

Sundram Precision Components Limited

ANNUAL REPORT

**for the year ended
March 31, 2019**

Sundram Precision Components Limited

REPORT OF DIRECTORS TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Fifteenth Annual Report, together with the audited accounts for the year ended 31st March 2019.

Rs in Thousands

FINANCIAL RESULTS	2018-19	2017-18
Revenue from Operations	2,58,919	2,64,532
Gross Profit / (Loss) before interest & depreciation	25,665	32,513
Less: Interest	-	-
Less: Depreciation	4,458	5,910
Profit / (Loss) before tax	21,207	26,603
Add / (Less): Provision for Tax (including Deferred Tax)	6,048	7,303
Profit / (Loss) after tax	15,159	19,300
Add / (Less): Balance brought forward	64,181	1,03,883
Add / (Less) : Other comprehensive income	(2)	(27)
Add / (Less) : Dividend paid including dividend distribution tax	29,536	(58,975)
Balance carried forward	49,802	64,181

OPERATIONS

The revenue from operations and other income during the year under review was at Rs 2,58,919 (thousands) as against ₹ 2,64,532/- (thousands) in the previous year. The operating Profit for the year was at ₹ 25,665/- (thousands) as against ₹ 32,513 (thousands) in the previous year. The net profit was at ₹ 15,159 /-(thousands) as against ₹ 19,300 (thousands) in the previous year.

DIVIDEND

The Company had during the year, declared Interim Dividend of ₹ 3.50/- per share (35%) of face value of ₹ 10 each absorbing a sum of ₹ 50. 36 lakhs (including dividend distribution tax) for the financial year 2018-19.

The Directors do not recommend any final 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, four Board meetings were held respectively on April 20, 2018, August 16, 2018, December 12, 2018 and March 27, 2019.

All the Directors attended all the meetings held during the year under review.

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.
- they 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 2019.
- they 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.

- they had prepared the annual accounts on a going concern basis.
- they 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, 2019 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 S V Mahesh, Director (DIN 06601539) 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.

The company has filed the Scheme of Amalgamation of SPCL with Sundram Fasteners Limited with the National Company Law Tribunal (NCLT), Chennai branch. The final hearing took place at the NCLT on April 8, 2019 and the Order is expected to be passed during the month of May 2019.

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.

- (ii) The steps taken by the Company for utilising alternate sources of energy – Nil
- (iii) There were no capital investments on energy conservation requirements.

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

The total foreign exchange earned and used are as under:

Foreign exchange earned (₹ in thousands)	-
Foreign exchange used (₹ in thousands)	

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.

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

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

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 2019.

During the Financial Year 2018-2019, 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.

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.

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.

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.

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.

Pursuant to the recommendation by the Board of Directors at their meeting held on 19th May, 2014 M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai were appointed as Statutory Auditors of the company for a period of five years at the Tenth Annual General Meeting held on 22nd September, 2014

As per the provisions of Section 139 of the Companies Act, 2013 read with Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014 M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai are eligible to be re-appointed as Statutory Auditors for a period of five years commencing from the conclusion of this Annual General Meeting until the commencement of Twentieth Annual General Meeting to be held in the calendar year 2024.

The Company has obtained necessary certificate under Section 141 of the Companies Act, 2013 from the auditor conveying their eligibility for the above appointment. Their eligibility criteria were reviewed by the Board, as specified under Section 141 of the Companies Act, 2013 and recommended their appointment as auditors for the above mentioned period.

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 2018.

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	R DILIP KUMAR	V G JAGANATHAN
April 19, 2019	Director	Director

ANNEXURE - I

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

Nature of transaction (whether loan/ guarantee/ security/ acquisition)	Date of making loan/ acquisition / giving guarantee/ providing security (2)	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) (3)	Amount of loan/ security/ acquisition/ guarantee (4)	Time period for which it is made/ given (5)	Purpose of loan / acquisition / guarantee / security (6)	% 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 (7)	Date of passing Board resolution (8)	Date of passing special resolution, if required (9)	For loans (7)	
									Rate of Interest (10)	Date of Maturity (11)
Investment of 46,602 Equity Shares of Rs. 10/- each (at premium of Rs 9 per share)	-	Beta Wind Farm Private Limited	8,85,438	N.A.	To comply with Group Captive Consumers (GCC) norms	0.18%	01-04-2017	N.A.	N.A.	N.A.

Chennai
April 19, 2019

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
		1,45,555	2,34,571	1,977
c)	Duration of the contracts / arrangements / transactions	2018-19	2018-19	2018-19
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 19, 2019

R DILIP KUMAR
Director

V G JAGANATHAN
Director

FORM NO.MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 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

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)		6999995	6999995	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, 2019 – NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year 2018-2019, no remuneration was paid to Directors and Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year 2018-2019, 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 SUNDAM PRECISION COMPONENTS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2019

To the Members of Sundram Precision Components Limited

Report on the Audit of the Financial statements

Opinion

We have audited the standalone financial statements of Sundram Precision Components Limited ("the Company"), which comprise the Balance sheet as at 31st March 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements gives the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules Thereunder, and we have fulfilled our 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.

Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we 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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure – A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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), and the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) Requirement as per section 197(16) of the Act as to report on whether managerial remuneration paid or provided by the company to its directors are in accordance with the provision of section 197 is not applicable as the company has not paid or provided any managerial remuneration
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 30 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts and as such no provision as required under the applicable laws or accounting standards for material foreseeable losses is to be made.
 - 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

N K SANKAR
Partner
Membership No. 019280

Place : Chennai
Date : April 19, 2019

Sundram Precision Components Limited

Sundaram & Srinivasan
Chartered Accountants

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

ANNEXURE "A" to INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNDARAM PRECISION COMPONENTS LIMITED FOR THE YEAR ENDED 31ST MARCH 2019

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 2019.

- 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. As per the program, no physical verification was required to be carried out during the year.
- (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. According to the information and explanations furnished to us the company has not granted any loan secured or unsecured to companies, firms 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. According to the information and explanations furnished to us the company has not granted any loan or 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 regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Goods and Services Tax (GST), 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, Duty of Customs, Goods and Services Tax (GST), Cess were in arrears, as at 31st March 2019 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	987	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.
- 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. No managerial remuneration has been paid or provided during the year.
- 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 – 29 to Financial statements.
- xiv. According to the information and explanations provided to us and an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3 (xiv) of the order are not applicable to the company
- 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 as referred to in section 192 of the Companies Act, 2013.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

N K SANKAR
Partner
Membership No. 019280

Place : Chennai
Date : April 19, 2019

**ANNEXURE — “B” TO INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SUNDARAM PRECISION COMPONENTS LIMITED
FOR THE YEAR ENDED 31ST MARCH 2019**

**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 Sundaram Precision Components Limited (“the Company”) as of March 31, 2019 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, 2019, 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

N K SANKAR
Partner
Membership No. 019280

Place : Chennai
Date : April 19, 2019

Sundram Precision Components Limited

Balance Sheet as at 31st March 2019

		₹ In Thousands	
	Note	As at 31st March 2019	As at 31st March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5	57,892	57,754
Financial assets			
- Investments	6	1,143	885
- Others	7	3,444	3,363
Non-current tax assets (Net)	9	4,539	3,809
		67,018	65,811
Current assets			
Inventories	11	77,986	43,007
Financial assets			
- Trade receivables	12	32,764	22,674
- Cash and cash equivalents	13	8,966	33,046
- Others	7	2	71
Other current assets	10	6,137	5,773
		1,25,855	1,04,571
Total assets		1,92,873	1,70,382
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	70,000	70,000
Other equity		49,802	64,181
Total equity		1,19,802	1,34,181
Liabilities			
Non-current liabilities			
Deferred tax liabilities (Net)	8	2,061	1,108
Current liabilities			
Financial liabilities			
- Trade payables	15		
- Total outstanding dues of micro enterprises and small enterprises; and		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		55,897	24,866
- Other financial liabilities	16	4,482	4,253
Other current liabilities	17	10,047	5,601
Provisions	18	584	373
Total liabilities		73,071	36,201
Total equity and liabilities		1,92,873	1,70,382

Notes 1 to 34 form an integral part of these financial statements

As per our report of even date attached

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

N K SANKAR
Partner
Membership No. 019280

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)

Place : Chennai
Date : April 19, 2019

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

		₹ In Thousands	
	Note	Year ended 31st March 2019	Year ended 31st March 2018
I Revenue from operations	19	2,58,919	2,64,532
II Other income	20	1,765	1,358
III Total Income (I + II)		2,60,684	2,65,890
IV Expenses			
Cost of materials consumed	21	1,38,157	1,26,522
Changes in inventories of finished goods and work-in-process	22	(8,978)	(5,135)
Excise duty		-	7,308
Employee benefits expense	23	20,679	15,577
Depreciation and amortization expense	5	4,458	5,910
Other expenses	24	85,161	89,105
Total expenses		2,39,477	2,39,287
V Profit before tax (V - VI)		21,207	26,603
VI Tax expense			
a) Current tax	25	5,110	6,337
b) Deferred tax		938	966
Sub-total		6,048	7,303
VII Profit for the year (VII - VIII)		15,159	19,300
VIII Other comprehensive income			
i) Items that will not be reclassified to profit or loss		(1)	29
- Re-measurement gains (losses) on defined benefit plans	26	(1)	(56)
- Income tax effect		(2)	(27)
IX Total comprehensive income for the year (IX + X)		15,157	19,273
X Earnings per equity share			
(Comprising Profit and Other Comprehensive Income for the year)			
Basic (in ₹)	27	2.17	2.76
Diluted (in ₹)		2.17	2.76
XI 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 34 form an integral part of these financial statements

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As per our report of even date attached

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

N K SANKAR
Partner
Membership No. 019280

For and on behalf of the Board of Directors of
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S MEENAKSHISUNDARAM
Company Secretary
(ACS Membership No: A15211)

Place : Chennai
Date : April 19, 2019

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

A. Equity Share Capital		₹ In Thousands
Particulars	Amount	
Balance at the 01st April 2018	70,000	
Changes in equity share capital during the year	-	
Balance at the 31st March 2019	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 2018	-	64,323	-	(142)	64,181
Profit for the year	-	15,159	-	-	15,159
Other comprehensive income net of tax	-	-	-	(2)	(2)
Dividends	-	(24,500)	-	-	(24,500)
Tax paid thereon	-	(5,036)	-	-	(5,036)
Balance at the 31st March 2019	-	49,946	-	(144)	49,802

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)
Dividends	-	(49,000)	-	-	(49,000)
Tax paid thereon	-	(9,975)	-	-	(9,975)
Balances at 31st March 2017	-	64,323	-	(142)	64,181

Notes 1 to 34 form an integral part of these financial statements

As per our report of even date attached

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

N K SANKAR
Partner
Membership No. 019280

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

VG JAGANATHAN
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(DIN: 00231642)

R DILIP KUMAR
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(DIN: 00240372)

S MEENAKSHISUNDARAM
Company Secretary
(ACS Membership No: A15211)

Place : Chennai
Date : April 19, 2019

Statement of Cash flow for the year ended 31st March 2019

(Prepared under Indirect method)

	Rs. In Thousands Year ended 31st March 2019	Year ended 31st March 2018
--	--	----------------------------------

A. Cash flows from operating activities

Profit before tax	21,207	26,603
Adjustments for:		
Depreciation and amortization	4,458	5,910
Interest (income)/expense (Net)	(1,619)	(1,358)
Operating profit before working capital changes	24,046	31,155

Adjustments for:

(Decrease)/ Increase in trade payables	31,031	12,052
(Decrease)/ increase in other current liabilities	(591)	4,480
(Decrease)/ increase in other current Financial liabilities	229	147
(Decrease)/ increase in Provisions	211	(40)
Decrease/ Increase in other assets	69	33
Decrease / (Increase) in trade receivables	(10,090)	(1,484)
Decrease / (Increase) in current assets	(364)	665
Decrease/(Increase) in inventories	(34,979)	(12,186)
Decrease / (Increase) in Non - current assets	(81)	(79)
Decrease / (Increase) in Non - current tax assets	(158)	(961)
Cash from/ (used) in operating activities	9,323	33,782
Direct taxes paid, (Net)	5,668	7,165
Net cash from/ (used in) operating activities	3,655	26,617

B. Cash flow from investing activities

Purchase of Property, Plant & Equipment (including capital work-in-progress)	(4,596)	(2,633)
Acquisition of investments	(258)	-
Interest received	1,619	1,358
Net cash from/ (used in) investing activities	(3,235)	(1,275)

C. Cash flow from financing activities

Dividend paid	(24,500)	(49,000)
Dividend distribution tax paid	-	(9,975)
Net cash from / (used in) financing activities*	(24,500)	(58,975)

D. Net cash flows during the year (A + B + C) (24,080) (33,633)

E. Cash and cash equivalents at the beginning 33,046 66,679

F. Cash and cash equivalents at the end (D + E) 8,966 33,046

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

Cash and cash equivalents comprise of:

Cash on hand	25	6
Balances with banks in current accounts	3,941	3,040
Deposits with maturity less than 3 months	5,000	30,000
Cash and cash equivalents as per note 12	8,966	33,046

Notes 1 to 34 form an integral part of these financial statements

As per our report of even date attached

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

N K SANKAR
Partner
Membership No. 019280

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)

Place : Chennai
Date : April 19, 2019

Sundram Precision Components Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

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 31 March 2019 (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 – 116 Leases: 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 2019-20.

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.

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:

- Purchase Price
- Taxes and Duties
- Labour cost and

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

- d. Direct expenses incurred upto the date the asset is ready for its intended use.

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:

- 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.
- 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.
- 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.

- 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.
- 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.
- Depreciation in respect of tangible asset costing individually less than ₹ 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

Sundram Precision Components Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

- 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 realizable 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

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.

(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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

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 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

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.

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,

Sundram Precision Components Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

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 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

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 01st April 2017	4,971	28,617	40,702	747	114	9	75,160
Additions	-	1,694	8,274	3	11	-	9,982
Disposal	-	-	-	-	-	-	-
As at 31st March 2018	4,971	30,311	48,976	750	125	9	85,142
Additions	-	306	4,290	-	-	-	4,596
Disposal	-	-	-	-	-	-	-
As at 31st March 2019	4,971	30,617	53,266	750	125	9	89,738
Accumulated depreciation / amortisation							
As at 01st April 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
For the year	-	1,303	3,079	62	12	2	4,458
Impairment for the year	-	-	-	-	-	-	-
Other Adjustments	-	-	37	-	(37)	-	-
As at 31 March 2019	-	4,963	26,538	268	69	8	31,846
Net block							
As at 31 March 2018	4,971	26,651	25,554	544	31	3	57,754
As at 31 March 2019	4,971	25,654	26,728	482	56	1	57,892

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Particulars	₹ In Thousands			
	As at		As at	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Long-term	Short-term	Long-term	Short-term
6 NON-CURRENT INVESTMENT				
Investment carried AT COST				
Investment in Equity instruments				
A. Unquoted				
(i) 60,149 (March 31,2018 : 46,602) Equity Shares of ₹10 fully paid in Beta Wind Farm Pvt.ltd Chennai	1,143	-	-	885
	1,143	-	-	885
7 OTHER FINANCIAL ASSETS (Unsecured considered good unless otherwise stated)				
Security deposits	3,444	-	3,363	-
Advances recoverable	-	-	-	10
Interest receivable	-	2	-	61
	3,444	2	3,363	71
8 DEFERRED TAX LIABILITY / (ASSETS)				
a. Deferred Tax Liability:				
On Depreciation:				
As per last Balance Sheet	1,259	-	320	-
For the current year (transferred from statement of profit and loss) (transferred to retained earnings)	802	-	939	-
Sub total (a)	2,061	-	1,259	-
b. Deferred Tax Assets:				
(i) On Others:				
As per last Balance Sheet	(136)	-	(163)	-
For the current year (transferred from statement of profit and loss)	136	-	27	-
Sub total	-	-	(136)	-
(ii) Minimum Alternate tax Credit entitlement	-	-	(14)	-
Sub total	-	-	(14)	-
(iii) On employee benefits (Recognised in Other Comprehensive Income)				
As per last Balance Sheet	(1)	-	(57)	-
For the current year (transferred from statement of profit & loss)	1	-	56	-
Sub total	-	-	(1)	-
Sub total (b)	-	-	(151)	-
Total (a+b)	2,061	-	1,108	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Particulars	₹ In Thousands			
	As at		As at	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Long-term	Short-term	Long-term	Short-term
9 NON - CURRENT TAX ASSETS				
Advance Income-tax (net of provision for taxation)	4,407	-	3,677	-
Income Tax Refund Receivable	132	-	132	-
	4,539	-	3,809	-
10 OTHER CURRENT ASSETS (Unsecured, considered good)				
Prepaid expenses	-	516	-	632
Capital advance	-	-	-	5,078
Balance with statutory/ government authorities	-	5,370	-	63
Advances to suppliers	-	251	-	-
Claims receivable	-	-	-	-
	-	6,137	-	5,773
11 INVENTORIES				
Raw Materials and components	45,536		25,436	
Work-in-process	11,331		7,535	
Finished Goods	581		4,374	
Finished Goods in Transit	12,180		3,205	
Stores & Spares	8,358		2,457	
	77,986		43,007	
12 TRADE RECEIVABLES				
Trade receivables - Unsecured considered good	32,764		22,674	
- Unsecured considered doubtful	-		493	
	32,764		23,167	
Less : Provision for bad and doubtful debts	-		(493)	
	32,764		22,674	
13 CASH AND CASH EQUIVALENTS				
Balances with banks in current accounts	3,941		3,040	
Deposits with maturity less than 3 months	5,000		30,000	
Cash on hand	25		6	
	8,966		33,046	

Sundram Precision Components Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Particulars	₹ In Thousands			
	As at 31 st March 2019		As at 31 st March 2018	
	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		As at 31st March 2019	As at 31st March 2018
Sundram Fasteners Limited, Chennai & its six nominees	Nos	70,00,000	70,00,000

15 TRADE PAYABLES

- Total outstanding dues of micro enterprises and small enterprises; and	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	55,897	24,866
	<u>55,897</u>	<u>24,866</u>

16 OTHER FINANCIAL LIABILITIES

Unclaimed salaries & wages	12	21
Unclaimed bonus	104	104
Trade deposits	1,143	885
Non statutory dues	3,223	3,243
	<u>4,482</u>	<u>4,253</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Particulars	₹ In Thousands			
	As at 31st March 2019		As at 31st March 2018	
	Long-term	Short-term	Long-term	Short-term
17 OTHER CURRENT LIABILITIES				
Customer advances	-	-	-	19
Statutory dues	10,047	-	10,047	5,582
	<u>10,047</u>	<u>-</u>	<u>10,047</u>	<u>5,601</u>

18 Provisions

Provision for employee benefits*	-	417	-	276
Gratuity	-	167	-	97
Compensated absences	-	-	-	-
	<u>-</u>	<u>584</u>	<u>-</u>	<u>373</u>

Particulars	As at 31st March 2019	As at 31st March 2018
Balance at the beginning of the year	373	384
Add: Created/provided during the year	211	183
Less: Paid during the year	-	194
Less: Reversed during the year	-	-
Balance at the end of the year	<u>584</u>	<u>373</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 31st March 2019	Year ended 31st March 2018
19 REVENUE FROM OPERATIONS		
Sale of goods		
Domestic	2,56,015	2,62,051
Other operating revenue (Refer Note No. 19A)	2,904	2,481
Revenue from operations (Gross)	<u>2,58,919</u>	<u>2,64,532</u>

19A OTHER OPERATING REVENUE

Scrap Sales	2,904	2,481
	<u>2,904</u>	<u>2,481</u>

20 OTHER INCOME

Interest Income	1,619	1,358
Foreign exchange gain	146	-
	<u>1,765</u>	<u>1,358</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Particulars	₹ In Thousands	
	Year ended 31st March 2019	Year ended 31st March 2018
21 COST OF RAW MATERIALS AND COMPONENTS CONSUMED		
Opening stock of raw materials and components	25,436	17,054
Add : Purchases during the year	1,58,257	1,34,904
Less: Closing stock of raw materials and components	45,536	25,436
	<u>1,38,157</u>	<u>1,26,522</u>
22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROCESS		
A. Opening 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>
B. Less:		
Closing stock		
Work-in-process	11,331	7,535
Finished goods	12,761	7,579
Sub Total	<u>24,092</u>	<u>15,114</u>
Total (A-B)	<u>(8,978)</u>	<u>(5,634)</u>
Add/Less: Excise Duty on opening and closing of finished goods (Net)	-	499
Net (increase)/decrease in inventories	<u>(8,978)</u>	<u>(5,135)</u>
23 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	17,656	12,822
Provident and other funds	654	1,041
Staff welfare expenses	2,369	1,714
	<u>20,679</u>	<u>15,577</u>
24 OTHER EXPENSES		
Stores and tools consumed	31,107	29,496
Power & fuel	20,746	20,113
Repairs and maintenance		
- Plant & Equipment	2,586	4,286
Sub-contract expenses	23,258	27,582
Audit fee (Refer Note No. 29)	304	320
Net Foreign exchange loss (net off gain)	-	83
Miscellaneous expenses	7,160	7,225
(Under this head there is no expenditure which is in excess of 1% of Revenue from Operations or ₹ 10 lakhs whichever is higher)		
	<u>85,161</u>	<u>89,105</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Particulars	₹ In Thousands	
	Year ended 31st March 2019	Year ended 31st March 2018
25 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 27.82% and the reported tax expense in the Statement of profit and loss are as follows:		
Profit before tax	21,207	26,603
i) Income tax	5,900	7,329
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
ii) Allowances & Disallowances:		
a) Provision for bad and doubtful debts	-	-
b) Differential impact on account of book depreciation and income tax depreciation and others	(790)	(992)
	<u>5,110</u>	<u>6,337</u>
Tax expense comprises of:		
Current income tax:		
Current income tax charge	5,110	6,337
Adjustments in respect of current income tax of previous year	-	-
	<u>5,110</u>	<u>6,337</u>
Deferred tax:		
Relating to origination and reversal of temporary differences	938	966
Income tax expense	<u>6,048</u>	<u>7,303</u>
Other Comprehensive Income (OCI)		
Deferred tax related to items recognised in OCI during the year:		
Defined benefit plans	1	56
	<u>1</u>	<u>56</u>
26 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	(1)	29
- Income tax effect	(1)	(56)
	<u>(2)</u>	<u>(27)</u>

Sundram Precision Components Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

Particulars	₹ In Thousands	
	Year ended 31st March 2019	Year ended 31st March 2018
27 EARNINGS PER EQUITY SHARE (EPS)		
Nominal value of equity share	10	10
Profit attributable to equity shareholders (A)	15,159	19,300
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 ₹)	2.17	2.76
Dilutive effect on profit (C)	-	-
Profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)	15,159	19,300
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 ₹)	2.17	2.76
28 REMUNERATION TO AUDITORS CONSIST OF		
a) As Auditors	200	200
b) Taxation Matters	45	35
c) Company Law Matters	15	15
d) Other Services	25	25
e) Reimbursement of expenses	19	45
	304	320

29 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

₹ In Thousands

(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:

Particulars	As at 31st March 2019	As at 31st March 2018
i) Purchase of Goods:		
- Holding Company	1,45,555	1,22,934
ii) Sale of Goods:		
- Holding Company	2,34,571	2,12,330
iii) Services Availed		
- Holding Company	1,977	2,424
iv) Outstanding Balances		
Due to the Company	32,121	11,636
- Holding company (Sale Transactions)		
Payable by the Company	38,945	16,246
- Holding company (Purchase & other Transactions)		
31 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS		
Liabilities disputed and not provided for;		
- Income tax - under appeal	987	3,538

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

Particulars		As at 31st March 2019	As at 31st March 2018
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.

32 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

Particulars	Carrying Amount	Fair Value			Total	Carrying Amount	Fair Value			Total
	31-Mar-19	Level 1	Level 2	Level 3		31-Mar-18	Level 1	Level 2	Level 3	
Financial Assets										
(i) Investments	1,143	-	-	-	1,143	885	-	-	-	885
(ii) Non-current										
Security deposits	3,444	-	-	-	3,444	3,363	-	-	-	3,363
(iii) Current										
Trade receivables	32,764	-	-	-	32,764	22,674	-	-	-	22,674
Cash and Cash equivalents	8,966	-	-	-	8,966	33,046	-	-	-	33,046
Interest receivable	2	-	-	-	2	61	-	-	-	61
Other financial assets	-	-	-	-	-	10	-	-	-	10
Total Financial Assets	46,319	-	-	-	46,319	60,039	-	-	-	60,039
Financial Liabilities										
Trade payables	55,897	-	-	-	55,897	24,866	-	-	-	24,866
Unclaimed salaries & wages	12	-	-	-	12	21	-	-	-	21
Unclaimed bonus	104	-	-	-	104	104	-	-	-	104
Trade deposits	1,143	-	-	-	1,143	885	-	-	-	885
Other liabilities	3,223	-	-	-	3,223	3,243	-	-	-	3,243
Total Financial Liabilities	60,379	-	-	-	60,379	29,119	-	-	-	29,119

Sundram Precision Components Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

33 FAIR VALUE DISCLOSURE

₹ In Thousands

Particulars	31-Mar-19				31-Mar-18			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial Assets								
Investments	-	-	1,143	1,143	-	-	885	885
Trade receivables	-	-	32,764	32,764	-	-	22,674	22,674
Cash and Cash equivalents	-	-	8,966	8,966	-	-	33,046	33,046
Other financial assets	-	-	3,446	3,446	-	-	3,434	3,434
Total Financial Assets	-	-	46,319	46,319	-	-	60,039	60,039
Financial Liabilities								
Trade Payables	-	-	55,897	55,897	-	-	24,866	24,866
Other Financial Liabilities	-	-	4,482	4,482	-	-	4,253	4,253
Total Financial Liabilities	-	-	60,379	60,379	-	-	29,119	29,119

34 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 2019	As at 31st March 2018
Not more than 6 months	19,844	22,496
More than 6 months	12,920	178
Total	32,764	22,674

b) Liquidity risk

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

	Less than 180 days	More than 180 days
Year ended 31st March 2019		
Trade and other payables	54,112	1,785
Other financial liabilities	4,482	-
Total	58,594	1,785
Year ended 31st March 2018		
Trade and other payables	24,167	699
Other financial liabilities	4,253	-
Total	28,420	699

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

₹ In Thousands

c) Foreign currency risk

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

		As at 31st March 2019	As at 31st March 2018
Financial assets		-	-
Financial liabilities		1,594	1,137
	Total Net	(1,594)	(1,137)

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 31 March 2019 (31 March 2018: 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 31 March 2019 (31 March 2018: 5%) respectively then this would have had the following impact on profit before tax and equity before tax:

		As at 31st March 2019	As at 31st March 2018
Currency	+5%	(80)	(57)
Euro	-5%	80	57

Notes 1 to 34 form an integral part of these financial statements

As per our report of even date attached

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

N K SANKAR
Partner
Membership No. 019280

Place : Chennai
Date : April 19, 2019

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)