

TVS Next Inc., USA
(Formerly TVS Infotech Inc)

ANNUAL REPORT

**for the year ended
March 31, 2020**

Balance Sheet as at 31st Mar 2020

Particulars	Note	As at 31st Mar 2020		As at 31st March 2019	
		USD	₹	USD	₹
ASSETS					
Non-current assets					
Property, plant and equipment	5	8,166	615,680	5,747	397,436
- Others	6	7,110	536,042	9,562	661,314
Assets for current tax (net)	7	27,905	2,103,749	24,203	1,673,908
		43,181	3,255,471	39,512	2,732,658
Current assets					
- Trade receivables	9	689,192	51,958,216	542,560	37,523,483
- Cash and cash equivalents	10	407,848	30,747,625	357,773	24,743,593
- Other bank balances	10	10,000	753,900	10,000	691,600
- Other	6	26,371	1,988,143	34,582	2,391,713
Other current assets	8	-	-	2,937	203,123
		1,133,411	85,447,884	947,853	65,553,512
Total assets		1,176,593	88,703,355	987,365	68,286,170
EQUITY AND LIABILITIES					
Equity					
Equity Share capital	11	368,170	27,756,336	368,170	25,462,637
Other equity		63,460	4,784,218	98,877	6,838,277
Total equity		431,630	32,540,554	467,047	32,300,914
Liabilities					
Current liabilities					
Financial liabilities					
Dues to others	12	708,003	53,376,368	458,304	31,696,281
- Other financial liabilities	13	11,718	883,398	30,457	2,106,380
Other current liabilities	14	25,242	1,903,035	31,558	2,182,595
Total current liabilities		744,963	56,162,801	520,318	35,985,256
Total equity and liabilities		1,176,593	88,703,355	987,365	68,286,170

Vinod Krishnan
Director

Preethi Krishna
Director

Kiran Ghodgaonkar
Director

Place : New York
Date : June 09, 2020

TVS Next Inc., USA

Statement of Profit and Loss for the year ended 31st March 2020

	Note	Year ended 31st Mar 2020		Year ended 31st March 2019	
		USD	₹	USD	₹
Revenue from operations	15	1,529,215	108,604,814	2,625,726	183,590,754
Other income	16	-	-	-	-
Total Income		1,529,215	108,604,814	2,625,726	183,590,754
Expenses					
Employee benefits expense	18	296,942	21,088,845	589,688	41,230,955
Depreciation and amortization expense	19	1,316	93,471	505	35,310
Other expenses	20	1,266,374	89,937,848	1,942,996	135,854,307
Total expenses		1,564,632	111,120,164	2,533,189	177,120,572
Profit before exceptional items and tax		(35,417)	(2,515,350)	92,537	6,470,182
Exceptional item				-	-
Profit before tax		(35,417)	(2,515,350)	92,537	6,470,182
Tax expense					
a) Current tax	21	-	-	3,701	255,994
b) Deferred tax					
c) Adjustment of tax relating to earlier periods					
Profit for the Year from continuing operations		(35,417)	(2,515,350)	88,835	6,214,188
Profit/ (loss) from discontinued operations				-	-
Tax income/(expense) of discontinued operations					-
Profit/ (loss) from discontinued operations (after tax)		-	-	-	-
Profit/(loss) for the period		(35,417)	(2,515,350)	88,835	6,214,188
Other comprehensive income	17				
i) Items that will not be reclassified to profit or loss				-	-
- Income tax relating to items that will not be reclassified to profit or loss				-	-
				-	-
ii) Items that will be reclassified to profit or loss					
- Income tax relating to items that will be reclassified to profit or loss		-	537,646	-	(170,707)
				-	-
			537,646		(170,707)
Total comprehensive income for the year		(35,417)	(1,977,704)	88,835	6,043,481
<i>(Comprising Profit and Other Comprehensive Income for the year)</i>					
Earnings per equity share	22				
Basic		(0.10)	(5.37)	0.24	16.41
Diluted (in ₹)			-		
Weighted average number of equity shares used in computing earnings per equity share					
Basic					
Diluted					
No of shares		368,170	368,170	368,170	368,170

Vinod Krishnan
Director

Preethi Krishna
Director

Kiran Ghodgaonkar
Director

Place : New York
Date : June 09, 2020

Cash Flow Statement for the year ended 31st Mar 2020

	Year ended 31st Mar 20		Year ended 31st March 19	
	USD	₹	USD	₹
Cash flows from operating activities				
Profit before tax	(35,417)	(2,515,350)	92,537	6,470,182
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>				
Depreciation and amortization	1,316	93,471	505	35,310
Operating profit before working capital changes	(34,101)	(2,421,879)	93,042	6,505,492
Adjustments for:				
Decrease in trade payables	249,700	21,680,087	(196,566)	(10,988,150)
(Decrease)/ increase in other current liabilities	(25,055)	(1,502,542)	1,409	338,684
(Increase)/Decrease in trade receivables	(146,632)	(14,434,733)	213,757	11,773,320
(Increase)/Decrease in other non-current assets	(1,250)	(304,569)	6,627	41,598
(Increase)/ decrease in other current assets	11,148	606,693	1,347	76,313
Cash from/ (used) in operating activities	87,912	6,044,936	26,574	1,241,765
Direct taxes paid, net	-	-	-	-
Net cash from/ (used) in operating activities before extraordinary item	53,810	3,623,057	119,616	7,747,257
Net cash from/ (used) in operating activities	53,810	3,623,057	119,616	7,747,257
B. Cash flow from investing activities				
Purchase of assets (including capital work-in-progress and capital advances)	(3,736)	(281,626)	(1,622)	(112,119)
Net cash from/ (used) in investing activities	(3,736)	(281,626)	(1,622)	(112,119)
C. Cash flow from financing activities				
Exchange difference on account of translation of foreign currency cash and cash equivalents (4)		2,662,601		1,479,664
Net cash generated from financing activities	-	2,662,601	-	1,632,291
D. Net cash flows during the year	50,075	6,004,032	117,994	9,114,802
E. Cash and cash equivalents at the beginning	357,773	24,743,593	239,779	15,628,791
G. Cash and cash equivalents at the end	407,848	30,747,625	357,773	24,743,593
Cash and cash equivalents comprise of:				
Cash on hand	-	-	-	-
Balances with banks in current accounts	407,848	30,747,625	357,773	24,743,593
Cash and cash equivalents as per note 20	(0)	-	0	-

Vinod Krishnan
Director

Preethi Krishna
Director

Kiran Ghodgaonkar
Director

Place : New York
Date : June 09, 2020

TVS Next Inc., USA

Statements of Changes in Equity for the year ended 31st Mar 2020

A. Equity Share Capital

Particulars	Notes	Amount	
		USD	₹
Balance at 1st April 2018	16	368,170	23,997,321
Restatement of opening balance		-	1,465,317
Balance at 31st March 2019		368,170	25,462,637
Restatement of opening balance		-	2,293,699
Balance at 31st Mar 2020		368,170	27,756,336

B. Other Equity

Particulars	Notes	Reserves and Surplus		Accumulated other comprehensive income		Total	
		Retained Earnings		Foreign currency translation reserve			
		USD	₹	USD	₹	USD	₹
Balances at 1st April 2019	13	98,877	6,914,694	-	(76,417)	98,877	6,838,277
Restatement of opening balance			(76,354)				(76,354)
Profit for the year		(35,417)	(2,515,350)	-		(35,417)	(2,515,350)
Other comprehensive income	26	-	-	-	537,646	-	537,646
Transferred from Retained earnings to general reserves		-	-	-	-	-	-
Dividends	14	-	-	-	-	-	-
Balances at 31st Mar 2020		63,460	4,322,989	-	461,229	63,460	4,784,218

Particulars	Notes	Reserves and Surplus		Accumulated other comprehensive income		Total	
		Retained Earnings		Foreign currency translation reserve			
		USD	₹	USD	₹	USD	₹
Balances at 1st April 2018	13	10,042	560,206	-	94,290	10,042	654,496
Restatement of opening balance			140,300				140,300
Profit for the year		88,835	6,214,188	-		88,835	6,214,188
Other comprehensive income	26	-	-	-	(170,707)	-	(170,707)
Transferred from Retained earnings to general reserves		-	-	-	-	-	-
Dividends	14	-	-	-	-	-	-
Balances at 31st March 2019		98,877	6,914,694	-	(76,417)	98,877	6,838,277

Vinod Krishnan
Director

Preethi Krishna
Director

Kiran Ghodgaonkar
Director

Place : New York
Date : June 09, 2020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

5 PROPERTY, PLANT AND EQUIPMENT

Gross block	Plant and Equipment		Furniture and fixtures		Office Equipments		Total	
	USD	₹	USD	₹	USD	₹	USD	₹
As at 01st April 2018	592	38,587	314	20,466	4,547	296,404	5,453	355,457
Additions (refer note a below)	-	-	-	-	1,621	112,119	1,621	112,119
Disposal	-	-	-	-	-	-	-	-
Restatement of opening balance	-	2,356	-	1,250	-	18,098	-	21,705
- Transfer	-	-	-	-	-	-	-	-
As at 31st Mar 2019	592	40,943	314	21,716	6,169	426,621	7,075	489,280
Additions	2,813	212,104	-	-	922	69,522	3,736	281,626
Disposal	-	-	-	-	-	-	-	-
Restatement of opening balance	-	3,688	-	1,956	-	38,430	-	44,075
- Transfer	-	-	-	-	-	-	-	-
As at 31st Mar 2020	3,405	256,735	314	23,672	7,091	534,574	10,810	814,981
Accumulated depreciation/ amortisation								
As at 01st April 2018	-	-	38	2,477	785	51,166	823	53,644
For the year	-	-	14	979	491	34,331	505	35,310
Deduction on disposal	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-
- Transfer	-	-	-	-	-	-	-	-
Restatement of opening balance	-	-	-	(180)	-	(3,721)	-	(3,901)
Restatement of Current year dep.	-	-	-	320	-	6,472	-	6,792
- Impairment loss/(reversal)	-	-	-	-	-	-	-	-
As at 31st Mar 2019	-	-	52	3,597	1,276	88,248	1,328	91,845
For the year	668	47,450	15	1,065	633	44,956	1,316	93,471
Impairment for the year	-	-	-	-	-	-	-	-
Deduction on sale or discards	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-	-
Restatement of opening balance	-	-	-	322	-	7,911	-	8,234
Restatement of Current year dep.	-	2,920	-	66	-	2,766	-	5,751
- Impairment loss/(reversal)	-	-	-	-	-	-	-	-
As at 31st Mar 2020	668	50,370	67	5,050	1,909	143,881	2,644	199,301
Net block								
As at 31st March 2019	592	40,943	262	18,120	4,893	338,373	5,747	397,436
As at 31st Mar 2020	2,737	206,365	247	18,623	5,182	390,692	8,166	615,680

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

6 Other financial assets (Unsecured considered good unless otherwise stated)

	As at 31st Mar 2020				As at 31st March 2019			
	Long-term		Short-term		Long-term		Short-term	
	USD	₹	USD	₹	USD	₹	USD	₹
Security deposits	-	-	-	-	-	-	-	-
Advances recoverable	7,110	536,042	26,371	1,988,143	9,562	661,314	34,582	2,391,713
	7,110	536,042	26,371	1,988,143	9,562	661,314	34,582	2,391,713

	As at 31st Mar 2020				As at 31st March 2019			
	Long-term		Short-term		Long-term		Short-term	
	USD	₹	USD	₹	USD	₹	USD	₹
7 Assets for current tax (net)								
Advance Income-tax (net of provision for taxation 31st March 2020: \$27905	27,905	2,103,749			24,203	1,673,908		
	27,905	2,103,749	-	-	24,203	1,673,908	-	-

	As at 31st Mar 2020				As at 31st March 2019			
	Long-term		Short-term		Long-term		Short-term	
	USD	₹	USD	₹	USD	₹	USD	₹
8 Other assets								
(Unsecured, considered good)								
Less: Provision for doubtful debts-others								
Prepaid expenses	-	-	-	-			2,937	203,123
Others(Unbilled Revenue)	-	-	-	-	-	-	-	-
Unamortised portion of leasehold land								
	-	-	-	-	-	-	2,937	203,123

9 Trade receivables								
(Unsecured, considered good unless otherwise stated)								
Trade receivables (Also refer note 47(f))								
i) Outstanding for a period not exceeding 6 months from the date they are due for payment			689,192	51,958,216			542,560	37,523,483
	-	-	689,192	51,958,216	-	-	542,560	37,523,483
Doubtful								
Less : Provision for bad and doubtful debts								
	-	-	689,192	51,958,216	-	-	542,560	37,523,483
Movements in the provision for impairment of receivables								
Opening Balance			689,192	51,958,216			542,560	37,523,483
Amount written off (uncollectable)			-	-				-
Impairment loss			-	-				-
Closing balance			689,192	51,958,216			542,560	37,523,483

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

	As at 31st Mar 2020				As at 31st March 2019			
	Long-term		Short-term		Long-term		Short-term	
	USD	₹	USD	₹	USD	₹	USD	₹
10 Cash and bank balances								
Cash and cash equivalents								
Balances with banks in current accounts			407,848	30,747,625			357,773	24,743,593
(A)	-	-	407,848	30,747,625	-	-	357,773	24,743,593
	-	-	407,848	30,747,625	-	-	357,773	24,743,593
Other bank balances								
Balance with banks other than mentioned above	10,000	753,900			10,000	691,600		
11 Share capital								
Authorised								
60,000 Common Shares	60,000	368,170	27,756,336		60,000	368,170	25,462,637	
	60,000	368,170	27,756,336		60,000	368,170	25,462,637	
Issued, subscribed and fully paid up								
20,000 common shares of USD 1/- each fully paid up		368,170	27,756,336			368,170	25,462,637	
34817 Common Shares of USD 10/- each fully paid up								
	-	368,170	27,756,336			368,170	25,462,637	
There were no movement in the share capital during the current and previous year.								
Shareholders holding more than 5% of the aggregate shares in the Company								
		Nos.	% holding			Nos.	% holding	
TVS Next Limited		368,170	100.00%			368,170	100.00%	
		368,170	100%			368,170	100.00%	

e) Capital Management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The amounts managed as capital by the Company for the reporting periods under review are summarised as follows:

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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

18 Employee benefits expense

Salaries and wages	279,200	19,828,773	569,414	39,813,449
Staff welfare expenses	17,743	1,260,072	20,273	1,417,506
	296,942	21,088,845	589,688	41,230,955

19 Depreciation and amortization expense

Depreciation of tangible assets	1,316	93,471	505	35,310
Amortization of intangible assets		-		
	1,316	93,471	505	35,310

20 Other expenses

Rent	3,312	235,247	14,644	1,023,892
Rates & taxes [excluding taxes on Income]	17,358	1,232,770	9,453	660,967
Insurance	7,832	556,255	11,137	778,686
Repairs and maintenance				
- Building	-	-	498	34,820
Sub-contract expenses	1,127,692	80,088,650	1,830,536	127,991,085
Net Foreign exchange loss(net off gain)	-	-	-	-
Travel Expenses	54,932	3,901,266	32,606	2,279,817
Postage & Telecom Expenses	3,052	216,741	4,545	317,776
Consultancy	18,948	1,345,706	10,553	737,856
Bank Charges	2,558	181,654	7,970	557,261
Bad Debts	-	-	-	-
Miscellaneous expenses	30,689	2,179,559	21,055	1,472,147
	1,266,374	89,937,848	1,942,996	135,854,307

21 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 Fasteners Limited at 33.99% and the reported tax expense in profit or loss are as follows:

Profit or loss section

Accounting profit before tax	(35,417)	(2,515,350)	92,537	6,470,182
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Accounting profit before income tax

i) At India's statutory income tax rate of 30.90% (31 March 2020: 30.90%)	(10,944)	(777,243)	28,594	1,999,286
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Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

- ii) Disallowances:
 - a) Investments in subsidiaries and joint ventures written-off
 - b) Other items
- iii) Allowances
 - a) Differential impact on account book depreciation and income tax depreciation
 - b) Weighted deduction on research and development expenditure
 - c) Dividend income from domestic companies
 - d) Book profit on sale of investments
 - e) Other items
- iv) Deductions under the provision of Income tax act 1961
- v) Adjustments for current tax of previous years

	(10,944)	(777,243)	28,594	1,999,286
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TVS Next Inc., USA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

	Year ended 31st Mar 2020		Year ended 31 March 2019	
	USD	₹	USD	₹
22 Earnings per equity share				
Nominal value of equity shares	1		1	
Profit attributable to equity shareholders (A)	(35,417)	(1,977,704)	88,835	6,043,481
Weighted average number of equity shares outstanding during the year (B)	-		-	
Basic earnings per equity share (A/B) (in ₹)	(0.10)	(5.37)	0.24	16.41
Dilutive effect on profit (C)			-	
(Loss)/profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)				
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)			-	
Diluted earnings per equity share (D/F) (in ₹)				

Summary of significant accounting policies and other explanatory information

23 RELATED PARTY DISCLOSURES

Related Parties :

(I) Where Control exists:

(A) Holding Companies

1. TVS Next Limited Ltd., Chennai

Fellow -Subsidiary Companies

i. Domestic Subsidiary

1. TVS Upasana Limited, Chennai (Formerly known as Upasana Engineering Limited)
2. Sundram Precision Components Limited, Chennai (Formerly known as Sundram Bleistahl Limited)
3. Sundram Fasteners Investments Limited, Chennai
4. Sundram Non Conventional Energy Systems Limited, Chennai

ii. Foreign Subsidiary

1. TVS Peiner Services Gmbh, Germany
2. Cramlington Precision Forge Ltd, United Kingdom
3. Sundram Fasteners (Zhejiang) Ltd, Zhejiang , Peoples Republic of China
4. Peiner Umformtechnik GmbH , Peine , Federal Republic of Germany
5. PUT Grundstucks GmbH , Federal Republic of Germany
6. Sundram International Inc , Michigan, USA
7. Sundram International Ltd, United Kingdom

(II) Other Related Parties with whom transactions have been entered into during the year :

(A) Key Management Personnel

Mr Vinod Krishnan - Managing Director

(B) Relatives of Key Management Personnel

Ms Arundathi Krishna,

(C) Enterprise in which Key Management Personnel have significant influence

Upasana Finance Limited, Chennai

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(III) Transactions with related parties referred in (I) and (II) above, in ordinary course of business: *(continued)*

Nature of transaction	Holding Companies (USD)	Holding Companies (₹)
Services		
Rendered	\$1,60,651.20	12,111,494
	(\$81,133.56)	(5,611,197)
Received	\$1,84,561.38	13,914,082
	(\$115,414.47)	(7,954,400)
Finance		
Inter Corporate Deposit Paid (Net)	-	-
Interest on Inter Corporate Deposit	-	-
Loans & Interest receivable write - off	-	-
Dividend Received	-	-
Dividend Paid	-	-
Others		
Leasing or hire purchase arrangements	-	-
Guarantees & Collaterals	-	-
Management contracts, Including deputation of employees	-	-
Outstanding balances		
Due to the Company	\$3,62,755.94	27,348,171
	(\$286,034.05)	(19,782,115)
Due by the Company	\$4,20,710.35	31,717,353
	(\$187,648.57)	(12,977,775)

(Previous year figures are in brackets)

Vinod Krishnan
Director

Preethi Krishna
Director

Kiran Ghodgaonkar
Director

Place : New York
Date : June 09, 2020