capabilities, which could potentially reduce electricity consumption and related costs, a competitiveness driver that could replace imports with indigenous next-generation Yuken products.

Four, the Company's relocation to a new facility and property redevelopment in the last two years has begun to generate cash flows resulting from apartment sales, which should more than double this year. The Company will be entitled to 41.20% of the sale proceeds, which started from the third quarter of the last financial year (extending across the next few years). The Company expects to allocate this sizable inflow (estimated at Rs. 75 crore in two years) into debt repayment and business development.

Five, the increased investments in capacity should translate into enhanced revenues from the current financial year. In the last two years, the Company invested around Rs.35 crore in its business; in the next two years, the Company expects to invest another Rs.50 crore with the objective to double hydraulics production capacity, double foundry capacity and treble ancillary capacity (subsidiary).

Conclusion

The Yuken that we are building will be increasingly insulated from national economic downsides on the one hand, while leveraging the full potential of the economic upside on the other.

The Company is capital-light, nimble, experienced, broadbased and focused.

We believe that as India's economy grows larger, Yuken will be attractively positioned to capitalise its products and solutions.

C P Rangachar,

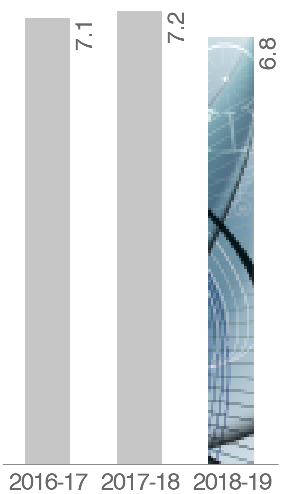
Managing Director

YUKEN INDIA. **POSITIONED TO ENHANCE VALUE**

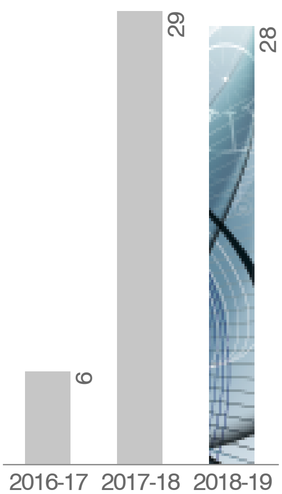
India's GDP growth

Aligned with national economic growth

GDP growth %

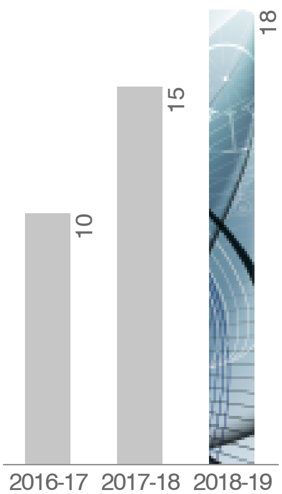


Yuken India revenue growth %

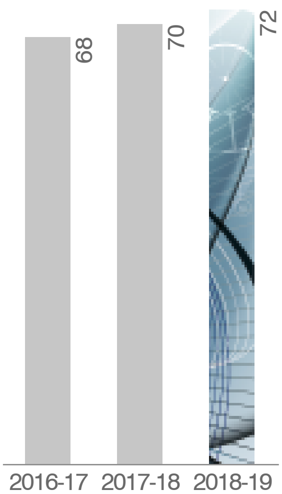


Broad-based sectoral relevance

Number of sectors addressed



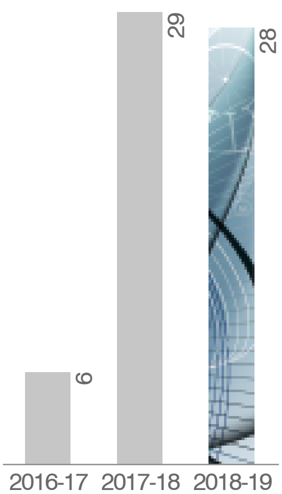
Revenues from top 3 sectors as % of overall Yuken India revenues



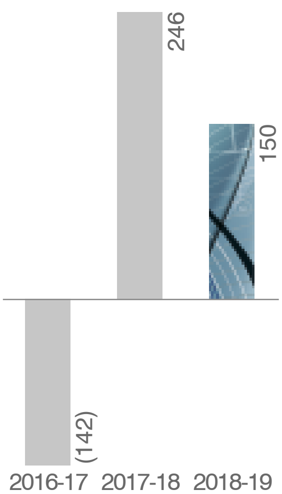
Outcomes

Profitable growth

Revenue growth %

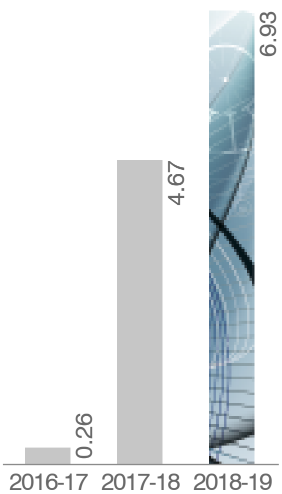


PAT growth %



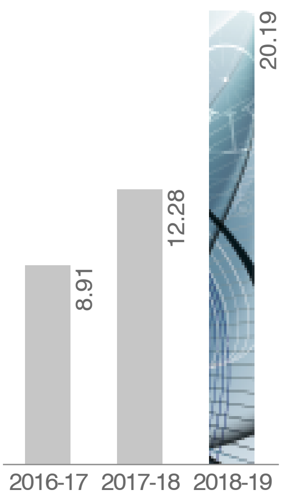
Profit and value-accretive business model

Cash profit as a % of revenues



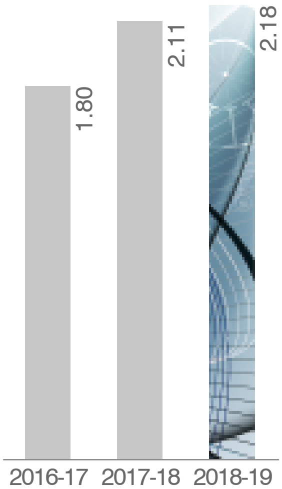
Sizable cash flows

Net cash flow from operations (Rs. in crore)



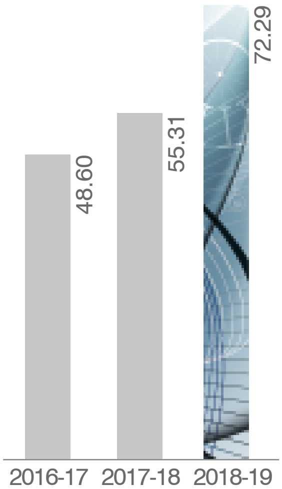
Capital-light Balance Sheet

Revenue for every rupee of employed capital (Rs.)

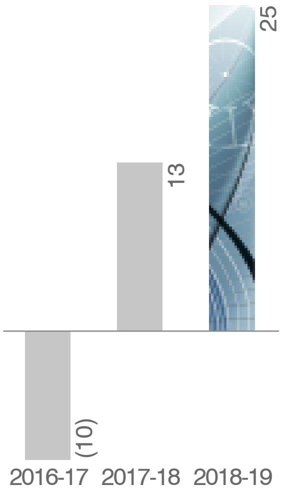


Business driven progressively by net worth

Net worth (Rs. in crore)

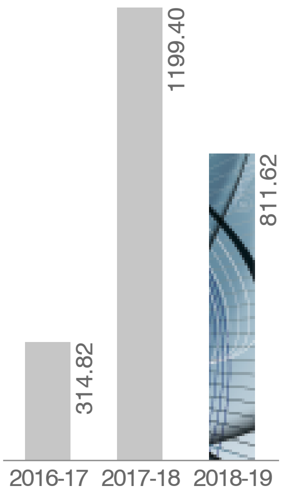


Return on net worth (%)

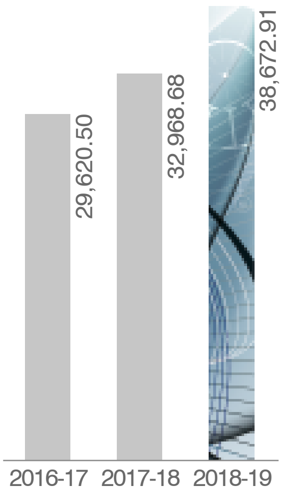


Superior market capitalisation

Market capitalisation (Rs. in crore)

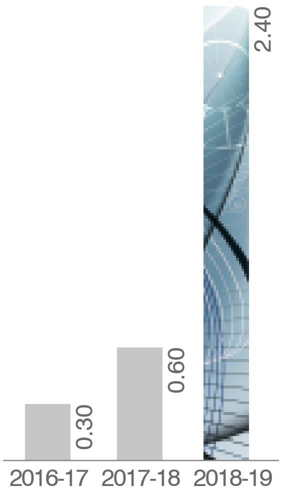


BSE Sensitive Index

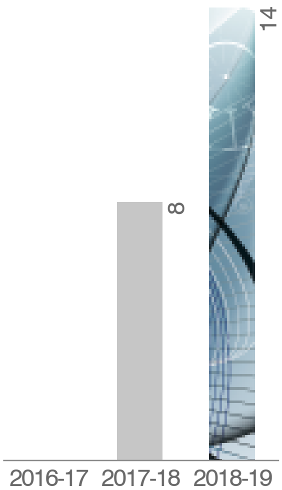


Higher dividend payout

Dividend proposed (Rs. in crore)



Dividend payout ratio (%)



Note: All figures for FY 2018-19 are adjusted for one-time exceptional income from the joint development project.

Drivers of Yuken India's value-creation process

- Aligned with national economic growth
- Broad-based sectoral relevance
- Focus on value-creation
- Capital-light Balance Sheet
- Business driven increasingly by net worth

Outcomes of our value-creation focus

- Sustained growth in revenues
- Profit and value-accretive business model
- Sizable cash flows
- Superior market capitalisation
- Higher dividend payout

HOW YUKEN INDIRECTLY TOUCHES
OUR EVERYDAY LIVES

Waking up at home

Built with cement

Building material sourced from transit mixers

Driven by Yuken India's hydraulic package

Switch on the light

Source from thermal power station

Driven by Yuken India's hydraulic package

Brushing one's teeth

Toothbrush made of plastic

Brush manufactured on injection moulding machines

Driven by Yuken India's hydraulic package

Drive to work

Use a personal or public vehicle

Automobiles manufactured using steel

Driven by Yuken India's hydraulic package

Enter the elevator

Press a button to close the doors

All made from steel

Driven by Yuken India's hydraulic package

Enter the new office

Large floor plate; tall structure

Built with sophisticated construction equipment

Driven by Yuken India's hydraulic package

Time for lunch

Have a nice vegetarian canteen lunch

Soil prepared for growing vegetables using a tractor

Driven by Yuken India's hydraulic package

Back to work

Entering a meeting

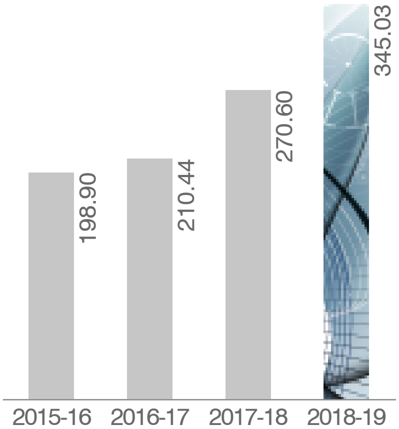
Scribbling notes on a pad made of paper

Driven by Yuken India's hydraulic package

YUKEN INDIA'S GROWTH **IN THE LAST FOUR YEARS**

Higher revenues

+146.13 (Rs. in crore)

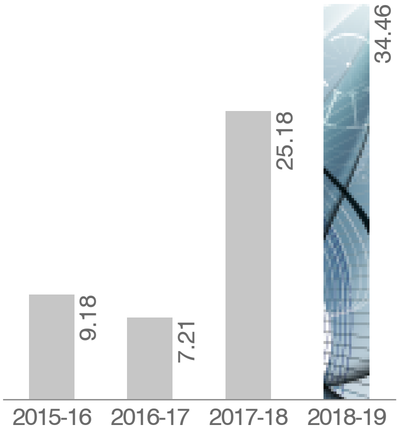


Why we measure

To evaluate overall business efficiency – an improvement in revenues indicates a sharper increase in revenues over costs.

Operating profit (EBITDA)

+25.28 (Rs. in crore)

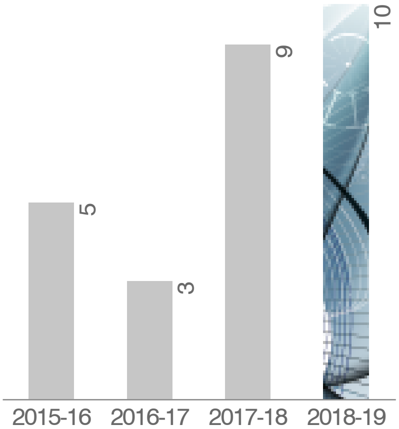


Why we measure

An improvement in EBITDA indicates a larger availability of profits on which to build organisational growth.

EBITDA margin (%)

+500 (bps)

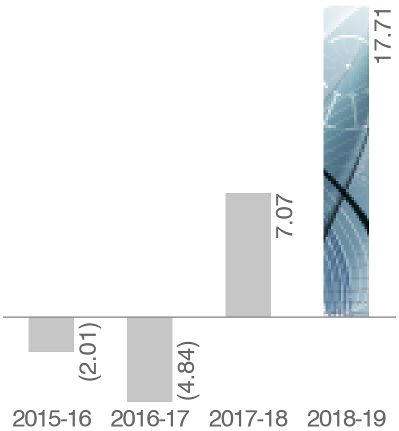


Why we measure

The EBIDTA margin provides an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

Net Profit

+19.72 (Rs. in crore)

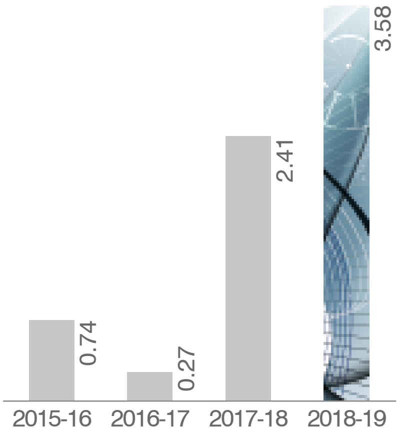


Why we measure

The PAT highlights the strength in the business model in generating value for its shareholders.

Interest coverage ratio

+284 (bps)

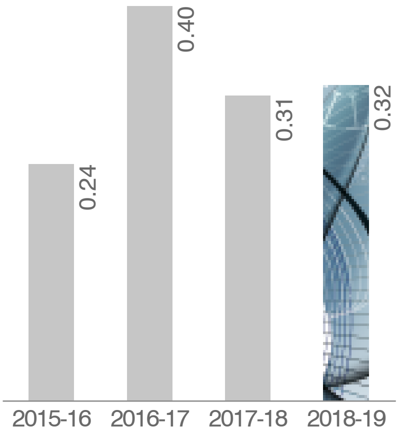


Why we measure

The interest coverage ratio is used to determine how comfortably a company can address its interest liabilities on outstanding debt as well as repayment.

Debt-equity ratio

+8 (bps)



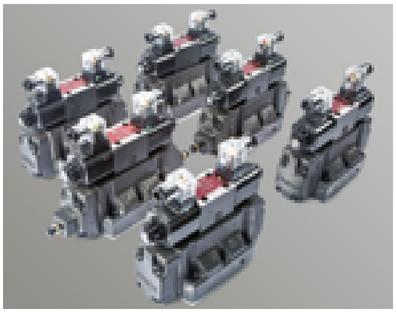
Why we measure

This solvency measure indicates how much debt a company is using to finance its growth relative to the amount of value represented in shareholders' equity.

Note: All figures for FY 2018-19 are adjusted for one-time exceptional income from the Joint Development.

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 30-plus sectors over the years.



Products	Pumps	Valves	Others
Types	• Vane pumps • Piston pumps • Gear pumps • SERVO systems	• Pressure control • Direction control • Mobile valves • Flow control • Modular valves • Logic valves • Proportional valves	• Hydraulic power units • Actuators • Accumulators • Chip compacting machines (Kiriko) • Accessories • Castings
Variants	• Variable displacement piston pumps: A, AR, A3HG series • PV2R Series Vane Pumps	• Low noise type relief valves • Shock-less type valves • Solenoid operated valves • Reducing modular valves	• Electro-hydraulic controls • Power-saving products • Customised power units
Application segments	Plastics, Machine Tools, Power, Steel, Construction Equipment, Automotive, Presses, Railways, Material Handling, Drill Rigs, Rubber, Paper, Cement, Mines and Marine etc.		
Customers	ACE Designers, Makino, Jyoti, LMW, BFW, Lokesh Machines Limited, SAIL, CMI, JSW, Tata Steel, SMS group, Concast, Jindal Stainless, BHEL, NHPC, NTPC, Alstom, ASB, Toshiba Machine, electronica, PASL, Maruti Suzuki, Honda, Tata, Toyota, JCB, Escorts		

MANAGEMENT DISCUSSION AND ANALYSIS

Global economic overview

The global economy grew 3.6% in 2018 compared with 3.8% in 2017, largely on account of the failure of Brexit negotiations, tightened financial conditions, geopolitical tension and higher crude oil costs. Global growth is estimated at 3.3% in 2019. (Source: World Economic Outlook).

Global economic growth over six years

Year	2015	2016	2017(E)	2018(E)	2019 (P)	2020 (P)
Real GDP growth (%)	3.2	3.1	3.8	3.6	3.3	3.6

[Source: World Economic Outlook, January 2019] E: Estimated; P: Projected

Indian economic overview

India emerged as the sixth-largest economy in the world and retained its position as the fastest-growing trillion-dollar economy. However, after growing 7.2% in 2017-18, the Indian economy was forecasted to grow at 6.8% in 2018-19 as per the provisional second advanced estimates of the Central Statistics Office.

The principal developments during the year under review comprised a sustained increase in per capita incomes, decline in national inflation, steadying interest rates, and weakened consumer sentiment starting from the second half of the financial year. The weaker sentiment was on account of a large non-banking financial company announcing its inability to address liabilities.

In 2018, the country attracted ~US$ 42 billion in FDI inflows as per the World Investment Report, 2019. Driven by strong policy reforms, India witnessed a 23-notch jump to a record 77th position in the World Bank's latest report on the ease of doing business that captured the performance of 190 countries. The commencement of the US-China trade war opened a new opportunity for India, particularly in the agro sector. Inflation (including food and energy prices) was pegged at 2.6% on an annual basis, one of the lowest in years and well below the Reserve Bank of India's medium-term target of 4%. The rupee rebounded to Rs. 69.44 on 31.03.2019 after touching a low of Rs. 74.45 in the year under review. During the fiscal under review, the Indian Government continued to invest deeper in digitalisation, renewable energy capacity generation and infrastructure building.

Key government initiatives

The Indian Government embarked on a number of initiatives to accelerate economic reform.

Bank recapitalisation scheme: In addition to infusing Rs. 2.1 lac crore in public sector units, the Indian Government announced a capital infusion of Rs.41,000 crore through recapitalisation bonds in FY2018-19.

Expanding infrastructure: The Government of India invested Rs.1.52 trillion to construct 6460 kilometres of roads in 2018. Its expenditure of Rs. 5.97 trillion (US$ 89.7 billion) towards infrastructural development for 2018-19 is expected to strengthen the national economy.

Increasing MSP: The Government fixed Minimum Support Prices (MSPs) of 22 mandated Kharif and Rabi crops and Fair & Remunerative Prices (FRP) for Sugarcane. The government committed to provide farmers with a 50% return over the cost of production for all mandated crops, strengthening the rural economy.

The Insolvency and Bankruptcy Code (Amendment), Ordinance 2018: Passed in June 2018, the ordinance provides significant relief to home buyers by recognizing their status as financial creditors. The major beneficiary comprised Micro, Small and Medium Sector Enterprises (MSME), empowering the Government to provide a special dispensation under the Code.

Minimum income for farmers: The Indian Government announced in February 2019 the Pradhan Mantri Kisan Samman Nidhi, a scheme promising an annual assured income of Rs. 6,000 (US$ 84.5) for any farmer owning up to 2 hectares of farmland. The budget for fiscal year 2020 allocated Rs. 75,000 crore for the scheme, benefiting an indicative 120 million land-owning farmer households.

Direct Benefit Transfer: The Direct Benefit Transfer initiative has re-engineered the cash disbursement process in welfare schemes through simpler and faster flow of information/funds to ensure accurate targeting of beneficiaries, de-duplication and reduction of fraud. In 2018-19 alone, this scheme is estimated to have transferred more than Rs. 3,00,000 crore and the gains to have accrued since scheme implementation (upto March 2019) estimated at Rs. 1,41,677.56 crore.

Outlook

India's markets are expected to remain in a state of slowdown through 2019-20 even as the medium-term outlook appears better and the long-term outlook favourable. (Source: CSO provisional estimate, May 19, pib, dbtbharat, Pound sterling live, Livemint, Hindu Business Line)

Global hydraulic component industry overview

The global hydraulic market is valued at US$ 5.81 billion as on April 2019 and projected to grow to US$ 7.4 billion by 2024 following increased capital expenditure by a number of manufacturing sectors, marked by fluid power in modern engineering and hydraulics replacing the mechanical and electrical drive systems.

The US is the largest global market for this business even as the Asia-Pacific region is emerging as a fast growing region owing to increased consumption, growth in the construction sector, increased investment in smart machine tools as well as growing investment in the steel, aviation, mining and oil & gas sectors.

With increasing digitalisation, hydraulic equipment manufacturers offer a range of electro-hydraulics components and modules with digital interfaces and sensor intelligence. These conveniences empower users to operate and monitor machines from a single display interface. There is also a trend towards real-time equipment supervision through enhanced digitalisation and IoT. (Source: State time, Marketwatch, Strategyr)

Outlook

Even as the global market is slowing (projected growth for the current year 30 bps lower than the 3.6% growth of the previous year), infrastructure investments in some developed and developing economies is expected to catalyse market growth. (Source: Technavio)

Indian hydraulic components industry overview

The manufacture of earth-moving and construction equipment like hydraulic excavators, wheel loaders, backhoe loaders, motor graders, vibratory compactors, cranes, dumpers, tippers, forklifts trucks, dozers, pavers, batching plants among others, use hydraulic equipment and components.

Hydraulic equipment is also used in industries like steel, cement, mining, oil and gas. Any growth in these sectors has a positive trickle-down impact on the hydraulics sector.

India's hydraulics sector has responded to the overarching need for modernisation through new designs, materials and manufacturing technologies marked by lower energy consumption, enhanced equipment uptime and longer life-cycles.

The Indian hydraulics industry is expected to grow at around 12-15% between 2018 and 2024, reversing a consistent decline since 2011. The growth is a result of a robust domestic demand, government infrastructure investments and higher capital equipment offtake. The outlook is optimistic on account of a sustained increase in demand for hydraulic compenents from the manufacturing, construction, mining, agriculture, aerospace, and defence sectors. The demand for hydraulic cylinders should be positively affected by the greater use of material handling equipment such as level luffing cranes, the likes of which are extensively used by the food and beverage industry, and industries like power and energy, and retail and oil refineries. (Source: Businesswire, Equipment India, Dantal Hydraulics, PR Newswire)

Emerging trends

Innovation: Improvements in design with attention on reduced operational costs, improved machine performance, reduced fuel / energy consumption and low life-cycle costs.

Energy efficiency: The end users of components demand efficient machines with low operational costs.

Specific equipment segments: Most hydraulic manufacturers provide products for specific equipment segments offering technical features and advantages over the conventional systems.

Outlook and Growth drivers

Economic growth: India retained its position as the fastest-growing major economy through most of 2018. The growth was be generated by strong demand, sustained economy reforms by the Government of India and an improved credit offtake.

Rising income: India's per capita income is growing every year, creating a foundation of personal consumption growth on the one hand and industrial growth on the other.

Consumer spending: India is the eighth-largest consumer market where, ~50% of a population of ~1.35 billion is economically productive and more than 25 years old. This age-cohort is inclined to a high rate a consumption. A growing consumer base, consumer heterogeneity and increasing aspirations are expected to catalyse national consumption.

Infrastructure: India's infrastructure sector is directly catalysing development. The Government of India is expected to invest substantially in the construction of highways, renewable energy generation and urban transportation.

Government regulations: The Central Government's 100%-FDI policy (49% under the automatic route) was formulated to boost local manufacturing and reduce imports.

Manufacturing: India's manufacturing sector possesses the potential to reach US$ 1 trillion by 2025. If the country can fulfill that potential, it should emerge as one of the three leading economies and a preferred manufacturing destination in the coming decade. (Source: Provisional second advanced estimate, Agri Corp, India Water Portal, World Bank)

Opportunities

Yuken India is attractively placed to capitalise on India's growth due to the following reasons:

- Established a multi-decade track record
- Carries out proprietary research and possesses product development capabilities
- Offers a range of products to address a range of customer needs
- Established service standards, strengthening the brand and respect
- Multi-year customer engagement with a high wallet share
- Known for superior product quality, low delivery lead time and competitive pricing
- Benchmarked with global quality standards

Threats

- Shifting customer preferences
- Premium on technology upgradation
- Need to continuously develop new products
- Growing competition
- Currency volatility
- Increasing input costs
- Challenging and competitive global markets

Financial analysis (Consolidated)

Gross revenues increased by 28% to Rs. 345.03 crore during FY2018-19 compared to Rs. 270.60 crore during FY2017-18.

Operating profit (EBITDA) stood at Rs. 34.45 crore (excluding JDA Income) compared to Rs. 25.19 crore during FY2017-18.

Finance costs decreased by 3.11% from Rs. 8.14 crore to Rs. 7.88 crore during FY2018-19 due to decrease in average utilisation of loans.

Total expenses stood at Rs. 356.76 crore, including current tax worth Rs. 32.56 crore and deferred tax charge/(benefit) worth Rs. (0.46) crore.

Profit after tax including other comprehensive income (OCI) stood at Rs. 119.18 crore which includes one time exceptional income from Joint Development of Rs. 101.47 crore compared to Rs. 7.07 crore during previous year.

Net worth stood at Rs. 173.77 crore as on 31st March 2019 compared to Rs. 55.31 crore on 31st March 2018.

Property, plant and equipment and intangible assets including investment property increased by 13% to Rs. 95.32 crore during FY2018-19 from Rs. 84.57 crore during FY2017-18.

Capital work-in-progress for the year has increased to Rs. 8.92 crore during FY2018-19 compared with Rs. 1.14 crore during FY 2017-18 primarily on account of expansion programme.

Cash and cash equivalents stood at Rs. 1.02 crore as on 31st March 2019 compared to Rs. 0.63 crore as on 31st March 2018.

Key financial ratios

Particulars	FY2018-19	FY2017-18
EBIDTA/Turnover	10%	9%
Net profit/Turnover	35%	3%
Debt-equity ratio	0.13	0.31
Current ratio	1.44	0.92
Interest coverage ratio	0.05	0.41
Inventory Turnover (no of days)-excluding residential units from JDA.	52	54
Debtors Turnover(no of days)	87	88
Return on Networth(%)	69	13
Book value per share (Rs.)	144.81	46.09
Earnings per share (Rs.)	99.50	5.92

Note:-

The significant changes in the ratios is due to one time exceptional Income of Rs. 130.48 crore accounted in respect of Joint development.

Internal control systems and their adequacy

In Yuken India, transparency and accountability has always been a part of its organisational culture . 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 the 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 formed a robust Audit Committee that monitors and controls regular internal processes. The Committee of the Board and the Constitution of the Company assures that the internal procedures and accounting policies are in confirmity with the requirements of Section 177 of the Companies Act, 2013 and also with that of the requirements of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Human resources

The Company believes that its people are its vital assets. Founded on that belief the Company has put in place policies that encourage innovation, talent recognition and performance. The Company constantly endeavors to provide a platform for professional growth to employees. The Company had 483 employees as on 31st March 2019.

RISK **MANAGEMENT**

Technology obsolescence risk	The emergence of contemporary technologies could make existing products in the marketplace adversely, affecting the reputation of the Company. **Mitigation:** The products of the Company – pumps and valves – are mature and have remained relevant across the decades.
Economy risk	The industry rides the growth of the Indian economy, affected by national economic cycles. **Mitigation:** The Company has progressively diversified its presence across sectors, products and geographies, enhancing its ability to resist the full impact of an economic slowdown.
Downstream sectoral risk	A focus on sluggish and unprofitable sectors could affect the Company's prospects. **Mitigation:** The Company addresses a range of sectors, which not only hedges the risk of an excessive focus on unprofitable sectors but also helps to create a sustainably profitable basket. The Company addresses the needs of the automobile, steel, plastic and power industries and expects to widen its portfolio to marine engineering, renewable energy and defence.
Competition risk	Increased competition could affect revenues and margins. **Mitigation:** The Company is capital-light, multi-product and catering to a diversified mix of customers. Besides, the Company has invested in after-sales service, graduating the product into a solution. This has helped moderate the impact of competition by enhancing the market presence of the Company. On the contrary, the Company enjoys existing long-term customer relationships marked by enhanced wallet share.
Service risk	The Company may not be able to service customers adequately and promptly, resulting in long equipment downtime at the customer's end, affecting the brand of the Company. **Mitigation:** The Company has a high degree of product availability through a wide distribution network of ~55 dealers across different States. It has strengthened a service-oriented mindset with a focus on minimising equipment downtime.

BOARD'S **REPORT**

To
The Members of
YUKEN INDIA LIMITED

Your Directors have pleasure in presenting their 43rd Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2019.

1. FINANCIAL RESULTS:

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

a) Financial Highlights:

(Rs. In Lakhs)

Particulars	Standalone		Consolidated	
	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018
Gross Income	29,018.74	23,862.52	34,503.05	27,699.22
Less: Excise Duty	-	541.65	-	639.55
Net Income	**29,018.74**	**23,320.87**	**34,503.05**	**27,059.67**
Total expenditure	26,109.90	20,976.69	31,040.10	24,527.47
Profit/(Loss) before interest, depreciation and tax	**2,908.84**	**2,344.18**	**3,462.94**	**2,532.20**
Finance cost	629.28	714.47	788.78	814.17
Depreciation	329.44	308.72	619.90	555.51
Profit/(Loss) before Exceptional income and tax	**1,950.12**	**1,320.99**	**2,054.27**	**1,162.52**
Exceptional income	13,047.82	-	13,047.82	-
Profit/(Loss) after Exceptional income & before tax	**14,997.94**	**1,320.99**	**15,102.09**	**1,162.52**
Provision for taxation (Net of deferred tax)	3,180.20	452.26	3,206.11	446.74
Profit/(loss) after tax	**11,817.74**	**868.73**	**11,895.98**	**715.78**
Share of Profit/(Loss) of associates	-	-	43.57	(5.06)
Net comprehensive income for the year	(20.10)	(8.42)	(21.09)	(3.66)
Total comprehensive income for the year	**11,797.64**	**860.31**	**11,918.46**	**707.06**
Balance in Statement of profit and loss	5,365.76	4,541.58	4,592.22	3,921.28
Amount available for appropriation	**17,163.40**	**5,401.89**	**16,510.68**	**4,628.34**
Appropriations:				
Profit capitalized as part of bonus shares issue	(900.00)	-	(900.00)	-
Equity dividend paid	(60.00)	(30.00)	(60.00)	(30.00)
Tax on Equity Dividend	(12.33)	(6.13)	(12.33)	(6.13)
Balance carried to Balance Sheet	**16,191.07**	**5,365.76**	**15,538.35**	**4,592.22**

On Standalone basis, the Company has registered a net income of Rs. 29,018.74 lakhs as compared to Rs. 23,320.87 lakhs of previous year. The growth is around 24.43 % over the previous year.

On Consolidated basis, the Company has registered net income of Rs. 34,503.05 lakhs as compared to Rs. 27,059.67 lakhs of previous year. The growth is around 27.50% over the previous year.

b) Exceptional Items:

The Company has recorded Rs.13,047.82 lakhs as an exceptional item pertaining to the sale of development rights of investment property under the Joint Development Agreement with Brigade Enterprises Limited. The Company has received a sum of Rs. 609.10 lakhs for the year ended 31st March, 2019.

2. DIVIDEND:

Your Directors recommend payment of a dividend of 20% on equity shares of the Company for the year ended 31st March, 2019, subject to the approval of the members at the ensuing Annual General Meeting.

3. THE EXTRACT OF ANNUAL RETURN:

As per provisions of Section 92 (3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the extract of the Annual Return in the Form MGT-9 is given in 'Annexure-1' forming part of this report and also available on the website of the Company at http://www.yukenindia.com/report-result/

4. BOARD MEETINGS HELD DURING THE YEAR:

During the year, 6 (Six) 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 6 of 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 for appointment of Director, the Nomination and Remuneration Committee (NRC) of the Company will determine the criteria based on the specific requirements. NRC while recommending candidature to the Board, will take into consideration the qualification, attributes, experience and Independence of the Candidate. Director(s) appointment and remuneration will be as per NRC Policy of the Company.

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

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

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

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

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

There has been no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations. All orders received by the Company during the year are 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:

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

Investments:

- During the year under review, the Company has acquired the 25,000 equity shares of Rs. 10/- each aggregating to Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand only) of Kolben Hydraulics Limited, Associate Company.

Corporate Guarantee:

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

(Rs. In Lakhs)

Sl. No.	Particulars	Name of Bank	Current Year	Outstanding Balance as on 31.03.2019
1	Coretec Engineering India Private Limited	HDFC Bank	-	750
		Sumitomo Mitsui Banking Corporation	500	1,100
2	Grotek Enterprises Private Limited	HDFC Bank	100	600
		Sumitomo Mitsui Banking Corporation	1,000	1,000

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

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

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

11. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

A. TRANSFER OF UNPAID DIVIDEND:

As required under Section 124 of the Companies Act 2013, the unclaimed dividend amount aggregating to Rs. 1.19 lakhs lying with the Company for a period of 7 (Seven) years pertaining to the financial year ended on March, 31 2011 was transferred during the financial year 2018-19 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

B. TRANSFER OF SHARES:

As per the provisions of Section 124 of the Companies Act, 2013, 3,005 equity shares, in respect of which dividend has not been claimed by the members for 7 (Seven) consecutive years or more, have been transferred by the Company to Investor Education and Protection Fund Authority (IEPF) during the financial year 2018-19. Details of shares transferred have been uploaded on the website of IEPF as well as Company.

12. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, the Statement of Profit & Loss and other documents of the Subsidiary Companies are not being attached to the Balance Sheet of the Company.

The 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:

Particulars	Subsidiary			Associate		
	Grotek Enterprises Pvt. Ltd.	Coretec Engineering India Pvt. Ltd.	Yuflow Engineering Pvt. Ltd.	Sai India Ltd	Kolben Hydraulics Ltd.	Bourton Consulting (India) Pvt. Ltd.
Total Income						
FY 2018-19	6,935.77	3,098.26	4.27	2,661.50	535.28	71.87
FY 2017-18	5,228.00	2,329.47	9.18	2,016.80	329.99	69.96
Total expenditure						
FY 2018-19	6,306.79	3,002.78	67.60	2,328.90	573.08	69.19

Particulars	Subsidiary			Associate		
	Grotek Enterprises Pvt. Ltd.	Coretec Engineering India Pvt. Ltd.	Yuflow Engineering Pvt. Ltd.	Sai India Ltd	Kolben Hydraulics Ltd.	Bourton Consulting (India) Pvt. Ltd.
FY 2017-18	5,096.75	2,145.57	28.40	1,812.82	349.12	61.40
Profit/(Loss) before interest, depreciation and tax						
FY 2018-19	628.98	95.48	(63.33)	332.60	(37.80)	2.68
FY 2017-18	131.25	183.90	(19.22)	203.98	(19.13)	8.56
Finance cost						
FY 2018-19	96.80	106.24	-	65.33	2.42	-
FY 2017-18	110.42	59.10	1.81	83.27	1.94	-
Depreciation						
FY 2018-19	218.81	71.66	-	96.76	6.97	0.74
FY 2017-18	204.65	42.15	-	99.38	6.07	1.44
Profit/(Loss) before tax						
FY 2018-19	313.37	(82.42)	(63.33)	170.51	(47.19)	1.94
FY 2017-18	(183.82)	82.65	(21.03)	21.33	(27.14)	7.12
Provision for taxation (Net of deferred tax)						
FY 2018-19	46.91	(20.99)	-	2.69	(9.17)	0.58
FY 2017-18	(28.09)	21.66	0.43	13.79	(5.17)	2.05
Other comprehensive income for the period						
FY 2018-19	(1.08)	0.11	-	0.76	-	-
FY 2017-18	1.04	3.26	-	(3.23)	-	-
Profit/(Loss) after tax(Including comprehensive income)						
FY 2018-19	265.38	(61.32)	(63.33)	168.59	(38.02)	1.35
FY 2017-18	(154.69)	64.25	(21.46)	4.31	(21.97)	5.07
Earnings per share (in Rs.)						
FY 2018-19	5.32	(9.91)	(3.17)	18.65	(3.80)	1.07
FY 2017-18	(3.11)	9.84	(1.07)	0.84	(2.19)	4.02

Statement containing salient features of financial statements of subsidiaries and associate companies in Form AOC-1 is enclosed herewith as ‘Annexure-2’ forming part of this report.

13. RELATED PARTY TRANSACTIONS:

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

Transactions with related parties, as per requirements of Indian Accounting Standard 24 are disclosed in the notes to accounts annexed to the financial statements.

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

http://www.yukenindia.com/wp-content/uploads/2019/02/Related-Party-Transactions-Policy.pdf

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', forming part of this report.

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

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

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

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

1. Conservation of Energy:

A. Steps taken or impact on conservation of energy:

- ➢ Replaced conventional light fixtures with energy efficient LED light fixtures in the plant.
- ➢ 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.
- ➢ Solar Street Lights used in the factory area.
- ➢ Replacement of old age screw compressor having low working efficiency with new air compressor.

2. Foreign Exchange Earnings and Outgo:

A. Foreign Exchange Earnings:

(Rs. In Lakhs)

Sl. No	Particular	Year ended 31.03.2019	Year ended 31.03.2018
1	Export Sales	408.58	246.38
2	Other Income	6.34	9.20

B. Expenditure in Foreign Currency:

(Rs. In Lakhs)

Sl. No	Particular	Year ended 31.03.2019	Year ended 31.03.2018
1	Brand fee	109.07	90.47
2	Royalty	7.90	4.53
3	Others	104.53	44.68

C. Remittance in Foreign Currency on Account of:

(Rs. In Lakhs)

Sl. No	Particular	Year ended 31.03.2019	Year ended 31.03.2018
1	Dividend	24.00	12.00

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:

i. Upgradation and modification of chip compacting machine which was originally designed by Yuken Kogyo Co. Ltd., Japan.

ii. Several concepts of energy saving hydraulic power units have been designed to suit customer requirements.

iii. Development of high pressure application valves and pumps for process and steel industries.

iv. During the year under review, the Company is in the process of developing the below mentioned products.

a) Power saver for solenoid valves;

b) Pressure switch/transmitter; and

c) Digital proportional valves controllers for open loop position control.

d) Control Panel for Kiriko Chip Compactor.

(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 into 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.
- Improvement in Quality and product performance characteristics.
- Ability to innovate and produce new products.

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

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

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

17. DEPOSITS:

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

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. Koichi Oba	Non-Executive Director
6	Mrs. Vidya Rangachar	Non-Executive Director
7	Mr. Hideharu Nagahisa	Non-Executive Director

During the financial year, Mr. Koichi Oba was appointed as Chairman and Mr. Hideharu Nagahisa has been re-designated from Chairman to Director of the Company with effect from 10th September, 2018.

Mrs. Vidya Rangachar, Non-Executive Director, retires by rotation and being eligible, offers herself for re-appointment. The Board recommends her re-appointment.

Capt. N S Mohanram, Mr. R Srinivasan (both are attained the age of 75 years) and Dr. Premchander was appointed as a Non-executive, Independent Director for a period of 5 years from 09.09.2014 to 08.09.2019. The Board recommends re-appointment of Capt. N S Mohanram as Non-executive, Independent Director for a period of 3 years, Mr. R Srinivasan and Dr. Premchander as Non-executive, Independent Directors for a period of 5 years commencing from the date of ensuing Annual General Meeting, subject to approval of Shareholders at the ensuing Annual General Meeting.

19. KEY MANAGERIAL PERSONNEL (KMP):

Pursuant to provisions of Section 203 of the Companies Act, 2013, following persons are Key Managerial Persons as on 31.03.2019:

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	Chief Operating Officer
5	Mr. Vinayak Hegde	Company Secretary

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

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

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. However, provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to Company.

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 mitigated some of the risks as below.

a. Measures taken by IT department of the Company to mitigate risk relating to security of data and systems of the Company;

b. Security measures in the manufacturing units of the Company to prevent accidents; 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. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

The Company has a Policy on Corporate Social Responsibility and has constituted a CSR Committee as required under the Act for implementing various CSR activities. Composition of the Committee and other details are provided in Corporate Governance Report. Education, Health Care, Environment, Rural Development, etc., are the focal area under the CSR Policy.

The Company has implemented various CSR projects directly and/ or through implementing partners and the projects undertaken by the Company are in accordance with Schedule VII of the Act. The Company has spent an amount of Rs. 6,60,773/- for identified CSR activities during the financial year ending 31st March, 2019. A detailed Report on CSR is enclosed as 'Annexure-4' forming part of this report.

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. SECRETARIAL STANDARDS:

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

25. AUDIT COMMITTEE:

The details pertaining to composition of the Audit Committee and terms of reference are included in the Corporate Governance Report, which forms part of this Report.

26. WHISTLE BLOWER POLICY:

The Company has a Vigil Mechanism for Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of conduct. The mechanism provides for adequate safeguards against victimization of Director(s) and Employee(s) who avail of the mechanism.

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

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

27. 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 2018-19, no complaint of sexual harassment has been received.

28. DETAILS OF REVISION OF FINANCIAL STATEMENTS:

There was no revision of the financial statements of the Company, during the year 2018-19.

29. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

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

a. Rules and regulations pertaining to their appointment as Independent Directors,

b. Duties and responsibilities of the Independent Directors towards the Company and its stakeholders,

c. Code of conduct to be followed by them and

d. Company's policies and procedures.

30. 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 2018-19.

Name of the Director / KMP	Remuneration for financial year 2018-19 (in Rs.)	Remuneration for financial year 2017-18 (in Rs.)	% increase in remuneration in the financial year 2018-19	Ratio of remuneration of each Director/ KMP to that of Median remuneration of employees
Mr. C P Rangachar, Managing Director	1,01,84,420	67,58,728	50.69	11.66:1
Capt. N S Mohanram, Non-Executive Independent Director	5,09,500	3,14,666	61.92	0.58:1
Mr. R Srinivasan, Non-Executive Independent Director	5,49,500	3,24,666	69.25	0.63:1

Name of the Director / KMP	Remuneration for financial year 2018-19 (in Rs.)	Remuneration for financial year 2017-18 (in Rs.)	% increase in remuneration in the financial year 2018-19	Ratio of remuneration of each Director/ KMP to that of Median remuneration of employees
Dr. Premchander, Non-Executive Independent Director	4,89,500	3,24,667	50.77	0.56:1
Mrs. Vidya Rangachar, Non-Executive Director	4,49,500	2,84,667	57.90	0.51:1
Mr. Hideharu Nagahisa– Non Executive Director	3,59,500	2,44,667	46.93	0.41:1
Mr. Koichi Oba – Non Executive Director	3,59,500	2,44,667	46.93	0.41:1
Mr. H M Narasinga Rao, CFO	54,18,128	50,81,332	6.63	6.21:1
Mr. Subramanya Ullal, CEO up to 15th February, 2018	-	44,41,775	-	-
Ms. Sridevi Ch, Company Secretary up to 12th February, 2018	-	5,24,755	-	-
Mr. Vinayak Hegde Company Secretary w.e.f 12th February 2018	6,75,467	92,469	-	0.77:1
Mr. K Gopal Krishna – Executive Director	62,96,468	58,60,582	7.44	7.21:1
Mr. A Venkatakrishnan – VP Operation w.e.f 15th February, 2018	31,03,908	3,09,368	-	3.55:1

Notes:

1. The Net Profit after tax has increased by Rs. 10,949.01 lakhs (excluding comprehensive income) as compared to the previous year and the remuneration of the Managing Director has increased by 50.69 %.

2. Remuneration paid /payable to Managing Director and Non-Executive Directors for the financial year 2018-19 is inclusive of Salary, Commission, Performance Pay and Sitting Fees.

3. Remuneration paid/payable to Managing Director and Non-Executive Director was increased due to payment of Commission for the FY 2018-19.

   b. The number of permanent employees on the rolls of the Company as on 31st March, 2019 was 327.

   c. Percentage increase in median remuneration of employees for the financial year is 3.70%.

   d. Relationship between average increase in remuneration and Company performance:

   The Profit after Tax for the financial year 2018-19 stood at Rs. 11,817.74 lakhs (excluding comprehensive income) and the average increase in median employee remuneration was 3.70%. 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 2018-19 has increased by 11.31% whereas the total revenue from the operations has increased by 24.43% 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

Sl. No.	Particulars	2018-19	2017-18
i.	Variations in the market capitalization of the Company on 31st March,2019	*811.62 Cores	1199.40 crores
ii.	Price Earnings Ratio of the Company	06.87:1	138.05:1

*variation in market capitalization is due to issue of bonus shares to existing shareholders in the ratio of 3:1 during the financial year.

(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. 676.35 as on 31st March, 2019 indicating a Compounded Annual Growth Rate of 16.24 %. 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: 13.13%
- Percentage increase in the key managerial remuneration: 11.31%.

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 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 2018-19.

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:

i. 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

ii. Employed for a part of the financial year and were in receipt of remuneration for any part of the year, at a rate which, in the aggregate, was not less than Rs. 8.50 lakhs per month - Nil

iii. Employed throughout the financial year or part thereof, was in receipt of remuneration in the year in excess of that drawn by the managing director and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company – Nil

31. SHARE CAPITAL:

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

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

The Authorized share Capital of the Company is Rs. 15,00,00,000 consisting of 1,50,00,000 Equity Shares of Rs. 10/- each and paid up equity share capital of the Company is Rs. 12,00,00,000 consisting of 1,20,00,000 equity shares of Rs. 10/- each as on March 31, 2019.

During the year under review, the Company has increased the Authorized Share Capital from Rs. 6,00,00,000/- (Rupees Six Crores only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each by creation of additional 90,00,000 (Ninety Lakhs) Equity Shares of Rs. 10/-(Rupees Ten) each.

Further, the Company has issued 90,00,000 (Ninety Lakhs) equity shares of Rs. 10/- (Rupees Ten) each as fully paid-up Bonus shares by capitalizing Rs. 9,00,00,000/-(Rupees Nine Crores only) standing to the credit of free reserves and surplus of the Company, in proportionate of 3:1 i.e. 3 (Three) fully paid up equity shares for every 1 (One) equity share held by existing equity shareholders on 18th September,2018.

32. COST AUDITORS:

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014 as amended from time to time. the Board of Directors, on the recommendation of the Audit Committee, have appointed M/s. Adarsh Sharma & Co, Cost Accountants, Bengaluru, as Cost Auditors for conducting Cost Audit for the financial year 2019-20. Your Directors proposed to ratify the remuneration payable to them for the financial year 2019-20 at the ensuing Annual General Meeting.

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

33. STATUTORY AUDITORS:

Pursuant to provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, M/s. Walker Chandiok and Co., LLP, Chartered Accountants (Firm Registration No.001076N /500013), were appointed as Statutory Auditors of the Company for a term 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.

There are no qualifications, reservations or adverse remarks made by Statutory Auditors, in their report for the financial year ended March 31, 2019. The Auditors' Report is enclosed with the financial statements inthis Annual report.

34. SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules made there under, the Board of Directors has appointed M/s. Joseph & Chacko LLP, Practicing Company Secretaries to undertake the Secretarial Audit of the Company for FY 2018-19. The Report of the Secretarial Audit is annexed herewith as 'Annexure 5' forming part of this report.

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

35. CORPORATE GOVERNANCE REPORT AND CERTIFICATE:

Your Company is committed to maintain high standards of Corporate Governance. A report on Corporate Governance along with a Certificate from the Statutory Auditors on compliance of Corporate Governance is attached as 'Annexure -6' forming part of this report.

36. 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. 14)

37. 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.

38. 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.

39. 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	**C P Rangachar**	**Capt. N S Mohanram**	**R Srinivasan**
Date: 28th May, 2019	Managing Director	Director	Director
	(DIN: 00310893)	(DIN: 02466671)	(DIN: 00043658)

Annexure-1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2019

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

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	L29150KA1976PLC003017
2.	Registration Date	28th June, 1976
3.	Name of the Company	**YUKEN INDIA LIMITED**
4.	Category/Sub-category of the Company	Company Limited by shares/ Indian Non-Government Company
5.	Address of the Registered office	No. 16-C, Doddanekundi Industrial Area, II Phase, Mahadevapura, Bengaluru, Karnataka, PIN Code: 560048, India. Telephone: 080 – 41163217
6.	Address of Corporate Office	P B No. 5, Koppathimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District, Karnataka, PIN Code: 563130.
7.	Contact Details	Contact No. +91 9845191995, +91 9731610341, +91 8050697694 Email Address : hmn_rao@yukenindia.com Website : http://www.yukenindia.com/
8.	Whether listed Company	Yes Name of the Stock Exchange: BSE Limited (BSE) Script Code: 522108
9.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Fintech Pvt. Ltd. Karvy Selenium Tower-B, Plot Nos. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad- 500 008. Phone: (040) 6716 1592/1509/1508 E Mail Id: Einward.ris@karvy.com Fax Number : 040 - 23420814

II. 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	67.22
2	Hydraulic Power Units	2812	32.78

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act, 2013
1	GROTEK ENTERPRISES PRIVATE LIMITED No. 16-C, Doddanekundi Industrial Area II Phase, Mahadevapura Bengaluru – 560048.	U29220KA1997PTC023210	Subsidiary	100%	2(87)
2.	CORETEC ENGINEERING INDIA PRIVATE LIMITED B-59, Dyavasandra Industrial Estate, Mahadevapura, Whitefield Road, Bengaluru – 560048.	U29246KA1998PTC023863	Subsidiary	100%	2(87)
3.	YUFLOW ENGINEERING PRIVATE LIMITED C/o. Yuken India Limited, B-80, 2nd Cross, 1st stage, Peenya Industrial Area, Bengaluru – 560058.	U29120KA2002PTC120611	Subsidiary	100%	2(87)
4.	SAI INDIA LIMITED No. 26-C, Doddenakkundi Industrial Area, Phase 1, Mahadevapura Post, Bengaluru- 560048.	U29120KA1989FLC010358	Associate	40%	2(6)
5.	BOURTON CONSULTING (INDIA) PRIVATE LIMITED No.16 C, Doddanekundi Industrial Area II Phase, Mahadevapura Bengaluru - 560048	U74140KA2007PTC042384	Associate	29.54%	2(6)
6.	KOLBEN HYDRAULICS LIMITED SB-54, Ground, Mezzanine and 1st Floor 1st stage, 2nd Cross, Peenya Industrial Area Bengaluru - 560058	U29119KA2007PLC043340	Associate	46.19%	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 01.04.2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31.03.2019				% 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	1,08,400	-	1,08,400	0.90	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	3,47,952	-	3,47,952	11.60	13,91,808	-	13,91,808	11.60	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	**3,75,052**	**-**	**3,75,052**	**12.50**	**15,00,208**	**-**	**15,00,208**	**12.50**	**-**
(2)	Foreign	-	-	-	-	-	-	-	-	-
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	12,00,000	-	12,00,000	40	48,00,000	-	48,00,000	40.00	-
(c)	Institutions	-	-	-	-	-	-	-	-	-

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01.04.2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31.03.2019				% 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)
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	**12,00,000**	**-**	**12,00,000**	**40**	**48,00,000**	**-**	**48,00,000**	**40.00**	**-**
	Total A=A(1)+A(2)	**15,75,052**	**-**	**15,75,052**	**52.50**	**63,00,208**	**-**	**63,00,208**	**52.50**	**-**
(B)	**PUBLIC SHAREHOLDING**									
(1)	Institutions									
(a)	Mutual Funds /UTI	1,11,880	500	1,12,380	3.74	-	2,000	2,000	0.02	(3.72)
(b)	Financial Institutions / Banks	-	-	-	-	-	800	800	0.01	0.01
(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) :	**1,12,407**	**500**	**1,12,907**	**3.76**	**-**	**2,800**	**2,800**	**0.03**	**(3.74)**
(2)	**Non-Institutions**									
(a)	Bodies Corporate	3,03,327	608	3,03,935	10.13	18,13,506	2,332	18,15,838	15.13	5.00
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	5,72,610	69,446	6,42,056	21.40	18,87,681	2,14,302	21,01,983	17.52	(3.89)
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	2,89,205	-	2,89,205	9.64	16,43,844	-	16,43,844	13.70	4.06
(c)	Others	-	-	-	-	-	-	-	-	-
1	Clearing Members	35,839	-	35,839	1.19	6,887	-	6,887	0.06	(1.14)
2	Non Resident Indians	23,898	-	23,898	0.80	57,003	-	57,003	0.48	(0.32)
3	TRUSTS	-	-	-	-	-	-	-	-	-
4	IEPF	17,108	-	17,108	0.57	71,437	-	71,437	0.60	0.03
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	**12,41,987**	**70,054**	**13,12,041**	**43.73**	**54,80,358**	**2,16,634**	**56,96,992**	**47.47**	**3.74**
	Total B=B(1)+B(2) :	**13,54,394**	**70,554**	**14,24,948**	**47.50**	**54,80,358**	**2,19,434**	**56,99,792**	**47.50**	**-**
	Total (A+B) :	**29,29,446**	**70,554**	**30,00,000**	**100**	**1,17,80,566**	**2,19,434**	**1,20,00,000**	**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) :	**29,29,446**	**70,554**	**30,00,000**	**100**	**1,17,80,566**	**2,19,434**	**1,20,00,000**	**100**	**-**

(ii) Shareholding of Promoters:

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in 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	-	48,00,000	40.00	-	-
2.	Benefic Investment And Finance Company Pvt Ltd	3,47,952	11.60	-	13,91,808	11.60	-	-
3.	C P Rangachar	21,100	0.70	-	84,400	0.70	-	-
4.	Vidya Rangachar	4,000	0.13	-	16,000	0.13	-	-
5.	Madhuri Rangachar	2,000	0.07	-	8,000	0.07	-	-
	Total	**15,75,052**	**52.50**	**-**	**63,00,208**	**52.50**	**-**	**-**

(iii) Change in Promoters' Shareholding:

Sl. No	Particulars	Shareholding at the beginning of the year		*Increased During the year	Decreased During the Year	Cumulative Shareholding at the end of the Year	
		No. of Shares	% of total shares of the Company			No. of shares	% of total shares of the company
1.	Yuken Kogyo Co., Ltd	12,00,000	40.00	36,00,000	-	48,00,000	40.00
2.	Benefic Investment And Finance Company Pvt Ltd	3,47,952	11.60	10,43,856	-	13,91,808	11.60
3.	C P Rangachar	21,100	0.70	63,300	-	84,400	0.70
4.	Vidya Rangachar	4,000	0.13	12,000	-	16,000	0.13
5.	Madhuri Rangachar	2,000	0.07	6,000	-	8,000	0.07
	Total	**15,75,052**	**52.50**	**47,25,156**	**-**	**63,00,208**	**52.50**

*Note: During the financial Year, on 18.09.2018 Company has Allotted the Bonus shares in proportionate of 3:1 i.e 3 (Three) fully paid up equity shares for every 1 (One) equity share held by existing shareholders as on record date.

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

Sl. No	Name of the Shareholder	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 total shares of the Company					No of Shares	% of Share Capital of the Company
1	CENTRUM BROKING LIMITED-POOL ACCOUNT	12,521	0.42	01/04/2018	Opening balance		12,521	4,44,526	3.70
				06/04/2018	650	Purchase	13,171		
				06/04/2018	(12,500)	Sale	671		
				13/04/2018	100	Purchase	771		
				13/04/2018	(668)	Sale	103		
				20/04/2018	747	Purchase	850		
				20/04/2018	(100)	Sale	750		
				04/05/2018	254	Purchase	1,004		
				11/05/2018	(254)	Sale	750		
				25/05/2018	20	Purchase	770		
				01/06/2018	(8)	Sale	762		
				08/06/2018	27,192	Purchase	27,954		

Sl. No	Name of the Shareholder	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 total shares of the Company					No of Shares	% of Share Capital of the Company
				08/06/2018	(12)	Sale	27,942		
				22/06/2018	(19)	Sale	27,923		
				13/07/2018	48	Purchase	27,971		
				13/07/2018	(725)	Sale	27,246		
				20/07/2018	(48)	Sale	27,198		
				27/07/2018	(25)	Sale	27,173		
				03/08/2018	500	Purchase	27,673		
				10/08/2018	197	Purchase	27,870		
				10/08/2018	(500)	Sale	27,370		
				17/08/2018	3	Purchase	27,373		
				24/08/2018	104	Purchase	27,477		
				24/08/2018	(180)	Sale	27,297		
				31/08/2018	(26,315)	Sale	982		
				07/09/2018	31,293	Purchase	32,275		
				14/09/2018	1,000	Purchase	33,275		
				14/09/2018	(275)	Sale	33,000		
				28/09/2018	442	Purchase	33,442		
				05/10/2018	98,954	Purchase	1,32,396		
				19/10/2018	(344)	Sale	1,32,052		
				09/11/2018	400	Purchase	1,32,452		
				16/11/2018	5	Purchase	1,32,457		
				23/11/2018	(52)	Sale	1,32,405		
				30/11/2018	(131,999)	Sale	406		
				07/12/2018	246,780	Purchase	2,47,186		
				21/12/2018	(312)	Sale	2,46,874		
				11/01/2019	(239)	Sale	2,46,635		
				18/01/2019	(79)	Sale	2,46,556		
				25/01/2019	(82)	Sale	2,46,474		
				01/02/2019	1,300	Purchase	2,47,774		
				01/02/2019	(300)	Sale	2,47,474		
				08/02/2019	(11,223)	Sale	2,36,251		
				08/03/2019	100	Purchase	2,36,351		
				08/03/2019	(100)	Sale	36,251		
				15/03/2019	(100)	Sale	2,36,151		
				22/03/2019	7,500	Purchase	2,43,651		
				22/03/2019	(100)	Sale	2,43,551		
				29/03/2019	208,622	Purchase	4,52,173		
				29/03/2019	(7,258)	Sale	4,44,915		
				30/03/2019	(389)	Sale	4,44,526		
				30/03/2019	Closing balance		4,44,526		
2	BONANZA PORTFOLIO LTD	878	0.03	01/04/2018	Opening balance		878	2,09,437	1.75
				06/04/2018	23	Purchase	901		
				13/04/2018	(12)	Sale	889		
				27/04/2018	21,059	Purchase	21,948		
				04/05/2018	(12)	Sale	21,936		
				11/05/2018	(607)	Sale	21,329		
				18/05/2018	(55)	Sale	21,274		

Sl. No	Name of the Shareholder	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 total shares of the Company					No of Shares	% of Share Capital of the Company
				29/06/2018	(21,046)	Sale	228		
				06/07/2018	(1)	Sale	227		
				13/07/2018	5	Purchase	232		
				20/07/2018	(3)	Sale	229		
				10/08/2018	(191)	Sale	38		
				17/08/2018	23	Purchase	61		
				24/08/2018	(8)	Sale	53		
				31/08/2018	(51)	Sale	2		
				07/09/2018	8	Purchase	10		
				14/09/2018	452	Purchase	462		
				21/09/2018	(42)	Sale	420		
				28/09/2018	9	Purchase	429		
				05/10/2018	4,946	Purchase	5,375		
				12/10/2018	84,899	Purchase	90,274		
				19/10/2018	65	Purchase	90,339		
				26/10/2018	(90)	Sale	90,249		
				16/11/2018	131	Purchase	90,380		
				23/11/2018	(931)	Sale	89,449		
				30/11/2018	(60)	Sale	89,389		
				07/12/2018	(800)	Sale	88,589		
				11/01/2019	(8)	Sale	88,581		
				01/03/2019	(70)	Sale	88,511		
				29/03/2019	120,926	Purchase	2,09,437		
				30/03/2019	Closing balance		2,09,437		
3	ANIL BHAVANJI SHAH	50,988	1.70	01/04/2018	Opening balance		50,988	2,03,952	1.70
				05/10/2018	152,964	Purchase	2,03,952		
				30/03/2019	Closing Balance		2,03,952		
4	KCP SUGAR AND INDUSTRIES CORPORATION LIMITED	44,784	1.49	01/04/2018	Opening balance		44,784	1,88,864	1.57
				20/04/2018	(68)	Sale	44,716		
				05/10/2018	134,148	Purchase	1,78,864		
				11/01/2019	10,000	Purchase	1,88,864		
				30/03/2019	Closing Balance		1,88,864		
5	JM FINANCIAL SERVICES LIMITED	13,455	0.45	01/04/2018	Opening balance		13,455	1,81,900	1.52
				06/04/2018	18,482	Purchase	31,937		
				13/04/2018	4,390	Purchase	36,327		
				20/04/2018	(5,967)	Sale	30,360		
				27/04/2018	1,005	Purchase	31,365		
				04/05/2018	(506)	Sale	30,859		
				11/05/2018	1,123	Purchase	31,982		
				18/05/2018	(28,332)	Sale	3,650		
				25/05/2018	(1,213)	Sale	2,437		
				01/06/2018	4,000	Purchase	6,437		
				01/06/2018	(419)	Sale	6,018		
				08/06/2018	(4,875)	Sale	1,143		
				15/06/2018	(341)	Sale	802		
				22/06/2018	(245)	Sale	557		
				29/06/2018	3,000	Purchase	3,557		

Sl. No	Name of the Shareholder	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 total shares of the Company					No of Shares	% of Share Capital of the Company
				29/06/2018	(113)	Sale	3,444		
				13/07/2018	150	Purchase	3,594		
				20/07/2018	1,900	Purchase	5,494		
				27/07/2018	(1,450)	Sale	4,044		
				10/08/2018	(374)	Sale	3,670		
				17/08/2018	(225)	Sale	3,445		
				31/08/2018	(633)	Sale	2,812		
				07/09/2018	183	Purchase	2,995		
				07/09/2018	(70)	Sale	2,925		
				14/09/2018	(2,925)	Sale	-		
				21/09/2018	2,000	Purchase	2,000		
				05/10/2018	500	Purchase	2,500		
				12/10/2018	2,031	Purchase	4,531		
				12/10/2018	(500)	Sale	4,031		
				19/10/2018	(661)	Sale	3,370		
				26/10/2018	(470)	Sale	2,900		
				02/11/2018	250	Purchase	3,150		
				16/11/2018	50	Purchase	3,200		
				14/12/2018	87	Purchase	3,287		
				21/12/2018	304	Purchase	3,591		
				21/12/2018	(27)	Sale	3,564		
				28/12/2018	(364)	Sale	3,200		
				31/12/2018	404	Purchase	3,604		
				04/01/2019	(404)	Sale	3,200		
				11/01/2019	560	Purchase	3,760		
				11/01/2019	(100)	Sale	3,660		
				18/01/2019	(610)	Sale	3,050		
				25/01/2019	104	Purchase	3,154		
				25/01/2019	(2,381)	Sale	773		
				01/02/2019	230	Purchase	1,003		
				01/02/2019	(673)	Sale	330		
				08/02/2019	(330)	Sale	0		
				22/02/2019	1,100	Purchase	1,100		
				01/03/2019	200	Purchase	1,300		
				01/03/2019	(1,100)	Sale	200		
				08/03/2019	140,371	Purchase	1,40,571		
				15/03/2019	78,500	Purchase	2,19,071		
				15/03/2019	(671)	Sale	2,18,400		
				29/03/2019	1,000	Purchase	2,19,400		
				29/03/2019	(37,500)	Sale	1,81,900		
				30/03/2019	Closing Balance		1,81,900		
6	SALIM PYARLI GOVANI	36,971	1.23	01/04/2018	Opening balance		36,971	1,35,284	1.13
				25/05/2018	(450)	Sale	36,521		
				01/06/2018	(550)	Sale	35,971		
				06/07/2018	(96)	Sale	35,875		
				13/07/2018	(484)	Sale	35,391		
				27/07/2018	(249)	Sale	35,142		

Sl. No	Name of the Shareholder	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 total shares of the Company					No of Shares	% of Share Capital of the Company
				03/08/2018	(871)	Sale	34,271		
				10/08/2018	(225)	Sale	34,046		
				24/08/2018	(225)	Sale	33,821		
				05/10/2018	101,463	Purchase	1,35,284		
				30/03/2019	Closing Balance		1,35,284		
7	CHETAN RASIKLAL SHAH	29,300	0.98	01/04/2018	Opening balance		29,300	1,76,239	1.47
				06/04/2018	7,800	Purchase	37,100		
				06/04/2018	(16,800)	Sale	20,300		
				27/04/2018	7,554	Purchase	27,854		
				27/04/2018	(7,500)	Sale	20,354		
				15/06/2018	188	Purchase	20,542		
				22/06/2018	(54)	Sale	20,488		
				29/06/2018	11,999	Purchase	32,487		
				30/06/2018	14,999	Purchase	47,486		
				06/07/2018	12,187	Purchase	59,673		
				06/07/2018	(12,187)	Sale	47,486		
				13/07/2018	908	Purchase	48,394		
				13/07/2018	(1)	Sale	48,393		
				20/07/2018	1,005	Purchase	49,398		
				20/07/2018	(2,186)	Sale	47,212		
				27/07/2018	12,141	Purchase	59,353		
				27/07/2018	(25,000)	Sale	34,353		
				03/08/2018	(2,955)	Sale	31,398		
				10/08/2018	(2,660)	Sale	28,738		
				17/08/2018	(897)	Sale	27,841		
				24/08/2018	(6,798)	Sale	21,043		
				31/08/2018	9,957	Purchase	31,000		
				07/09/2018	(9,808)	Sale	21,192		
				14/09/2018	167	Purchase	21,359		
				28/09/2018	45,260	Purchase	66,619		
				29/09/2018	30,000	Purchase	96,619		
				29/09/2018	(45,000)	Sale	51,619		
				05/10/2018	84,077	Purchase	1,35,696		
				12/10/2018	22,000	Purchase	1,57,696		
				12/10/2018	(29,000)	Sale	1,28,696		
				26/10/2018	119,243	Purchase	2,47,939		
				02/11/2018	100	Purchase	2,48,039		
				14/12/2018	32,100	Purchase	2,80,139		
				14/12/2018	(32,100)	Sale	2,48,039		
				21/12/2018	40,000	Purchase	2,88,039		
				08/02/2019	5,000	Purchase	2,93,039		
				22/02/2019	(30,000)	Sale	2,63,039		
				08/03/2019	(35,000)	Sale	2,28,039		
				15/03/2019	(7,200)	Sale	2,20,839		
				29/03/2019	(44,600)	Sale	1,76,239		
				30/03/2019	Closing Balance		1,76,239		

Sl. No	Name of the Shareholder	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 total shares of the Company					No of Shares	% of Share Capital of the Company
8	TEJAS VIDYADHARA RAO SETHI	27,000	0.90	01/04/2018	Opening balance		27,000	1,08,000	0.90
				05/10/2018	81,000	Purchase	1,08,000		
				30/03/2019	Closing Balance		1,08,000		
9	FORESIGHT HOLDINGS PVT.LTD	25,966	0.87	01/04/2018	Opening balance		25,966	1,03,864	0.87
				05/10/2018	77,898	Purchase	1,03,864		
				30/03/2019	Closing Balance		1,03,864		
10	SHIVSWAROOP GUPTA (HUF)	23,317	0.78	01/04/2018	Opening balance		23,317	93,268	0.78
				05/10/2018	69,951	Purchase	93,268		
				30/03/2019	Closing Balance		93,268		

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Particulars	DPID	Folio/ Client-Id	Shareholding at the beginning of the year	*Increased During the year	Decreased During the Year	Cumulative Shareholding at the end of the Year	
				No. of shares			No. of shares	% of total shares of the company
1.	C P Rangachar	IN300360	21003688	21,100	63,300	-	84,400	0.70
2.	Vidya Rangachar	IN300360	21003670	4,000	12,000	-	16,000	0.13
3	H M Narasinga Rao	YIL009000 & YIL011597	-	450	1,350		1,800	0.02
	Total		**-**	**25,550**	**76,650**	**-**	**1,02,200**	**0.85**

*Note: During the financial Year, on 18.09.2018 Company has allotted the Bonus shares in proportionate of 3:1 i.e 3 (Three) fully paid equity shares for every 1 (One) equity share held by existing shareholders as on record date.

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment: (Rs. in lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,920.64	1,180	-	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**
Change in Indebtedness during the financial year				
Addition	2,740	100	-	2,840.00
Deletion	-	-	-	-
Net Change	**2,740**	**100**		**2,840.00**
Indebtedness at the end of the financial year				
i) Principal Amount	7,660.64	1,280.00	-	8,940.64
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	1.42	-	1.42
Total (i+ii+iii)	**7,660.64**	**1,281.42**	**-**	**8,942.06**

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 (in 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 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	51,00,000 6,62,420
3.	Stock Option	-
4.	Sweat Equity	-
5.	Commission - as % of profit - others, specify…Performance Pay	1% 20,37,000 11,16,000
6	Others: Contribution to Superannuation fund, PF and Insurance other funds	12,69,000
	Total (A)	**1,01,84,420**
	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
		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	-	1,10,000	90,000	70,000	-	-	2,70,000
	• Committee meetings	-	1,00,000	80,000	80,000	-	-	2,60,000
	• Commission	-	3,39,500	3,39,500	3,39,500	-	-	10,18,500
	• Others, please specify	-	-	-	-	-	-	-
	Total (1)	**-**	**5,49,500**	**5,09,500**	**4,89,500**	**-**	**-**	**15,48,500**
2.	**Other Directors**							
	• Fee for attending board meetings	20,000	-	-	-	20,000	1,10,000	1,50,000
	• Committee meetings	-	-	-	-	-	-	-
	• Commission	3,39,500	-	-	-	3,39,500	3,39,500	10,18,500
	• Others, please specify	-	-	-	-	-	-	-
	Total (2)	**3,59,500**	**-**	**-**	**-**	**3,59,500**	**449,500**	**11,68,500**
	Total (B)=(1+2)	**3,59,500**	**5,49,500**	**5,09,500**	**4,89,500**	**3,59,500**	**449,500**	**27,17,000**

Note:

1. Remuneration to other Directors includes Sitting Fees and Commission.
2. 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				
		Mr. K Gopal Krishna – Executive Director	Mr. A Venkatakrishnan – COO	Mr. H M Narasinga Rao, CFO	Mr. Vinayak Hegde - Company Secretary	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	57,87,248	28,18,248	50,01,248	6,38,207	**1,42,44,951**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	21,600	21,600	21,600	-	**64,800**
	(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	4,87,620	2,64,060	3,95,280	37,260	**11,84,220**
	Total	**62,96,468**	**31,03,908**	**54,18,128**	**6,75,467**	**1,54,93,971**

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: 28th May, 2019

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		
1	Name of the subsidiary	**Grotek Enterprises Pvt. Ltd.**	**Coretec Engineering India Pvt. Ltd.**	**Yuflow Engineering Pvt. Ltd.**
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01st April, 2018 to 31st March, 2019	01st April, 2018 to 31st March, 2019	01st April, 2018 to 31st March, 2019
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR
4	Share capital	501.00	61.96	200.00
5	Reserves & surplus	(195.19)	168.72	(639.41)
6	Total assets	4,608.79	2,619.27	6.56
7	Total Liabilities	4,608.79	2,619.27	6.56
8	Investments	-	-	-
9	Turnover & other income	6,935.77	3,098.26	4.27
10	Profit /(Loss) before taxation	313.37	(82.42)	(63.33)
11	Provision for taxation	46.91	(20.99)	-
12	Other comprehensive income for the period	(1.08)	0.11	-
13	**Profit /(Loss) after taxation**	**265.38**	**(61.32)**	**(63.33)**
14	Proposed Dividend	-	-	-
15	% of shareholding	100%	100%	100%

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

1. Names of subsidiaries which are yet to commence operations - NA
2. 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 (except shares)

Name of associates	Sai India Ltd	Kolben Hydraulics Ltd	Bourton Consulting (India) Pvt. Ltd.
1. Latest audited Balance Sheet Date	31st March, 2019	31st March, 2019	31st March, 2019
2. Shares of Associate/Joint Ventures held by the Company on the year ended 31.03.2019	3,60,000	4,62,200	37,300
Amount of Investment in Associates	20.00	46.22	3.73
Extent of Holding%	40%	46.19%	29.54%
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 46.19% 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.
4. Reason why the associate/joint venture is not consolidated	NA	NA	NA
5. Net worth attributable to shareholding as per latest audited Balance Sheet	414.16	10.76	6.37
6. Profit/(Loss) for the year	168.59	(38.02)	1.35
i. Considered in Consolidation	61.86	(18.54)	0.25
ii. Not Considered in Consolidation	106.73	(19.48)	1.10

1. Names of associates or joint ventures which are yet to commence operations - NA.
2. 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: 28th May, 2019

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: NIL

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

Note: All related party transactions are in the ordinary course of business and on arm's length basis and are approved by Audit Committee of the Company.

For and on behalf of the Board of Directors

Place: Bengaluru	**C P Rangachar**	**Capt. N S Mohanram**	**R Srinivasan**
Date: 28th May, 2019	Managing Director	Director	Director
	(DIN: 00310893)	(DIN: 02466671)	(DIN: 00043658)

Annexure-4

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES:

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

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

   The projects undertaken during the financial year 2018-19 are within the broad framework of Schedule VII of the Companies Act, 2013. Company's Corporate Social Responsibility policy is available in Company website in below mentioned link.

   http://www.yukenindia.com/wp-content/uploads/2019/02/CSR-Policy.pdf

2. **The Composition of the CSR Committee.**

Sl. No.	Name	Designation
1	Dr. Premchander	Chairman – Independent Director
2	Mr. C P Rangachar	Member - Managing Director
3	Mr. R Srinivasan	Member - Independent Director

3. **Average net profit of the Company for last three financial years:** Rs. 328.06 Lakhs.

4. **Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above):** Rs. 6.56 Lakhs

5. **Details of CSR spent during the financial year.**

   i. Total amount spent for the financial year: Rs. 6.61 lakhs

   ii. Amount unspent , if any; **Nil**

   iii. Manner in which the amount spent during the financial year is detailed below:

Amount in Rs.

Sl. No	CSR Project Or Activity Identified	Sector in Which the Project is Covered	Projects Or Programs (1) Local area or other (2) State and District where Projects or Programs was undertaken	Amount outlay (budget) project or programs-wise	Amount spent on the projects Or Programs Sub head: (1)Direct Expenditure on projects or programs	Cumulative Expenditure up to the reporting period	Amount spent through implementing agency
1	Contribution towards Education	Promotion of Education	Bengaluru, Karnataka	15,000	15,000	15,000	Ved Vignan Maha Vidya Peeth
2	Contribution towards Education	Promotion of Education	New Delhi.	25,000	25,000	25,000	Ibaadat Foundation

Sl. No	CSR Project Or Activity Identified	Sector in Which the Project is Covered	Projects Or Programs (1) Local area or other (2) State and District where Projects or Programs was undertaken	Amount outlay (budget) project or programs-wise	Amount spent on the projects Or Programs Sub head: (1)Direct Expenditure on projects or programs	Cumulative Expenditure up to the reporting period	Amount spent through implementing agency
3	Contribution towards Kerala Flood Relief	Flood Relief	Bengaluru, Karnataka	1,69,773	1,69,773	1,69,773	RSS Sanchalita Parihara Nidhi
4	Contribution towards setting up old age Homes	Setting up old age Homes	Chennai, Tamil Nadu	50,000	50,000	50,000	Vishranti Charitable Trust
5	Contribution towards protection of our Culture	Protection of Our Culture	Bengaluru, Karnataka	30,000	30,000	30,000	Sree Ramaseva Mandali
6	Contribution towards Health Care projects	Promoting Health Care	Visakhapatnam, Andhra Pradesh	25,000	25,000	25,000	Vision Aid Charitable Service Society
7	Contributions towards Setting up homes for Orphans	Setting up homes for Orphans	Bengaluru, Karnataka	36,000	36,000	36,000	Hindu Seva Pratishthana (NELE)
8	Protection of Animals	Animal Welfare	Udupi Karnataka	3,10,000	3,10,000	3,10,000	Govardhana Giri Trust
			Total	**6,60,773**	**6,60,773**		

6. In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: **Not Applicable**

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

   We hereby declare that the implementation and monitoring of CSR policy is in compliance with the CSR Objectives and Policy of the Company.

For and on behalf of the Board of Directors

Place: Bengaluru Date: 28th May, 2019	**C P Rangachar** Managing Director (DIN: 00310893)	**Capt. N S Mohanram** Director (DIN: 02466671)	**R Srinivasan** Director (DIN: 00043658)	**Dr. Premchander** Director & Chairman of CSR Committee (DIN: 02278652)

Annexure-5

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended on 31st March, 2019

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

To,
The Members,
Yuken India Limited

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

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Yuken India Limited for the financial year ended on 31st March, 2019 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;
    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

(i) The Payment of Gratuity Act, 1972

(j) The Payment of wages Act, 1936

(k) The Trade Mark Act, 1999

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 instances of

a. Increase of Authorised Share Capital and amendment in the Clause V-Capital Clause in Memorandum of Association.

b. Amendment in Article 4 of Article of Association of the Company regarding Share Capital.

c. Issue of Bonus shares to Existing Equity Shareholders.

For Joseph & Chacko LLP
Company Secretaries

Binoy Chacko
FCS No.: 4792
CP No.: 4221

Place: Bangalore
Date: 10/05/2019

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. Whereever 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: 10/05/2019

Annexure-6

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 is 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 & 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. Koichi Oba was appointed as Chairman and Mr. Hideharu Nagahisa has been re-designated from Chairman to Director of the Company with effect from 10th September, 2018.

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

Attendance at the meetings of the Board of Directors during the year and at the last Annual General Meeting, the number of Directorships and Committee Memberships held by them in domestic public and Private Companies by each Director as at 31st March, 2019 are as indicated below:

Sl. No.	Name of the Director	Whether Promoter/Collaborator/ Executive/Non-Executive/Independent/ Non-Independent	Attendance		LoA (3)	No. of outside Directorships held (1)	Committees Membership/ Chairmanship in other companies (2)	
			Board Meetings	Last AGM			Member	Chairman
1	Mr. Hideharu Nagahisa (Chairman up to 10.09.2018)	Non-Executive & Non-Independent Director (Collaborator)	1	Yes	Yes	-	-	-
2	Mr. Koichi Oba (Chairman w.e.f 10.09.2018)	Non-Executive & Non-Independent, Director (Collaborator)	1	Yes	Yes	-	-	-
3	Mr. R Srinivasan	Non-Executive & Independent Director	6	Yes	NA	7	5	4
4	Capt. N S Mohanram	Non-Executive & Independent Director	5	Yes	Yes	-	-	-
5	Dr. Premchander	Non-Executive & Independent Director	4	No	Yes	1	-	-
6	Mr. C P Rangachar	Executive & Non-Independent Director (Promoter)	5	Yes	Yes	8	2	-
7	Mrs. Vidya Rangachar	Executive & Non-Independent Director	6	Yes	NA	1	-	-

Notes:

1. No. of outside Directorships held includes Private Limited Companies and excludes Companies registered under Section 8 of the Companies Act, 2013 (i.e. associations not carrying on business for profit or which prohibits payment of dividend). None of the Directors of the Company hold independent directorships in more than 7 listed Companies.

2. Chairmanship/Membership of Audit Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee in other Public Companies have been considered. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all listed companies in which they are Directors.

3. LOA – Leave of Absence.

4. All Independent Directors fulfill the requirements stipulated in Regulation 25 (1) of the Listing Regulations.

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

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

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

Sl. No	Name of the Listed Company	Category (Director / Independent Director / Whole Time Director)
1	**Mr. R Srinivasan**	
	Sundram Fasteners Limited	Independent Director
	TTK Prestige Limited	Independent Director
	Kirloskar Oil Engines Limited	Independent Director
2	**Mr. C P Rangachar**	
	Natural Capsules Limited	Independent Director

Further, Capt. N S Mohanram, Dr. Premchander, Mr. Hideharu Nagahisa, Mr. Koichi Oba and Mrs. Vidya Rangachar do not hold any directorship in the listed entities other than Yuken India Limited.

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

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

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

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 2018-19, our Board met 6 (Six) times viz., on 30th May 2018, 08th August 2018, 04th September

2018, 03rd November 2018, 02nd February, 2019 and 25th March, 2019.

In addition, a separate meeting of the independent directors was held on 02nd February, 2019. The performance evaluation of the Chairman and Non-Executive Independent Directors was carried out by independent directors.

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

AUDIT COMMITTEE:

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

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

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

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

a) Investigate any activity within its terms of reference

b) Seek information from any employee

c) Obtain outside legal or other professional advice

d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

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

(i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;

(ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;

(iii) examination of the financial statements and the auditors' report thereon;

(iv) approval or any subsequent modification of transactions of the company with related parties;

(v) scrutiny of inter-corporate loans and investments;

(vi) valuation of undertakings or assets of the company, wherever it is necessary;

(vii) evaluation of internal financial controls and risk management systems; and

(viii) Monitoring the end use of funds raised through public offers and related matters.

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

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

As at the year end, the Audit Committee comprises of 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 and Mr. C P Rangachar is an Executive Director.

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

During the year, 4 (four) meetings of the Audit Committee were held, the dates being 30th May 2018, 08th August, 2018, 03rd November 2018 and 02nd February, 2019. The composition of Audit Committee as at 31st March, 2019 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	3

The Chairman of the Audit Committee Capt. N S Mohanram was present at the Annual General Meeting held on 04th September, 2018.

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 2018-19, there is one Nomination and Remuneration Committee meeting held on 30th May, 2018 and the proceedings of the Meeting of the Committee are reported in the Board Meetings for the Board to take note of.

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. C P Rangachar – Executive Director, Mrs. Vidya Rangachar – Non - Executive Director and Mr. H M Narasinga Rao, CFO & Vice President-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, with effective from 02nd February, 2019, Mr. C P Rangachar – Executive Director, Mrs. Vidya Rangachar – Non - Executive Director were appointed as members of the Committee in the place of Mrs. U S Geetha Pushpa, General Manager – Finance and Mr. Chandrakanth H M – DGM Finance.

During the year, 5 (Five) meetings of the Stakeholders Relationship Committee were held, viz., on 23rd April 2018, 16th May 2018, 14th September, 2018, 27th September, 2018 and 07th December, 2018. 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:

Sl. No.	Name of the Members	No. of Meetings held during the year	No. of Meetings attended during the year
1	Dr. Premchander	5	5
2	Mr. H M Narasinga Rao	5	5
3	Mrs. U S Geetha Pushpa (up to 02.02.2019)	5	5
4	Mr. Chandrakanth H M (up to 02.02.2019)	5	5
5	Mr. C P Rangachar (w.e.f 02.02.2019)	-	-
6	Vidya Rangachar (w.e.f 02.02.2019)	-	-

The statistics of Investor's compliants received/redressed during the year are finished below:

Sl. No.	Nature of Complaints	Received	Addressed	Pending
1.	Non-receipt of dividend warrants	2	2	0
2.	Non-receipt of securities	11	11	0
3.	Non-receipt of Annual reports	0	0	0
4.	Complaints from Stock Exchanges / SEBI	3	3	0
	Total	**16**	**16**	**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. A Venkatakrishnan	Member

The Company has in place, a Risk Management framework which aims at monitoring associated practices of the Company for the purpose of identification, evaluation and mitigation of operational, strategic and environmental risks. However, provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Risk Management is not applicable to Company.

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
3.	Mr. R Srinivasan	Member

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

During the year, one meeting of the Corporate Social Responsibility Committee was held on 02nd February, 2019. The proceedings of the Meeting of the Committee are reported in the Board Meetings for the Board to take note of.

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

http://www.yukenindia.com/wp-content/uploads/2019/02/CSR-Policy.pdf

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, 2019. A Certificate to this effect, duly signed by the Managing Director is annexed hereto. Code of Conduct of the Company is available in its website 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 2018-19, no complaint of sexual harassment has been received.

SUBSIDIARY COMPANIES:

With effective from 01.04.2019, Grotek Enterprises Private Limited is material un-listed subsidiary Company. The Audit Committee reviews financial statements, particularly, the capital investments made by the Company's un-listed subsidiary companies. The minutes of unlisted subsidiary companies have been placed before the Board. The accounts of all subsidiary companies are placed before the Board on a regular basis and the attention of the Directors is drawn to all significant transactions and arrangements entered into by the subsidiary companies. The policy relating to Policy-on-Material-Subsidiary-Companies is available in Company website under:

http://www.yukenindia.com/wp-content/uploads/2019/02/Policy-on-Material-Subsidiary-Companies.pdf

DISCLOSURES:

(A) Related Party Transactions:

During the financial year 2018-19, besides the transactions reported in Note No. 50 of the Notes forming part of the financial statements in the Annual Report, there were no other material related party transactions. These transactions do not have any potential conflict with the interests of the Company at large.

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

http://www.yukenindia.com/wp-content/uploads/2019/02/Related-Party-Transactions-Policy.pdf

(B) Disclosure of accounting treatment:

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

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

The Company has not raised any capital during the year ended 31st March, 2019.

(D) 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, 2018-19 is as under*.

Rs. in lakhs

Name	Salary	Value of Perquisites	Contribution to Provident & Superannuation Fund	Leave encashment	Performance pay	Commission	Total
Mr. C P Rangachar	47.00	6.62	12.69	4.00	11.16	20.37	101.84

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

Details of sitting fees and commission payable to Non-Executive Directors for FY 2018-19 are given below:

Amount in Rs

Sl. No	Name of the Director	Sitting fees	Commission	Total
1	Mr. Hideharu Nagahisa	20,000	3,39,500	3,59,500
2	Mr. Koichi Oba	20,000	3,39,500	3,59,500
3	Mr. R Srinivasan	2,10,000	3,39,500	5,49,500
4	Capt. N S Mohanram	1,70,000	3,39,500	5,09,500
5	Dr. Premchander	1,50,000	3,39,500	4,89,500
6	Mrs. Vidya Rangachar	1,10,000	3,39,500	4,49,500
	Total	**6,80,000**	**20,37,000**	**27,17,000**

Mrs. Vidya Rangachar, a Director, holds 16,000 equity shares in the Company and the Company has paid the rent of Rs. 1.80 lakhs for the year ended 31st March, 2019. There is no notice period and severance pay. No stock options have been issued to any of the Directors.

(E) Management Discussion and Analysis:

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

CEO/CFO CERTIFICATION:

The Managing Director being the Chief Executive Officer (CEO) and the Vice President – Finance being the Chief Financial Officer (CFO) have certified to the Board in accordance with Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to CEO/CFO certification for the financial year ended 31st March, 2019, which is annexed hereto.

CERTIFICATE FROM PRACTICING COMPANY SECRETARY:

Certificate as required under Part C of Schedule V of Listing Regulations, received from Mr. Binoy Chacko (CP No. 4221), Partner of M/s. Joseph & Chacko LLP., Practicing Company Secretaries, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory. Copy of Certificate is annexed hereto.

GENERAL BODY MEETINGS:

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

Year	Date	Special Resolution passed	Location	Time
2015-16	21st September, 2016	NA	Woodlands Hotel Pvt. Ltd., No.5, Raja Ram Mohan Roy Road, Bengaluru – 560025.	10.00 am
2016-17	05th September 2017	NA	Woodlands Hotel Pvt. Ltd., No.5, Raja Ram Mohan Roy Road, Bengaluru – 560025.	10.00 am
2017-18	04th September 2018	Amendment in article 4 of Articles of Association of the Company regarding share capital.	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.	**43rd Annual General Meeting**	
	Day, date and time	**Tuesday, 03rd September, 2019 at 10.00 AM**
	Venue	Hotel Ajantha, "Rohini Hall", 22-A, Mahatma Gandhi Road, Near Trinity Metro Station, Bengaluru – 560 001.
b.	**Financial Calendar**	
	i) Financial Year	April to March
	ii) First Quarter Results	August
	iii) Second Quarter Results	November
	iv) Third Quarter Results	February
	v) Year end Results	May
c.	**Date of Book Closure**	29th August, 2019 to 03rd September, 2019 (both days inclusive)
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
g.	**Listing Fee**	Annual listing fee for the financial year 2019-20 paid to the Stock Exchanges.
h.	**Depository Fee**	Annual custody fee for the financial year 2018-19 paid to the depositories.
i.	**Corporate Identity Number**	L29150KA1976PLC003017
j.	**Details of Registrar and Share Transfer Agents:**	Karvy Fintech Private Limited Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032. Phone: (040) 6716 1592/1509/1508 E Mail Id: Einward.ris@karvy.com

k. Market Price Data:

High – Low market price data during each month in the year 2018-19 at BSE Ltd. is furnished below:

Sl. No.	Month	High	Low
1	APR	4,087	3,042.40
2	MAY	4,250	3,710
3	JUN	3,950	3,125
4	JUL	3,510	2,970
5	AUG	3,890	3,252.05
6	SEP	3,700	614.85
7	OCT	644.7	525
8	NOV	599.95	520
9	DEC	649.5	500
10	JAN	627	520
11	FEB	619	471.25
12	MAR	691	555

There was no trading in the Ahmedabad Stock Exchange Ltd. during the year ended 31st March, 2019 since the stock exchange is under the process of de-recognition.

l. 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 Fintech 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, 2019.

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

Pursuant to Sections 124 and 125, and other applicable provisions, if any, of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), came into 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. Iepf.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.

n. Distribution Schedule – Consolidated as on 31.03.2019:

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount (Rs.)	% of Amount
0 – 5000	5,777	86.40	7,18,574	71,85,740	5.99
5001 – 10000	383	5.73	2,95,355	29,53,550	2.46
10001 – 20000	253	3.78	3,87,235	38,72,350	3.23
20001 – 30000	63	0.94	1,58,446	15,84,460	1.32
30001 – 40000	50	0.75	1,86,775	18,67,750	1.56
40001 – 50000	12	0.18	55,560	5,55,600	0.46
50001 – 100000	72	1.08	5,04,432	50,44,320	4.20
100001 & Above	76	1.14	96,93,623	9,69,36,230	80.78
Total	**6,686**	**100**	**1,20,00,000**	**12,00,00,000**	**100**

o. Plant location / address for correspondence:

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

p. Address for communication:

Registrar & Share Transfer Agents (RTA) (matters relating to Shares, Dividends, Annual Reports)	M/s. Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032. Phone: (040) 6716 1592/1509/1508 E Mail Id: Einward.ris@karvy.comw
For any other general matters or in case of any difficulties/grievances	The Company Secretary Yuken India Limited PB No. 5, Koppathimmanahalli Village, Malur-Hosur Main Road, Malur Taluk, Kolar District, Karnataka, India. PIN – 563130. PH: +91- 9731610341, +91 9845191995, +91 8050697694 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

q. Shareholding Pattern as on 31st March, 2019:

Category	No. of shares held	Percentage of Shareholding
Promoters' holding	63,00,208	52.50
Mutual Funds / UTI	2,000	0.02
Private Corporate Bodies	18,16,638	15.14
Indian Public	35,33,095	29.44
HUF	2,12,732	1.77
NRIs/OCBs	57,003	0.48
Clearing Members	6,887	0.06
IEPF	71,437	0.59
Grand Total	**1,20,00,000**	**100**

r. Dematerialization of Shares:

Members are requested to convert their physical holdings demat/electronic form through the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held. Shares received for dematerialization are generally confirmed within maximum period of 21 days from the date of receipt, if the documents are clear in all respects. As on 31.03.2019, 98.17% of the paid up capital of the Company is in Demat form.

s. Credit Rating:

Company has obtained the Credit Rating Report from CARE Ratings Limited on 02nd February, 2019.

The ratings are as under:

Facilities	Amount (Rs. crore)	Rating	Rating Action
Long-term Bank Facilities-Cash Credit	22.00	CARE BBB; Stable (Triple B; Outlook: Stable)	Revised from CARE BBB-; Stable (Triple B Minus)
Short-term Bank Facilities	7.00	CARE A3+ (A Three Plus)	Revised from CARE A3 (A Three)
Total Facilities	**29.00**	**-**	**-**

The Credit Rating Report is available in Company website under:

http://www.yukenindia.com/wp-content/uploads/2019/02/Yuken-India-Limited-02-12-2019.pdf

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

1. To Statutory Auditors:

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

Rs. In Lakhs

Sl. No.	Particulars	Amount of Fees paid
1	Statutory audit including Audit of Internal Financial Control	12.00
2	Group Reporting	2.00
3	Quarterly Limited Review Report	5.50
4	Tax Audit	1.00
5	Forward contract Fees	0.45
6	Reimbursement of Expenditure	0.81
	Total	**21.76**

2. To other Network Firm/Entities: **Rs. In Lakhs**

Sl. No.	Name of the Entity	Nature of Service	Amount of Fees Paid
1	Grant Thornton India LLP	Report on IND AS 115 – Revenue from Contracts with Customer	2.00

Note: above mentioned amounts is excluding necessary taxes/GST.

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 have 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.

D. Recommendations of Committees of the Board:

There were no instances during the financial year 2018-19, wherein the Board had not accepted recommendations made by any committee of the Board.

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

1. Audit qualifications:

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

2. Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee.

DECLARATION ON CODE OF CONDUCT:

In compliance with the requirements of the Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2019.

For Yuken India Limited

C P Rangachar
Managing Director
(DIN: 00310893)

Place: Bengaluru
Date: 28th May, 2019

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To
The Members of,
YUKEN INDIA LIMITED
NO. 16-C, Doddanekundi Industrial Area Ii Phase,
Mahadevapura Bangalore-560048, Karnataka, India

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

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

1. Following are the details of Directors of Below is the list of Directors on the board of Yuken India Limited.

SL NO.	DIN	NAME OF DIRECTOR	DESIGNATION	DIN STATUS
1.	00043658	SRINIVASAN RANGARAJAN	DIRECTOR	Approved
2.	00310893	RANGACHAR PADMANABHAN CATTAN COLETORE	MANAGING DIRECTOR	Approved
3.	02278652	PREMCHANDER	DIRECTOR	Approved
4.	02466671	NEEDAMANGALAM SRINIVASAN MOHANRAM	DIRECTOR	Approved
5.	02612252	VIDYA RANGACHAR	DIRECTOR	Approved
6.	07913414	HIDEHARU NAGAHISA	DIRECTOR	Approved
7.	07913416	KOICHI OBA	DIRECTOR	Approved

2. We further certify that that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority for the Financial Year ending on 31st March, 2019.

For Joseph & Chacko LLP,
Company Secretaries

Binoy Chacko
Partner
FCS No. 4792 / CoP No. 4221

Date: 20/05/2019
Place: Bangalore

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,
The Board of Directors
Yuken India Limited

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, 2019 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
(DIN: 00310893)

Place: Bengaluru
Date: 28th May, 2019

Independent Auditor's Certificate on Corporate Governance

To,
The Members
Yuken India Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 04 October 2018.

2. We have examined the compliance of conditions of corporate governance by Yuken India Limited ('the Company') for the year ended on 31 March 2019, 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 31st March 2019

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

Restriction on use

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

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

Vijay Vikram Singh
Partner
Membership No.: 059139
UDIN: 19059139AAAAAI5355

Place: Bengaluru
Date: 28th May 2019

Independent Auditor's Report

To the Members of
Yuken India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Yuken India Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, 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.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

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

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

Key audit matter	How our audit addressed the key audit matter
Recognition and accounting of revenue relating to Joint development agreement (Refer accounting policies (note 2 (i)) to the standalone financial statements): The Company ('the landowner') has land carrying book value of ₹6,490,000 in the books and has entered into a Joint Development Agreement ('JDA') with Brigade Enterprises Limited ('the Developer') for construction of a multi-storied residential building. Refer note 5,13 and 32 to the standalone financial statements.	**Our audit procedures included, but were not limited to, the following:** • We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. We have understood revenue recognition policies and how they have been applied, including the relevant controls over the revenue recognition from the agreement.

Key audit matter	How our audit addressed the key audit matter
Landowner has sold its development rights in its land and in consideration of giving development rights, the landowner will receive 38.81% of total built up area - its share of developed residential apartments (Non cash consideration). Landowner has irrevocably transferred the right to sell these residential units in favour of the developer and therefore, developer will sell landowner's share of apartments in such residential units to third party on behalf of landowner and in consideration the amount realized would be shared by the land owner and developer in the ratios of 38.81% : 61.19%. The above 'Joint development arrangement' comprises of the following: • Sale of development rights in lieu of construction services provided by the Developer • Sale of Company's share of apartments in lieu of revenue sharing to the extent of the total built-up area received The application of the accounting standard - IND AS 115, involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period.	• We have evaluated the design and implementation of internal controls and tested the operating effectiveness of such controls. We carried out a combination of procedures involving enquiry, observation, reperformance and inspection of evidence in respect of operation of these controls. • We have reviewed and analysed the agreement entered into by the Company with the land developer and identified the distinct performance obligations along with the determination of transaction price. • We have reviewed the internal reports provided by the land developer to the management and board of directors. We have performed inquiry procedures about the project with the developer, management and audit committee. • We have consulted with auditor's experts and obtained their opinion for the accounting of revenue from sale of these developmental rights and recognition of revenue in the financial statements. • We have verified the accuracy of the computation of revenue, taxation and amounts remitted by the land developer to the Company. We have verified the amounts received from the land developer to the bank statements. • We have obtained independent confirmation from the developer for all the transactions during the year with the Company and the closing account balances as on 31 March 2019. • Selected a sample of contracts entered into by the Company, Land developer and Customer and performed the following procedures: o Read, analysed and identified the distinct performance obligations in these contracts. o Compared these performance obligations with that identified and recorded by the Company. o Performed analytical procedures for reasonableness of revenues disclosed, if any. o verified the attributes like date of agreement, terms and conditions, agreement value, liabilities of each party, payment terms etc. in the agreement to verify the existence and occurrence of the transaction.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of investments in subsidiary company As described in Note 6 to the standalone financial statements, as at 31 March 2019, the Company has an investment aggregating to ₹264.60 lakhs in its wholly own subsidiary company, Yuflow Engineering Private Limited. The subsidiary has been incurring losses, resulting in possible impairment indicators. In view of the above, the management of the Company, during the year ended 31 March 2019, has carried out an impairment test for such investments, whereby the carrying amount of the investment was compared with their fair value for which the management had prepared detailed cash flow projections, based on business plans of the subsidiary company, expected growth rates in the business and other market related factors including the discount rates, etc. The above impairment test resulted in no impairment required to be recognized in the carrying value of investment in Yuflow Engineering Private Limited, as at 31 March 2019. Considering the materiality of the amounts involved and significant degree of judgement and subjectivity involved in the estimates and key assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment of such non-current investments as a key audit matter.	**Our audit procedures included, but were not limited to, the following:** • We obtained an understanding of the management process for identification of possible impairment indicators and process performed by the management for impairment testing. • We understood, evaluated and tested controls around management's assessment of the impairment indicators and the testing performed. • We reconciled the cash flow projections to the business plans approved by the Company's board of directors; • We challenged the management's on the underlying assumptions used for the cash flow projections including the expected growth rates, considering evidence available to support these assumptions and our understanding of the business; • We assessed the reasonableness of the assumptions used and tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate; • We evaluated the sensitivity analysis performed by management in respect of the key assumptions such as discount and growth rates to ensure there was sufficient headroom with respect to the estimation uncertainty impact of such assumptions on the calculation; • We assessed the appropriateness and adequacy of the disclosures made by the management for the impairment losses in accordance with applicable accounting standards.

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

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

13. We also provide those charged with governance with a statement that we have complied with relevant

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

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

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

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

17. 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 2019 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 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 28 May 2019 as per Annexure II expressed 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 41 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

        iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;

        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

Vijay Vikram Singh
Partner
Membership No.: 059139

Bengaluru
28 May 2019

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 2019

Annexure I

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 inventory at reasonable intervals during the year, except for goods-in-transit and 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 were noticed on the aforesaid verification.

(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 receipts of the principal amount and the interest are regular;

(c) there is no overdue amount in respect of loans granted to such companies.

(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) The Company is regular in depositing 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, goods and services tax and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, goods and services tax 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 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

Vijay Vikram Singh
Partner
Membership No.: 059139

Bengaluru
28 May 2019

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 2019

Annexure II

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 2019, 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 control 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 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 2019, based on the internal control over financial reporting criteria established by the company, considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

Vijay Vikram Singh
Partner
Membership No.: 059139

Bengaluru
28 May 2019

Standalone Balance Sheet as at 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	6,392.84	5,841.99
Capital work in progress		529.94	87.87
Other intangible assets	4	55.77	69.17
Investment property	5	-	64.90
Financial assets			
(i) Investments	6	937.61	900.80
(ii) Loans	7	0.88	259.99
(iii) Other financial assets	10	18.31	8.08
Deferred tax asset	46	97.89	64.54
Other non-financial assets	12	199.09	42.46
		8,232.33	**7,339.80**
Current assets			
Inventories	13	17,548.60	3,436.27
Financial assets			
(i) Trade receivables	14	8,375.27	6,933.28
(ii) Cash and cash equivalents	8	68.94	40.96
(iii) Bank balances other than cash and cash equivalents	9	51.60	50.85
(iv) Loans	7	271.80	269.24
(v) Other financial assets	10	255.17	251.99
Current tax assets	11	72.23	72.11
Other non-financial assets	12	1,559.45	1,599.72
		28,203.06	**12,654.42**
TOTAL ASSETS		**36,435.39**	**19,994.22**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,200.00	300.00
Other equity	16	16,750.65	5,925.34
		17,950.65	**6,225.34**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	17	1,164.75	1,096.45
(ii) Other financial liabilities	18	634.11	577.74
Provisions	19	95.64	117.21
Deferred tax liabilities (net)	46	144.47	70.13
Other non-financial liabilities	22	255.51	322.17
		2,294.48	**2,183.70**
Current liabilities			
Financial liabilities			
(i) Borrowings	17	7,344.19	4,543.20
(ii) Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		324.86	228.16
Total outstanding dues of creditors other than micro enterprises and small enterprises		4,606.48	4,350.94
(iii) Other financial liabilities	18	1,750.82	1,613.76
Provisions	19	302.59	280.41
Current tax liabilities (Net)	21	330.88	169.75
Other non-financial liabilities	22	1,530.44	398.96
		16,190.26	**11,585.18**
TOTAL EQUITY AND LIABILITIES		**36,435.39**	**19,994.22**

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

Vijay Vikram Singh
Partner
Membership No.: 059139

Place: Bengaluru
Date: 28 May 2019

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

C P Rangachar
Managing Director
(DIN: 00310893)

Capt. N S Mohanram
Director
(DIN: 02466671)

R Srinivasan
Director
(DIN: 00043658)

H M Narasinga Rao
Chief Financial Officer

Vinayak Hegde
Company Secretary
(ACS No: 48364)

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

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	23	28,415.10	23,458.22
Other income	24	603.64	404.30
		29,018.74	**23,862.52**
Expenses			
Cost of materials consumed	25	14,673.82	11,502.82
Purchases of stock-in-trade	26	1,827.89	1,040.80
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	(676.07)	(77.68)
Excise duty on sale of products		-	541.65
Employee benefits expense	28	3,498.21	3,156.47
Finance costs	29	629.28	714.47
Depreciation and amortisation expense	30	329.44	308.72
Other expenses	31	6,786.05	5,354.28
		27,068.62	**22,541.53**
Net profit before exceptional item and tax		**1,950.12**	**1,320.99**
Exceptional item	32	13,047.82	
Profit before tax after exceptional items		**14,997.94**	**1,320.99**
Tax expense:	**46**		
Current tax		3,211.45	374.26
MAT credit entitlement		(97.89)	-
Tax reversal for prior periods		(3.46)	-
Deferred Tax charge		70.10	78.00
Total tax expense		**3,180.20**	**452.26**
Profit after tax		**11,817.74**	**868.73**
Other comprehensive income			
Items that will not be reclassified to profit / (loss)			
Remeasurement (gains)/losses on defined benefit plans		15.86	19.37
Income tax effect		4.24	(10.95)
Other comprehensive income for the year		**20.10**	**8.42**
Total comprehensive income for the year		**11,797.64**	**860.31**
Earnings per equity share :	40		
Basic and diluted		**98.48**	**7.24**

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

Vijay Vikram Singh
Partner
Membership No.: 059139

Place: Bengaluru
Date: 28 May 2019

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

C P Rangachar
Managing Director
(DIN: 00310893)

Capt. N S Mohanram
Director
(DIN: 02466671)

R Srinivasan
Director
(DIN: 00043658)

H M Narasinga Rao
Chief Financial Officer

Vinayak Hegde
Company Secretary
(ACS No: 48364)

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

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A. Cash flow from operating activities		
Profit/(Loss) before tax	**14,997.94**	**1,320.99**
Adjustments for:		
Depreciation and amortisation	329.44	308.72
Loss/(gain) on forward contract mark to market measurement	2.40	(2.25)
Loss on sale or on assets scrapped	3.00	4.25
Interest expense	571.93	631.65
Provision for doubtful trade receivables	72.00	23.83
Bad trade and other receivables written off	144.29	21.39
	16,121.00	**2,308.58**
Interest income	53.89	85.23
Guarantee comission income	36.76	26.55
Net income on discounting of deposits	9.31	14.52
Net unrealised exchange gain/(loss)	39.54	3.59
Dividend income	0.81	0.43
Liabilities / provisions no longer required written back	203.17	53.46
Net profit on sale of developmental rights	13,047.82	-
Operating profit before working capital changes	**2,729.70**	**2,124.80**
Movements in working capital		
(Increase) in inventories	(565.45)	(327.19)
(Increase) in trade receivables	(1,497.87)	(1,269.50)
Decrease in loans	256.55	259.80
(Increase) in other financial assets	(12.87)	(23.35)
Decrease in other assets	36.36	243.54
Increase in trade payables	430.05	883.97
Increase in other financial liabilities	161.36	162.56
(Decrease) in provisions	(15.25)	(33.26)
Increase/(decrease) in non-financial liabilities	21.56	(50.49)
Cash generated from operations	**1,544.14**	**1,970.88**
Net income tax paid	(487.82)	(219.48)
Net cash flow from operating activities (A)	**1,056.32**	**1,751.40**
B. Cash flow from investing activities		
Purchase of property,plant and equipment including capital advances	(1,398.52)	(762.05)
Proceeds from sale of property,plant and equipment.	8.34	12.05
Bank balance not considered as cash and cash equivalent	(0.75)	(9.11)
Investment in associate	(2.50)	-

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

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Advance received from on account of Joint development of property	609.10	
Tax paid on account of Joint development of property	(2,500.00)	
Interest received	53.35	84.03
Dividend received	0.81	0.43
Net Cash flow used in Investing activities (B)	**(3,230.17)**	**(674.65)**
C. Cash flow from financing activities		
Proceeds from Long term borrowings	500.00	1,795.25
Repayment of Long term borrowings	(460.99)	(2,161.39)
Net increase /(decrease) in working capital borrowings	300.99	(32.55)
Proceeds from Short term borrowings	2,500.00	-
Interest expense	(569.48)	(635.80)
Dividends and tax paid there on	(73.17)	(36.83)
Net Cash flow (used in) / from financing activities (C)	**2,197.35**	**(1,071.32)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**23.50**	**5.43**
Cash and Cash Equivalent at the beginning of the year	40.96	32.51
Effect of exchange differences on restatement of foreign currency cash and cash Equivalents	4.48	3.02
Cash and cash equivalents at the end of the year	**68.94**	**40.96**
Cash and cash equivalents as per Note 8	**68.94**	**40.96**

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

Vijay Vikram Singh
Partner
Membership No.: 059139

Place: Bengaluru
Date: 28 May 2019

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

C P Rangachar
Managing Director
(DIN: 00310893)

Capt. N S Mohanram
Director
(DIN: 02466671)

R Srinivasan
Director
(DIN: 00043658)

H M Narasinga Rao
Chief Financial Officer

Vinayak Hegde
Company Secretary
(ACS No: 48364)

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

All amounts are in ₹ lakhs, unless otherwise stated

A. Equity share capital

Particulars	Equity shares	
	Number (in lakhs)	Amount
As at 01 April 2018	**30.00**	**300.00**
Add: Issued and subscribed during the year	90.00	900.00
As at 31 March 2019	120.00	1200.00

B. Other Equity

Particulars	Reserve and surplus		Total
	General reserve	Retained earnings	
Balance as at 01 April 2018	559.58	5,365.76	5,925.34
Additions during the year			
Profit for the year	-	11,817.74	11,817.74
Items of the other comprehensive income, net of tax			
Remeasurement gains/(losses) on defined benefit plans	-	(20.10)	(20.10)
Reductions during the year:			
Profit capitalised as part of bonus shares issue	-	(900.00)	(900.00)
Dividends and tax on dividend	-	(72.33)	(72.33)
Balance as at 31 March 2019	**559.58**	**16,191.07**	**16,750.65**

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

Vijay Vikram Singh
Partner
Membership No.: 059139

Place: Bengaluru
Date: 28 May 2019

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Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

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 28 May 2019.

(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 2019, the Statement of Profit and Loss, the Statements of Cash Flows and the Statement of Changes in Equity for the year ended 31 March 2019, 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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

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

All other liabilities are classified as non-current.

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

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

(e) Property, plant and equipment

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

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

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

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

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

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

Sale of goods

Revenue from the sale of goods is recognised at point in time when controls of promised goods are transferred to the customer (i.e. upon satisfaction of performance obligation), generally on dispatch of the goods.

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 2019

All amounts are in ₹ lakhs, unless otherwise stated

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.

Sale of developmental rights under Joint Development Agreement

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

(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 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.

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.

(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 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.

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 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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

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.

(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 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) Recent accounting pronouncements

At the date of authorisation of the standalone financial statements, the following standard which have not yet been applied in the standalone financial information were in issue but not yet effective.

Ind AS 116, Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

Full retrospective:

Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Modified retrospective:

Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application."

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or;

An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The Company is in the process of evaluating the effect of adoption of Ind AS 116 and has proposed to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (1 April 2019). Accordingly, comparatives for the year ended 31 March 2019 will not be retrospectively adjusted.

Ind AS 12, Income Taxes

On 30 March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The effective date of application of this amendment is annual period beginning on or after 1 April 2019. The Company does not expect this amendment to have any impact to the standalone financial statements.

Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments

On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in accounting estimates and Errors, without using hindsight and;

Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1 April 2019. The Company does not expect any impact to the standalone financial statements on adoption of Ind AS 12 Appendix C.

Ind AS 19, Employee Benefits – plan amendment, curtailment or settlement

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

The effective date for application of this amendment is annual periods beginning on or after 1 April 2019. The Company does not expect any impact to the standalone financial statements on account of this amendment.

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

All amounts are in ₹ lakhs, unless otherwise stated

Note 3 - Property, plant and equipment

Gross carrying amount	Freehold land	Buildings	Plant and machinery	Electrical installation	Furniture and fixtures	Office equipment	Jigs and fixtures	Motor vehicles	Total
Balance as at 01 April 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**
Additions	-	203.18	455.43	5.71	26.07	76.57	102.67	0.65	870.28
Disposals	-	-	(18.13)	(0.26)	(0.06)	(4.86)	-	(0.60)	(23.91)
Balance as at 31 March 2019	**2,233.85**	**2,791.50**	**1,677.02**	**205.31**	**94.95**	**460.45**	**304.93**	**13.64**	**7,781.65**
Accumulated depreciation									
Balance as at 01 April 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**
Depreciation for the year	-	71.46	148.00	11.31	8.05	51.22	17.32	0.73	308.09
Disposals	-	-	(8.07)	(0.05)	(0.03)	(4.29)	-	(0.13)	(12.57)
Balance as at 31 March 2019	**-**	**648.95**	**479.42**	**36.43**	**20.80**	**150.60**	**45.43**	**7.18**	**1,388.81**
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 2019	**2,233.85**	**2,142.55**	**1,197.60**	**168.88**	**74.15**	**309.85**	**259.50**	**6.46**	**6,392.84**

Note:

(a) Contractual obligations

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

(b) Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2019 (31 March 2018: Nil)

(c) 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 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 3 - Property, plant and equipment (contd.)

(d) The Company has leased out assets to its subsidiary on which rental income is earned amounting to ₹63.00 lakhs (31 March 2018: ₹60.75 lakhs). Details of such assets are as follows:

Gross carrying amount	**Freehold land**	**Buildings**	**Total**
Balance as at 01 April 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**
Additions	-	14.14	**14.14**
Disposals	-	-	**-**
Balance as at 31 March 2019	**140.07**	**621.04**	**761.11**
Accumulated depreciation			
Balance as at 01 April 2017	**-**	**22.45**	**22.45**
Depreciation for the year	-	22.58	**22.58**
Disposals	-	-	**-**
Balance as at 31 March 2018	**-**	**45.03**	**45.03**
Depreciation for the year	-	23.08	**23.08**
Disposals	-	-	**-**
Balance as at 31 March 2019	**-**	**68.11**	**68.11**
Net carrying amount			
Balance as at 31 March 2018	**140.07**	**561.87**	**701.94**
Balance as at 31 March 2019	**140.07**	**552.93**	**693.00**

Note 4 - Intangible assets

Gross carrying amount	**ERP software**	**Technical fee**	**Total**
Balance as at 01 April 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**
Additions	7.95	-	7.95
Disposals	-	-	-
Balance as at 31 March 2019	**127.89**	**4.06**	**131.95**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 4 - Intangible assets (Contd.)

Accumulated amortisation			
Balance as at 01 April 2017	**26.36**	**4.05**	**30.41**
Amortisation for the year	24.42	0.00	24.42
Disposals	0.00	0.00	0.00
Balance as at 31 March 2018	**50.78**	**4.05**	**54.83**
Amortisation for the year	21.35	0.00	21.35
Disposals	0.00	0.00	0.00
Balance as at 31 March 2019	**72.13**	**4.05**	**76.18**

Net carrying amount			
Balance as at 31 March 2018	**69.16**	**0.01**	**69.17**
Balance as at 31 March 2019	**55.76**	**0.01**	**55.77**

Note 5 - Investment property

Gross carrying amount	Freehold land	Total
Balance as at 01 April 2017	**1.88**	**1.88**
Additions	63.02	63.02
Disposals	-	-
Balance as at 31 March 2018	**64.90**	**64.90**
Additions	-	-
Disposals	(64.90)	(64.90)
Balance as at 31 March 2019	**-**	**-**

Accumulated Depreciation		
Balance as at 01 April 2017	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 01 April 2018	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2019	-	-

Net carrying amount		
Balance as at 31 March 2018	**64.90**	**64.90**
Balance as at 31 March 2019	**-**	**-**

Note:

Fair value of investment property

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

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 5 - Investment property (Contd.)

The Company had 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:

a) 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;

b) 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 2019	As at 31 March 2018
Trade (Unquoted)		
Valued at cost		
Investment in equity shares of subsidiaries:		
Yuflow Engineering Private Limited		
19,96,000 equity shares (31 March 2018: 19,96,000) of ₹10 each (refer note below)	264.60	264.60
Coretec Engineering India Private Limited		
6,19,200 equity shares (31 March 2018: 619,200) of ₹10 each	80.06	57.75
Grotek Enterprises Private Limited		
50,10,000 equity shares (31 March 2018: 50,10,000) of ₹10 each	523.00	511.00
Investment in equity shares of associates:		
Sai India Limited		
3,60,000 equity shares (31 March 2018: 3,60,000) of ₹10 each	20.00	20.00
Kolben Hydraulics Limited		
4,62,200 equity shares (31 March 2018: 4,37,200) of ₹10 each	46.22	43.72
Bourton Consulting (India) Private Limited		
37,300 equity shares (31 March 2018: 37,300) of ₹10 each	3.73	3.73
Investments measured at fair value through OCI		
Hycom Engineering (India) Private Limited		
9,41,330 equity shares (31 March 2018: 9,41,330) of ₹10 each	94.13	94.13
The Shamrao Vittal Co-operative Bank Limited		
2,000 equity shares (31 March 2018: 2,000) of ₹25 each	0.50	0.50
Less : Provision for other than temporary dimunition in value	(94.63)	(94.63)
	937.61	**900.80**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Evaluation of indicators for impairment of investment

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

The management of the Company, during the year ended 31 March 2019, has carried out an impairment test for investment in Yuflow Engineering Private Limited, whereby the carrying amount of the investment was compared with their fair value for which the management had prepared detailed cash flow projections, based on business plans of the subsidiary, expected growth rates in the business and other market related factors including the discount rates, etc.

The above impairment test resulted in no impairment required to be recognized in the carrying value of investment in Yuflow Engineering Private Limited, as at 31st March 2019.

Note 7 - Loans

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Non-current		
(Unsecured, considered good)		
Loan to employees	0.68	3.25
Loan to related parties	-	256.53
Others	0.20	0.21
	0.88	**259.99**
Current		
(Unsecured, considered good)		
Loan to employees	15.40	12.57
Loan to related parties	256.40	256.67
	271.80	**269.24**

Note 8 - Cash and cash equivalents

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Cash on hand	3.33	3.30
Balances with banks		
(i) In current accounts	44.30	10.04
(ii) In EEFC accounts	21.31	27.62
	68.94	**40.96**

Note 9 - Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
In earmarked accounts		
(i) Unpaid dividend accounts	5.40	6.08
(ii) Balance held as margin money	46.20	44.77
	51.60	**50.85**

Note 10 - Other financial assets

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Balance held as margin money account	18.31	8.08
	18.31	**8.08**
Current		
Security deposits	199.30	171.66
Security deposits to related parties	-	25.00
Interest accrued on deposits	5.87	5.33
Other receivables	50.00	50.00
	255.17	**251.99**

Note 11 - Income tax assets (net)

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
Advance income tax [net of provision for tax of ₹166.88 lakhs (as at 31 March 2018: ₹166.88 lakhs)]	72.23	72.11
	72.23	**72.11**

Note 12 - Other non-financial assets

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Prepaid expenses	9.12	5.21
Capital advances	189.97	37.25
	199.09	**42.46**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 12 - Other non-financial assets (Contd.)

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
Advance to related parties	1,286.20	1,370.84
Advance to suppliers	120.45	103.33
Prepaid expenses	142.03	120.40
Duty drawback receivable	10.46	3.18
Balances with government authorities	-	0.79
Others	0.31	1.18
	1,559.45	**1,599.72**

Note 13 - Inventories

Particulars	As at 31 March 2019	As at 31 March 2018
(Lower of cost or net realisable value)		
Raw materials and components	1,615.72	1,602.15
Goods-in-transit - raw material	27.63	20.70
Work-in-progress	1,032.05	1,093.16
Finished goods (other than those acquired for trading)	1,007.04	555.95
Stock-in-trade	319.28	33.19
Loose tools	-	131.12
Residential units from Joint development of property	13,546.88	-
	17,548.60	**3,436.27**

Note 14 - Trade receivables

Particulars	As at 31 March 2019	As at 31 March 2018
(Unsecured)		
Considered good	8,375.27	6,933.28
Considered doubtful	131.14	215.58
	8,506.41	**7,148.86**
Less: Allowance for doubtful trade receivables	131.14	215.58
	8,375.27	**6,933.28**

Note 15 - Equity share capital

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹10 each	1,50,00,000	1,500.00	60,00,000	600.00
	1,50,00,000	**1,500.00**	**60,00,000**	**600.00**
Issued, subscribed and fully paid up				
Equity shares of ₹10 each	1,20,00,000	1,200.00	30,00,000	300.00
	1,20,00,000	**1,200.00**	**30,00,000**	**300.00**

(a) Reconciliation of the number of shares

Particulars	As at 31 March 2019		As at 31 March 2018	
	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
Add: Issued and subscribed during the year	90,00,000	900.00	-	-
Balance at the end of the year	**1,20,00,000**	**1,200.00**	**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 2019		As at 31 March 2018	
	Number	Percentage	Number	Percentage
Equity shares of ₹10 each, par value				
Yuken Kogyo Co. Limited	48,00,000	40.00%	12,00,000	40.00%
Benefic Investments & Finance Co. Private Limited	13,91,808	11.60%	3,47,952	11.60%

(d) The Company has allotted 90,00,000 fully paid equity shares of face value ₹10 each during the year pursuant to a bonus issue approved by the shareholders through e-voting and physical ballot. The bonus shares were issued by capitalization of profits transferred from its reserves. In the period of five years immediately preceding the Balance Sheet date, the Company has not issued any bonus shares or has bought back any shares.

(e) The Board of Directors, in its meeting held on 28 May 2019, 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 ₹240 lakhs, excluding corporate dividend tax.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 16 - Other equity

Particulars	As at 31 March 2019	As at 31 March 2018
General reserve	559.58	559.58
Surplus in Statement of Profit and Loss	16,191.07	5,365.76
	16,750.65	**5,925.34**

Note 17 - Borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
(Secured)		
Term loans from banks	1,596.45	1,557.44
	1,596.45	**1,557.44**
Less: Current maturities of long-term borrowings	431.70	460.99
	1,164.75	**1,096.45**
Current		
(Secured)		
Loans repayable on demand from banks	6,064.19	3,363.20
(Unsecured)		
Working capital loans from banks	1,280.00	1,180.00
	7,344.19	**4,543.20**

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 2019	As at 31 March 2018
HDFC Bank Limited		
Loan limit	-	300.00
Loan availed	-	237.14
Amount outstanding	-	61.79
Repayable in 16 quarterly instalments without moratorium		
Interest rate - 10.50% (31 March 2018: 10.22%)		
Mizuho Bank Limited		
Loan limit	1,695.25	1,695.25
Loan availed	1,695.25	1,695.25
Amount outstanding	1,096.45	1,495.65
Repayable in 17 quarterly instalments without moratorium		
Interest rate - 9.40% (31 March 2018: 8.35%)		

Note 17 - Borrowings (Contd.)

Particulars	As at 31 March 2019	As at 31 March 2018
Mizuho Bank Limited		
Loan limit	2,000.00	-
Loan availed	500.00	-
Amount outstanding	500.00	-
Repayable in 15 quarterly instalments without moratorium		
Interest rate - 9.10%		

Notes

(i) Term loan amounting to ₹1,695.25 lakhs from HDFC Bank Limited was transferred to Mizuho Bank Limited during the previous 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 ₹3,900 lakhs.

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

Particulars	As at 31 March 2019	As at 31 March 2018
Mizuho Bank Limited		
Loan limit	2,300.00	2,300.00
Amount outstanding	2,300.00	2,200.00
Repayable on demand		
Interest rate - MCLR rates		
HDFC Bank Limited		
Loan limit	1,200.00	800.00
Amount outstanding	702.13	665.32
Repayable on demand		
Interest rate - MCLR rates +1.35% (31 March 2018: MCLR +1.20%)		
Mizuho Bank Limited		
Loan limit	2,500.00	-
Amount outstanding	2,500.00	-
Repayable on demand		
Interest rate - MCLR rates		
SBI Bank Limited		
Loan limit	1,000.00	1,400.00
Amount outstanding	562.06	497.88
Repayable on demand		
Interest rate - MCLR rates + 1.45% (31 March 2018: MCLR +2.00%)		

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

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Note 17 - Borrowings (Contd.)

Notes

Details of security given

SBI Bank Limited

(i) Primary security : Hypothecation on stocks, receivables and other current assets- paripassu charge with HDFC Bank Limited

(ii) Collateral security details:

(a) Equitable mortgage on freehold rights on land and building- Doddanekundi industrial area, Mahadevapura, Bengaluru.

(b) Equitable mortgage of freehold rights on factory land and building located in Peenya, Bengaluru.

(c) Hypothecation of unencumbered fixed assets of the Company

HDFC Bank Limited

(i) First pari pasu charge on stocks, book debts and other current assets with SBI Bank.

(ii) First charge by way of extension of mortgage of factory land and building located in Hedegabanahalli Village, Malur.

(iii) Exclusive charge by way of equitable mortgage on land and building located in Koppathimmanahalli Village, Malur.

(iv) First paripassu charge on all movable fixed assets of the company with SBI Bank 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 2019	As at 31 March 2018
Term Loans and Loans repayable on demand.		
Land and building (Net carrying value)	4,144.26	4,007.97
Stock	4,001.72	3,436.27
Trade receivables	8,375.27	6,933.28
Other current assets	2,206.96	2,212.76

Note 18 - Other financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Security deposit received towards joint development of property	630.89	573.54
Uncharged guarantee commission income	0.40	1.48
Others	2.82	2.72
	634.11	**577.74**
Current		
Trade / security deposits received	489.37	438.63
Payable to employees	366.35	290.98
Current maturities of long-term borrowings	431.70	460.99
Uncharged guarantee commission income	12.81	14.18
Interest accrued but not due on borrowings	1.42	6.17

Note 18 - Other financial liabilities (Contd.)

Particulars	As at 31 March 2019	As at 31 March 2018
Unpaid dividends	5.40	6.24
Payables on purchase of fixed assets	211.50	137.00
Interest accrued on trade payables	2.42	0.60
Forward contract	2.40	-
Accrued liabilities	224.83	256.29
Others	2.62	2.68
	1,750.82	**1,613.76**

Note 19 - Provisions

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Provision for defined benefit obligations	95.64	117.21
	95.64	**117.21**
Current		
Provision for compensated absences	198.83	183.92
Provision for superannuation	103.76	96.49
	302.59	**280.41**

Note 20 - Trade payables

Particulars	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises (refer note 42)	324.86	228.16
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,606.48	4,350.94
	4,931.34	**4,579.10**

Note 21 - Income tax liabilities(net)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for tax [net of advance tax of ₹4,028.80 lakhs (as at 31 March 2018 ₹1041.09 lakhs)]	330.88	169.75
	330.88	**169.75**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 22 - Other non-financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Deferred liability on discounting of deposits	255.51	322.17
	255.51	**322.17**
Current		
Statutory remittances	255.16	163.36
Deferred liability on discounting of deposits	66.67	66.67
Commission payable on account of Joint development of property	273.09	-
Advance from customers	935.52	168.93
	1,530.44	**398.96**

Note 23 - Revenue from operations

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products	28,284.67	23,319.68
	28,284.67	**23,319.68**
Other operating revenue		
Training and other services rendered	102.68	134.67
Duty drawback	27.75	3.87
	130.43	**138.54**
	28,415.10	**23,458.22**

Note 24 - Other income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest income:		
- on deposits with banks	3.12	3.39
- on overdue trade receivables	103.65	53.27
- on others	50.77	81.84
Dividend income	0.81	0.43
Liabilities/ provisions no longer required written back	203.17	53.46
Rental income	67.36	69.26
Sale of scrap	51.26	48.00
Miscellaneous income	123.50	94.65
	603.64	**404.30**

All amounts are in ₹ lakhs, unless otherwise stated

Note 25 - Cost of materials consumed

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock	1,602.15	1,293.78
Add : Purchases	14,687.39	11,811.19
	16,289.54	**13,104.97**
Less : Closing stock	1,615.72	1,602.15
	14,673.82	**11,502.82**

Note 26 - Purchases of stock-in-trade

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Purchase of traded goods	1,827.89	1,040.80
	1,827.89	**1,040.80**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Inventories at the end of the year:		
Finished goods	1,007.04	555.96
Work-in-progress	1,032.05	1,093.16
Stock-in-trade	319.28	33.19
	2,358.37	**1,682.31**
Inventories at the beginning 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**
	(676.07)	**(77.68)**

Note 28 - Employee benefits expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	3,036.67	2,729.81
Contributions to provident and other funds (refer note 47)	268.63	266.31
Staff welfare expenses	192.91	160.35
	3,498.21	**3,156.47**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 29 - Finance costs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest expenses on borrowings	558.92	591.18
Interest on dealers deposits and others	64.98	108.46
Interest on income tax	5.38	14.83
	629.28	**714.47**

Note 30 - Depreciation and amortisation expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment (refer note 3)	308.09	284.30
Amortisation on intangible assets (refer note 4)	21.35	24.42
	329.44	**308.72**

Note 31 - Other expenses

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Consumption of stores and spare parts	311.68	361.31
Tools consumed	273.45	120.32
Consumption of packing materials	428.07	316.33
Subcontracting	2,009.85	1,578.85
Contract labour wages	483.73	374.04
Power and fuel	189.40	150.03
Rent including lease rentals	168.24	158.58
Repairs and maintenance - Buildings	109.53	86.15
Repairs and maintenance - Machinery	252.78	275.66
Repairs and maintenance - Others	17.25	23.42
Vehicle maintenance	46.63	39.21
Insurance	15.79	11.11
Rates and taxes	39.63	50.58
Travelling and conveyance	650.14	520.29
Freight and forwarding	438.44	363.82
Legal and professional charges	345.80	296.00
Remuneration to auditors (refer note below)	19.31	17.84
Bad trade and other receivables written off	144.29	21.39
Loss on sale or scrapping of fixed assets	3.00	4.25
Net loss on foreign currency transactions and translation	93.45	14.03
Provision for doubtful trade receivables	72.00	23.83

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 31 - Other expenses (Contd.)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Corporate social responsibility expenses (refer note 54)	6.61	-
Miscellaneous expenses	666.98	547.24
	6,786.05	**5,354.28**
Note:		
Remuneration to auditors comprises (net of GST input credit):		
For statutory audit	17.50	13.75
For taxation matters	1.00	0.50
Reimbursement of expenses	0.81	3.59
	19.31	**17.84**

Note 32 - Exceptional items

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Estimated revenue from sale of developmental rights	13,546.89	-
Less: Cost of Land	(64.90)	-
Net profit on sale of developmental rights from Joint development of property	**13,481.99**	**-**
Less: expenses incurred towards Joint development of property	(434.17)	-
	13,047.82	**-**

The Company ('the landowner') had entered into a Joint Development Agreement (‘JDA’) with Brigade Enterprises Limited (‘the Developer’) for construction of a multi-storied residential building. As per the agreement, the Company was required to provide the land and the developer would construct the residential building. in accordance with the same, the Company provided a land with a carrying book value of ₹64.90 lakhs. The land which was earlier recorded as Investment property has been derecognised in the current year.

The Company has sold its land developmental rights and in consideration of giving up the developmental rights, the Company will receive a fixed percentage of the total built up area, i.e., its share of developed residential apartments.

The above ‘Joint development arrangement’ comprises of the following:

- Sale of development rights in lieu of construction services provided by the Developer
- Sale of Company’s share of apartments in lieu of revenue sharing to the extent of of the total bulit-up area received

Duirng the year, the sale of development rights has taken place and hence the Company has accordingly recorded the revenue from the sale of such rights. The sale of developmental rights is in exchange of construction services and hence has been accounted as ‘non-cash consideration’ under Ind AS 115. In accordance with Para 66 of Ind AS 115 - Revenue from contract with customers, the consideration for the sale of development rights is measured at the estimated standalone selling price of the residential units. The non-cash consideration has been accounted as an exceptional item.

Estimates and Assumptions:

For projects executed through joint development arrangements, the revenue from the sale of development rights is measured at the estimated standalone selling price of the residential units. The standalone selling price is estimated with reference to the total residential unit bookings made as till 31 March 2019 and the related cost that is allocated to discharge the obligation of

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 32 - Exceptional items (Contd.)

the Company under JDA. Standalone selling price is considered to be the representative of the revenue transaction and land so given up. Such assessment is carried out at the launch of the real estate project and is not reassessed at each reporting period. The Management is of the view that the standalone selling price and estimates are reflective of the current market condition.

Note 33 - Sale of products comprises :

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Manufactured goods		
Hydraulic pump, Valves,etc	16,853.36	14,873.24
Hydraulic systems	9,273.44	7,031.44
	26,126.80	**21,904.68**
Traded goods		
Other Items	2,157.87	1,415.00
	2,157.87	**1,415.00**
	28,284.67	**23,319.68**

Note 34 - Raw materials consumed comprises:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Steel	678.01	467.32
Castings	2,066.85	1,497.19
Others	11,928.96	9,538.31
	14,673.82	**11,502.82**

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 2019	Year ended 31 March 2018
Hydraulic elements	777.41	806.44
Hydraulic power units	170.96	191.57
Gear pumps	83.68	95.15
	1,032.05	**1,093.16**

All amounts are in ₹ lakhs, unless otherwise stated

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Raw materials	4,022.86	3,073.18
Capital goods	74.85	9.75
	4,097.71	**3,082.93**

Note 37 - Expenditure in foreign currency

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Brand fees	109.07	90.47
Royalty	7.90	4.53
Others	104.53	44.68
	221.50	**139.68**

Note 38 - Value of imported and indigenous materials consumed

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Consumption of raw materials, processing materials and packing materials		
- Imported	3,780.79	3,132.17
- Indigenous	12,044.85	9,333.77
	15,825.64	**12,465.94**
% consumption to total consumption		
- Imported	24%	25%
- Indigenous	76%	75%
	100%	**100%**

Note 39 - Earnings in foreign exchange

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
F.O.B. value of export of goods	408.58	246.38
Other income	6.34	9.20
	414.92	**255.58**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 40 - Earnings per share

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Basic and diluted		
Net profit for the year from total operations attributable to the equity shareholders	11,817.74	868.73
Weighted average number of equity shares	120.00	120.00
Par value per share	10.00	10.00
Earnings per share from total operations - Basic and diluted	98.48	7.24

Note 41 - Contingencies and commitments

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Contingent liabilities		
Corporate guarantees given to subsidiaries	3,450.00	1,850.00
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	19.03
(iv) AY 2014-15	16.26	16.26
	3,508.76	**1,908.76**

The Hon'ble Supreme Court of India has passed a judgement relating to definition of wages under the Provident Fund Act, 1952 on February 28, 2019. However, considering that there are numerous interpretative issues related to the judgement and in the absence of reliable measurement of the provision for the earlier period, the Company has made provision for provident fund contribution from the date of order. The Company will evaluate its position and update provision, if required, after receiving further clarity in the regard.

Commitments

Capital commitments	841.24	105.82
	841.24	**105.82**

Note 42 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 2019 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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 42 Dues to micro, small and medium enterprises (Contd.)

Particulars	As at 31 March 2019	As at 31 March 2018
Principal amount remaining unpaid to any supplier as at the end of the accounting year	324.86	228.16
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.60	0.60
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	0.11	0.65
The amount of interest due and payable for the year	1.93	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	2.42	0.60

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Amount of dividends remitted in foreign currency	24.00	12.00
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	1	1
Total of shares held by them on which dividend was due	12,00,000	12,00,000
Years to which dividend relates	2017-18	2016-17

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 2019	Year ended 31 March 2018
Guarantees given			
Coretec Engineering India Private Limited	Corporate guarantee given to banks on behalf of subsidiary	1,850.00	1350.00
Grotek Enterprises Private Limited	Corporate guarantee given to banks on behalf of subsidiary	1,600.00	500.00

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 45 - Capital management (Contd.)

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 2019	As at 31 March 2018
Borrowings (refer note 17)	8,940.64	6,100.64
Trade payables (refer note 20)	4,931.34	4,579.10
Less: Cash and cash equivalents (refer note 8)	(68.94)	(40.96)
Less: Bank balances other than cash and cash equivalents (refer note 9)	(51.60)	(50.85)
Net debt	**13,751.44**	**10,587.93**
Equity	1,200.00	300.00
Other equity	16,750.65	5,925.34
Capital and net debt	**31,702.09**	**16,813.27**
Gearing ratio	43%	63%

Note 46 - Income Tax

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
The major components of income tax expense are:		
Current income tax:		
Current income tax charge	3,211.45	374.26
Less: MAT credit	(97.89)	-
Tax reversal for prior periods	(3.46)	-
	3,110.10	**374.26**
Deferred tax charge/ (credit)		
Relating to the origination and reversal of temporary differences	70.10	78.00
Income tax expense reported in Statement of Profit and Loss	**3,180.20**	**452.26**
Deferred tax related to items recognised in OCI		
Income tax relating to re-measurement losses on defined benefit plans	4.24	(10.95)
	4.24	**(10.95)**
	3,184.44	**441.31**

All amounts are in ₹ lakhs, unless otherwise stated

Note 46 - Income Tax (Contd.)

Reconciliation of deferred tax liabilities (net)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	70.13	3.08
Tax expense/ (credit) during the year recognised in statement of profit and loss	70.10	78.00
Tax expense/(credit) during the year recognised in OCI	4.24	(10.95)
Closing balance	**144.47**	**70.13**

Reconciliation of deferred tax assets (net)

Particulars	As at 31 March 2019	As at 31 March 2018
MAT credit entitlement		
Opening balance	64.54	111.79
Additions during the year	97.89	-
Less: Utilized during the year	64.54	47.25
Closing balance	**97.89**	**64.54**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Accounting profit before tax	14,997.94	1,320.99
Tax on accounting profit at statutory income tax rate [29.12%] (PY 34.608%)	4,367.40	457.17
Reconciling items:		
Expense disallowed under the provisions of Income tax Act, 1961		
Donations and others	0.45	1.64
Guarantee commission income	(10.71)	(9.19)
Additional deductions under section 80JJAA	(5.46)	-
Tax reduction on account of Indexation w.r.t transfer of capital asset	(489.21)	-
Tax reduction on account of special rates of tax on capital gains	(661.61)	-
Change in effective rate of taxation from 34.608% to 29.12% (PY 33.063% to 34.608%)	(20.66)	2.64
At the effective income tax rate of 29.12% (PY 34.608%)	**3,180.20**	**452.26**
Income tax expense reported in the Statement of Profit and Loss	**3,180.20**	**452.26**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 46 - Income Tax (Contd.)

Details of items disclosed under deferred tax liabilities:

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax asset		
Provision for employee benefits	85.75	104.23
Allowance for trade receivables	38.19	74.61
Fair value measurement of Financial asset/liability	25.90	30.40
Deferred tax liability		
Depreciation and amortisation	294.31	279.37
Deferred tax liability, net	**(144.47)**	**(70.13)**

Details of items disclosed under deferred tax asset:

Particulars	As at 31 March 2019	As at 31 March 2018
MAT credit entitlement	97.89	64.54
Deferred tax asset, net	**97.89**	**64.54**

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 ₹122.62 lakhs (31 March 2018: ₹120.80 lakhs) for provident fund contributions and ₹107.60 lakhs (31 March 2018: ₹95.59 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.

B Defined benefit plans

The Company has provided for gratuity and leave encashment liability, for its employees as per actuarial valuation carried out by an independent actuary on the balance sheet date. The valuation has been carried out using the Projected Unit Credit Method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The gratuity plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

a Interest rate risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in financial statements.

All amounts are in ₹ lakhs, unless otherwise stated

Note 47 - Defined benefit obligations (Contd.)

b Liquidity risk

This is the risk that the Company is not able to meet the short-term gratuity payouts.This may arise due to non availabilty 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 benefitis 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 liabilty 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.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows :		
Current service cost	28.43	27.18
Past service cost	-	15.08
Interest cost	26.77	23.82
Expected return on plan assets	(17.63)	(16.16)
Components of defined benefit costs recognised in Statement of Profit or Loss	**37.57**	**49.92**
Re-measurement on the net defined benefit liability :		
Actuarial gains and losses arising from change in financial , demographic and experience adjustments	12.51	13.66
Return on Plan assets excluding amount recognised in net interest expense	3.35	5.71
Components of defined benefit costs recognised in other comprehensive income	**15.86**	**19.37**
Actual contribution and benefit payments for year :		
Actual benefit payments	18.32	56.21
Actual contributions	-	-
Net asset / (liability) recognised in the Balance Sheet :		
Present value of defined benefit obligations	(392.89)	(343.50)
Fair value of plan assets	297.25	226.29
Funded status [surplus / (deficit)]	**(95.64)**	**(117.21)**
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	**(95.64)**	**(117.21)**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 47 - Defined benefit obligations (Contd.)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Change in defined benefit obligations (DBO) during the year :		
Present value of DBO at the beginning of the year	343.50	319.97
Acquisition adjustment	-	-
Current service cost	28.43	27.18
Past service cost	-	15.08
Interest cost	26.77	23.82
Actuarial (gains) / losses	12.51	13.66
Benefits paid	(18.32)	(56.21)
Present value of DBO at the end of the year	**392.89**	**343.50**
Change in fair value of assets during the year :		
Plan assets at the beginning of the year	226.29	217.05
Expected return on plan assets	17.63	16.16
Actual company contributions	75.00	55.00
Actuarial gains / (losses)	(3.35)	(5.71)
Benefits paid	(18.32)	(56.21)
Plan assets at the end of the year	**297.25**	**226.29**
Actual return on plan assets	14.28	10.45
Composition of the plan assets is as follows :		
Others- insurer managed funds	100%	100%
Actuarial assumptions :		
Discount rate	7.70%	7.80%
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%

Note:

a The Company is estimated to contribute ₹127.33 lakhs (March 2018: ₹146.55 lakhs) towards gratuity funds during the next year.

b Details of fund assets which are managed by an insurance company have not been disclosed since the details have not been provided by them.

c The assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

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

Particulars	As at 31 March 2019	As at 31 March 2018
Impact of change in the discount rate		
Impact due to increase of 1%	(32.20)	(29.48)
Impact due to decrease of 1%	37.26	34.17
Impact of change in the salary growth rate		
Impact due to increase of 1%	37.36	34.18
Impact due to decrease of 1%	(32.74)	(29.89)

All amounts are in ₹ lakhs, unless otherwise stated

Note 47 - Defined benefit obligations (Contd.)

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

Particulars	As at 31 March 2019	As at 31 March 2018
Impact of change in the attrition rate		
Impact due to increase of 50%	5.29	5.67
Impact due to decrease of 50%	(5.78)	(5.19)
Impact of change in the mortality rate		
Impact due to increase of 10%	0.29	0.30
Impact due to decrease of 10%	(0.30)	(0.30)

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 2019	As at 31 March 2018
1 year	31.91	9.29
2 - 5 years	134.01	136.14
6 - 10 years	252.39	212.72
More than 10 years	510.53	494.69

Compensated absences

Particulars	As at 31 March 2019	As at 31 March 2018
Charge in the Statement of Profit and Loss	56.99	39.94
Liability as at the year end	199.90	183.92
Actuarial assumptions		
Discount rate	7.70%	7.80%
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 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 48 - Fair value measurements

(i) Financial instruments by category

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

Particulars	Note	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
Assets:				
Investments	6	937.61	-	0.00
Loans	7			
Loan to employees		16.08	-	-
Loan to related parties		256.40	-	-
Others		0.20	-	-
Cash and cash equivalents	8	68.94	-	-
Bank balances other than cash and cash equivalents	9	51.60	-	-
Other financial assets	10			
Balance held as margin money account		18.31	-	-
Security deposits		199.30	-	-
Security deposits to related parties		-	-	-
Interest accrued on deposits		5.87	-	-
Other receivables		50.00	-	-
Trade receivables	14	8,375.27	-	-
Total		**9,979.58**	**-**	**-**
Liabilities:				
Borrowings	17	8,508.94	-	-
Trade payables	20	4,931.34	-	-
Other financial liabilities	18			
Security deposit received towards joint development of property		630.89	-	-
Uncharged guarantee commission income		13.21	-	-
Trade / security deposits received		489.37	-	-
Payable to employees		366.35	-	-
Current maturities of long-term borrowings		431.70	-	-
Interest accrued but not due on borrowings		1.42	-	-
Unpaid dividends		5.40	-	-
Payables on purchase of fixed assets		211.50	-	-
Interest accrued on trade payables		2.42	-	-
Forward contract		-	2.40	-
Accrued liabilities		224.83	-	-
Others		5.44	-	-
Total		**15,822.81**	**2.40**	**-**

All amounts are in ₹ lakhs, unless otherwise stated

Note 48 - Fair value measurements (Contd.)

(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	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
Assets:				
Investments	6	900.80	-	0.00
Loans	7			
Loan to employees		15.82	-	-
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	14	6,933.28	-	-
Total		**8,715.19**	**-**	**-**
Liabilities:				
Borrowings	17	5,639.65	-	-
Trade payables	20	4,579.10	-	-
Other financial liabilities	18			
Security deposit received towards joint development of property		573.54	-	-
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		0.60	-	-
Forward contract		-	-	-
Accrued liabilities		256.29	-	-
Others		5.40	-	-
Total		**12,410.25**	**-**	**-**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 48 - Fair value measurements (Contd.)

(i) Financial instruments by category

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

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

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

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

(iii) Fair value hierarchy

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

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

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

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

a) Assets and liabilities measured at fair value - recurring fair value measurement

As at 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Non current investments	6	-	-	0.00	0.00
Derivative financial liability	18	-	2.40	-	2.4

As at 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Non current investments	6	-	-	0.00	0.00
Derivative financial liability	18	-	-	-	-

Note 49- 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 it's financial performance. The primary market risk to the Company is foreign exchange exposure risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

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

All amounts are in ₹ lakhs, unless otherwise stated

Note 49- Financial risk management (Contd.)

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

(A) Credit risk analysis

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

Assets under credit risk	As at 31 March 2019	As at 31 March 2018
Investments	937.61	900.80
Loan to employees	16.08	15.82
Loan to related parties	256.40	513.20
Others	0.20	0.21
Cash and cash equivalents	68.94	40.96
Bank balances other than cash and cash equivalents	51.60	50.85
Balance held as margin money account	18.31	8.08
Security deposits	199.30	171.66
Security deposits to related parties	-	25.00
Interest accrued on deposits	5.87	5.33
Other receivables	50.00	50.00
Trade receivables	8,375.27	6,933.28
	9,979.58	**8,715.19**

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 2019	As at 31 March 2018
Balance at the beginning	215.58	235.15
Impairment loss recognised	72.00	23.83
Impairment loss reversed	(156.44)	(43.39)
Balance at the end	**131.14**	**215.58**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 49- Financial risk management (Contd.)

A2 Cash and cash equivalents

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due but not impaired

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

(B) Liquidity risk

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

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

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

Maturities of financial liabilities

As at 31 March 2019	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	7,775.89	1,164.75	-	8,940.64
Trade payables	4,931.34	-	-	4,931.34
Other financial liabilities	1,319.12	634.11	-	1,953.23
Total	**14,026.35**	**1,798.86**	**-**	**15,825.21**

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 payable	4,579.10	-	-	4,579.10
Other financial liabilities	1,152.77	577.74	-	1,730.51
Total	**10,736.06**	**1,674.19**	**-**	**12,410.25**

(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

All amounts are in ₹ lakhs, unless otherwise stated

Note 49- Financial risk management (Contd.)

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 2019		As at 31 March 2018	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Financial assets					
Trade receivables	USD	3.61	248.97	2.32	150.77
	EURO	0.004	0.28	0.01	1.18
	JPY	8.01	4.99	13.22	8.17
	GBP	0.22	20.38	0.05	4.49
EEFC balances	USD	0.06	4.15	0.38	24.47
	EURO	0.22	17.16	0.04	3.15
Financial liabilities					
Trade payables	USD	13.67	942.45	13.75	892.31
	EURO	-	-	0.030	2.37
	JPY	2.70	1.68		

Conversion rates	USD	EUR	JPY	GBP
As at 31 March 2019	68.92	77.56	0.62	90.81
As at 31 March 2018	64.88	80.26	0.62	91.90

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 2019	Decrease 31 March 2019	Increase 31 March 2018	Decrease 31 March 2018
Sensitivity				
INR/USD	6.89	(6.89)	7.17	(7.17)
INR/EURO	0.17	(0.17)	0.02	(0.02)
INR/JPY	0.03	(0.03)	0.08	(0.08)
INR/GBP	0.20	(0.20)	0.04	(0.04)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 49- Financial risk management (Contd.)

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 indirectly observable in the marketplace.

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

Particulars	31 March 2019	31 March 2018
Forward Contracts		
In USD	5.00	-

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 2019	31 March 2018
Not later than one month	1.50	-
Later than one month and not later than three months	2.50	-
Later than three months and not later than a year	1.00	-

Interest rate risk

Liabilities

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2019, 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 2019	As at 31 March 2018
Variable rate borrowing	7,344.19	4,543.20
Fixed rate borrowing	1,596.45	1,557.44
Total borrowings	8,940.64	6,100.64
Amount disclosed under other current financial liabilities	431.70	460.99
Amount disclosed under borrowings	8,508.94	5,639.65

Sensitivity

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

Particulars	31 March 2019	31 March 2018
Interest sensitivity		
Interest rates – increase by 100 basis points (100 bps)	73.44	45.43
Interest rates – decrease by 100 basis points (100 bps)	(73.44)	(45.43)

Note 50 - 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. Gopalkrishna- Executive Director.
	A. Venkata Krishnan- Chief Operating Officer****
IV Relatives of KMP	Vidya Rangachar
	Madhuri Rangachar
V Entity having significant influence	Yuken Kogyo Co Limited
VI Entities controlled by significant shareholder	Yuken Hydraulics (T.W) Co Ltd
	Yuken Europe Ltd
	Yuken Korea co Ltd
	Yuken Kogyo (Foshan) Co Ltd
	Yuken sea co Ltd
VII Parties in which key management personnel or their relatives have significant influence	Al Khoor Pumps & Hydraulic Machines TR. (LLC)
	Benefic Investment and Finance Company (Private) Limited
VIII Other related parties	Yuken India Employees Gratuity Trust
	Yuken India Employees Superannuation Fund
*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 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 50 - Related party disclosures (Contd.)

IX Details of related parties transactions for the year ended 31 March 2019 and 31 March 2018 are as follows:

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2019	Year ended 31 March 2018
Purchase of fixed assets			
Coretec Engineering India Private Limited	Subsidiary	113.69	119.48
Yuken Kogyo Co Limited	Entity having significant influence	39.54	
Purchase of goods and services received			
Coretec Engineering India Private Limited	Subsidiary	3,233.66	2,440.04
Yuflow Engineering Private Limited	Subsidiary	0.26	-
Yuken Kogyo Co Limited	Entity having significant influence	2,082.33	1,605.61
Yuken Hydraulics (T.W) Co Ltd	Entities controlled by significant shareholder	936.48	729.69
Yuken Kogyo (Foshan) Co Ltd	Entities controlled by significant shareholder	4.14	-
Yuken Europe Limited	Entities controlled by significant shareholder	-	4.95
Yuken Korea Co Ltd	Entities controlled by significant shareholder	-	1.11
SAI India Limited	Associate	5.23	7.43
Kolben Hydraulics Limited	Associate	104.16	23.49
Bourton Consulting (India) Private Limited	Associate	20.06	16.93
Grotek Enterprises Private Limited	Subsidiary	1,713.99	1,507.20
Al Khoor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	45.33	6.76
Royalty and brand fees paid			
Yuken Kogyo Co Limited	Entity having significant influence	116.99	95.00
Sale of fixed assets			
Coretec Engineering India Private Limited	Subsidiary	4.53	13.75
Sale of goods and services			
Coretec Engineering India Private Limited	Subsidiary	8.72	3.39
Yuken Kogyo Co Limited	Entity having significant influence	16.44	5.87
Yuken Hydraulics (T.W) Co Ltd	Entities controlled by significant shareholder	16.93	16.60
Yuken Europe Limited	Entities controlled by significant shareholder	28.36	14.81
Yuken Korea Co Ltd	Entities controlled by significant shareholder	31.80	18.63
Yuken Sea Co Ltd	Entities controlled by significant shareholder	0.10	-
Kolben Hydraulics Limited	Associate	17.18	7.47
Grotek Enterprises Private Limited	Subsidiary	41.52	39.77
SAI India Limited	Associate	3.75	3.57

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 50 - Related party disclosures (Contd.)

IX Details of related parties transactions for the year ended 31 March 2019 and 31 March 2018 are as follows:

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2019	Year ended 31 March 2018
Al Khoor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	26.14	37.37
Rent Received			
Grotek Enterprises Private Limited	Subsidiary	74.34	71.24
Kolben Hydraulics Limited	Associate	2.02	3.02
Interest Income Received			
Grotek Enterprises Private Limited	Subsidiary	43.54	71.63
Dividend received			
Bourton Consulting (India) Private Limited	Associate	0.75	0.37
Dividend paid			
Yuken Kogyo Co Limited	Entity having significant influence	24.00	12.00
C P Rangachar	KMP	0.42	0.21
Vidya Rangachar	Relative of KMP	0.08	0.04
Madhuri Rangachar	Relative of KMP	0.04	0.02
Benefic Investment and Finance Company (Private) Limited	Parties in which KMP or their relatives have significant influence	6.96	3.48
Investment made in equity shares			
Kolben Hydraulics Ltd	Associate	2.50	-
Corporate guarantee given			
Coretec Engineering India Private Limited	Subsidiary	1,850.00	1,350.00
Grotek Enterprises Private Limited	Subsidiary	1,600.00	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	24.85	17.71
Grotek Enterprises Private Limited	Subsidiary	11.91	8.85
Remuneration including commission			
C P Rangachar	KMP	101.84	67.59
Subramanya Ullal - Chief Executive Officer(resigned on 15/02/2018)	KMP	-	44.42
H M Narasinga Rao - Chief Financial Officer	KMP	54.18	50.81
Sridevi Chintada - Company Secretary(resigned on 12/02/2018)	KMP	-	5.25

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 50 - Related party disclosures (Contd.)

IX Details of related parties transactions for the year ended 31 March 2019 and 31 March 2018 are as follows:

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2019	Year ended 31 March 2018
Vinayak Hegde - Company Secretary(appointed on 12/02/2018)	KMP	6.75	0.92
K. Gopalkrishna- Executive Director.	KMP	62.96	58.61
A. Venkata Krishnan- Chief Operating Officer (appointed on 15/02/2018)	KMP	31.04	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	2.63	0.58
Contribution to post employment benefit plans			
Yuken India Employees Gratuity Trust	Post -employment benefit plan	75.00	55.00
Yuken India Employees Superannuation Fund	Post -employment benefit plan	98.84	94.28

X Details of amounts outstandings from related parties as at 31 March 2019 and 31 March 2018 are as follows:

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2019	Year ended 31 March 2018
Amount outstanding (Advance towards purchase of goods and services)			
Yuflow Engineering Private Limited	Subsidiary	365.36	303.13
Grotek Enterprises Private Limited	Subsidiary	789.80	1028.71
Kolben Hydraulics Limited	Associate	131.04	39.00
Loan outstanding			
Grotek Enterprises Private Limited	Subsidiary	256.40	513.20
Amount outstanding (Receivables)			
Coretec Engineering India Private Limited	Subsidiary	29.88	13.21
Yuflow Engineering Private Limited	Subsidiary	-	62.49
Yuken Kogyo Co Limited	Entity having significant influence	5.26	6.58
Yuken Hydraulics (T.W) Co Ltd.	Entities controlled by significant shareholder	2.56	6.36
Yuken Europe Limited	Entities controlled by significant shareholder	20.38	5.42
Grotek Enterprises Private Limited	Subsidiary	128.35	21.61
Sai India Limited	Associate	2.79	9.06
Kolben Hydraulics Limited	Associate	35.46	10.84
Al Khoor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	144.20	112.73

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 50 - Related party disclosures (Contd.)

X Details of amounts outstandings from related parties as at 31 March 2019 and 31 March 2018 are as follows:

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2019	Year ended 31 March 2018
Amount oustanding (Payables)			
Coretec Engineering India Private Limited	Subsidiary	412.26	772.78
Yuken Kogyo Co Limited	Entity having significant influence	741.33	655.76
Yuken Hydraulics (T.W) Co Ltd.	Entities controlled by significant shareholder	249.71	220.48
Yuken Europe Limited	Entities controlled by significant shareholder	-	0.06
Yuken Kogyo (Foshan) Co Ltd	Entities controlled by significant shareholder	4.00	-
Sai India Limited	Associate	3.40	8.20
Al Khoor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	0.10	-
Bourton Consulting (India) Private Limited	Associate	1.42	3.89
Key Management Personnel remuneration payable			
C P Rangachar	KMP	35.53	17.08
H M Narasinga Rao - Chief Financial Officer	KMP	2.47	1.96
Vinayak Hegde - Company Secretary(appointed on 12/02/2018)	KMP	0.48	0.44
K. Gopalkrishna- Executive Director.	KMP	2.62	2.33
A. Venkata Krishnan- Chief Operating Officer(appointed on 15/02/2018)	KMP	1.80	1.42
Security Deposit given			
Grotek Enterprises Private Limited	Subsidiary	-	25.00
Investments			
Yuflow Engineering Private Limited	Subsidiary	264.60	264.60
Coretec Engineering India Private Limited	Subsidiary	80.06	57.75
Grotek Enterprises Private Limited	Subsidiary	523.00	511.00
Sai India Limited	Associate	20.00	20.00
Kolben Hydraulics Limited	Associate	46.22	43.72
Bourton Consulting (India) Private Limited	Associate	3.73	3.73
Guarantees outstanding			
Coretec Engineering India Private Limited	Subsidiary	1,850.00	1,350.00
Grotek Enterprises Private Limited	Subsidiary	1,600.00	500.00

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 51 - Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 – Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after 1 April 2018, replaces the requirements of existing revenue recognition standard Ind AS 18. The Company has applied the cumulative catch-up transition method to all open contracts as at 1 April 2018. The provision of new standard required recognition of revenue at transaction price net of variable consideration which were earlier accounted as an expense. The application of Ind AS 115 has no material impact on revenue from operations of the current year. the Company has recognised profit on sale of develpment rights from its joint development property in accordance with the application of Ind AS 115, which has a material impact on the financial statements in the current year. Profit on sale of development rights has been disclosed as an exceptional item. Refer note 32 for details.

i) Disaggregated revenue information

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition:

	Timing of revenue recognition	31 March 2019
Sale of products		
Finished goods	At point in time	28,284.67
Sale of Services		
Training and other services rendered	Over a period of time	102.68
Duty drawback	At point in time	27.75
Profit on sale of development rights	At point in time	13,047.82

ii) Contract balances

	31 March 2019	31 March 2018
Trade receivables	8,375.27	6,933.28
Contract liabilities – Advance from customers	935.52	168.93

Contract liabilities include advances received from customers. The outstanding balances of these accounts has increased primarily on account of satisfaction of performance obligation subsequent to year-end against which the advances were received during the year.

Contract liabilities - Advance from customers include the advances received from customers on the booking of residential units

iii) Performance obligation

Information about the Company's performance obligations are summarised below:

Sale of goods

The performance obligation is satisfied upon shipment of the goods and transfer of control. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price is allocated

All amounts are in ₹ lakhs, unless otherwise stated

Note 51 - Ind AS 115 – Revenue from Contracts with Customers (Contd.)

Sale of services

The performance obligation is satisfied over-time or point in time based on the nature of services and payment is generally due upon completion of services.

Sale of developmental rights

The performance obligation is satisfied at a point in time when the obligation of transferring the development rights are fulfilled.

Note: 52 - Segment information

The Managing Director of the Company has been identified as the Chief Operating Decision Maker(CODM) as defined by Ind AS 108- Operating Segments. The CODM evaluates the Company performance and allocates resources based on Single Segment - Hydraulics

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Revenues from external customers for each product or each group of similar products		
Sale of products	28,284.67	23,319.68
	28,284.67	**23,319.68**
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	27,876.09	23,073.30
Outside India	408.58	246.38
	28,284.67	**23,319.68**
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	7,177.64	6,106.39
Outside India	-	-
	7,177.64	**6,106.39**
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	2,090.39	1,749.50
Percentage	7.39%	7.50%
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 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 53 - 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 ₹168.24 lakhs (31 March 2018: ₹158.58 lakhs) which has been grouped under 'Rent' under note 31. There are no contingent rents payable.

Note 54 - Corporate social responsibilty ('CSR')

The Company has incurred CSR expenses mainly towards promoting education, healthcare animal welfare, setting up old age homes and setting up homes for orphans which are specified in Schedule VII of the Companies Act, 2013.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Gross amount required to be spent during the year #	6.56	-
Amount spent during the year	6.61	-
In cash		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	6.61	-
Yet to be paid in cash		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	-

Amounts computed is based upon profits as per relevant GAAP applicable for the respective years.

Note 55 - Previous period comparatives

Post implementation of Goods and Services Tax ("GST") with effect from 1 July 2017, revenue from operations is disclosed net of GST. Revenue from operations for the year ended 31 March 2018 includes excise duty up to 30 June 2017 which is now subsumed in the GST. Accordingly, revenue from operations for the year ended 31 March 2019 are not comparable with year ended 31 March 2018.

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

Vijay Vikram Singh
Partner
Membership No.: 059139

Place: Bengaluru
Date: 28 May 2019

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

C P Rangachar
Managing Director
(DIN: 00310893)

Capt. N S Mohanram
Director
(DIN: 02466671)

R Srinivasan
Director
(DIN: 00043658)

H M Narasinga Rao
Chief Financial Officer

Vinayak Hegde
Company Secretary
(ACS No: 48364)

Independent Auditor's Report

To the Members of
Yuken India Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Yuken India Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associates the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019 and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 13 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Key audit matter	How our audit addressed the key audit matter
Recognition and accounting of revenue relating to Joint development agreement (Refer accounting policies (note 2 (j)) to the consolidated financial statements): The Company ('the landowner') has land carrying book value of ₹6,490,000 in the books and has entered into a Joint Development Agreement ('JDA') with Brigade Enterprises Limited ('the Developer') for construction of a multi-storied residential building. Refer note 5,13 and 32 to the consolidated financial statements. Landowner has sold its development rights in its land and in consideration of giving development rights, the landowner will receive 38.81% of total built up area - its share of developed residential apartments (Non cash consideration). Landowner has irrevocably transferred the right to sell these residential units in favour of the developer and therefore, developer will sell landowner's share of apartments in such residential units to third party on behalf of landowner and in consideration the amount realized would be shared by the land owner and developer in the ratios of 38.81% : 61.19%. The above 'Joint development arrangement' comprises of the following: • Sale of development rights in lieu of construction services provided by the Developer • Sale of Company's share of apartments in lieu of revenue sharing to the extent of the total built-up area received The application of the accounting standard - IND AS 115, involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period.	**Our audit procedures included, but were not limited to, the following:** • We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. We have understood revenue recognition policies and how they have been applied, including the relevant controls over the revenue recognition from the agreement. • We have evaluated the design and implementation of internal controls and tested the operating effectiveness of such controls. We carried out a combination of procedures involving enquiry, observation, reperformance and inspection of evidence in respect of operation of these controls. • We have reviewed and analysed the agreement entered into by the Company with the land developer and identified the distinct performance obligations along with the determination of transaction price. • We have reviewed the internal reports provided by the land developer to the management and board of directors. We have performed inquiry procedures about the project with the developer, management and audit committee. • We have consulted with auditor's experts and obtained their opinion for the accounting of revenue from sale of these developmental rights and recognition of revenue in the financial statements. • We have verified the accuracy of the computation of revenue, taxation and amounts remitted by the land developer to the Company. We have verified the amounts received from the land developer to the bank statements. • We have obtained independent confirmation from the developer for all the transactions during the year with the Company and the closing account balances as on 31 March 2019. • Selected a sample of contracts entered into by the Company, Land developer and Customer and performed the following procedures: o Read, analysed and identified the distinct performance obligations in these contracts. o Compared these performance obligations with that identified and recorded by the Company. o Performed analytical procedures for reasonableness of revenues disclosed, if any. o verified the attributes like date of agreement, terms and conditions, agreement value, liabilities of each party, payment terms etc. in the agreement to verify the existence and occurrence of the transaction.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

7. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements 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 changes in equity and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors/management of the companies included in the Group and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Director either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the financial reporting processof the companies included in the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

15. We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹7,234.62 lakhs and net assets of ₹97.08 lakhs as at 31 March 2019, total revenues of ₹9,905.22 lakhs and net cash inflows amounting to ₹11.87 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹43.57 lakhs for the year ended 31 March 2019, as considered in the consolidated financial statements, in respect of three associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates , 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.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the

other auditors, referred to in paragraph 13, on separate financial statements of the subsidiaries and associates, we report that the Holding Company, its subsidiary companies and associate companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report (s) of the other auditor (s) 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 and its associate companies covered under the Act, are disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies and associate companies 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 Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements 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 34 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 as at 31 March 2019;

        iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and associate companies during the year ended 31 March 2019;

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

Vijay Vikram Singh
Partner
Membership No.: 059139

Bengaluru
28 May 2019

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 2019

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') and 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 2019, 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 control 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 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 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 2019, based on the internal control over financial reporting criteria established by the company, considering the essential components of internal control stated in the Guidance Note issued by ICAI.

Other Matters

9. 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 ₹7,234.62 lakhs and net assets of ₹97.08 lakhs as at 31 March 2019, total revenues of ₹9,905.22 lakhs and net cash inflows amounting to ₹11.87 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹43.57 lakhs for the year ended 31 March 2019, in respect of three 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

Vijay Vikram Singh
Partner
Membership No.: 059139

Bengaluru
28 May 2019

Consolidated Balance sheet as at 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,259.85	8,102.91
Capital work-in-progress		891.74	113.50
Other intangible assets	4	271.86	288.89
Investment property	5	-	64.90
Goodwill arising on consolidation		35.61	35.61
Financial assets			
(i) Investments	6	413.95	367.80
(ii) Loans	7	0.88	3.46
(iii) Other financial assets	10	24.01	37.84
Deferred tax asset		142.11	64.54
Other non-financial assets	12	698.89	62.16
		11,738.90	**9,141.61**
Current assets			
Inventories	13	18,379.29	4,021.86
Financial assets			
(i) Trade receivables	14	9,577.30	7,825.84
(ii) Cash and cash equivalents	8	102.47	62.62
(iii) Bank balances other than cash and cash equivalents	9	51.60	50.85
(iv) Loans	7	27.91	15.02
(v) Other financial assets	10	255.17	226.99
Current tax assets	11	72.23	97.92
Other non-financial assets	12	607.04	471.51
		29,073.01	**12,772.61**
TOTAL ASSETS		**40,811.91**	**21,914.22**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	1,200.00	300.00
Other equity	16	16,176.84	5,230.71
		17,376.84	**5,530.71**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	17	1,813.28	1,186.60
(ii) Other financial liabilities	18	633.71	577.00
Provisions	19	172.67	187.96
Deferred tax liabilities (net)	38	345.89	246.05
Other non financial liabilities	22	255.51	322.17
		3,221.06	**2,519.78**
Current liabilities			
Financial liabilities			
(i) Borrowings	17	8,813.70	5,634.44
(ii) Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		648.98	413.46
Total outstanding dues of creditors other than micro enterprises and small enterprises		6,232.52	5,123.87
(iii) Other financial liabilities	18	1,806.05	1,640.93
Provisions	19	369.33	355.49
Current tax liabilities	21	379.56	190.68
Other non-financial liabilities	22	1,963.87	504.86
		20,214.01	**13,863.73**
TOTAL EQUITY AND LIABILITIES		**40,811.91**	**21,914.22**

See accompanying notes (1-49) forming part of these financial statements.

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

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

Vijay Vikram Singh
Partner
Membership No.: 059139

Place: Bengaluru
Date: 28 May 2019

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

C P Rangachar
Managing Director
(DIN: 00310893)

Capt. N S Mohanram
Director
(DIN: 02466671)

R Srinivasan
Director
(DIN: 00043658)

H M Narasinga Rao
Chief Financial Officer

Vinayak Hegde
Company Secretary
(ACS No: 48364)

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

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Revenue from operations	23	33,941.30	27,432.57
Other income	24	561.75	266.65
		34,503.05	**27,699.22**
Expenses			
Cost of materials consumed	25	15,512.62	11,916.09
Purchases of stock-in-trade	26	1,827.89	1,042.21
Changes in stock of finished goods, work-in-progress and stock-in-trade	27	(862.78)	(150.43)
Excise duty on sale of goods		-	639.55
Employee benefits expense	28	4,314.26	3,888.22
Finance costs	29	788.78	814.17
Depreciation and amortisation expense	30	619.90	555.51
Other expenses	31	10,248.11	7,831.38
		32,448.78	**26,536.70**
Net Profit before exceptional item and tax		**2,054.27**	**1,162.52**
Exceptional item	32	13,047.82	-
Profit before tax after exceptional items		**15,102.09**	**1,162.52**
Tax expense:			
Current tax		3,255.66	390.16
MAT credit entitlement		(142.11)	-
Tax reversals for prior periods		(3.46)	-
Deferred tax charge		96.02	56.58
Total tax expense		**3,206.11**	**446.74**
Profit after tax		**11,895.98**	**715.78**
Equity earnings of associates		**43.57**	**(5.06)**
Profit for the year		**11,939.55**	**710.72**
Other comprehensive income			
Items that will not be reclassified to profit / (loss)			
Remeasurement (gains)/losses on defined benefit plans		17.29	13.48
Income tax effect		3.80	(9.82)
Other comprehensive income for the year		**21.09**	**3.66**
Total comprehensive income for the year		**11,918.46**	**707.06**
Earnings per equity share:			
Basic and diluted	33	99.50	5.92

See accompanying notes (1-49) 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

Vijay Vikram Singh
Partner
Membership No.: 059139

Place: Bengaluru
Date: 28 May 2019

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

C P Rangachar
Managing Director
(DIN: 00310893)

Capt. N S Mohanram
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R Srinivasan
Director
(DIN: 00043658)

H M Narasinga Rao
Chief Financial Officer

Vinayak Hegde
Company Secretary
(ACS No: 48364)

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

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A) Cash flow from operating activities		
Profit / (loss) before tax	15,102.09	1,162.52
Adjustments for:		
Depreciation and amortisation	619.90	555.51
Interest expense	735.89	731.35
Provision for doubtful trade receivables	72.53	23.83
Bad trade and other receivables written off	224.09	26.75
Loss/(gain) on forward contract mark to market measurement	2.40	(2.25)
Unrealised exchange difference on translation of foreign currency cash and cash equivalents	(4.48)	(3.02)
Net unrealised exchange (gain)	(35.06)	(0.57)
Net income on discounting of deposits	(9.31)	(14.52)
Loss/(gain) on sale or on assets scrapped	3.57	(13.33)
Interest income	(10.35)	(13.60)
Dividend income	(0.81)	(0.43)
Liabilities / provisions no longer required written back	(289.10)	(56.66)
Net Profit on Sale of Developmental Rights	(13,047.82)	-
Operating profit before working capital changes	**3,363.54**	**2,395.58**
Movements in working capital		
(Increase) in inventories	(810.55)	(392.84)
(Increase) in trade receivables	(1,887.67)	(1,479.86)
(increase)/Decrease in loans	(10.31)	4.04
(Increase) in other financial assets	(13.81)	(23.79)
(Increase)/decrease in other non-financial assets	(139.46)	(18.01)
Increase in trade payables	1,507.91	872.57
Increase in other financial liabilities	94.09	133.68
(Decrease)/ Increase in provisions	(18.74)	0.19
Increase/(decrease) in other non-financial liabilities	417.33	(21.48)
Cash generated from operations	**2,502.34**	**1,470.08**
Net income tax paid	(483.23)	(242.25)
Net cash flow from operating activities (A)	**2,019.11**	**1,227.84**

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

All amounts are in ₹ lakhs, unless otherwise stated

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
B) Cash flow from investing activities		
Purchase of property, plant and equipment.	(3,124.60)	(975.73)
Proceeds from sale of property, plant and equipment	24.67	33.45
Bank balance not considered as cash and cash equivalents	(0.75)	(9.11)
Interest received	9.81	12.39
Purchase of long term investments - Associate	(2.50)	-
Advance received on account of Joint development of property	609.10	-
Dividend received	0.81	0.43
Tax payment on account of Joint development of property	(2,500.00)	-
Net cash flow (used) in investing activities (B)	**(4,983.47)**	**(938.58)**
C) Cash flow from financing activities		
Proceeds from long-term borrowings	1,125.00	25.47
Repayment of long-term borrowings	(501.06)	(261.39)
Proceeds from Short Term Borrowings	2,500.00	-
Net increase in working capital borrowings	679.26	741.20
Interest expense	(730.30)	(735.50)
Dividends and tax thereon paid	(73.17)	(36.83)
Net cash flow from/(used in) financing activities (C)	**2,999.73**	**(267.06)**
Net increase in Cash and cash equivalents (A+B+C)	**35.37**	**22.21**
Cash and cash equivalents at the beginning of the year	**62.62**	**37.39**
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	**4.48**	**3.02**
Cash and cash equivalents at the end of the year(Refer Note 8)	**102.47**	**62.62**

See accompanying notes (1-49) 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

Vijay Vikram Singh
Partner
Membership No.: 059139

Place: Bengaluru
Date: 28 May 2019

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

C P Rangachar
Managing Director
(DIN: 00310893)

Capt. N S Mohanram
Director
(DIN: 02466671)

R Srinivasan
Director
(DIN: 00043658)

H M Narasinga Rao
Chief Financial Officer

Vinayak Hegde
Company Secretary
(ACS No: 48364)

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

All amounts are in ₹ lakhs, unless otherwise stated

A. Equity share capital

Particulars	Equity shares	
	Number (in lakhs)	Amount
As at 01 April 2018	30.00	300.00
Add: Issued and subscribed during the year	90.00	900.00
As at 31 March 2019	120.00	1200.00

B. Other Equity

Particulars	Reserve and surplus			Total
	General reserve	Retained earnings	Capital reserve	
Balance as at 01 April 2018	**596.08**	**4,592.22**	**42.41**	**5,230.71**
Additions during the year				
Profit for the year	-	11,939.55	-	11,939.55
Items of the other comprehensive income, net of tax				
Remeasurement gains/(losses) on defined benefit plans	-	(21.09)	-	(21.09)
Reductions during the year:				
Dividends and tax on dividend	-	(72.33)	-	(72.33)
Profit capitalised as part of bonus shares issue		(900.00)		(900.00)
Balance as at 31 March 2019	**596.08**	**15,538.35**	**42.41**	**16,176.84**

See accompanying notes (1-49) 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

Vijay Vikram Singh
Partner
Membership No.: 059139

Place: Bengaluru
Date: 28 May 2019

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

C P Rangachar
Managing Director
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(DIN: 00043658)

H M Narasinga Rao
Chief Financial Officer

Vinayak Hegde
Company Secretary
(ACS No: 48364)

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 March 2019	31 March 2018
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	46.19%	43.72%

Note 2

Summary of significant accounting policies

(a) Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights; and
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. 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 28 May 2019

(c) Basis of accounting and preparation

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These accounting policies have been used throughout all periods presented in these financial statements, except where the 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 managements'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.

(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:

All amounts are in ₹ lakhs, unless otherwise stated

- 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

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 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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

(g) Intangible assets

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

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)
ERP 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.

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

Sale of goods

Revenue from the sale of goods is recognised at point in time when controls of promised goods are transferred to the customer (i.e. upon satisfaction of performance obligation), generally on dispatch of the goods.

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.

Sale of developmental rights under Joint Development Agreement

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

(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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

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.

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.

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.

(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.

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 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 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.

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

(z) Standards issued but not yet effective

At the date of authorisation of the standalone financial statements, the following standard which have not yet been applied in the standalone financial information were in issue but not yet effective.

Ind AS 116, Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

Full retrospective:

Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Modified retrospective:

Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application."

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or;

An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The Company is in the process of evaluating the effect of adoption of Ind AS 116 and has proposed to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (1 April 2019). Accordingly, comparatives for the year ended 31 March 2019 will not be retrospectively adjusted.

Ind AS 12, Income Taxes

On 30 March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The effective date of application of this amendment is annual period beginning on or after 1 April 2019. The Company does not expect this amendment to have any impact to the standalone financial statements.

Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments

On 30 March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in accounting estimates and Errors, without using hindsight and;

Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1 April 2019. The Company does not expect any impact to the standalone financial statements on adoption of Ind AS 12 Appendix C.

Ind AS 19, Employee Benefits – plan amendment, curtailment or settlement

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

The effective date for application of this amendment is annual periods beginning on or after 1 April 2019. The Company does not expect any impact to the standalone financial statements on account of this amendment.

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

All amounts are in ₹ lakhs, unless otherwise stated

Note 3 - Property, plant and equipment

Gross carrying amount	Freehold land	Buildings	Plant and machinery	Electrical installation	Furniture and fixtures	Office equipment	Jigs and fixtures	Motor vehicles	Total
Balance as at 01 April 2017	**2233.84**	**2272.97**	**2992.60**	**398.78**	**55.91**	**331.91**	**302.29**	**18.49**	**8606.79**
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**
Additions	319.36	383.18	821.14	8.40	38.36	86.99	104.40	7.26	1,769.09
Disposals	-	-	(41.09)	(0.26)	(0.06)	(4.86)	-	(0.60)	(46.88)
Balance as at 31 March 2019	**2,553.20**	**3,025.75**	**4,138.82**	**421.35**	**122.92**	**502.55**	**512.06**	**26.06**	**11,302.71**
Accumulated depreciation									
Balance as at 01 April 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	-	-	(0.92)	-	-	(0.93)	-	(0.05)	(1.90)
Balance as at 31 March 2018	**-**	**582.53**	**640.47**	**47.30**	**19.17**	**114.72**	**62.69**	**10.70**	**1,477.58**
Depreciation for the year	-	81.61	361.85	26.90	10.85	59.35	40.83	2.53	583.92
Disposals	-	-	(14.14)	(0.05)	(0.03)	(4.29)	-	(0.13)	(18.64)
Balance as at 31 March 2019	-	664.14	988.18	74.15	29.99	169.78	103.52	13.10	2,042.86
Net carrying amount									
Balance as at 31 March 2018	**2,233.84**	**2,060.04**	**2,718.30**	**365.91**	**65.46**	**305.70**	**344.97**	**8.69**	**8,102.91**
Balance as at 31 March 2019	**2,553.20**	**2,361.61**	**3,150.64**	**347.20**	**92.94**	**332.77**	**408.54**	**12.95**	**9,259.85**

Note:

(a) Contractual obligations

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

(b) Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2019 (31 March 2018: Nil).

(c) Property, plant and equipment pledged as security

Details of properties pledged are as per note 17.

All amounts are in ₹ lakhs, unless otherwise stated

Note 4 - Intangible assets

Gross carrying amount	ERP software	Technical fee	Others	Total
Balance as at 01 April 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**
Additions	7.95	-	11.00	18.95
Disposals	-	-	-	-
Balance as at 31 March 2019	**157.26**	**4.06**	**214.39**	**375.71**
Accumulated amortisation				
Balance as at 01 April 2017	**26.95**	**4.05**	**1.90**	**32.90**
Amortisation for the year	27.35	-	7.62	34.97
Disposals	-	-	-	-
Balance as at 31 March 2018	**54.30**	**4.05**	**9.52**	**67.87**
Amortisation for the year	21.35	-	14.63	35.98
Disposals	-	-	-	-
Balance as at 31 March 2019	**75.65**	**4.05**	**24.15**	**103.85**
Net carrying amount				
Balance as at 31 March 2018	**95.01**	**0.01**	**193.87**	**288.89**
Balance as at 31 March 2019	**81.61**	**0.01**	**190.24**	**271.86**

Note 5 - Investment property

Gross carrying amount	Freehold land	Total
Balance as at 01 April 2017	**1.88**	**1.88**
Additions	63.02	63.02
Disposals	-	-
Balance as at 31 March 2018	**64.90**	**64.90**
Additions	-	-
Disposals	64.90	64.90
Balance as at 31 March 2019	**-**	**-**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 5 - Investment property (Contd)

Accumulated Depreciation

Balance as at 01 April 2017	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2018	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2019	-	-

Net carrying amount

Balance as at 31 March 2018	**64.90**	**64.90**
Balance as at 31 March 2019	**-**	**-**

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:

a) 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;

b) 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 2019	As at 31 March 2018
Investment in equity shares of associates		
Sai India Limited 360,000 equity shares (31 March 2018: 360,000) of ₹10 each	414.37	352.07
Kolben Hydraulics Limited 462,200 equity shares (31 March 2018: 437,200) of ₹10 each	(8.64)	7.39
Bourton Consulting (India) Private Limited 37,300 equity shares (31 March 2018: 37,300) of ₹10 each	8.22	8.34
Investments measured at fair value through OCI		
Hycom Engineering (India) Private Limited 941,330 equity shares (31 March 2018: 941,330) of ₹10 each	94.13	94.13

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 6 - Investments

Particulars	As at 31 March 2019	As at 31 March 2018
The Shamrao Vittal Co-operative Bank Limited		
2,000 equity shares (31 March 2018: 2,000) of ₹25 each	0.50	0.50
Less : Provision for other than temporary dimunition in value	(94.63)	(94.63)
	413.95	**367.80**

Note 7 - Loans

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
(Unsecured, considered good)		
Loan to employees	0.68	3.25
Others	0.20	0.21
	0.88	**3.46**
Current		
(Unsecured, considered good)		
Loan to employees	27.91	15.02
	27.91	**15.02**

Note 8 - Cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Cash on hand	4.14	3.93
Balances with banks		
(i) In current account	77.02	31.07
(ii) In EEFC account	21.31	27.62
	102.47	**62.62**

Note 9 - Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
In earmarked accounts		
(i) Unpaid dividend accounts	5.40	6.08
(ii) Balance held as margin money	46.20	44.77
	51.60	**50.85**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 10 - Other financial assets

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Security deposits	5.70	29.76
Balance held as margin money account	18.31	8.08
	24.01	**37.84**
Current		
Security deposits	199.30	171.66
Interest accrued on deposits	5.87	5.33
Other receivables	50.00	50.00
	255.17	**226.99**

Note 11 - Income tax assets (net)

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
Advance income tax	72.23	97.92
	72.23	**97.92**

Note 12 - Other non-financial assets

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Prepaid expenses	9.12	5.21
Capital advances	689.77	56.95
	698.89	**62.16**
Current		
Advance to related parties	131.04	38.71
Advance to suppliers	235.29	335.87
Prepaid expenses	170.94	86.58
Duty drawback receivable	10.46	5.29
Balances with government authorities	25.66	0.79
Others	33.65	4.27
	607.04	**471.51**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 13 - Inventories

Particulars	As at 31 March 2019	As at 31 March 2018
(Lower of cost or net realisable value)		
Raw materials and components	1,981.93	1,911.64
Goods-in-transit - raw material	27.63	20.70
Work-in-progress	1,143.87	1,178.45
Finished goods (other than those acquired for trading)	1,359.70	746.76
Stock-in-trade	319.28	33.19
Loose tools	-	131.12
Residential Units from Joint development of property	13,546.88	-
	18,379.29	**4,021.86**

Note 14 - Trade receivables

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
Unsecured		
Considered good	9,577.30	7,825.84
Considered doubtful	131.67	216.68
	9,708.97	**8,042.52**
Less: Allowances for doubtful trade receivables	131.67	216.68
	9,577.30	**7,825.84**

Note 15 - Equity share capital

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹10 each	1,50,00,000	1,500.00	60,00,000	600.00
	1,50,00,000	**1,500.00**	**60,00,000**	**600.00**
Issued, subscribed and fully paid up				
Equity shares of ₹10 each	1,20,00,000	1,200.00	30,00,000	300.00
	1,20,00,000	**1,200.00**	**30,00,000**	**300.00**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

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 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Equity shares of ₹10 each, par value				
Balance as at the beginning of the year	3,000,000	300.00	30,00,000	300.00
Add: Issued and subscribed during the year	9,000,000	900.00	-	-
Balance at the end of the year	**1,20,00,000**	**1,200.00**	**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 2019		As at 31 March 2018	
	Number	Percentage	Number	Percentage
Equity shares of ₹10 each, par value				
Yuken Kogyo Co Limited	48,00,000	40.00%	12,00,000	40.00%
Benefic Investments & Finance Co Private Limited	13,91,808	11.60%	3,47,952	11.60%

(d) The Company has allotted 90,00,000 fully paid equity shares of face value ₹10 each during the year pursuant to a bonus issue approved by the shareholders through e-voting and physical ballot. The bonus shares were issued by capitalization of profits transferred from its reserves. In the period of five years immediately preceding the Balance Sheet date, the Company has not issued any bonus shares or has bought back any shares.

(e) The Board of Directors, in its meeting held on 28 May 2019, 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 ₹240 lakhs, excluding corporate dividend tax.

Note 16 - Other equity

Particulars	As at 31 March 2019	As at 31 March 2018
General reserve	596.08	596.08
Capital reserve	42.41	42.41
Surplus in Statement of Profit and Loss	15,538.35	4,592.22
	16,176.84	**5,230.71**

All amounts are in ₹ lakhs, unless otherwise stated

Note 17 - Borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
(Secured)		
Term loans from banks	2,311.60	1,687.66
	2,311.60	**1,687.66**
Less:- Current maturities of long-term borrowings	498.32	501.06
	1,813.28	**1,186.60**
Current		
(Secured)		
Loans repayable on demand from banks	7,533.70	4,454.44
(Unsecured)		
Working capital demand loans from banks	1,280.00	1,180.00
	8,813.70	**5,634.44**

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 2019	As at 31 March 2018
HDFC Bank Limited		
Loan limit	-	300.00
Loan availed	-	237.14
Amount outstanding	-	61.79
Repayable in 16 quarterly instalments without moratorium		
Interest rate - 10.50% (31 March 2018: 10.22%)		
Mizuho Bank Limited		
Loan limit	1,695.25	1,695.25
Loan availed	1,695.25	1,695.25
Amount outstanding	1,096.45	1,495.65
Repayable in 17 quarterly instalments without moratorium		
Interest rate - 9.40% (31 March 2018: 8.35%)		
Mizuho Bank Limited		
Loan limit	2,000.00	
Loan availed	500.00	
Amount outstanding	500.00	
Repayable in 15 quarterly instalments without moratorium		
Interest rate - 9.10%		

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

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 2019	As at 31 March 2018
HDFC Bank Limited (subsidiary)		
Loan limit	150.00	150.00
Loan availed	130.22	130.22
Amount outstanding	90.15	130.22
Repayable in 4 years with 6 months moratorium		
MCLR rates		
Sumitomo Mitsui Banking Corporation (subsidiary)		
Loan limit	500.00	-
Loan availed	100.00	-
Amount outstanding	100.00	-
Repayable in 16 quarterly instalments with 1 year moratorium		
MCLR rates		
Sumitomo Mitsui Banking Corporation (subsidiary)		
Loan limit	1,000.00	-
Loan availed	525.00	-
Amount outstanding	525.00	-
Repayable in 16 quarterly instalments with 1 year 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 previous 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 ₹3,900 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.

(v) Security Details for the term loans taken from Sumitomo Mitsui Banking Corporation (subsidiary):

Letter of Guarantee from Yuken India Limited for the year ended 31 March 2019

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 2019	As at 31 March 2018
Mizuho Bank Limited		
Loan limit	2,300.00	2,300.00
Amount outstanding	2,300.00	2,200.00
Repayable on demand		
Interest rate - MCLR rates		
HDFC Bank Limited		
Loan limit	1,200.00	800.00
Amount outstanding	702.13	665.32
Repayable on demand		
Interest rate - MCLR rates +1.35% (31 March 2018: MCLR +1.20%)		
Mizuho Bank Limited		
Loan limit	2,500.00	-
Amount outstanding	2,500.00	-
Repayable on demand		
Interest rate - MCLR rates		
SBI Bank Limited		
Loan limit	1,000.00	1,400.00
Amount outstanding	562.05	497.88
Repayable on demand		
Interest rate - MCLR rates+ 1.45% (31 March 2018: MCLR +2.00%)		
HDFC Bank Limited (subsidiary)		
Loan limit	600.00	500.00
Amount outstanding	471.35	410.01
Repayable on demand		
Interest rate - MCLR rates		
HDFC Bank Limited (subsidiary)		
Loan limit	500.00	500.00
Amount outstanding	498.17	481.23
Repayable on demand		
Interest rate - MCLR rates		
Sumitomo Mitsui Banking Corporation (subsidiary)		
Loan limit	600.00	600.00
Amount outstanding	500.00	200.00
Repayable on demand		
Interest rate - MCLR rates		

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 17 - Borrowings (Contd.)

Notes

Details of security given

SBI Bank Limited

(i) Primary security : Hypothecation on stocks, receivables and other current assets- paripassu charge with HDFC Bank Limited

(ii) Collateral security details:

(a) Equitable mortgage on freehold rights on land and building- Doddanekundi industrial area, Mahadevapura, Bengaluru.

(b) Equitable mortgage of freehold rights on factory land and building located in Peenya, Bengaluru.

(c) Hypothecation of unencumbered fixed assets of the Company

HDFC Bank Limited

(i) First pari pasu charge on stocks, book debts and other current assets with SBI.

(ii) First charge by way of extension of mortgage of factory land and building located in Hedegabanahalli Village, Malur

(iii) Exclusive charge by way of equitable mortgage on land and building located in Koppathimmanahalli Village, Malur

(iv) First charge on all movable fixed assets of the company - first paripassu charge with SBI.

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 2019	As at 31 March 2018
Term Loans & Loans repayable on demand		
Land and building (Net carrying value)	4,190.31	4,054.02
Stock	4,832.41	4,021.86
Trade receivables	9,577.30	7,781.07
Other current assets	795.40	880.65
Movable fixed assets	2,427.14	2,309.87

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 18 - Other financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Security deposit received towards joint development of property	630.89	573.54
Others	2.82	3.46
	633.71	**577.00**
Current		
Trade / security deposits received	489.37	438.63
Payable to employees	366.35	290.98
Current maturities of long-term borrowings	498.32	501.06
Interest accrued but not due on borrowings	1.42	6.17
Unpaid dividends	5.40	6.24
Payables on purchase of fixed assets	211.50	137.00
Interest accrued on trade payables	2.42	0.60
Forward contract	2.40	-
Accrued liabilities	226.25	256.29
Others	2.62	3.96
	1,806.05	**1,640.93**

Note 19 - Provisions

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Payable towards defined benefit obligations	172.67	187.96
	172.67	**187.96**
Current		
Provision for compensated absences	247.42	227.20
Provision for superannuation	121.91	128.29
	369.33	**355.49**

Note 20 - Trade payables

Particulars	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprise and small enterprises (Refer Note 35)	648.98	413.46
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,232.52	5,123.87
	6,881.50	**5,537.33**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 21 - Income tax liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Current		
Provision for tax	379.56	190.68
	379.56	**190.68**

Note 22 - Other non-financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Deferred liability on discounting of deposits	255.51	322.17
	255.51	**322.17**
Current		
Statutory remittances	278.50	219.37
Deferred liability on discounting of deposits	66.67	66.67
Commission payable to Brigade	273.09	-
Advance from customers	1,345.61	218.82
	1,963.87	**504.86**

Note 23 - Revenue from operations

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from sale of products	33,812.17	27,285.96
	33,812.17	**27,285.96**
Other operating revenues		
Training and other services rendered	101.38	142.74
Duty drawback	27.75	3.87
	129.13	**146.61**
	33,941.30	**27,432.57**

Note 24 - Other income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest income:		
- on deposits with banks	3.12	3.39
- on overdue trade receivables	103.65	53.27
- on others	7.23	10.21
Dividend income	0.81	0.43
Liabilities/ provisions no longer required written back	289.10	56.66
Sale of scrap	33.41	4.37
Profit on sale of property, plant and equipment	-	17.93
Miscellaneous income	124.43	120.39
	561.75	**266.65**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 25 - Cost of materials consumed

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock	1,911.64	1,645.87
Add: Purchases	15,582.91	12,181.86
	17,494.55	**13,827.73**
Less: Closing stock	1,981.93	1,911.64
	15,512.62	**11,916.09**

Note 26 - Purchases of stock-in-trade

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Purchase of traded goods	1,827.89	1,042.21
	1,827.89	**1,042.21**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Inventories at the end of the year:		
Finished goods	1,359.70	746.76
Work-in-progress	1,142.20	1,178.45
Stock-in-trade	319.28	33.19
	2,821.18	**1,958.40**
Inventories at the beginning of the year:		
Finished goods	746.76	709.61
Work-in-progress	1,178.45	992.18
Stock-in-trade	33.19	106.18
	1,958.40	**1,807.97**
	(862.78)	**(150.43)**

Note 28 - Employee benefits expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	3,715.32	3,336.87
Contribution to provident and other funds	355.78	348.42
Staff welfare expenses	243.16	202.93
	4,314.26	**3,888.22**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 29 - Finance costs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest expenses on borrowings	718.42	690.88
Interest on dealers deposits and others	64.98	108.46
Interest on income tax	5.38	14.83
	788.78	**814.17**

Note 30 - Depreciation and amortisation expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment (refer note 3)	583.92	520.54
Amortisation on intangible assets (refer note 4)	35.98	34.97
	619.90	**555.51**

Note 31 - Other expenses

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Consumption of stores and spare parts	311.68	361.31
Tools consumed	273.45	120.32
Consumption of packing materials	428.07	316.33
Subcontracting	3,006.62	2,173.92
Contract Labour wages	1,130.32	849.40
Power and fuel	1,423.37	1,093.88
Rent including lease rentals	191.97	188.31
Repairs and maintenance - Buildings	129.37	106.83
Repairs and maintenance - Machinery	387.09	393.22
Repairs and maintenance - Others	41.97	47.03
Vehicle maintenance	46.63	39.20
Insurance	36.02	25.37
Rates and taxes	56.08	62.13
Travelling and conveyance	701.78	574.96
Freight and forwarding	484.35	368.71
Legal and professional charges	390.75	357.40
Remuneration to auditors (Refer note below)	28.61	25.04
Bad debts written off	224.09	26.75
Loss on sale or scrapping of fixed assets	3.57	4.60
Net loss on foreign currency transactions and translations	93.45	14.03

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 31 - Other expenses *(Contd.)*

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Provision for doubtful trade receivables	72.53	23.83
CSR expenditure (refer note 48)	6.61	-
Miscellaneous expenses	779.73	658.81
	10,248.11	**7,831.38**
Note:		
Remuneration to auditors comprises (net of GST input credit):		
For statutory audit	24.25	19.45
For taxation matters	2.25	1.75
For other services	1.30	0.25
For reimbursement of expenses	0.81	3.59
	28.61	**25.04**

Note 32 - Exceptional items

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Estimated revenue from sale of developmental rights	13,546.89	-
Less: Cost of Land	(64.90)	-
Net profit on sale of developmental rights from Joint development of property	13,481.99	-
Less: expenses incurred towards Joint development of property	(434.17)	-
Net profit on sale of Developmental rights	**13,047.82**	**-**

The Company ('the landowner') had entered into a Joint Development Agreement ('JDA') with Brigade Enterprises Limited ('the Developer') for construction of a multi-storied residential building. As per the agreement, the Company was required to provide the land and the developer would construct the residential building. In accordance with the same, the Company provided a land with a carrying book value of ₹64.90 lakhs. The land which was earlier recorded as Investment property has been derecognised in the current year.

The Company has sold its land developmental rights and in consideration of giving up the developmental rights, the Company will receive a fixed percentage of the total built up area, i.e. its share of developed residential apartments.

The above 'Joint development arrangement' comprises of the following:

- Sale of development rights in lieu of construction services provided by the Developer
- Sale of Company's share of apartments in lieu of revenue sharing to the extent of of the total bulit-up area received

During the year, the sale of development rights has taken place and hence the Company has accordingly recorded the revenue from the sale of such rights. The sale of developmental rights is in exchange of construction services and hence has been accounted as 'non-cash consideration' under Ind AS 115. In accordance with Para 66 of Ind AS 115 - Revenue from contract with customers, the consideration for the sale of development rights is measured at the estimated standalone selling price of the residential units. The non-cash consideration has been accounted as an exceptional item.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 32 - Exceptional items (Contd.)

Estimates and Assumptions:

For projects executed through joint development arrangements, the revenue from the sale of development rights is measured at the estimated standalone selling price of the residential units. The standalone selling price is estimated with reference to the total residential unit bookings made as till 31 March 2019 and the related cost that is allocated to discharge the obligation of the Company under JDA. Standalone selling price is considered to be the representative of the revenue transaction and land so given up. Such assessment is carried out at the launch of the real estate project and is not reassessed at each reporting period. The Management is of the view that the standalone selling price and estimates are reflective of the current market condition.

Note 33 - Earnings per share

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Basic and diluted		
Net profit for the year attributable to the equity shareholders	11,939.55	710.72
Weighted average number of equity shares	120.00	120.00
Par value per share	10.00	10.00
Earnings per share from continuing operations - Basic and diluted	99.50	5.92

Note 34 - Contingencies and commitments

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
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	19.03
(iv) AY 2014-15	16.26	16.26
(v) Other years	12.29	9.70
	71.05	**68.46**

The Hon’ble Supreme Court of India has passed a judgement relating to definition of wages under the Provident Fund Act, 1952 on February 28, 2019. However, considering that there are numerous interpretative issues related to the judgement and in the absence of reliable measurement of the provision for the earlier period, the Company has made provision for provident fund contribution from the date of order. The Company will evaluate its position and update provision, if required, after receiving further clarity in the regard.

Commitments		
Capital commitments	985.68	122.49
	985.68	**122.49**

All amounts are in ₹ lakhs, unless otherwise stated

Note 35 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 2019 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 2019	As at 31 March 2018
Principal amount remaining unpaid to any supplier as at the end of the accounting year	648.98	413.46
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.60	0.60
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	0.11	0.65
The amount of interest due and payable for the year	7.17	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	7.66	0.60

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Amount of dividends remitted in foreign currency	24.00	12.00
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	1	1
Total of shares held by them on which dividend was due	12,00,000	12,00,000
Years to which dividend relates	2017-18	2016-17

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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 37 - Capital management (Contd.)

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 2019	As at 31 March 2018
Borrowings (refer note 17)	11,125.30	7,322.10
Trade payables (refer note 20)	6,881.50	5,537.33
Less: Cash and short term deposits (refer note 8)	(102.47)	(62.62)
Less: Bank balances other than cash and cash equivalents (refer note 9)	(51.60)	(50.85)
Net debt	**17,852.73**	**12,745.96**
Equity	1,200.00	300.00
Other Equity	16,176.84	5,230.71
Capital and net debt	35,229.57	18,276.67
Gearing ratio	51%	70%

Note 38 - Income Tax

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
The major components of income tax expense are:		
Current income tax:		
Current income tax charge	3,110.09	390.16
Deferred tax charge/ (credit)		
Relating to the origination and reversal of temporary differences	96.02	56.58
Income tax expense reported in Statement of Profit and Loss	**3,206.11**	**446.74**
Deferred tax related to items recognised in OCI		
Income tax relating to re-measurement gains on defined benefit plans	3.80	(9.82)
	3.80	**(9.82)**
	3,209.91	**436.92**

Reconciliation of deferred tax liabilities (net)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	246.05	35.08
Tax expense/(credit) during the year recognised in Statement of Profit and Loss	96.02	56.58
Tax expense/(credit) during the year recognised in OCI	3.82	(9.82)
Temporary differences on account of business combination	-	164.21
Closing balance	**345.89**	**246.05**

All amounts are in ₹ lakhs, unless otherwise stated

Note 38 - Income Tax (Contd.)

Reconciliation of deferred tax assets (net)

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Opening balance	64.54	111.79
Additions during the year	142.11	-
Utilized during the year against tax payment	(64.54)	(47.25)
Closing Balance	**142.11**	**64.54**

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

Particulars	**Year ended 31 March 2019**	**Year ended 31 March 2018**
Accounting profit before tax	15,102.09	1,162.52
Add/(less): Intra group eliminations	63.48	36.27
Accounting profit	**15,165.57**	**1,198.79**
Less: (profit)/loss of subsidiary considered separately (A)	(167.63)	122.20
Accounting profit before tax	**14,997.94**	**1,320.99**
Tax on accounting profit at statutory income tax rate [29.12%] (PY 34.608%)	4,367.40	457.17
Tax on subsidiary Income (A) at lower rate (26%,27.82%)(PY 25.80%)	49.29	(40.92)
Reconciling items:		
Expenses/(Incomes) disallowed under Income tax Act, 1961	(6.73)	(7.00)
Deferred tax not created on unabasorbed losses	(32.58)	5.42
Additional deductions on new employment under section-80JJAA	(5.47)	-
Tax reduction on account of Indexation w.r.t transfer of capital asset	(489.21)	-
Tax reduction on account of special rates of tax on capital gains	(661.61)	-
Others	5.68	29.41
Change in effective rate of taxation from 34.608% to 29.12% (PY 33.063% to 34.608%)	(20.67)	2.66
At the effective income tax rate of (29.12%-26%) (PY 34.608%-25.8%)	**3,206.11**	**446.74**
Income tax expense reported in the Statement of Profit and Loss	**3,206.11**	**446.74**

Details of Items disclosed under Deferred Tax Liabilities

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Deferred tax asset		
Provision for employee benefits	197.89	134.26
Allowance for trade receivables	38.19	74.61
Fair value measurement of financial asset/liability	28.25	30.40
Temporary Differences on account of business combination	129.82	129.82
Deferred tax liability		
Depreciation and amortisation	740.04	615.14
Deferred tax asset / (liability), net	**(345.89)**	**(246.05)**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 38 - Income Tax (Contd.)

Details of Items disclosed under Deferred Tax Asset

Particulars	As at 31 March 2019	As at 31 March 2018
MAT Credit Entitlement	142.11	64.54
Deferred tax Asset Net	**142.11**	**64.54**

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 ₹158.16 lakhs (31 March 2018: ₹154.20 lakhs) for provident fund contributions and ₹129.02 lakhs (31 March 2018: ₹114.96 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 Projected Unit Credit Method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost. This is a defined benefit plan as per Ind AS 19.

The gratuity plan is governed by the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). Employees are entitled to all the benefits enlisted under this act.

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the 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 availabilty of enough cash/ cash equivalents to meet the liabilities or holding of illiquid assets not being sold in time.

c Salary escalation risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the rate of interest in future for employees from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

d Demographic risk

The Group has used certain mortality and attrition assumptions in valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.

e Regulatory risk

Gratuity benefits are paid in accordance with the requirements of the Payment of Gratuity Act,1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts

All amounts are in ₹ lakhs, unless otherwise stated

Note 39 - Defined benefit obligations (Contd.)

f **Asset liability mismatching or market risk**

The duration of the liabilty 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 2019	Year ended 31 March 2018
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows :		
Current service cost	36.91	36.03
Past service cost	-	16.57
Interest cost	32.21	28.52
Expected return on plan assets	(17.63)	(16.16)
Components of defined benefit costs recognised in Consolidated Statement of Profit and Loss	**51.49**	**64.96**
Re-measurement on the net defined benefit liability		
Actuarial gains and losses arising from change in financial , demographic and experience adjustments	13.93	7.77
Return on plan assets excluding amount recognised in net interest expense	3.35	5.71
Components of defined benefit costs recognised in other comprehensive income	**17.28**	**13.48**
Actual contribution and benefit payments for year		
Actual benefit payments	26.87	56.21
Actual contributions	-	-
Net asset / (liability) recognised in the Consolidated Balance Sheet		
Present value of defined benefit obligations	(470.43)	(414.25)
Fair value of plan assets	297.25	226.29
Net asset / (liability) recognised in the Consolidated Balance Sheet	**(173.18)**	**(187.96)**
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at the beginning of the year	414.24	383.23
Current service cost	36.91	36.03
Past service cost	-	16.57
Interest cost	32.21	28.52
Actuarial (gains) / losses	13.94	7.77
Benefits paid	(26.87)	(57.87)
Present value of DBO at the end of the year	**470.43**	**414.25**
Change in fair value of assets during the year		
Plan assets at the beginning of the year	226.29	217.05
Expected return on plan assets	17.63	16.16

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 39 - Defined benefit obligations (Contd.)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Actual Group contributions	75.00	55.00
Actuarial gains / (losses)	(3.35)	(5.71)
Benefits paid	(18.32)	(56.21)
Plan assets at the end of the year	**297.25**	**226.29**
Actual return on plan assets	14.28	10.45
Composition of the plan assets is as follows:		
Others- Insurer managed funds	100%	100%
Actuarial assumptions		
Discount rate	7.70%	7.65%-7.80%
Expected return on plan assets	7.50%	7.50%
Salary escalation	5.00%	5.00% - 10.00%
Attrition		
- Below 44 years	2.00%	2.00% - 11.4%
- 44 years and above	1.00%	1.00% - 3.00%

Note:

a The Group is estimated to contribute ₹127.33 lakhs (previous year - ₹146.55 lakhs) towards gratuity funds during the next year.

b Details of fund assets which are managed by an insurance Group have not been disclosed since the details have not been provided by them.

c The assumptions were developed by management with the assistance of independent actuaries. Discount factors are determined close to each year-end by reference to market yields of government bonds that have terms to maturity approximating to the terms of the gratuity obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

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

Particulars	As at 31 March 2019	As at 31 March 2018
Impact of change in the discount rate		
Impact due to increase of 1%	(39.55)	(36.17)
Impact due to decrease of 1%	45.79	41.95
Impact of change in the salary growth rate		
Impact due to increase of 1%	46.04	42.11
Impact due to decrease of 1%	(40.33)	(36.81)
Impact of change in the attrition rate		
Impact due to increase of 50%	6.38	6.68
Impact due to decrease of 50%	(6.98)	(6.31)

All amounts are in ₹ lakhs, unless otherwise stated

Note 39 - Defined benefit obligations (Contd.)

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

Particulars	As at 31 March 2019	As at 31 March 2018
Impact of change in the mortality rate		
Impact due to increase of 10%	0.35	0.35
Impact due to decrease of 10%	(0.36)	(0.36)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior periods.

Effect of plan on entity's future cash flows

The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Group carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group. The weighted average duration of the plan is estimated to be 10 years. Following is a maturity profile of the defined benefit obligation:

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

Particulars	As at 31 March 2019	As at 31 March 2018
1 year	33.54	15.31
2 - 5 years	155.19	150.38
6 - 10 years	278.56	242.71
More than 10 years	652.00	628.44

Compensated Absences

Particulars	As at 31 March 2019	As at 31 March 2018
Charge in the Consolidated Statement of Profit and Loss	68.67	56.05
Liability as at the year end	248.48	227.20
Actuarial assumptions		
Discount rate	7.70%	7.80%
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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 40 - 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 2019				
	Hydraulic business	Other business	Eliminations	Unallocated	Total
Revenue from operations	31,369.27	6,820.13	(2,840.61)	-	**35,348.79**
Operating income	130.92	-	(1.79)	-	**129.13**
Less: Inter segment revenue	(79.04)	(1457.58)	-	-	**(1536.62)**
	31,421.15	**5,362.55**	**(2,842.40)**	**-**	**33,941.30**
Segment result before interest, other income and taxes	4,313.25	294.53	67.97	(2,394.42)	**2,281.33**
Add: Other income	285.34	115.64	(174.99)	335.76	**561.75**
Less: Finance costs	-	-	-	(788.78)	**(788.78)**
Profit before taxes	**4,598.59**	**410.17**	**(107.02)**	**(2,847.44)**	**2,054.27**
Exceptional item	-	-	-	13,047.82	**13,047.82**
Profit before tax after exceptional items	**-**	**-**	**-**	**-**	**15,102.09**
Tax expense including deferred tax	-	-	-	-	**3,206.11**
Profit after taxes	**-**	**-**	**-**	**-**	**11,895.98**
Add:- Share of profit/(loss) of associates	-	-	-	-	**43.57**
Add:- Other comprehensive Income	(10.95)	(1.57)	-	(4.76)	**(17.29)**
Income tax effect on OCI					**3.80**
Total Comprehensive Income					**11,918.46**

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 40 - Segment information (Contd.)

Particulars	Year ended 31 March 2018				
	Hydraulic business	Other business	Eliminations	Unallocated	Total
Revenue from operations	25,635.02	5,188.49	(2,207.92)	-	**28,615.59**
Operating income	146.61	-	-	-	**146.61**
Less: Inter segment revenue	(61.77)	(1,267.86)	-	-	**(1,329.63)**
	25,719.86	**3,920.63**	**(2,207.92)**	**-**	**27,432.57**
Segment result before interest, other income and taxes	3,648.63	(112.91)	84.51	(1,910.19)	**1,710.04**
Add: Other income	161.71	39.50	(192.39)	257.83	**266.65**
Less: Finance costs	-	-	-	(814.17)	**(814.17)**
Profit before taxes	**3,810.34**	**(73.41)**	**(107.88)**	**(2,466.53)**	**1,162.52**
Tax expense including deferred tax	-	-	-	-	**446.74**
Profit after taxes	**-**	**-**	**-**	**-**	**715.78**
Add:- Share of profit/(loss) of associates	-	-	-	-	**(5.06)**
Add:- Other comprehensive Income	(9.17)	-	1.50	(5.81)	**(13.48)**
Income tax effect on OCI					**9.82**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**707.06**

Note:

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

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Revenues from external customers for each product or each group of similar products		
Sale of products	33,941.30	27,432.57
	33,941.30	**27,432.57**
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	33,191.69	26,939.82
Outside India	749.61	492.75
	33,941.30	**27,432.57**
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	11,122.34	8,632.36
Outside India	-	-
	11,122.34	**8,632.36**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 40 - Segment information (Contd.)

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
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	2,090.39	1,749.50
Percentage	6.16%	6.38%

Note 41 - Fair value measurements

(i) Financial instruments by category

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

Particulars	Note	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
Assets:				
Investments	6	413.95	-	0.00
Loans	7			
Loan to employees		28.59	-	-
Others		0.20	-	-
Cash and cash equivalents	8	102.47	-	-
Bank balances other than cash and cash equivalents	9	51.60	-	-
Other financial assets	10			
Balance held as margin money account		18.31	-	-
Security deposits		205.00	-	-
Interest accrued on deposits		5.87	-	-
Other receivables		50.00	-	-
Trade receivables	14	9,577.30	-	-
Total		**10,453.29**	**-**	**-**
Liabilities:				
Borrowings	17	10,626.98	-	-
Trade payables	20	6,881.50	-	-
Other financial liabilities	18			

All amounts are in ₹ lakhs, unless otherwise stated

Note 41 - Fair value measurements (Contd.)

Particulars	Note	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
Security deposit received towards joint development of property		630.89	-	-
Trade / security deposits received		492.19	-	-
Payable to employees		366.35	-	-
Current maturities of long-term borrowings		498.32	-	-
Interest accrued but not due on borrowings		1.42	-	-
Unpaid dividends		5.40	-	-
Payables on purchase of fixed assets		211.50	-	-
Interest accrued on trade payables		2.42	-	-
Forward contract		-	2.40	-
Accrued liabilities		226.25	-	-
Others		2.62	-	-
Total		**19,945.84**	**2.40**	**-**

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

Particulars	Notes	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**	**-**	**-**

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 41 - Fair value measurements (Contd.)

Particulars	Notes	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI
Liabilities:				
Borrowings	17	6,821.04	-	-
Trade payables	20	5,537.33	-	-
Other financial liabilities	18			
Security deposit received towards joint development of property		573.54	-	-
Trade / security deposits received		442.09	-	-
Payable to employees		290.98	-	-
Current maturities of long-term borrowings		501.06	-	-
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		0.60	-	-
Accrued liabilities		256.29	-	-
Others		3.96	-	-
Total		**14,576.30**	**-**	**-**

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

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

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

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

(iii) Fair value hierarchy

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

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

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

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

All amounts are in ₹ lakhs, unless otherwise stated

Note 41 - Fair value measurements (Contd.)

a) Assets and liabilities measured at fair value - recurring fair value measurement

As at 31 March 2019	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	-	2.40	-	2.40

As at 31 March 2018	Note	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Non current investments	6	-	-	-	-
Derivative financial liability	18	-	-	-	-

Note 42- 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 it's 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 2019	As at 31 March 2018
Investments	413.95	367.80
Loan to employees	28.59	18.27
Others	0.20	0.21
Cash and cash equivalents	102.47	62.62
Bank balances other than cash and cash equivalents	51.60	50.85
Balance held as margin money account	18.31	8.08
Security deposits	205.00	201.42
Interest accrued on deposits	5.87	5.33

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 42- Financial risk management (Contd.)

Assets under credit risk	As at 31 March 2019	As at 31 March 2018
Other receivables	50.00	50.00
Trade receivables	9,577.30	7,825.84
	10,453.29	**8,590.42**

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 2019	As at 31 March 2018
Balance at the beginning	216.68	236.24
Impairment loss recognised	72.53	23.83
Impairment loss reversed	(157.54)	(43.39)
Balance at the end	**131.67**	**216.68**

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.

All amounts are in ₹ lakhs, unless otherwise stated

Note 42- 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 2019	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	9,312.02	1,813.28	-	11,125.30
Trade payables	6,881.50	-	-	6,881.50
Other financial liabilities	1,307.73	633.71	-	1,941.44
Total	**17,501.25**	**2,446.99**	**-**	**19,948.24**

As at 31 March 2018	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	6,135.50	1,186.60	-	7,322.10
Trade payables	5,537.33	-	-	5,537.33
Other financial liabilities	1,139.87	577.00	-	1,716.87
Total	**12,812.70**	**1763.60**	**-**	**14,576.30**

(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.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 42- Financial risk management (Contd.)

Included in	Currency	As at 31 March 2019		As at 31 March 2018	
		Amount in foreign currency	Amount in ₹	Amount in foreign currency	Amount in ₹
Financial Assets					
Trade receivables	USD	3.61	248.97	2.32	150.77
	EURO	0.004	0.28	0.01	1.18
	JPY	8.01	4.99	13.22	8.17
	GBP	0.22	20.38	0.05	4.49
EEFC balances	USD	0.06	4.15	0.38	24.47
	EURO	0.22	17.16	0.04	3.15
Financial liabilities					
Trade payables	USD	13.67	942.45	13.75	892.31
	EURO	-	-	0.030	2.37
	JPY	2.70	1.68	-	-

Conversion rates	USD	EUR	JPY	GBP
As at 31 March 2019	68.92	77.56	0.62	90.81
As at 31 March 2018	64.88	80.26	0.62	91.90

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 2019	Decrease 31 March 2019	Increase 31 March 2018	Decrease 31 March 2018
Sensitivity				
INR/USD	6.89	(6.89)	7.17	(7.17)
INR/EURO	0.17	(0.17)	0.02	(0.02)
INR/JPY	0.03	(0.03)	0.08	(0.08)
INR/GBP	0.20	(0.20)	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

All amounts are in ₹ lakhs, unless otherwise stated

Note 42- Financial risk management (Contd.)

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 2019	31 March 2018
Forward Contracts		
In USD	5.00	-

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 2019	31 March 2018
Not later than one month	1.50	-
Later than one month and not later than three months	2.50	-
Later than three months and not later than a year	1.00	-

Interest rate risk

Liabilities

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 31 March 2019, 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 Group to interest rate risk:

Particulars	As at 31 March 2019	As at 31 March 2018
Variable rate borrowing	8,813.70	5,634.44
Fixed rate borrowing	2,311.60	1,687.66
Total borrowings	11,125.30	7,322.10
Amount disclosed under other current financial liabilities	498.32	501.06
Amount disclosed under borrowings	10,626.98	6,821.04

Sensitivity

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

Interest sensitivity	31 March 2019	31 March 2018
Interest rates – increase by 100 basis points (100 bps)	88.14	56.34
Interest rates – decrease by 100 basis points (100 bps)	(88.14)	(56.34)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 43 - 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. GopalKrishna- Executive Director.
	A. Venkata Krishnan- Chief Operating Officer ****
	Sridevi Chintada - Company Secretary**
	Vinayak Hegde - Company Secretary***
III Relatives of KMP	Vidya Rangachar
	Madhuri Rangachar
IV Entity having significant influence (significant shareholder)	Yuken Kogyo Co Limited
V Entities controlled by significant shareholder	Yuken Hydraulics (T.W) Co Ltd
	Yuken Europe Ltd
	Yuken Korea co Ltd
	Yuken Kogyo (Foshan) Co Ltd
	Yuken sea co Ltd
VI Parties in which key management personnel or their relatives have significant influence	Al Khoor Pumps and Hydraulic Machines TR.(LLC)
	Benefic Investment and Finance Company (Private) Limited
VII Other related parties	Yuken India Employees Gratuity Trust
	Yuken India Employees Superannuation Fund
*Resigned on 15 February 2018	
**Resigned on 12 February 2018	
*** Appointed w.e.f 12 February 2018	
**** Appointed w.e.f 15 February 2018	

VIII Details of related parties transactions for the year ended 31 March 2019 and 31 March 2018 are as follows :

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2019	Year ended 31 March 2018
Purchase of fixed assets			
Yuken Kogyo Co Limited	Entity having significant influence	39.54	-
Purchase of goods and services received			
Yuken Kogyo Co Limited	Entity having significant influence	2,082.33	1,605.61
Yuken Hydraulics (T.W) Co Ltd	Entities controlled by significant shareholder	936.48	729.69
Yuken Kogyo (Foshan) Co Ltd	Entities controlled by significant shareholder	4.14	-
Yuken Europe Limited	Entities controlled by significant shareholder	-	4.95

All amounts are in ₹ lakhs, unless otherwise stated

Note 43 - Related party disclosures (Contd.)

VIII Details of related parties transactions for the year ended 31 March 2019 and 31 March 2018 are as follows :

Yuken Korea Co Ltd	Entity controlled by significant shareholder	-	1.11
SAI India Limited	Associate	5.23	7.43
Kolben Hydraulics Limited	Associate	104.16	23.49
Bourton Consulting (India) Private Limited	Associate	20.06	16.93
Al Khoor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	45.33	6.76
Royalty and brand fees paid			
Yuken Kogyo Co Limited	Entity having significant influence	116.99	95.00
Sale of goods and services			
Yuken Kogyo Co Limited	Entity having significant influence	16.44	5.87
Yuken Hydraulics (T.W) Co Ltd	Entities controlled by significant shareholder	16.93	16.60
Yuken Europe Limited	Entities controlled by significant shareholder	28.36	14.81
Yuken Korea Co Ltd	Entities controlled by significant shareholder	31.80	18.63
Yuken Sea Co Ltd	Entities controlled by significant shareholder	0.10	-
Kolben Hydraulics Limited	Associate	17.18	7.47
SAI India Limited	Associate	3.75	3.57
Al Khoor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	26.14	37.37
Rent Received			
Kolben Hydraulics Limited	Associate	2.02	3.02
Dividend received			
Bourton Consulting (India) Private Limited	Associate	0.75	0.37
Dividend paid			
Yuken Kogyo Co Limited	Entity having significant influence	24.00	12.00
C P Rangachar	KMP	0.42	0.21
Vidya Rangachar	Relative of KMP	0.08	0.04
Madhuri Rangachar	Relative of KMP	0.04	0.02
Benefic Investment and Finance Company (Private) Limited	Parties in which KMP or their relatives have significant influence	6.96	3.48
Investment made in equity shares			
Kolben Hydraulics Ltd	Associate	2.50	-

Remuneration including commission			
C P Rangachar	KMP	101.84	67.59
Subramanya Ullal - Chief Executive Officer(resigned on 15/02/2018)	KMP	-	44.42
H M Narasinga Rao - Chief Financial Officer	KMP	54.18	50.81

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 43 - Related party disclosures (Contd.)

Sridevi Chintada - Company Secretary(resigned on 12/02/2018)	KMP	-	5.25
Vinayak Hegde - Company Secretary(appointed on 12/02/2018)	KMP	6.75	0.92
K. GopalKrishna- Executive Director.	KMP	62.96	58.61
A. Venkata Krishnan- Chief Operating officer(appointed on 15/02/2018)	KMP	31.04	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	2.63	0.58
Contribution to post employment benefit plans			
Yuken India Employees Gratuity Trust	Post -employment benefit plan	75.00	55.00
Yuken India Employees Superannuation Fund	Post -employment benefit plan	98.84	94.28

IX. Details of amounts outstandings from related parties as at 31 March 2019 and 31 March 2018 are as follows :

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2019	Year ended 31 March 2018
Amount outstanding (Advance towards purchase of goods and services)			
Kolben Hydraulics Limited	Associate	131.04	39.00
Amount outstanding (Receivables)			
Yuken Kogyo Co Limited	Entity having significant influence	5.26	6.58
Yuken Hydraulics (T.W) Co Ltd	Entities controlled by significant shareholder	2.56	6.36
Yuken Europe Limited	Entities controlled by significant shareholder	20.38	5.42
Sai India Limited	Associate	2.79	9.06
Kolben Hydraulics Limited	Associate	35.46	10.84
Al Khoor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	144.20	112.73
Amount oustanding (Payables)			
Yuken Kogyo Co Limited	Entity having significant influence	741.33	655.76
Yuken Hydraulics (T.W) Co Ltd	Entities controlled by significant shareholder	249.71	220.48
Yuken Europe Limited	Entities controlled by significant shareholder	-	0.06
Yuken Kogyo (Foshan) Co Ltd	Entities controlled by significant shareholder	4.00	-
Sai India Limited	Associate	3.40	8.20

All amounts are in ₹ lakhs, unless otherwise stated

Note 43 - Related party disclosures (Contd.)

IX. Details of amounts outstandings from related parties as at 31 March 2019 and 31 March 2018 are as follows :

Nature of transactions/ Name of related party	Description of the relationship	Year ended 31 March 2019	Year ended 31 March 2018
Al Khoor Pumps & Hydraulic Machines TR. (LLC)	Parties in which KMP or their relatives have significant influence	0.10	-
Bourton Consulting (India) Private Limited	Associate	1.42	3.89
key Management Personnel remuneration payable			
C P Rangachar	KMP	35.53	17.08
H M Narasinga Rao - Chief Financial Officer	KMP	2.47	1.96
Vinayak Hegde - Company Secretary(appointed on 12/02/2018)	KMP	0.48	0.44
K. GopalKrishna- Executive Director.	KMP	2.62	2.33
A. Venkata Krishnan- Chief Operating officer (appointed on 15/02/2018)	KMP	1.80	1.42
Investments			
Sai India Limited	Associate	20.00	20.00
Kolben Hydraulics Limited	Associate	46.22	43.72
Bourton Consulting (India) Private Limited	Associate	3.73	3.73

Note 44- Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 – Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after 1 April 2018, replaces the requirements of existing revenue recognition standard Ind AS 18. The Company has applied the cumulative catch-up transition method to all open contracts as at 1 April 2018. The provision of new standard required recognition of revenue at transaction price net of variable consideration which were earlier accounted as an expense. The application of Ind AS 115 has no material impact on revenue from operations of the current year. The Company has recognised profit on sale of development rights from its joint development property in accordance with the application of Ind AS 115, which has a material impact on the financial statements in the current year. Profit on sale of development rights has been disclosed as an exceptional item. Refer note 32 for details.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 44- Ind AS 115 – Revenue from Contracts with Customers (Contd.)

i) Disaggregated revenue information

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition:

	Timing of revenue recognition	31 March 2019
Sale of products		
Finished goods	At point in time	33,812.17
Sale of Services		
Training and other services rendered	Over a period of time	101.38
Duty drawback	At point in time	27.75
Profit on sale of development rights	At point in time	13,047.82

ii) Contract balances

	Year ended 31 March 2019	Year ended 31 March 2018
Trade receivables	9,577.30	7,825.84
Contract liabilities – Advance from customers	1,345.62	218.82

Contract liabilities include advances received from customers. The outstanding balances of these accounts has increased primarily on account of satisfaction of performance obligation subsequent to year-end against which the advances were received during the year.

Contract liabilities - Advance from customers include the advances received from customers on the booking of residential units

iii) Performance obligation

Information about the Company's performance obligations are summarised below:

Sale of goods

The performance obligation is satisfied upon shipment of the goods and transfer of control. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price is allocated

Sale of services

The performance obligation is satisfied over-time or point in time based on the nature of services and payment is generally due upon completion of services.

Sale of developmental rights

The performance obligation is satisfied at a point in time when the obligation of transferring the development rights are fulfilled.

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 ₹191.96 Lakhs (31 March 2018: ₹188.31 Lakhs) which has been grouped under 'Rent' under note 31. There are no contingent rents payable.

All amounts are in ₹ lakhs, unless otherwise stated

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/(loss)		Share of OCI		Share of total profit / (loss) for the year	
	%	Amount	%	Amount	%	Amount	%	Amount
Yuken India Limited	93%	16,120.10	132%	15,798.16	95%	(20.11)	132%	15,778.05
Subsidiaries								
Yuflow Engineering Private Limited	0%	4.48	-1%	(63.55)	0%	-	-1%	(63.55)
Coretec Engineering India Private Limited	-2%	(346.12)	-24%	(2,817.90)	0%	0.11	-24%	(2,817.79)
Grotek Enterprises Private Limited	9%	1,598.38	-8%	(1,020.73)	5%	(1.09)	-8%	(1,021.82)
Associates (Investment as per the equity method)								
Sai India Limited	-	-	1%	61.86	-	-	1%	61.86
Bourton Consulting (India) Private Limited	-	-	0%	0.25	-	-	0%	0.25
Kolben Hydraulics Limited	-	-	0%	(18.54)	-	-	0%	(18.54)
Total	**100%**	**17,376.84**	**100%**	**11,939.55**	**100%**	**(21.09)**	**100%**	**11,918.46**

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 at 31 March 2019	Carrying amount of Investment at 31 March 2019
Sai India Limited	20.00	(20.60)	394.37	414.37
Kolben Hydraulics Limited	43.72	19.42	(32.94)	(8.64)
Bourton Consulting (India) Private Limited	3.73	-	4.49	8.22
Total	**67.45**	**(1.18)**	**365.92**	**413.95**

Note 48 - Corporate social responsibilty ('CSR')

The Company has incurred CSR expenses mainly towards promoting education, healthcare animal welfare, setting up old age homes and setting up homes for orphans which are specified in Schedule VII of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2019

All amounts are in ₹ lakhs, unless otherwise stated

Note 48 - Corporate social responsibilty ('CSR') (Contd.)

	Year ended 31 March 2019	Year ended 31 March 2018
Gross amount required to be spent during the year #	6.56	-
Amount spent during the year	6.61	-
In cash		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	6.61	-
Yet to be paid in cash		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	-
# Amounts computed is based upon profits as per relevant GAAP applicable for the respective years.		

Note 49 - Previous period comparatives

Post implementation of Goods and Services Tax ("GST") with effect from 1 July 2017, revenue from operations is disclosed net of GST. Revenue from operations for the year ended 31 March 2018 includes excise duty up to 30 June 2017 which is now subsumed in the GST. Accordingly, revenue from operations for the year ended 31 March 2019 are not comparable with those of the previous year presented.

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

Vijay Vikram Singh
Partner
Membership No.: 059139

Place: Bengaluru
Date: 28 May 2019

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

C P Rangachar
Managing Director
(DIN: 00310893)

Capt. N S Mohanram
Director
(DIN: 02466671)

R Srinivasan
Director
(DIN: 00043658)

H M Narasinga Rao
Chief Financial Officer

Vinayak Hegde
Company Secretary
(ACS No: 48364)

YUKEN INDIA LIMITED

CIN: L29150KA1976PLC003017
Regd. Office: No. 16-C, Doddanekundi Industrial Area, II Phase, Mahadevapura, Bengaluru - 560 048.
E mail Id: hmn_rao@yukenindia.com, Contact No. +91 9845191995/+91 9731610341
Website: www.yukenindia.com.

E COMMUNICATION REGISTRATION FORM

To,
KARVY FINTECH PRIVATE LIMITED
UNIT: YUKEN INDIA LIMITED
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District.
Nanakramguda, Hyderabad - 500 032

GREEN INITIATIVE IN CORPORATE GOVERNANCE

I/we hereby exercise my/our option to receive all communications from the Company such as Notice of General Meeting, Explanatory Statement, Audited Financial Statements, Board's Report, Auditor's Report etc. In electronic mode pursuant to the 'Green Initiative in Corporate Governance' taken by the Ministry of Corporate Affairs. Please register my E-Mail id as given below, in your records, for sending the communications:

Folio No./ DP Id & Client Id No.	
Name of 1st Registered Holder	
Name of Joint Holder(s), If Any	
Registered Address of the Sole/ 1st Registered Holder	
No. of Shares Held	
E-Mail Id (to be registered)	

Date:………………………………… Signature:…………………………

NOTE:

1. On registration, all communications will be sent to the E-Mail Id registered.
2. The form is also available on the website of the Company www.Yukenindia.com under the section Investor - Investor Services.
3. Shareholders are requested to keep the Company's registrar-Karvy Fintech Private Limited informed as and when there is any change in the E-Mail address.

NOTES

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BOOK POST

To

If Undelivered please return to

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