

Sundram Precision Components Limited

ANNUAL REPORT

**for the year ended
March 31, 2018**

Sundram Precision Components Limited

REPORT OF DIRECTORS TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Fourteenth Annual Report, together with the audited accounts for the year ended 31st March 2018.

₹ in Thousands

FINANCIAL RESULTS	2017-18	2016-17
Revenue from Operations	2,64,532	2,36,984
Gross Profit / (Loss) before interest & depreciation	32,513	43,939
Less: Interest	-	6
Less: Depreciation	5,910	7,259
Profit / (Loss) before tax	26,603	36,674
Add / (Less): Provision for Tax (including Deferred Tax)	7,303	11,323
Profit / (Loss) after tax	19,300	25,351
Add / (Less): Balance brought forward	1,03,883	78,647
Add / (Less) : Other comprehensive income	(27)	(115)
Add / (Less) : Dividend paid including dividend distribution tax	(58,975)	-
Balance carried forward	64,181	1,03,883

OPERATIONS

The revenue from operations and other income during the year under review was at ₹ 2,65,890 (thousands) as against ₹ 2,51,009 (thousands) in the previous year. The operating Profit for the year was at ₹ 32,513 (thousands) as against Rs 43,939 (thousands) in the previous year. The net profit was at ₹ 19,300 (thousands) as against ₹ 25,351 (thousands) in the previous year.

DIVIDEND

The Company had during the year, declared Final dividend of ₹ 7.00/- per share (70%) of face value of ₹ 10 each absorbing a sum of ₹ 5.90 crores (including dividend distribution tax) for the financial year 2016 –17.

The Directors do not recommend any dividend for the year under review.

TRANSFER TO RESERVES

The Company does not propose to transfer any amount to reserves.

BOARD MEETINGS

During the year, five Board meetings were held respectively on April 1, 2017, May 17, 2017, September 7, 2017, November 24, 2017 and February 28, 2018. Sri V G Jaganathan, Sri R Dilip Kumar, Directors attended all the meetings during the year and Sri S V Mahesh, Director attended four meetings during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that: -

- in the preparation of annual accounts, the applicable accounting standards had been followed and there were no material departures.
- We had selected appropriate accounting policies and applied them consistently, and made judgments and estimates that have been made, are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for 31st March 2018.
- We had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- We had prepared the annual accounts on a going concern basis.
- We had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of Loans, Guarantees, Investments given during the financial year ended on 31st March, 2018 is enclosed vide **Annexure I** forming part of this report in compliance with the provisions of Section 186 of the Companies Act, 2013.

DIRECTORS

Sri R Dilip Kumar, Director retires from the Board by rotation and being eligible, offers himself for re-appointment.

The provisions of Section 149 pertaining to the appointment of Independent Directors do not apply to our Company.

AUDIT COMMITTEE

The company is not required to have an Audit Committee as per Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board) Rules, 2014, which came into effect from 1st April 2014.

RELATED PARTY TRANSACTIONS

All related party transactions were entered at arm's length basis and in the ordinary course of business. The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 prepared in Form AOC-2 pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is enclosed vide **Annexure - II** forming part of this report.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure - III**.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

CONSERVATION OF ENERGY

- The steps taken or impact on conservation of energy.
The Company has initiated measures in the form of carrying out certain modifications in the process / equipment's as well as the pattern of loading in Sintering Furnace which would bring about savings in consumption of power in future. Hydraulic press idle timer has been installed for auto switch off.
- The steps taken by the Company for utilising alternate sources of energy – Nil.
- There were no capital investments on energy conservation requirements.

TECHNOLOGY ABSORPTION

- The company has taken no specific efforts in the areas of technology adoption.
- The benefits like product improvement cost reduction, product development or import substitution – Import substitution of forming tools.
- The Company has not imported any technology.
- No expenditure was incurred on research and development.

Sundram Precision Components Limited

FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earned and used are as under:

Foreign exchange earned (₹ in thousands)	-
Foreign exchange used (₹ in thousands)	12,562

DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL APPOINTED OR HAVE RESIGNED DURING THE YEAR

Nil

It may be noted that in terms of Section 203(1) of the Companies Act, 2013, the Company is not required to have any whole-time key managerial personnel other than a Company Secretary.

CHANGE IN THE NATURE OF BUSINESS

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

COMPANIES WHICH HAVE BECOME OR CEASED TO BE COMPANY'S SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

The Company does not have any subsidiary, joint venture or associate company.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013. Further the company had no deposits as on 31st March 2018.

REGULATORY / COURT ORDERS

During the year 2017-2018, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

INTERNAL FINANCIAL CONTROLS

The company has internal control procedures and sufficient internal control checks considering the size and nature of its business and the Board of directors are of the view that those controls are adequate with reference to the financial statements.

RISK MANAGEMENT

The Company follows the risk management policy laid down by the holding company (Sundram Fasteners Limited) and the risks are managed through continuous review of business processes on a regular basis by the management. Corrective actions and mitigation measures are taken as needed.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Section 135 is not applicable to the company as the company has not met the specified turnover or net worth or profit criteria and hence there is no requirement for the company to either have a CSR committee of the Board or to undertake CSR activities.

STATEMENT UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

None of the employees was in receipt of remuneration in excess of the limit prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

AUDITORS

Pursuant to Section 139 of the Companies Act, 2013, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, (Registration No. 004207S with the Institute of Chartered Accountants of India), were appointed as Auditors of the Company at the tenth Annual General Meeting (AGM) of the company for a consecutive period of 5 years commencing from the conclusion of the 10th AGM on 22nd September, 2014 till the conclusion of the 15th AGM relating to the financial year ending 31st March 2019. The Company has received a certificate from the statutory auditors to the effect that if ratification of their appointment, if made, would be in compliance with the requirements of the Companies Act, 2013 and the rules made thereunder. Accordingly, the Board of Directors propose to recommend ratification of their appointment as Auditors of the Company for the fifth consecutive year at the ensuing 14th AGM.

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

The Company has adopted the Anti-Sexual Harassment Policy laid down by the Holding Company (Sundram Fasteners Limited-SFL), which is in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) of SFL is entrusted to redress complaints regarding sexual harassment. No complaints were received during the calendar year 2017.

ACKNOWLEDGMENT

Your Directors thank the holding company, Sundram Fasteners Limited for its support. They also place on record their appreciation of all the employees of the Company for their contribution and dedicated service.

On behalf of the Board

Chennai
April 20, 2018

R DILIP KUMAR
Director

V G JAGANATHAN
Director

ANNEXURE - I

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

(1) Nature of transaction (whether loan/ guarantee/ security/ acquisition)	(2) Date of making loan/ acquisition / giving guarantee/ providing security	(3) Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/ Unlisted entities)	(4) Amount of loan/ security/ acquisition / guarantee	(5) Time period for which it is made/ given	(6) Purpose of loan / acquisition / guarantee / security	(7) % of loan / acquisition / exposure on guarantee / security / provided to the paid-up capital, free reserves and securities premium account and % of free reserves and securities premium	(8) Date of passing Board resolution	(9) Date of passing special resolution, if required	(7) For loans	
									(10) Rate of Interest	(11) Date of Maturity
(1) Investment of 46,602 Equity Shares of Rs.10/- each (at premium of Rs 9 per share)	(2) -	(3) Beta Wind Farm Private Limited	(4) 8,85,438	(5) N.A.	(6) To comply with Group Captive Consumers (GCC) norms	(7) 0.18%	(8) 01-04-2017	(9) N.A.	(10) N.A.	(11) N.A.

Chennai
April 20, 2018

On behalf of the Board

R DILIP KUMAR
Director

V G JAGANATHAN
Director

Sundram Precision Components Limited

Annexure - II

Form No. 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 subsection (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
All contracts arrangements / transactions with related parties are on arm's length basis and in the ordinary course of business.
2. Details of material contracts or arrangement or transactions at arm's length basis

₹ in thousands

a)	Name of the Related Party and nature of relationship	Sundram Fasteners Limited Holding Company		
b)	Nature of contracts / arrangements / Transactions	Purchases of Raw Materials	Sales	Services
		1,22,934	2,12,330	2,424
c)	Duration of the contracts / arrangements / transactions	2017-18	2017-18	2017-18
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Transactions are entered into on commercial pricing terms on arm's length basis as per the Price List of the company / related party or market price as may be applicable from time to time.		
e)	Date of approval by the Board, if any	As the transactions fall under the third proviso to Section 188(1), Board approval is not applicable		
f)	Amount paid as advances, if any	Nil		

On behalf of the Board

Chennai
April 20, 2018

R DILIP KUMAR
Director

V G JAGANATHAN
Director

FORM NO.MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS

CIN	U29130TN2004PLC054482
Registration Date	15 th October, 2004
Name of the Company	Sundram Precision Components Limited
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered Office and contact details	98-A, Dr Radhakrishnan Salai Mylapore, Chennai – 600 004 Phone No.91-44-28478500, Fax No.91-44-28478510 Email: meenakshisundaram.s@sfl.co.in
Whether listed company	No
Name, Address and Contact details of the Registrar and Transfer Agent, if any.	Not Applicable

III. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and description of main products / services	NIC Code of the Product / service	% of total turnover of the company
1	Valve guides / valve seats	Group – 293	92.80
2	Shaft idler, Spacer oil lock cover idler, pulley	Class - 2930	7.20

V. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and address of the company	CIN / GLN	Holding / Subsidiary	% of votes held	Applicable Section
Sundram Fasteners Limited 98-A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai – 600 004	L35999TN1962PLC004943	Holding Company	100	2(46)

Sundram Precision Components Limited

VII. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category wise shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian									
a) Individuals / HUF (Nominees of Bodies Corporate)	-	5	5	0.00	-	5	5	0.00	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	6999995	6999995	100.00	-	6999995	6999995	100.00	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)		7000000	7000000	100.00		7000000	7000000	100.00	
Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)									
Total shareholding (A)=(A)(1)+(A)(2)		7000000	7000000	100.00		7000000	7000000	100.00	
B. Public Shareholding	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
Grand Total = A+B+C		7000000	7000000	100.00		7000000	7000000	100.00	

(ii) Shareholding of Promoters

S. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change 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	Sundram Fasteners Limited	6999994	100.00	0.00	6999994	100.00	0.00	-
2	Sundram Fasteners Limited with Sri. S Suriyanarayanan	1	0.00	0.00	1	0.00	0.00	-
3	Nominees of Sundram Fasteners Limited	5	0.00	0.00	5	0.00	0.00	-
	Total	7000000	100.00	0.00	7000000	100.00	0.00	

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Name of the shareholder	Shareholding		Increase / Decrease in shareholding (transfer)		Cumulative shareholding during the year		Shareholding	
		No of shares at the beginning of the year	% of total shares of the company	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	No of shares at the end of the year	% of total shares of the company
NIL									

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

Not Applicable.

(v) Shareholding of Directors and Key Managerial Personnel

S. No.	For Each of the Directors and KMP	Name of the Director / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning, during and end of the year	*V G Jaganathan, Director	1	0.00	1	0.00
2	At the beginning, during and end of the year	*R Dilip Kumar, Director	1	0.00	1	0.00
3	At the beginning, during and end of the year	*S Meenakshisundaram, Company Secretary	1	0.00	1	0.00

* Nominees of Sundram Fasteners Limited (Holding Company)

Note: There have been no changes in the shareholding of Directors and Key Managerial Personnel during the year.

V. INDEBTEDNESS

As at 31st March, 2018 – NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year 2017-2018, no remuneration was paid to Directors and Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year 2017-2018, there were no penalties levied by the Regional Director on the company / directors / officers in default or any compounding of offences by the company / directors / officers in default or any punishment granted by any Court against the company / directors / officers in default.

Sundram Precision Components Limited

Sundaram & Srinivasan
Chartered Accountants

New No. 4 (Old No. 23), C P Ramaswamy Road
Alwarpet, Chennai 600 018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNDARAM PRECISION COMPONENTS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2018

To The Members of Sundram Precision Components Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Sundram Precision Components Limited, Chennai ("the company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "financial statement").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and Changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations furnished to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) of the state of affairs of the Company as at March 31, 2018;
- b) of the Profit for the year ended on that date (including Other Comprehensive Income);
- c) of the Cash Flows for the year ended on that date; and
- d) of the Changes in Equity for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in term of sub-section (11) of section 143 of the Act, we give in the "Annexure — A" a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.
 - e. On the basis of written representations received from the directors as on 31st March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of internal financial controls with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements Refer Note No.31 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No. 004207S

M BALASUBRAMANIAM
Partner
Membership No.F7945

Place : Chennai
Date : April 20, 2018

ANNEXURE "A" to INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNDRAM PRECISION COMPONENTS LIMITED FOR THE YEAR ENDED 31ST MARCH 2018

Annexure A referred to in our report under "Report on Other Legal and Regulatory requirements Para 1" of even date on the accounts for the year ended 31st March 2018.

- i. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties of the Company are held in the name of the company and confirmation is also obtained from the Company.
- ii. The inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of such verification is adequate. The discrepancies between the physical stocks and the books were not material and have been properly dealt with in the books of account.
- iii. The company has not granted any loan to a company, firm, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the order are not applicable to the company.
- iv. The company has not granted any loan or has made any investments, furnished any guarantees or provided any security. Hence reporting on whether there is compliance with provisions of section 185 and 186 of the Companies Act, 2013 does not arise.
- v. The company has not accepted any deposit within the meaning of sections 73 to 76 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (v) of the order are not applicable.
- vi. According to the information and explanations furnished to us, the requirement for maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Companies Act, 2013 are not applicable to the Company for the year under audit.
- vii. (a) According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax / Value Added Tax (VAT), Service Tax, Duty of Customs, Duty of Excise, Goods and Services Tax (GST) coming into effect from 1st July 2017, Cess and other statutory dues with the appropriate authorities.
- (b) According to the information and explanation furnished to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax / Value Added Tax (VAT), Service Tax, Duty of Customs, Duty of Excise, Goods and Services Tax (GST) coming into effect from 1st July 2017, Cess were in arrears, as at 31st March 2018 for a period of more than six months from the date they became payable.

- (c) According to information and explanations furnished to us, the following are the details of the disputed dues that were not deposited with the concerned authorities:

Name of the statute	Year to which the amount relates	Nature of dues	Amount ₹ in Thousands	Forum where the dispute is pending
Income Tax Act, 1961	Assessment Year 2014-15	Income Tax	3,538.31	Commissioner of Income Tax (Appeals), Chennai

- viii. The company has not availed any term loan from banks or financial institutions. Hence the question of reporting on default in repayment thereof does not arise. The company has not issued any debenture from the date of incorporation.
- ix. (a) The company has not raised any money by the way of initial public offer or further public offers including debt instruments during the year. Hence reporting on utilization of such money does not arise.
- (b) The company has not availed any fresh term loan during the year. The loans availed in earlier years were applied for the purpose for which they were availed.
- x. Based on the audit procedures adopted and information and explanations furnished to us by the management, no fraud on or by the company has been noticed or reported during the year.
- xi. There are no managerial personnel in the Company and hence the provisions of Section 197 read with Schedule V of the Companies Act, 2013 are not applicable.
- xii. The Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company.
- xiii. (a) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 188 of Companies Act, 2013.
- (b) The details of transactions during the year have been disclosed in the Financial Statements as required by the applicable accounting standards. Refer Note no - 30 to financial statements.
- xiv. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under section 42 of the Companies Act, 2013.
- xv. According to the information and explanations furnished to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi. The Company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No. 004207S

M BALASUBRAMANIAM
Partner
Membership No.F7945

Place : Chennai
Date : April 20, 2018

Sundram Precision Components Limited

Sundaram & Srinivasan
Chartered Accountants

New No. 4 (Old No. 23), C P Ramaswamy Road
Alwarpet, Chennai 600 018

ANNEXURE — “B” TO INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SUNDARAM PRECISION COMPONENTS LIMITED FOR THE YEAR ENDED 31ST MARCH 2018

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

We have audited the internal financial controls with reference to financial statements of Sundram Precision Components Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (here in after “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that;

- i. pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii. 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
- iii. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, based on;

- i. existing policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business.
- ii. continuous adherence to Company’s policies.
- iii. existing procedures in relation to safeguarding of Company’s fixed assets, inventories, receivables, loans and advances made and cash and bank balances.
- iv. existing system to prevent and detect fraud and errors .
- v. accuracy and completeness of Company’s accounting records; and
- vi. existing capacity to prepare timely and reliable financial information .

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No. 004207S

M BALASUBRAMANIAM
Partner
Membership No.F7945

Place : Chennai
Date : April 20, 2018

Balance Sheet as at 31st March 2018

₹ In Thousands

	Note	As at 31st March 2018	As at 31st March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	5	57,754	53,682
Capital work-in-progress	5	-	7,349
Financial assets			
- Investments	6	885	-
- Others	7	3,363	3,283
Deferred tax assets (Net)	8	-	106
Non-current tax assets (Net)	9	3,809	2,656
		<u>65,811</u>	<u>67,076</u>
Current assets			
Inventories	11	43,007	30,821
Financial assets			
- Trade receivables	12	22,674	21,190
- Cash and cash equivalents	13	33,046	66,679
- Others	7	71	104
Other current assets	10	5,773	6,438
		<u>1,04,571</u>	<u>1,25,232</u>
Total assets		<u>1,70,382</u>	<u>1,92,308</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	70,000	70,000
Other equity		64,181	1,03,883
Total equity		<u>1,34,181</u>	<u>1,73,883</u>
Liabilities			
Non-current liabilities			
Deferred tax liabilities (Net)	8	1,108	-
Current liabilities			
Financial liabilities			
- Trade payables	15	24,866	12,814
- Other financial liabilities	16	4,253	4,106
Other current liabilities	17	5,601	1,121
Provisions	18	373	384
Total current liabilities		<u>36,201</u>	<u>18,425</u>
Total equity and liabilities		<u>1,70,382</u>	<u>1,92,308</u>

Notes 1 to 35 form an integral part of these financial statements

As per our report of even date attached

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration. No. 004207S

M BALASUBRAMANIAM
Partner
Membership No. F7945

For and on behalf of the Board of Directors of
SUNDRAM PRECISION COMPONENTS LIMITED
(CIN: U29130TN2004PLC054482)

VG JAGANATHAN R DILIP KUMAR
Director Director
(DIN: 00231642) (DIN: 00240372)

S MEENAKSHISUNDARAM
Company Secretary
(ACS Membership No: A15211)

Place : Chennai
Date : April 20, 2018

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

₹ In Thousands

	Note	Year ended 31st March 2018	Year ended 31st March 2017
I Revenue from operations	19	2,64,532	2,36,894
II Other income	20	1,358	14,115
III Total Income (I + II)		<u>2,65,890</u>	<u>2,51,009</u>
IV Expenses			
Cost of raw materials and components consumed	21	1,26,522	90,087
Changes in inventories of finished goods and work-in-process	22	(5,135)	(2,620)
Excise duty		7,308	25,746
Employee benefits expense	23	15,577	13,899
Finance costs	24	-	6
Depreciation and amortization expense	5	5,910	7,259
Other expenses	25	89,105	79,958
Total expenses		<u>2,39,287</u>	<u>2,14,335</u>
V Profit before exceptional items and tax (III - IV)		26,603	36,674
VI Exceptional items		-	-
VII Profit before tax (V - VI)		<u>26,603</u>	<u>36,674</u>
VIII Tax expense			
a) Current tax	26	6,337	10,885
b) Deferred tax		966	438
Sub-Total		<u>7,303</u>	<u>11,323</u>
IX Profit for the year (VII - VIII)		<u>19,300</u>	<u>25,351</u>
X Other comprehensive income			
i) Items that will not be reclassified to profit or loss			
- Re-measurement gains (losses) on defined benefit plans	27	29	(172)
Income tax effect		(56)	57
		<u>(27)</u>	<u>(115)</u>
XI Total comprehensive income for the year (IX + X)		<u>19,273</u>	<u>25,236</u>
(Comprising Profit and Other Comprehensive Income for the year)			
XII Earnings per equity share			
Basic (in ₹)	28	2.76	3.62
Diluted (in ₹)		2.76	3.62
XIII Weighted average number of equity shares used in computing earnings per equity share			
Basic		70,00,000	70,00,000
Diluted		70,00,000	70,00,000

Notes 1 to 35 form an integral part of these financial statements

As per our report of even date attached

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration. No. 004207S

M BALASUBRAMANIAM VG JAGANATHAN R DILIP KUMAR
Partner Director Director
Membership No. F7945 (DIN: 00231642) (DIN: 00240372)

S MEENAKSHISUNDARAM
Company Secretary
(ACS Membership No: A15211)

Place : Chennai
Date : April 20, 2018

Sundram Precision Components Limited

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

A. Equity Share Capital		₹ In Thousands
Particulars	Amount	
Balance at the 01st April 2017	70,000	
Changes in equity share capital during the year	-	
Balance at the 31st March 2018	70,000	
B. Other Equity		

Particulars	Reserves and Surplus		Accumulated other comprehensive income		Total
	General reserve	Retained Earnings	Equity instruments	Other Items	
Balances at 01st April 2017	-	1,03,998	-	(115)	1,03,883
Profit for the year	-	19,300	-	-	19,300
Other comprehensive income net of tax	-	-	-	(27)	(27)
Dividend paid	-	(49,000)	-	-	(49,000)
Tax paid thereon	-	(9,975)	-	-	(9,975)
Balance at the 31st March 2018	-	64,323	-	(142)	64,181

Particulars	Reserves and Surplus		Accumulated other comprehensive income		Total
	General reserve	Retained Earnings	Equity instruments	Other Items	
Balances at 01st April 2016	-	78,647	-	-	78,647
Profit for the year	-	25,351	-	-	25,351
Other comprehensive income	-	-	-	(115)	(115)
Balances at 31st March 2017	-	1,03,998	-	(115)	1,03,883

Notes 1 to 35 form an integral part of these financial statements

As per our report of even date attached

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration. No. 004207S

M BALASUBRAMANIAM
Partner
Membership No. F7945

For and on behalf of the Board of Directors of
SUNDRAM PRECISION COMPONENTS LIMITED
(CIN: U29130TN2004PLC054482)

VG JAGANATHAN R DILIP KUMAR
Director Director
(DIN: 00231642) (DIN: 00240372)

S MEENAKSHISUNDARAM
Company Secretary
(ACS Membership No: A15211)

Place : Chennai
Date : April 20, 2018

Statement of Cash flow for the year ended 31st March 2018

(Prepared under Indirect Method)
Rs. In Thousands
Year ended 31st March 2018 Year ended 31st March 2017

A. Cash flows from operating activities		
Profit before tax	26,603	36,674
<i>Adjustments for:</i>		
Depreciation and amortization	5,910	7,259
Interest (income)/expense	(1,358)	(1,511)
Operating profit before working capital changes	31,155	42,422

Adjustments for:		
(Decrease)/ Increase in trade payables	12,052	(31,000)
(Decrease)/ increase in other current liabilities	4,480	61
(Decrease)/ increase in other current Financial liabilities	147	(1)
(Decrease)/ increase in Provisions	(40)	43
Decrease / (increase) in other assets	33	(182)
Decrease / (Increase) in trade receivables	(1,484)	42,339
Decrease / (Increase) in current assets	665	7,333
Decrease/(Increase) in inventories	(12,186)	(15,661)
Decrease / (Increase) in Non current assets	(79)	(581)
Decrease / (Increase) in Non-current tax assets	(961)	-
Cash from/ (used in) operating activities	33,782	44,773
Direct taxes paid, (Net)	7,165	7,972
Net cash from/ (used in) operating activities	26,617	36,801

B. Cash flow from investing activities		
Purchase of Property, Plant & Equipment (including capital work-in-progress)	(2,633)	(11,977)
Interest received	1,358	1,517
Net cash from/ (used in) investing activities	(1,275)	(10,460)

C. Cash flow from financing activities		
Interest paid to banks and others	-	(6)
Dividend paid	(49,000)	-
Dividend distribution tax paid	(9,975)	-
Net cash from / (used in) financing activities	(58,975)	(6)

D. Net cash flows during the year (A + B + C)	(33,633)	26,335
E. Cash and cash equivalents at the beginning	66,679	40,344
F. Cash and cash equivalents at the end (D + E)	33,046	66,679

Disclosure requirements relating to changes in liabilities arising from non-cash changes are not applicable

Cash and cash equivalents comprise of:

Cash on hand	6	8
Balances with banks in current accounts	3,040	46,671
Deposits with maturity less than 3 months	30,000	20,000
Cash and cash equivalents as per note 13	33,046	66,679

Notes 1 to 35 form an integral part of these financial statements

As per our report of even date attached

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration. No. 004207S

M BALASUBRAMANIAM
Partner
Membership No. F7945

For and on behalf of the Board of Directors of
SUNDRAM PRECISION COMPONENTS LIMITED
(CIN: U29130TN2004PLC054482)

VG JAGANATHAN R DILIP KUMAR
Director Director
(DIN: 00231642) (DIN: 00240372)

S MEENAKSHISUNDARAM
Company Secretary
(ACS Membership No: A15211)

Place : Chennai
Date : April 20, 2018

1. Corporate Information

Sundram Precision Components Limited (“SPC” or “the Company”) formerly Sundram Bleistahl Limited is incorporated in India and is a subsidiary of Sundram Fasteners Limited (SFL) Chennai.

The registered office of the Company is situated at No. 98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004.

2. Basis of Preparation

The financial statements of the Company have been prepared on mercantile basis as a going concern in accordance with Indian Accounting Standards (Ind AS) as prescribed by Ministry of Corporate Affairs under Companies (Indian Accounting Standards) Rules, 2015, provisions of the Companies Act 2013, to the extent notified, pronouncements of the Institute of Chartered Accountants of India.

Information under IND AS are furnished wherever applicable and only when such information will influence the economic decisions of the users of the financial statements.

The financial statements for the year ended 31st March 2018 (including comparatives) are duly adopted by the Board on today for consideration of approval by the shareholder.

Applicability of New Indian Accounting Standard:

Ind AS - 115 Revenue from Contracts with Customers: This standard is issued but not effective. The standard has no significant impact on current year financials and will be applicable only from financial year 2018-19.

3. Summary of accounting policies

1) Overall considerations

The financial statements have been prepared applying the significant accounting policies and measurement bases summarized below.

2) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties. It includes excise duty but excludes Value Added Tax, Sales Tax and Service Tax.

i. Sale of Products:

Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transactions will flow to the Company.

ii. Interest:

Interest incomes are recognized using the time proportion method based on the rates implicit in the transaction.

3) Property, plant and equipment

i. Free hold land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition/ construction less accumulated depreciation/amortization and impairment, if any. Cost includes:

- a. Purchase Price
- b. Taxes and Duties
- c. Labour cost and
- d. Direct expenses incurred upto the date the asset is ready for its intended use.

However, cost excludes excise duty, value added tax and service tax, to the extent credit of the duty or tax is availed of.

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 and the cost of the item can be measured reliably.

ii. Component Accounting:

The component of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of the respective asset, the life of the component in assets are determined based on technical assessment and past history of replacement of such components in the assets. The carrying amount of any component accounted for as separate asset is derecognised when replaced.

iii. Other cost:

All other repairs and maintenance cost are charged to the statement of profit and loss during the reporting period in which they are incurred.

Profit or Loss on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss.

iv. Depreciation and amortization:

- a. Depreciation is recognized on a straight-line basis, over the useful life of the buildings and other equipments as prescribed under Schedule II of the Companies Act, 2013.
- b. Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.
- c. The estimated useful life of the tangible fixed assets on technical assessment followed by the Company is furnished below:

Description	Useful lives in years
Buildings	30
Plant & Equipment	10
Furniture & Fixtures	10
Office equipments	5
Vehicles	10

Material residual value estimates and estimates of useful life are assessed as required.

- d. The residual value for all the above assets are retained at 5% of the cost. Residual values and useful lives are reviewed and adjusted, if appropriate, for each reporting period.
- e. On tangible fixed assets added/disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.
- f. Depreciation in respect of tangible asset costing individually less than Rs. 5000/- is provided at 100%.

4) Impairment

Assets tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (Cash Generating Units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of the each reporting period.

5) Financial instruments

5.1 Recognition, initial measurement and derecognition:

Financial assets (other than trade receivables) and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit and loss which are measured initially at fair value. Trade receivables are recognised at their transaction value as the same do not contain significant financing component.

The 'trade payable' is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction value as the same do not contain significant financing component.

5.2 Financial Assets Classification and subsequent measurement of financial assets:

i. For the purpose of subsequent measurement, financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- a. Those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI) or through profit and loss (FVTPL) and;
- b. Those measured at amortized cost.

1. Financial assets at Amortised Cost

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure.

2. Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Includes assets that are held within a business model where the objective is both collecting contractual

cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company also measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

3. Financial assets at Fair Value Through Profit and Loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in statement of profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance in respect of FVTPL at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure.

The Company also measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The allowance shall be recognised in statement of profit and loss.

ii. Impairment of financial assets:

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets as required which are described above.

iii. Trade receivables:

The Company follows 'simplified approach' for recognition of impairment loss allowance based on lifetime Expected Credit

Loss at each reporting date, right from its initial recognition.

iv. Derecognition of financial assets

A financial asset is derecognised only when;

- a) The Company has transferred the rights to receive cash flows from the financial asset or
- b) The Company retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risk and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risk and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset is continued to be recognised to the extent of continuing involvement in the financial asset.

5.3 Financial Liabilities

i. Classification, subsequent measurement and derecognition of financial liabilities

a. Classification

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss or at amortised cost. The Company's financial liabilities include trade and other payables.

b. Subsequent measurement

Financial liabilities are measured subsequently at amortized cost using the effective interest rate method and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in the statement of profit and loss.

c. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. 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.

6) Inventories

Inventories are valued at lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Cost is ascertained on weighted average basis in accordance with the method of valuation prescribed by the Institute of Chartered Accountants of India.

i. Raw materials

Raw materials are valued at cost of purchase net of duties (credit availed w.r.t taxes and duties) and includes all expenses incurred in bringing the materials to location of use.

ii. Work-in-process and Finished Goods

Work-in-process and finished goods include conversion costs in addition to the landed cost of raw materials.

iii. Stores and spares

Stores, spares and tools cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

7) Income Taxes

Tax expense recognized in the statement of profit and loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognised in Other Comprehensive Income (OCI) are disclosed under OCI.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future tax liability. This is assessed based on the Company's forecast of future earnings, excluding significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

8) Post-employment benefits and short-term employee benefits

i. Short term obligations:

Short term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period.

ii. Defined benefit plan:

(a) Leave salary:

The liabilities for earned leave are not expected to be settled wholly within 12 months after end of the period in which the employees render the related service. They are, therefore, recognised and provided for at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Other Comprehensive Income (OCI).

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Sundram Precision Components Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

(b) Gratuity:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in employee benefit expenses in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income (net of deferred tax).

Changes in present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss.

iii. Bonus Payable:

The Company recognises a liability and an expense for bonus. The Company recognises a provision where contractually and statutorily obliged or where there is a past practice that has created a constructive obligation.

9) Provisions and contingent liabilities

i. Provisions:

A Provision is recorded when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is 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 expenses.

ii. Contingent liabilities:

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

iii. Contingent Assets:

The Company does not recognise contingent assets. If it is virtually certain then they will be recognised as asset, however these are assessed continually to ensure that the developments are appropriately disclosed in the financial statements.

10) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential equity shares.

11) Cash and Cash equivalents and Cash Flow Statement

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within three months from the date of acquisition and that are readily convertible into known amounts of cash and which are subject to only an insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is appropriately classifying for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of 3 months or less, as applicable.

12) Segment reporting

The Company is engaged in manufacture and sale of valve guides, thus the Company has only one reportable segment.

13) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred under finance costs. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to interest costs.

4. Significant management judgment in applying accounting policies and estimation of uncertainty

While preparing the financial statements, management has made a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

(i) Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized 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-forwards can be utilized. In addition, significant judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues.

(ii) Estimation of uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

a. Impairment of non-financial assets

In assessing impairment, management has estimated economic use of the assets, the recoverable amount of each asset or cash-generating units based on expected future cash flows and use an interest rate to discount them. Estimation uncertainty relates to assumptions about economically future operating cash flows and the determination of a suitable discount rate.

b. Useful lives of depreciable assets

Management has reviewed its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

relate to technological obsolescence that may change the utility of assets including Information Technology assets.

c. Inventories

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes.

d. 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, 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.

e. Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

5. a) PROPERTY, PLANT AND EQUIPMENT

₹ In Thousands

Gross block	Tangible assets						
	Land - Freehold	Buildings	Plant and Equipment	Furniture and fixtures	Office Equipments	Vehicles	Total
As at 31st March 2017	4,971	28,617	40,702	747	114	9	75,160
Additions	-	1,694	8,274	3	11	-	9,982
Disposal	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-
As at 31st March 2018	4,971	30,311	48,976	750	125	9	85,142
Accumulated depreciation/ amortisation							
As at 31st March 2017	-	2,380	18,910	140	44	4	21,478
For the year	-	1,280	4,512	66	50	2	5,910
Deduction on sale or discards	-	-	-	-	-	-	-
As at 31st March 2018	-	3,660	23,422	206	94	6	27,388
Net block							
As at 31st March 2017	4,971	26,237	21,792	607	70	5	53,682
As at 31st March 2018	4,971	26,651	25,554	544	31	3	57,754
b) Capital Work-in-Progress - Gross Block							
As at 31st March 2017	-	441	6,908	-	-	-	7,349
As at 31st March 2018	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

Particulars	₹ In Thousands			
	As at 31 st March 2018		As at 31 st March 2017	
	Number	₹ In Thousands	Number	₹ In Thousands
14 SHARE CAPITAL				
Authorised				
Equity shares of ₹ 10 each	1,25,00,000	1,25,000	1,25,00,000	1,25,000
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	70,00,000	70,000	70,00,000	70,000

a) There were no movement in the share capital during the current and previous year.

b) Shareholders holding more than 5% of the aggregate shares in the Company

Particulars	Nos.	% holding	Nos.	% holding
1. Sundram Fasteners Limited, Chennai & its six nominees	70,00,000	100%	70,00,000	100%

c) Rights, preferences, restrictions

Equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

In the event of liquidation of the Company, the holders of equity shares 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.

Shares held by holding Company

Name of the Company	Nos	As at	As at
		31st March 2018	31st March 2017
Sundram Fasteners Limited, Chennai & its six nominees		70,00,000	70,00,000

15 TRADE PAYABLES

Particulars	Short-term	
	As at 31st March 2018	As at 31st March 2017
Due to Micro, Small and Medium Enterprises (MSME's)	-	-
Dues to others	24,866	12,814
	<u>24,866</u>	<u>12,814</u>

16 OTHER FINANCIAL LIABILITIES

Unclaimed salaries & wages	21	20
Unclaimed bonus	104	-
Trade deposits	885	-
Non statutory dues	3,243	4,086
	<u>4,253</u>	<u>4,106</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

Particulars	₹ In Thousands	
	Short-term	
	As at 31st March 2018	As at 31st March 2017
17 OTHER CURRENT LIABILITIES		
Customer advances	19	24
Statutory dues	5,582	1,097
	<u>5,601</u>	<u>1,121</u>

Particulars	As at 31st March 2018		As at 31st March 2017	
	Long-term	Short-term	Long-term	Short-term
18 Provisions*				
Provision for employee benefits				
Gratuity	-	276	-	368
Compensated absences	-	97	-	16
	<u>-</u>	<u>373</u>	<u>-</u>	<u>384</u>

Particulars	As at	As at
	31st March 2018	31st March 2017
Balance at the beginning of the year	384	169
Add: Created/provided during the year	183	368
Less: Paid during the year	194	153
Less: Reversed during the year	-	-
Balance at the end of the year	<u>373</u>	<u>384</u>

* No provision for warranty is made, since based on previous year's history of the entity's claim from the customers were nil.

Particulars	Year ended	Year ended
	31st March 2018	31st March 2017
19 REVENUE FROM OPERATIONS		
Sale of goods		
Domestic (Including excise duty)	2,62,051	2,26,588
Export sales	-	5,911
Other operating revenue (Refer Note No. 19A)	2,481	4,395
Revenue from operations (Gross)	<u>2,64,532</u>	<u>2,36,894</u>

19A OTHER OPERATING REVENUE

Scrap Sales (Including excise duty)	2,481	4,395
	<u>2,424</u>	<u>4,395</u>

20 OTHER INCOME

Interest Income	1,358	1,517
Trade payable written up	-	9,586
Miscellaneous Income (Compensation received from customer for shortfall in volume of turnover under written)	-	3,012
	<u>1,358</u>	<u>14,115</u>

Sundram Precision Components Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

Particulars	₹ In Thousands	
	Year ended 31st March 2018	Year ended 31st March 2017
21 COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Opening stock of raw materials and components	17,054	7,039
Add : Purchases during the year	1,34,904	1,00,102
Less: Closing stock of raw materials and components	25,436	17,054
	<u>1,26,522</u>	<u>90,087</u>
22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROCESS		
A. Opening stock		
Work-in-process	3,931	3,721
Finished goods	6,048	3,638
Less: Excise Duty on Finished Goods	499	26
Sub Total	<u>9,480</u>	<u>7,333</u>
B. Less:		
Closing stock		
Work-in-process	7,535	3,931
Finished goods	7,579	6,048
Less: Excise Duty on Finished Goods	-	499
Sub Total	<u>15,114</u>	<u>9,480</u>
Total (A-B)	<u>(5,634)</u>	<u>(2,147)</u>
Add/Less: Excise Duty on opening and closing of finished goods (Net)	499	(473)
Net (increase)/decrease in inventories	<u>(5,135)</u>	<u>(2,620)</u>
23 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	12,822	10,822
Contribution to provident and other funds	1,041	1,419
Staff welfare expenses	1,714	1,658
	<u>15,577</u>	<u>13,899</u>
24 FINANCE COSTS		
Interest expenses	-	6

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

Particulars	₹ In Thousands	
	Year ended 31st March 2018	Year ended 31st March 2017
25 OTHER EXPENSES		
Stores and tools consumed	29,496	25,058
Power & fuel	20,113	19,415
Repairs and maintenance		
- Plant & Equipment	4,286	4,367
Sub-contract expenses	27,582	18,817
Audit fee (Refer Note No. 29)	320	429
Foreign exchange loss	83	3,104
Miscellaneous expenses	7,225	8,768
(Under this head there is no expenditure which is in excess of 1% of Revenue from Operations or Rs. 10 lakhs whichever is higher)		
	<u>89,105</u>	<u>79,958</u>
26 INCOME TAX		
The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of Sundram Precision Components Limited at 27.5525% and the reported tax expense in the Statement of profit and loss are as follows:		
Profit before tax	26,603	36,674
i) Income tax	7,329	12,144
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
ii) Allowances & Disallowances:		
a) Provision for bad and doubtful debts	-	94
b) Differential impact on account of book depreciation and income tax depreciation and others	(992)	(531)
	<u>6,337</u>	<u>11,707</u>
Tax expense comprises of:		
Current income tax:		
Current income tax charge	6,337	11,707
Adjustments in respect of current income tax of previous year	-	(822)
	<u>6,337</u>	<u>10,885</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	966	438
	<u>7,303</u>	<u>11,323</u>
Income tax expense	7,303	11,323
Other Comprehensive Income (OCI)		
Deferred tax related to items recognised in OCI during the year:		
Defined benefit plans	56	(57)
	<u>56</u>	<u>(57)</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

Particulars	₹ In Thousands	
	Year ended 31st March 2018	Year ended 31st March 2017
27 Other Comprehensive Income		
Other Comprehensive Income are classified into		
i) Items that will not be reclassified to profit or loss		
- Re-measurement gains (losses) on defined benefit plans	29	(172)
- Income tax effect	(56)	57
	<u>(27)</u>	<u>(115)</u>
28 EARNINGS PER EQUITY SHARE (EPS)		
Nominal value of equity share	10	10
Profit attributable to equity shareholders (A)	19,300	25,351
Weighted average number of equity shares outstanding during the year (B)	70,00,000	70,00,000
Basic earnings per equity share (A/B) (in ₹)	2.76	3.62
Dilutive effect on profit (C)	-	-
Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)	19,300	25,351
Dilutive effect on weighted average number of equity shares outstanding during the year (E)	-	-
Weighted average number of equity shares for computing diluted EPS (F) = (B+E)	70,00,000	70,00,000
Diluted earnings per equity share (D/F) (in ₹)	<u>2.76</u>	<u>3.62</u>
29 REMUNERATION TO AUDITORS CONSIST OF		
a) As Auditors	200	250
b) Taxation Matters	35	70
c) Company Law Matters	15	35
d) Other Services	25	25
e) Reimbursement of expenses	45	49
	<u>320</u>	<u>429</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

Particulars	₹ In Thousands	
	As at 31st March 2018	As at 31st March 2017
30 RELATED PARTY DISCLOSURES		
Related Parties :		
(I) Where Control exists:		
(A) Holding Company		
1. Sundram Fasteners Limited, Chennai		
(B) Fellow Subsidiary Companies		
(i) Domestic subsidiaries		
1. Sundram Fasteners Investments Limited, Chennai		
2. TVS Upasana Limited, Chennai		
3. Sundram Non-Conventional Energy Systems Limited, Chennai		
4. TVS Infotech Limited, Chennai		
5. TVS Next Private Limited, Chennai (formerly Blisslogix Technology Solutions Private Limited)		
(ii) Foreign subsidiaries		
1. Sundram International Limited, United Kingdom		
2. Cramlington Precision Forge Limited, Northumberland, United Kingdom		
3. TVS Infotech Inc, Michigan, USA		
4. Sundram International Inc., Michigan, USA		
5. Sundram Fasteners (Zhejiang) Limited, Peoples Republic of China		
(II) Transactions with related parties referred in (I) above in the ordinary course of business:		
i) Purchase of Goods:		
- Holding Company	1,22,934	78,320
ii) Sale of Goods:		
- Holding Company	2,12,330	170,460
iii) Services Availed		
- Holding Company	2,424	4,195
iv) Outstanding Balances		
Due to the Company	11,636	12,675
- Holding company (Sale Transactions)		
Payable by the Company	16,246	2,202
- Holding company (Purchase & other Transactions)		
31 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS		
Liabilities disputed and not provided for;		
- Income tax - under appeal	3,538	5,096

Sundram Precision Components Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

₹ In Thousands

32 TOTAL OUTSTANDING DUES OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

Particulars		As at 31st March 2018	As at 31st March 2017
1.	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	-
2.	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
3.	The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
4.	The amount of interest accrued and remaining unpaid at the end of each accounting year and	-	-
5.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
Total		-	-

Based on the information available with the Company in respect of Micro, Small & Medium Enterprises (as defined in 'The Micro, Small & Medium Enterprises Development Act, 2006') the company is generally regular in making payments of dues to such enterprises. Hence the question of payments of interest or provision therefore towards belated payments does not arise.

33 Fair value measurement hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

₹ In Thousands

Particulars	Carrying Amount				Fair Value				Total
	31-Mar-18	Level 1	Level 2	Level 3	31-Mar-17	Level 1	Level 2	Level 3	
Financial Assets									
(i) Investments	885	-	-	-	885	-	-	-	-
(ii) Non-current									
Security deposits	3,363	-	-	-	3,363	3,283	-	-	3,283
(iii) Current									
Trade receivables	22,674	-	-	-	22,674	21,190	-	-	21,190
Cash and Cash equivalents	33,046	-	-	-	33,046	66,679	-	-	66,679
Interest receivable	61	-	-	-	61	94	-	-	94
Other financial assets	10	-	-	-	10	10	-	-	10
Total Financial Assets	60,039	-	-	-	60,039	91,256	-	-	91,256
Financial Liabilities									
Trade payables	24,866	-	-	-	24,866	12,814	-	-	12,814
Unclaimed wages & salaries	21	-	-	-	21	20	-	-	20
Unclaimed bonus	104	-	-	-	104	-	-	-	-
Other liabilities	3,243	-	-	-	3,243	4,086	-	-	4,086
Trade deposits	885	-	-	-	885	-	-	-	-
Total Financial Liabilities	29,119	-	-	-	29,119	16,920	-	-	16,920

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

34 FAIR VALUE DISCLOSURE

₹ In Thousands

Particulars	31-Mar-18				31-Mar-17			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial Assets								
Investments	-	-	885	885	-	-	-	-
Trade receivables	-	-	22,674	22,674	-	-	21,190	21,190
Cash and Cash equivalents	-	-	33,046	33,046	-	-	66,679	66,679
Other financial assets	-	-	3,434	3,434	-	-	3,387	3,387
Total Financial Assets	-	-	60,039	60,039	-	-	91,256	91,256
Financial Liabilities								
Trade Payables	-	-	24,866	24,866	-	-	12,814	12,814
Other Financial Liabilities	-	-	4,253	4,253	-	-	4,106	4,106
Total Financial Liabilities	-	-	29,119	29,119	-	-	16,920	16,920

35 Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies

The Company's principal financial liabilities, comprise trade and other payables. The Company's principal financial assets include trade and other receivables, cash and cash equivalents that derive directly from its operations.

a) Credit risk

Credit risk arises where the counter party does not meet its obligations to pay its dues to the company

The Company is not exposed to huge credit risk as regards its customers who are all well established. The Company considers that all the receivables are good for recovery

	As at 31st March 2018	As at 31st March 2017
Not more than 6 months	22,496	20,461
More than 6 months	178	729
Total	22,674	21,190

b) Liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Year ended 31st March 2018

	Less than 180 days	More than 180 days
Trade and other payables	24,167	699
Other financial liabilities	4,253	-
Total	28,420	699

Year ended 31st March 2017

	Less than 180 days	More than 180 days
Trade and other payables	12,104	710
Other financial liabilities	4,106	-
Total	16,210	710

c) Foreign currency risk

Foreign currency risk exposure at the end of the reporting period expressed in INR are:

	As at 31st March 2018	As at 31st March 2017
Financial liabilities	1,137	1,086

Sundram Precision Components Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

₹ In Thousands

Foreign currency sensitivity

The following table illustrates the sensitivity of profit in regards to the Company's financial liabilities and the EURO/INR exchange rate 'all other things being equal'. It assumes a +/- 5% change of the INR /EURO exchange rate for the year ended at 31st March 2018 (31st March 2017: 5%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

If the Rupee had strengthened and weakened against the EURO by 5% during the year ended 31st March 2018 (31st March 2017: 5%) respectively then this would have had the following impact profit before tax and equity before tax:

		As at 31st March 2018	As at 31st March 2017
Currency			
Euro	+5%	(57)	(54)

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration. No. 004207S

M BALASUBRAMANIAM
Partner
Membership No. F7945

Place : Chennai
Date : April 20, 2018

For and on behalf of the Board of Directors of
SUNDRAM PRECISION COMPONENTS LIMITED
(CIN: U29130TN2004PLC054482)

VG JAGANATHAN
Director
(DIN: 00231642)

R DILIP KUMAR
Director
(DIN: 00240372)

S MEENAKSHISUNDARAM
Company Secretary
(ACS Membership No: A15211)