# TVS Upasana Limited

## ANNUAL REPORT

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

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Twenty Eighth Annual Report, together with the audited accounts for the year ended 31st March 2020.

### FINANCIAL RESULTS

₹ in lakhs

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Revenue from operations | **14,622.82** | **16,982.05** |
| Gross Profit / (Loss) before interest & depreciation | **2,757.84** | **3,075.49** |
| Less: Interest | **764.49** | **366.07** |
| Less: Depreciation | **996.71** | **561.97** |
| Profit / (Loss) before tax | **996.64** | **2,147.45** |
| Add / (Less): Provision for Tax (including Deferred Tax) | **124.81** | **542.76** |
| Profit / (Loss) after tax | **871.83** | **1,605.69** |
| Other Comprehensive income net of deferred Tax | **(16.34)** | **(3.36)** |
| Total Comprehensive Income for the year | **855.49** | **1,601.33** |
| Add : Brought forward | **6,211.40** | **5,214.30** |
| Add : Financial Guarantee | **42.14** | **41.32** |
| Less: Final Dividend Paid 2018-19 /2017-18 | **178.50** | **297.49** |
| Less: Interim Dividend Paid 2019-20 / 2018-19 | - | **237.99** |
| Less: Dividend Distribution Tax paid | **36.68** | **110.07** |
| Balance carried forward | **6,893.85** | **6,211.40** |

### OPERATIONS

During the year under review, the revenue from operations of the Company amounted to 14622.82 lakhs as against Rs.16,982.05 lakhs in 2018-2019. During the year under review, the total comprehensive income of the Company for the year was Rs.855.49 lakhs as against at Rs. 1,601.33 lakhs during 2018-2019.

### DIVIDEND

The Directors have not declared any dividend during the year under

### TRANSFER TO RESERVES

The Company has not transferred any amounts to reserves during the year 2019-2020.

### BOARD MEETINGS

During the financial year 2019-2020, there were four board meetings, which were held on May 6, 2019, September 2, 2019, December 30, 2019 and March 10, 2020.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:-

a) in the preparation of the annual accounts, the applicable accounting standards had been followed;

b) they have selected appropriate accounting policies and applied them consistently, 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 that year.

c) 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.

d) they had prepared the annual accounts on a going concern basis.

e) They had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

### DIRECTORS

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Companies Act, 2013, two-third of the total number of directors i.e. excluding independent directors, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every Annual General Meeting.

Accordingly, Ms Usha Krishna (DIN 00270815), Director of the Company, becomes liable to retire by rotation, at the ensuing AGM, and being eligible, offers herself for re-appointment.

Sri R Ramakrishnan has ceased to be a Director effective March 24, 2020 consequent to his demise. The Board appreciates the services rendered by him during his tenure

Sri R Krishnan, CFO & CS was appointed as an Additional Director and also as Whole-time Director, Chief Financial Officer and Company Secretary with effect from March 10, 2020.

### STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (7) OF SECTION 149

This clause is not applicable as the Company, being a wholly-owned subsidiary of Sundram Fasteners Limited is not required to have an Independent Director on the Board of the Company by virtue of the exemption provided under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013.

### AUDITORS

Pursuant to Section 139 of the Companies Act, 2013, B S R & Co LLP, Chartered Accountants, Chennai, (Registration No. 101248 W / W- 100022 with the Institute of Chartered Accountants of India), were appointed as Statutory Auditors of the Company at the Twenty Fifth Annual General Meeting of the Company for a consecutive period of 5 years commencing from 28th June, 2017.

### 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 I 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-II.

## MATERIAL CHANGES AND COMMITMENTS

During the fourth quarter of FY 2019-2020, the situation for manufacturers has become even more challenging with the novel Corona Virus (Covid-19) Pandemic outbreak, which has affected supply chains and disrupting manufacturing operations around the world. In view of the complete lockdown measures announced by the Central and State Governments across the country, the Company had very subdued sales during the month of March and April 2020. However, the Company is confident of meeting its obligations towards its stakeholders.

## CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION

The Company has utilized renewable energy in the form of Wind Energy at its hosur plant in lieu of fossil fuels. There was no technology absorption during the year under review.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earned and used are as under: ₹ in lakhs

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Foreign exchange earned - Exports | 4651.29 | 4,848.77 |
| Foreign Exchange earned - Others | - | - |
| Foreign exchange used - imports | 1540.00 | 1,640.06 |
| Foreign exchange used – others | 46.43 | 56.12 |

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

Sri R Ramakrishnan has ceased to be a Director effective March 24, 2020 consequent to his demise.

Sri R Krishnan, CFO & CS was appointed as an Additional Director and as Whole-time Director Chief Financial Officer and Company Secretary with effect from March 10, 2020. His appointment will be placed before the shareholders for their approval at this Annual General Meeting.

## CHANGE IN THE NATURE OF BUSINESS

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

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

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

## PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013.

## REGULATORY / COURT ORDERS

During the year 2019 - 2020, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

## INTERNAL FINANCIAL CONTROLS

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

## RISK MANAGEMENT

The Company had identified certain business risks and also the measures for dealing with such risks which it faces in day to day operations of the Company.

AUDIT COMMITTEE AND NOMINATION AND REMUNERATION COMMITTEE

The Company does not have Audit Committee / Nomination and Remuneration Committee since both the committees have been dissolved by the Board of Directors at its meeting on September 15, 2017 pursuant to amendments to the Companies (Appointment & Qualification of Directors) Rules, 2014 and Companies (Meeting of Board and its Powers) Rules, 2014 vide Ministry of Corporate Affairs notifications dated July 05, 2017 and July 13, 2017 respectively.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The CSR Committee of the Board consists of Sri Suresh Krishna, Ms Arundathi Krishna, Ms Usha Krishna and Sri R Ramakrishnan as members of the CSR Committee, with Sri Suresh Krishna as its Chairman.

Sri R Ramakrishnan has ceased to be a Director effective March 24, 2020 consequent to his demise.

The CSR Committee of the Board met once during the year under review on September 2, 2019.

With the enactment of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 and any amendment(s) relating thereto, read with various clarifications issued by Ministry of Corporate Affairs, the Company has undertaken activities as per the CSR Policy (available on your Company's website www.uel.in) and the details are provided in the annual report on CSR activities enclosed vide Annexure-III forming part of this report.

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

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

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

The Company has adopted the Anti-Sexual Harassment Policy laid down by the Holding Company (Sundram Fasteners Limited-SFL), which is in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) of SFL is entrusted to redress complaints regarding sexual harassment. No complaints were received during the calendar year 2019 - 20.

## ACKNOWLEDGMENT

Directors thank the holding company, Sundram Fasteners Limited for its continued support. The Directors wish to thank the Company's bankers, customers and vendors for their continued 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

June 9, 2020
Chennai

**Suresh Krishna**
Chairman

**ANNEXURE-I**

**Disclosure of Particulars of Contracts / Arrangements entered into by the Company**

**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)

| S. No. | Name(s) of the related party and nature of relationship | Nature of contracts / arrangements / transactions | Duration of the contracts / arrangements / transactions | Salient features of the contracts or arrangements or transactions including the value | Date of approval by the Board | Amount paid as advances, if any |
|---|---|---|---|---|---|---|
| 1. | Sundram Fasteners Limited | Purchase of goods, sale of Goods, services rendered, services availed, lease rent paid, interest paid, dividend paid, canteen services | 2019-20 | At arm's length in the ordinary course of business (Aggregate amount ₹ 429.95 lakhs) | As the transactions fall under the third proviso to Section 188(1), Board approval is not applicable | |
| 2. | TVS Infotech Limited | Services availed | 2019-20 | At arm's length in the ordinary course of business (Aggregate amount ₹ 31.10 lakhs) | | |

On behalf of the Board

May 9, 2020
Chennai

**Suresh Krishna**
Chairman

**ANNEXURE-II**

**FORM NO.MGT-9**

**EXTRACT OF ANNUAL RETURN**

**as on the financial year ended 31st March, 2020**

*[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 | U65991TN1992PLC022619 |
| Registration Date | 6th May 1992 |
| Name of the Company | TVS Upasana Limited |
| Category / Sub-Category of the Company | Public Company / Limited by Shares |
| Address of the Registered Office and contact details | 98-A,VII Floor, Dr Radhakrishnan Salai,<br>Mylapore, Chennai – 600 004<br>Phone: 044-28478500<br>Email: rkn@uel.in |
| Whether listed company | No |
| Name, Address and Contact details of the Registrar and Transfer Agent, if any. | Not Applicable |

## II. 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 | Manufacture of Spokes & Nipples, Automobile Kits, Dowels, & Tools and Cold Extruded parts | 25991 | 98.79 |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name and address of the company | CIN / GLN | Holding / Subsidiary | % of votes held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Sundram Fasteners Limited<br>98-A, VII Floor, Dr Radhakrishnan Salai,<br>Mylapore, Chennai – 600 004 | L35999TN1962PLC004943 | Holding Company | 100.00 | 2(46) / 2(87) |

**IV. 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<br>1. Indian | | | | | | | | | |
| a) Individuals / HUF (Nominees of Bodies Corporate) | - | 6 | 6 | 0.00 | - | 6 | 6 | 0.00 | Nil |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | - | 11899668 | 11899668 | 100.00 | - | 11899668 | 11899668 | 100.00 | Nil |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| **Sub-Total (A)(1)** | | 11899674 | 11899674 | 100.00 | - | 11899674 | 11899674 | 100.00 | Nil |
| 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)** | **-** | **11899674** | **11899674** | **100.00** | **-** | **11899674** | **11899674** | **100.00** | **Nil** |
| B. Public Shareholding | | | | | | | | | |
| 1.Institutions | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt. | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (Specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(1)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 2.Non-Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp.- Indian & Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital up to ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others | - | - | - | - | - | - | - | - | - |
| **Sub-Total (B)(2)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Total Public Shareholding (B) = (B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs and ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total = A+B+C | **-** | **11899674** | **11899674** | **100.00** | **-** | **11899674** | **11899674** | **100.00** | **Nil** |

**(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 Ltd | 11899668 | 100.00 | 0.00 | 11899668 | 100.00 | 0.00 | Nil |
| 2 | Nominees of Sundram Fasteners Ltd | 6 | 0.00 | 0.00 | 6 | 0.00 | 0.00 | Nil |
| | Total | 11899674 | 100.00 | 0.00 | 11899674 | 100.00 | 0.00 | Nil |

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

There have been no changes in the Promoters' shareholding during the year.

**(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 | % total shares of the company | No. of Shares | % total shares of the company |
| 1 | At the beginning, during and end of the year | S Meenakshisundaram, Director* | 1 | 0.00 | 1 | 0.00 |
| 2 | At the beginning, during and end of the year | R Krishnan*<br>Whole Time Director, Chief Financial Officer & Company Secretary | 1 | 0.00 | 1 | 0.00 |

* Nominees of Sundram Fasteners Limited

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment (as on March 31, 2020)** ₹ in lakhs

| S No | Particulars | Secured Loans | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|---|
| 1. | Indebtedness at the beginning of the financial year | | | | |
| | i) Principal amount | 8807.70 | 575.00 | - | 9382.70 |
| | ii) Interest due but not paid | - | - | - | - |
| | iii) Interest accrued but not due | | - | - | - |
| | Total of (i) + (ii) + (iii) | | | - | |
| 2. | Change in indebtedness during the financial year | | | | |
| | Addition | 156.82 | - | - | 156.82 |
| | Reduction | - | - | - | - |
| | Net Change | | | | |
| 3. | Indebtedness at the end of the financial year | | | | |
| | i) Principal amount | 8964.52 | 575.00 | - | 9539.52 |
| | ii) Interest due but not paid | - | - | - | |
| | iii) Interest accrued but not due | | | - | |
| | Total of (i) + (ii) + (iii) | | | - | |

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year 2019-2020, no remuneration was paid to any Directors other than Sri R Krishnan.

| S No | Particulars of Remuneration | Name of Whole-time Director* | Name of Chief Financial Officer & Company Secretary |
|---|---|---|---|
| | | **Sri R Krishnan** | |
| 1 | Gross salary-<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 39.05 | |
| 2 | Stock Option | - | |
| 3 | Sweat Equity | - | |
| 4 | Commission<br>- as % of profit<br>- others, specify Performance pay | 6.34 | |
| 5 | Others, specify PF & Superannuation | 1.44 | |
| | **Total** | **46.83** | |

* Whole time Director was appointed w.e.f March 10, 2020.

### VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the Financial Year 2019-2020, 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

**Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014**

**(i) Brief Outline of the Company's CSR Policy**

a. CSR Committee shall formulate and recommend to the Board the CSR Policy, which shall include statutorily recognized activities.

b. CSR Committee to monitor the CSR Policy of the Company.

c. CSRC shall recommend amount of expenditure to be incurred by the company on CSR activities.

d. CSRC shall institute a transparent monitoring mechanism for implementation of the activities / projects undertaken by the Company.

e. The CSR Committee shall have meetings periodically as it may deem fit with one meeting before finalization of annual accounts. The quorum shall be either two members or one third of the members of the CSR Committee, whichever is higher with a minimum of two directors, out of which one shall be an independent director.

f. The CSR Committee shall invite Managing Directorand such of the executives to be present at the meetings of the Committee as may be required by it.

g. Such other matters as may be prescribed under the Companies Act, 2013 and rules thereunder and such other rules / regulations, as may be applicable from time to time.

**(ii) Overview of projects/programmes**

The Company contributed a sum of Rs 42,74,000/- (Rupees Forty Two Lakhs Seventy Four Only) towards CSR activities during the year under review as detailed hereunder:-

| CSR Projects | Rs in Lakhs |
|---|---|
| Project titled "EK – Prithvi - Chennai" by World Wide Fund – India (WWF-India) with the objectives of building conservation leadership among students and teachers in Chennai by raising awareness about the environment, engaging them in action for conservation and building positive attitudes towards sustainable lifestyle. | 35.69 |
| Contribution towards Armed Forces Flag Day Fund<br>It may be noted that 7th of December every year, since 1949, is being observed as Armed Forces Flag Day to honor the martyrs and the men in uniform who valiantly fought on our borders to safeguard the country. | 1.00 |
| Project titled "Eco-Trails" by World Wide Fund – India (WWF -India) with the objectives of highlighting native urban biodiversity, urban degradation and solutions for conservation and restoration. | 6.05 |
| **Total (B)** | **42.74** |
| **Balance / (Excess) amount to be spent on CSR during the year 2019-2020(A-B)** | **(0.04)** |

**(iii) Web link:** www.uel.in

**(iv) Composition of CSR Committee**

The following directors are the members of the Corporate Social Responsibility Committee:

1. Sri Suresh Krishna (Chairman)
2. Ms Usha Krishna
3. Ms Arundathi Krishna
4. Sri R Ramakrishnan*

*Sri R Ramakrishnan ceased to be an Independent Director of the Company effective March 24, 2020 consequent to his demise.

**(v) Average net profits**

Average net profits of the company for the last three financial years is Rs. 2,135.18 Lakhs.

**(vi) Prescribed CSR expenditure (two per cent of the amount specified above)**

Prescribed CSR expenditure is Rs 42.70 Lakhs

**(vii) Details of CSR spent during the financial year 2019-2020**

| | |
|---|---|
| Total amount to be spent for the financial year 2019-2020 | Rs 42.70 Lakhs |
| Amount unspent | Nil |
| Manner in which the amount spent during the financial year | 1. Project titled "EK – Prithvi - Chennai" by World Wide Fund – India (WWF-India) with the objectives of building conservation leadership among students and teachers in Chennai by raising awareness about their environment, engaging them in action for conservation and building positive attitudes towards sustainable lifestyle<br>2. Armed Forces Flag Day Fund (AFFDF) utilised for providing financial assistance to needy Ex-Servicemen, War widows and their Dependents and the institutions involved in rehabilitation of the Ex-Servicemen, war-widows and their Dependents.<br>3. Project titled "Eco-Trails" by World Wide Fund – India (WWF -India) with the objectives of highlighting native urban biodiversity, urban degradation and solutions for conservation and restoration. |

**(Viii) Manner in which the amount spent during the financial year is detailed below:**

| S No | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay(budget) project or programs-wise (Rs. In Lakhs) | Amount spent on the projects or programs. Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads: (₹ In Lakhs) | Cumulative expenditure up to the reporting period (₹ In Lakhs) | Amount spent: Direct or through implementing agency (Rs. In Lakhs) |
|---|---|---|---|---|---|---|---|
| 1 | World Wide Fund – India for the project titled "EK – Prithvi - Chennai" | Environmental sustainability / Ecological balance | 1. Chennai<br>2. Tamil Nadu | Rs.35.69 Lakhs | Rs.35.69 Lakhs | Rs.35.69 Lakhs | Rs.35.69 Lakhs In association with World Wide Fund – India |
| 2 | Armed Forces Flag Day Fund | Benefit of armed forces veterans, war widows and their dependents | 1. Others<br>2. Tamil Nadu | Rs.1.00 Lakhs | Rs.1.00 Lakhs | Rs.1.00 Lakhs | Rs.1.00 Lakhs In association with Armed Forces Flag Day Fund |
| 3 | World Wide Fund – India for the project titled "Eco- Trail" | Environmental sustainability / Ecological balance | 1. Others<br>2. Tamil Nadu | Rs 6.05 Lakhs | Rs 6.05 Lakhs | Rs 6.05 Lakhs | Rs 6.05 Lakhs In association with World Wide Fund – India |
| | **Total** | | | **₹ 42.74 Lakhs** | **₹ 42.74 Lakhs** | **₹ 42.74 Lakhs** | **₹ 42.74 Lakhs** |

**ix)** We hereby confirm that the Implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

On behalf of the Board

May 09, 2019
Chennai

**Suresh Krishna**
Chairmanw

**B S R & Co. LLP**
**Chartered Accountants**

KRM Tower, 1st & 2nd Floor, No. 1, Harrington Road,
Chetpet, Chennai 600 031, India

**INDEPENDENT AUDITORS' REPORT**

**To the Members of TVS Upasana Limited**

**Report on the Audit of the Indian Accounting Standards ('Ind AS') financial statements**

**Opinion**

We have audited the Ind AS financial statements of TVS Upasana Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, 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 Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit and other comprehensive income, 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 Act. Our responsibilities under those SAs are further described in the Auditors' Responsibilities for the Audit of the Ind AS 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 Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS financial statements.

**Information other than the Ind AS financial statements and Auditors' Report Thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Board's report but does not include the financial statements and our auditors' report thereon. The Board's report is expected to be made available to us after the date of this auditors' report.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter those charged with governance and take necessary actions as required under applicable laws and regulations.

**Management's and Board of Directors' Responsibility for the Ind AS financial statements**

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act.

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

In preparing the Ind AS financial statements, management and Board of Directors are 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 is also responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Ind AS financial statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Ind AS 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 Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Ind AS financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the management and Board of Directors 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 auditors' report to the related disclosures in the Ind AS 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 auditors' 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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 (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in "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), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

3. With respect to the other matters to be included in the Auditors' 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 as at March 31, 2020 on its financial position in its Ind AS financial statements - Refer Note 30 to the Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

   iv. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these Ind AS financial statements since they do not pertain to the financial year ended March 31, 2020.

4. With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanation given to us, the remuneration paid by the Company to its director during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No.: 101248W/W-100022

**S Sethuraman**
*Partner*
Membership No. 203491
ICAI UDIN: 20203491AAAABI6411

Place: Chennai
Date: June 9, 2020

**B S R & Co. LLP**
**Chartered Accountants**

KRM Tower, 1st & 2nd Floor, No. 1, Harrington Road,
Chetpet, Chennai 600 031, India

**Annexure A to the Independent Auditors' Report**

**To the Members of TVS Upasana Limited on the Ind AS financial statements for the year ended March 31, 2020**

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for freehold land amounting to Rs. 5.13 lakhs which is pending registration with relevant authorities as disclosed in note 4 to the Ind AS financial statements.

(ii) The inventory, except goods in transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between physical stocks and book records were not material. In case of stock lying with third parties at the year end, written confirmations have been obtained by the management.

(iii) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv) The Company does not have any loan, investments, guarantees and security which requires compliance under section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to rules made by the Central government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of products manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income tax, goods and services tax, duty of customs and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, service tax, duty of excise, value added tax and cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, goods and services tax, duty of customs, and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the dues set out in Appendix I in respect of income tax, sales tax, duty of customs, value added tax and goods and service tax have not been deposited by the Company on account of disputes.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or financial institutions. The Company has not taken any loans or borrowings from government and have not issued any debentures.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to information and explanations given to us money raised through term loans during the year have been utilised for the purpose for which they were raised.

(x) According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration for the year ended March 31, 2020 has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act and rules framed thereunder.

(xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under applicable accounting standards. According to the information and explanation given to us, provisions of section 177 of the Act is not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No.: 101248W/W-100022

**S Sethuraman**
*Partner*
Membership No. 203491
ICAI UDIN: 20203491AAAABI6411

Place: Chennai
Date: June 9, 2020

**B S R & Co. LLP**
**Chartered Accountants**

KRM Tower, 1st & 2nd Floor, No. 1, Harrington Road,
Chetpet, Chennai 600 031, India

**Annexure B to the Independent Auditors' Report**

**To the Members of TVS Upasana Limited on the Ind AS financial statements for the year ended March 31, 2020**

**Report on the Internal Financial Controls with reference to financial statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

**Opinion**

We have audited the internal financial controls with reference to financial statements of TVS Upasana Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI').

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively as at March 31, 2020 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 Act.

**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 and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 system 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 auditors' judgment, 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 system with reference to financial statements.

**Meaning of Internal financial controls with reference to financial statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting

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

**Inherent limitations of internal financial controls with reference to financial statements**

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

*for* **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No.: 101248W/W-100022

**S Sethuraman**
*Partner*
Membership No. 203491
ICAI UDIN: 20203491AAAABI6411

Place: Chennai
Date: June 9, 2020

**Appendix I as referred to under para (vii)(b) of Annexure A to the Independent Auditors' Report to the Members of TVS Upasana Limited on the Ind AS financial statements for the year ended March 31, 2020**

| Name of the Statute | Nature of the Dues | Amount* (₹ in lacs) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Tamil Nadu Value Added Tax Act, 2006, Central Sales Tax Act, 1956 | Sales Tax | 8.79 | 2006-07 | Commercial Tax Officer – Chennai |
| | Sales Tax | 10.12 | 2007-08 | Commercial Tax Officer - Chennai |
| | Sales Tax | 2.68 | 2010-11 | Assistant commissioner, Chennai |
| | Sales Tax | 9.56 | 2011-12 | Commercial Tax Officer – Chennai |
| | Sales Tax | 16.52 | 2013-14 | Commercial Tax Officer – Chennai |
| | Sales Tax | 540.73 | 2014-15 | Commercial Tax Officer – Chennai |
| | Sales Tax | 22.14 | 2015-16 | Commercial Tax Officer – Chennai |

** net of amount paid under protest*

**Balance sheet as at March 31, 2020**

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

| | Note | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4(a) | 11,101.39 | 11,045.96 |
| Capital work-in-progress | 4(b) | 508.14 | 730.41 |
| Right of use assets | 4(c) | 2,519.48 | - |
| Intangible assets | 5 | 5.66 | 5.45 |
| Financial assets | | | |
| - Investments | 6 | 52.76 | 52.76 |
| - Loans | 7 | 13.79 | 17.20 |
| - Other Financial assets | 8 | 393.40 | 364.27 |
| Other tax assets, net | 9 | 221.09 | 336.88 |
| Other non-current assets | 10 | 182.75 | 2,685.41 |
| | | 14,998.46 | 15,238.34 |
| **Current assets** | | | |
| Inventories | 11 | 1,904.84 | 2,025.71 |
| Financial assets | | | |
| - Investments | 6 | 190.78 | 259.05 |
| - Trade receivables | 12 | 2,685.09 | 3,019.58 |
| - Cash and cash equivalents | 13 | 5.98 | 2.92 |
| - Loans | 7 | 9.59 | 9.04 |
| - Others | 8 | 0.05 | 0.05 |
| Other tax assets, net | 9 | 110.13 | 142.19 |
| Other current assets | 10 | 217.27 | 219.76 |
| | | 5,123.73 | 5,678.30 |
| **Total assets** | | 20,122.19 | 20,916.64 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 14 | 1,189.97 | 1,189.97 |
| Other equity | | 6,893.85 | 6,211.40 |
| **Total equity** | | 8,083.82 | 7,401.37 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 16 | 4,400.00 | 4,600.00 |
| Provisions | 17 | 193.55 | 159.49 |
| Deferred tax liabilities, net | 9 | 670.58 | 781.89 |
| | | 5,264.13 | 5,541.38 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 16 | 3,364.52 | 3,582.70 |
| - Trade payables | 18 | | |
| Total outstanding dues of micro enterprises and small enterprises; and | | 130.89 | 154.69 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,195.50 | 1,600.53 |
| - Other financial liabilities | 19 | 2,037.97 | 2,503.71 |
| Other current liabilities | 20 | 1.25 | 53.86 |
| Provisions | 17 | 44.11 | 78.40 |
| | | 6,774.24 | 7,973.89 |
| **Total Liabilities** | | 12,038.37 | 13,515.27 |
| **Total equity and liabilities** | | 20,122.19 | 20,916.64 |
| Significant accounting policies | 3 | | |

The notes from 1 to 35 are an integral part of the financial statements

As per our report of even date attached

*for* **B S R & Co. LLP**
Chartered Accountants
Firm's registration No.: 101248W/W-100022

**S Sethuraman**
Partner
Membership No.: 203491

Place : Chennai
Date : June 9, 2020

**For and on behalf of the Board of Directors of TVS Upasana Limited**
CIN: U65991TN1992PLC022619

**Suresh Krishna**
Chairman
DIN : 00046919
Place : Chennai
Date : June 9, 2020

**Arundathi Krishna**
Managing Director
DIN: 00270935
Place : Chennai
Date : June 9, 2020

**R Krishnan**
Whole-time Director and
Chief Financial Officer & Company Secretary
DIN :00271938
ACS Membership No. 9994
Place : Chennai
Date : June 9, 2020

**S Meenakshisundaram**
Director
DIN: 00513901
Place : Chennai
Date : June 9, 2020

**Statement of profit and loss for the year ended March 31, 2020**

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

| | Note | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 21 | 14,622.82 | 16,982.05 |
| Other income | 22 | 178.40 | 236.93 |
| **Total income** | | **14,801.22** | **17,218.98** |
| **Expenses** | | | |
| Cost of materials consumed | 23 | 5,261.52 | 6,412.49 |
| Changes in inventories of finished goods and work-in-progress | 24 | 2.20 | 25.80 |
| Employee benefit expenses | 25 | 1,804.46 | 2,050.19 |
| Finance costs | 26 | 764.49 | 366.07 |
| Depreciation and amortisation expense | 27 | 1,022.65 | 561.97 |
| Other expenses | 28 | 4,949.27 | 5,655.01 |
| **Total expenses** | | **13,804.59** | **15,071.53** |
| **Profit before tax** | | **996.63** | **2,147.45** |
| **Tax expense** | | | |
| - Current tax | 9 | 112.46 | 68.17 |
| - Deferred tax | 9 | 12.35 | 474.59 |
| **Total tax expense** | | **124.81** | **542.76** |
| **Profit for the year** | | **871.82** | **1,604.69** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| (i) Re-measurement loss on defined benefit plan | | (22.64) | (4.73) |
| (ii) Income tax effect on above | | 6.30 | 1.37 |
| **Total other comprehensive income** | | **(16.34)** | **(3.36)** |
| **Total comprehensive income for the year** (Comprising profit and other comprehensive income for the year) | | **855.48** | **1,601.33** |
| **Earnings per equity share** | 15 | | |
| Basic (in Rs.) | | 7.33 | 13.49 |
| Diluted (in Rs.) | | 7.33 | 13.49 |
| Significant accounting policies | 3 | | |

The notes from 1 to 35 are an integral part of the financial statements

As per our report of even date attached

*for* **B S R & Co. LLP**
Chartered Accountants
Firm's registration No.: 101248W/W-100022

**S Sethuraman**
Partner
Membership No.: 203491

Place : Chennai
Date : June 9, 2020

**For and on behalf of the Board of Directors of TVS Upasana Limited**
CIN: U65991TN1992PLC022619

**Suresh Krishna**
Chairman
DIN : 00046919
Place : Chennai
Date : June 9, 2020

**Arundathi Krishna**
Managing Director
DIN: 00270935
Place : Chennai
Date : June 9, 2020

**R Krishnan**
Whole-time Director and
Chief Financial Officer & Company Secretary
DIN :00271938
ACS Membership No. 9994
Place : Chennai
Date : June 9, 2020

**S Meenakshisundaram**
Director
DIN: 00513901
Place : Chennai
Date : June 9, 2020

## Statement of cash flows for the year ended March 31, 2020

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

| | Note | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Profit for the year** | | **996.63** | **2,147.45** |
| **Adjustments for:** | | | |
| Fair value loss on financial instruments measured at fair value through profit or loss | 28 | 68.28 | 91.80 |
| Financial guarantee expenses, | 28 | 30.27 | 20.83 |
| Depreciation and amortisation expense | 27 | 1022.65 | 561.97 |
| Finance costs | 26 | 764.49 | 366.07 |
| Interest income | 22 | (18.86) | (26.18) |
| Profit on sale of property, plant and equipment, net | 22 | (4.37) | (3.89) |
| Dividend income | 22 | (1.67) | (1.62) |
| Unrealised foreign exchange (gain)/loss | | (76.78) | 17.85 |
| | | **2,780.64** | **3,174.28** |
| **Working capital adjustments** | | | |
| Decrease in inventories | | 120.87 | 243.05 |
| Decrease in financial liabilities | | (461.63) | (360.66) |
| Decrease in financial assets | | 388.96 | 293.54 |
| (Decrease)/ Increase in non-financial liabilities | | (75.48) | 3.53 |
| (Increase)/ Decrease in other non-financial assets | | (37.23) | 104.19 |
| **Cash generated from operating activities** | | **2,716.13** | **3,457.93** |
| Income tax paid, net of refund (including interest) | | 97.38 | (688.58) |
| **Net cash from operating activities (A)** | | **2,618.75** | **2,769.35** |
| **Cash flow from investing activities** | | | |
| Acquisition of property, plant and equipment (including capital work-in-progress, capital advances and payable towards purchase of capital goods) | | (1,300.13) | (5,306.57) |
| Proceeds from sale of property, plant and equipment | | 62.77 | 26.45 |
| Acquisition of investments | | - | (48.56) |
| Proceeds from sale of investments | | - | 14.30 |
| Dividends received | | 1.67 | 1.62 |
| Interest received | | 18.86 | 10.96 |
| **Net cash used in investing activities (B)** | | **(1,216.83)** | **(5,301.80)** |
| **Cash flow from financing activities** | | | |
| (Repayment)/proceeds from long term borrowings, net | | (200.00) | 1000.00 |
| (Repayment)/proceeds from short term borrowings, net | | (218.18) | 2,267.05 |
| Interest paid | | (765.50) | (89.51) |
| Dividend paid (including dividend distribution tax) | | (215.18) | (645.55) |
| **Net cash (used in) / from financing activities (C)** | | **(1,398.86)** | **2,532.00** |
| **D. Net Cash flows during the year (A+B+C)** | | 3.06 | (0.46) |
| E.Cash and cash equivalents at the beginning of the year | | 2.92 | 3.38 |
| **F. Cash and cash equivalents at the year end (D+E)** | | **5.98** | **2.92** |
| **Reconciliation of the cash and cash equivalents as per the cash flow statement** | | | |
| Balances with banks in current accounts | 13 | 5.54 | 2.68 |
| Cash on hand | 13 | 0.44 | 0.24 |
| | | **5.98** | **2.92** |

Significant accounting policies 3

The notes from 1 to 35 are an integral part of the financial statements

As per our report of even date attached

*for* **B S R & Co. LLP**
Chartered Accountants
Firm's registration No.: 101248W/W-100022

**For and on behalf of the Board of Directors of**
**TVS Upasana Limited**
CIN: U65991TN1992PLC022619

**S Sethuraman**
Partner
Membership No.: 203491

**Suresh Krishna**
Chairman
DIN : 00046919
Place : Chennai
Date : June 9, 2020

**Arundathi Krishna**
Managing Director
DIN: 00270935
Place : Chennai
Date : June 9, 2020

**R Krishnan**
Whole-time Director and
Chief Financial Officer & Company Secretary
DIN :00271938
ACS Membership No. 9994
Place : Chennai
Date : June 9, 2020

**S Meenakshisundaram**
Director
DIN: 00513901
Place : Chennai
Date : June 9, 2020

Place : Chennai
Date : June 9, 2020

## Statement of cash flows for the year ended March 31, 2020

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

### (a) Equity share capital

| Particulars | Note | Amount |
|---|---|---|
| **Balance as at April 1, 2018** | 14A | **1,189.97** |
| Changes in equity share capital during the year | | - |
| **Balance as at March 31, 2019** | 14A | **1,189.97** |
| Changes in equity share capital during the year | | - |
| **Balance as at March 31, 2020** | 14A | **1,189.97** |

### (b) Other equity

| Particulars | Reserves and surplus | | Items of other comprehensive income | Total |
|---|---|---|---|---|
| | | | Items that will not be reclassified to profit or loss | |
| | Deemed Equity | Retained Earnings | Re-measurement gain on defined benefit plan, net of tax | |
| **Balance as at April 1, 2018** | **41.46** | **5,232.74** | **(59.90)** | **5,214.30** |
| Profit for the year | - | 1,604.69 | - | 1,604.69 |
| Other comprehensive income for the year | - | - | (3.36) | (3.36) |
| Fair value of finance guarantee given by parent company | 41.32 | - | - | 41.32 |
| Transfer to retained earnings | | (63.26) | 63.26 | - |
| Dividends (refer note 14B(i)) | - | (645.55) | - | (645.55) |
| **Balance as at March 31, 2019** | **82.78** | **6,128.62** | **-** | **6,211.40** |
| Profit for the year | - | 871.82 | - | 871.82 |
| Other comprehensive income for the year | - | - | (16.34) | (16.34) |
| Fair value of finance guarantee given by parent company | 42.15 | - | - | 42.15 |
| Transfer to retained earnings | - | (16.34) | 16.34 | - |
| Dividends (refer note 14B(i)) | - | (215.18) | - | (215.18) |
| **Balance as at March 31, 2020** | **124.93** | **6,768.92** | **-** | **6,893.85** |

Significant accounting policies 3

The notes from 1 to 35 are an integral part of the financial statements

As per our report of even date attached

*for* **B S R & Co. LLP**
Chartered Accountants
Firm's registration No.: 101248W/W-100022

**For and on behalf of the Board of Directors of**
**TVS Upasana Limited**
CIN: U65991TN1992PLC022619

**S Sethuraman**
Partner
Membership No.: 203491

**Suresh Krishna**
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Place : Chennai
Date : June 9, 2020

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Place : Chennai
Date : June 9, 2020

**R Krishnan**
Whole-time Director and
Chief Financial Officer & Company Secretary
DIN :00271938
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Place : Chennai
Date : June 9, 2020

**S Meenakshisundaram**
Director
DIN: 00513901
Place : Chennai
Date : June 9, 2020

Place : Chennai
Date : June 9, 2020

1. **Corporate information**

TVS Upasana Limited ("TUL" or ''the Company'') is incorporated in India and is a subsidiary of Sundram Fasteners Limited (SFL). The registered office of the Company is situated at No. 98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004. The Company manufactures spokes and nipples, tools, small screws, dowel, kits and cold extrusion components.

2. **Basis of preparation**

**2.1 Statement of compliance**

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements for the year ended March 31, 2020 (including comparatives) are authorised by the Board on June 9, 2020. Details of the Company's accounting policies are included in note 3.

**2.2 Functional and presentation currency**

These financial statements are presented in Indian Rupees which is also the Company's functional currency. All amounts have been presented in lakhs of Indian Rupees (Rs.), except share data and as otherwise stated.

**2.3 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items;

| Items | Measurement basis |
|---|---|
| Certain financial assets and liabilities | Fair value |
| Net defined benefit (asset)/ liability | Fair value of plan assets less present value of defined benefit obligations |

**2.4 Use of estimates and judgments**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of assets including trade receivables, inventories and other current / non-current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used internal and external sources of information on the expected future performance of the Company. The Company has performed sensitivity analysis (wherever applicable) on the assumptions used and based on current estimates expects that the carrying amount of these assets will be recovered. The Company will continue to closely monitor any material changes to future economic conditions.

**Significant management judgment**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3(5) and 33: Leases - whether an arrangement contains a lease;
- Note 3(6), 3(7) and 29: Financial instruments: Classification and measurement

**Assumptions and estimation uncertainty**

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

- Note 3(2) and 3(3) - Useful lives of property, plant and equipment and intangible assets
- Note 3(6) and 3(7) – Impairment test on financial and non-financial assets; key assumptions underlying recoverable amounts;
- Note 3(8), 3(10), 9, 17 and 30 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources including provision for income taxes and related contingencies
- Note 17: measurement of defined benefit obligation; key actuarial assumptions;

**2.5 Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. The inputs used to measure the fair value of assets or a liability fall into different levels of the fair value hierarchy. Accordingly, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the low level input that is significant to the entire measurement.

Management uses various valuation techniques to determine fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based on its assumptions on observable data as far as possible but where it not available, the management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (also refer note 29). The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**2.6 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.

## 3. Summary of accounting policies

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

**1. Revenue recognition**

The Company generates revenue primarily from manufacture and sale of automotive parts and components. The Company also earns revenue from rendering of services.

- **Sale of products:**

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

- **Revenue from services:**

Revenue from rendering of services is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration expected to be received in exchange for those services.

- **Interest and dividend income:**

Dividend income is recognised in statement of profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**2. Property, plant and equipment**

**2.1 Recognition and measurement**

Free hold land is stated at historical cost. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises:

a. purchase price, including import duties and non-refundable taxes on purchase (goods and service tax, value added tax), after deducting trade discounts and rebates.

b. any directly attributable cost of bringing the item to its working condition for its intended use estimated costs of dismantling and removing the item and restoring the site on which it is located.

c. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Any gain/ loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**2.2 Subsequent expenditure**

Subsequent costs are included in 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.

**2.3 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.

**2.4 Depreciation:**

a. Depreciation is recognized on a straight-line basis, over useful life of buildings and other equipment as prescribed under Schedule II of Companies Act, 2013, except in respect of certain assets, where useful life is different from those prescribed under Schedule II.

b. Depreciation on property, plant and equipment is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

c. The estimated useful life of the property, plant and equipment on technical assessment followed by the Company is furnished below:

| Asset category | Management estimate of useful life (in years) |
|---|---|
| Buildings | 3-60 |
| Plant and machinery | 8-30 |
| Furniture and fixtures | 8-10 |
| Office equipment | 3-10 |
| Vehicles | 8-10 |

d. The residual value for all the above assets are retained at 5% of the cost.

e. Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period.

f. On property, plant and equipment added/ disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.

**3. Intangible assets**

Intangible assets are initially measured at cost. Subsequently, such intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

**3.1 Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

**3.2 Amortisation**

Intangible assets comprising of Computer software are amortised on a straight-line basis over estimated useful life of 3 years. Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted, if appropriate.

**4. Inventories**

Inventories are valued at lower of cost and net realizable value including necessary provision for obsolescence. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The comparison of cost and net realisable value is made on an item by item basis. The cost of raw materials, components, consumable stores and spare parts are determined using the weighted average method and includes freight, taxes and duties, net of duty credits wherever applicable. Finished goods, including stock in trade and work in progress are valued at lower of cost and net realisable value. Cost includes all direct costs including excise duty and applicable manufacturing overheads incurred in bringing them to their present location and condition.

**4.1 Raw materials**

Raw materials are valued at cost of purchase net of duties and includes all expenses incurred in bringing such materials to the location of its use.

**4.2 Work-in-process and finished goods**

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

**4.3 Stores, spares and tools**

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

**5. Leases**

The Company has applied Ind AS 116 from April 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

**Policy applicable from April 1, 2019**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control use of an identified asset for a period of time in exchange for consideration.

This policy is applied to contracts entered into, or changed, on or after April 1, 2019.

**5.1 Assets held under leases**

**Assets taken on lease**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from external financing sources that reflects the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in –substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets and lease liabilities separately on the face of the balance sheet.

**Short-term leases**

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Assets leased out**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other operating revenue' or 'Other income'. The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116.

**Policy applicable before April 1, 2019**

**5.2 Determining whether an arrangement contains a lease**

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of arrangement that contains a lease, payments and other consideration required by such an arrangement are separated into those for lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

**5.3 Assets held under leases**

**Assets taken on lease**

As per the terms of lease agreements there is no substantial transfer of risk and reward of the property to the Company and hence such leases are treated as operating lease.

The payments on operating lease are recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Associated costs, such as maintenance and insurance, are expensed.

**Assets leased out**

As per terms of lease agreements there is no substantial transfer of risk and reward of the property to the lessee. Accordingly, such leased out assets are treated as belonging to the Company.

**5.4 Lease payments**

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

**6. Financial instruments**

**6.1 Recognition and initial measurement:**

Trade receivables are initially recognised when they are originated.

All other financial assets 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 or loss which are measured initially at fair value.

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 and services availed value if the transaction do not contain significant financing component.

**6.2 Financial assets**

**6.2.1 Classification and subsequent measurement of financial assets:**

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

a. Those to be measured at Fair value through other comprehensive Income (FVTOCI)

b. Those to be measured at Fair value through profit and loss (FVTPL) and;

c. Those measured at amortized cost.

**i. Financial assets at amortised cost**

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

These assets are measured subsequently at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses, if any and impairment are recognised in profit or loss. Any gain or loss on de recognition is recognised in statement of profit and loss.

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

Includes assets that are held within a business model where objective is both collecting contractual cash flows and selling financial assets along with contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding. The Company has made an irrevocable election to present in other comprehensive income changes in the fair value of an investment in an equity instrument that is not held for trading. This selection is made on an instrument-by instrument basis.

Dividends are recognised as income in profit or loss unless it clearly represents a recovery of part of cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or 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.

**iii. Financial assets at Fair Value Through Profit or 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 FVTOCI. 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 profit or 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 expected credit losses for next 12 months and credit risk exposure. The Company also measures loss allowance for financial instrument at an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The allowance shall be recognised in profit and loss.

**6.2.2 De-recognition of financial assets**

A financial asset is derecognised only when;

a. The Company has transferred the rights to receive cash flows from the financial asset or

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

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

**6.3 Financial Liabilities**

**6.3.1 Classification of financial liabilities**

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

**6.3.2 Subsequent measurement**

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

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**6.3.3 De recognition**

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 de recognition 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 or loss.

**6.4 Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**7. Impairment**

**7.1 Impairment of financial instruments**

The Company recognise loss allowance for expected credit loss on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are credit losses that result from all possible default events over expected life of financial instrument.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. The Company assumes that credit risk on a financial asset has increased significantly if it is past due.

The Company considers a financial asset to be in default when:

- the recipient is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due.

**7.1.1 Measurement of expected credit losses**

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

**7.1.2 Presentation of allowance for expected credit losses in the balance sheet**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**7.1.3 Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**7.2 Impairment of non-financial assets**

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets (other than goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine recoverable amount. Such a reversal is made only to an extent that asset's carrying amount does not exceed carrying amount that would have been determined, net of depreciation/ amortisation, if no impairment loss was recognised.

**8. Income taxes**

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. 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. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax is recognised in respect of temporary difference between carrying amount of assets and liabilities for financial reporting purposes and corresponding amounts used for tax purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised/ recognised, are reviewed at each reporting date and are recognised/ reduced to an extent that it is probable/ no longer probable respectively that related tax benefit will be realised.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by same tax authority on same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or its tax assets and liabilities will be realised simultaneously.

**9. Post-employment benefits and short-term employee benefits**

**a. Short term employee benefit obligations:**

Short term employee benefit obligations are those that are expected to be settled within 12 months after end of reporting period. They are recognised up to end of the reporting period at amounts expected to be paid at the time of settlement.

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

**b. Other long term employee benefit obligations:**

These obligation represent liability towards compensated absences that are not expected to be settled wholly within a period of 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 up to 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.

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

**c. Post-employment obligation:**

The Company operates the post-employment schemes comprising of defined benefit and contribution plans and such as gratuity and provident fund contributions for its eligible employees.

**i. Gratuity:**

The liability or asset recognised in the balance sheet in respect of these defined benefit obligation 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 an Independent actuary using projected unit credit method. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of 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. Re-measurement 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. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in present value of the defined benefit obligation resulting from plan amendment or curtailment are recognised immediately in the statement of profit or loss or service cost.

**ii. Provident Fund:**

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, partly a defined benefit obligation and partly a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The provident fund contributions are made partly to employee provident fund organisation. The Company is liable for annual contributions

**10. Provisions, contingent liabilities and contingent assets**

**a. Provisions:**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

**10.1.1 Provision for warranties**

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

**10.1.2 Onerous contract**

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

**b. 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.

**c. Contingent assets:**

The Company does not recognise contingent assets. These are assessed continually to ensure that the developments are appropriately disclosed in the financial statements.

**11. Earnings per share**

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential equity shares.

**12. 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 which are readily convertible into 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 classified for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of three months or less.

**13. Segment reporting**

The Company is engaged in manufacture and sale of spokes and nipples, tools, small screws, dowel, kits and cold extrusion components which largely have applications primarily in automobile industry and thus the Company has only one reportable segment.

**14. Government grants**

Government grants and subsidies are recognised when there is reasonable assurance that the conditions attached to them will be complied and grant/subsidy will be received. Government grants relating to income are deferred and recognized in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate and presented in other operating revenues. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognised.

**15. Foreign currency transactions**

In preparing the financial statements, transactions in currencies other than Company's functional currency (i.e. foreign currencies) are recognised at rates of exchange prevailing on date of transactions or an average rate if average rate approximates actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at exchange rate when fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

**16. 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.

**17. Changes in significant accounting policies**

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases". The comparative figures as of and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under Ind AS 17. The disclosure requirements in Ind AS 116 have not been applied to comparative information.

The details of the changes in accounting policies are disclosed below.

**(a) Definition of lease**

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under Ind AS 17 Leases. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 3(5).

**(b) Impact on financial statements**

The impact on transition is summarized below:-

| Particulars | Amount |
|---|---|
| Right of use assets | 2,545.42 |
| Other current assets | (31.32) |
| Other non-current assets | (2,514.10) |

**18. Recent Indian Accounting Standards**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

**4 (a) Property, plant and equipment**

| Gross block | Freehold land * | Buildings | Plant and equipment | Furniture and fixtures | Office equipments | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **As at April 1 , 2018** | **79.99** | **467.43** | **3,997.05** | **15.32** | **52.63** | **1.00** | **4,613.42** |
| Additions | - | 4,410.23 | 3,668.02 | 68.80 | 90.32 | - | 8,237.37 |
| Disposal | - | - | (35.03) | - | - | - | (35.03) |
| **As at March 31, 2019** | **79.99** | **4,877.66** | **7,630.04** | **84.12** | **142.95** | **1.00** | **12,815.76** |
| Additions | - | 267.10 | 772.45 | 30.66 | 38.82 | - | 1,109.03 |
| Disposal | - | - | (81.33) | (1.03) | - | (0.23) | (82.59) |
| **As at March 31, 2020** | **79.99** | **5,144.76** | **8,321.16** | **113.75** | **181.77** | **0.77** | **13,842.20** |
| **Accumulated depreciation** | | | | | | | |
| **As at April 1 , 2018** | **-** | **60.67** | **1,129.78** | **9.64** | **21.62** | **0.37** | **1,222.08** |
| For the year | - | 67.26 | 477.30 | 3.35 | 12.17 | 0.11 | 560.19 |
| Disposal | - | - | (12.47) | - | - | - | (12.47) |
| **Gross block** | **Freehold land *** | **Buildings** | **Plant and equipment** | **Furniture and fixtures** | **Office equipments** | **Vehicles** | **Total** |
| **As at March 31, 2019** | **-** | **127.93** | **1,594.61** | **12.99** | **33.79** | **0.48** | **1,769.80** |
| For the year | - | 202.40 | 773.91 | 6.64 | 12.14 | 0.11 | 995.20 |
| Disposal | - | - | (23.42) | (0.55) | - | (0.22) | (24.19) |
| **As at March 31, 2020** | **-** | **330.33** | **2,345.10** | **19.08** | **45.93** | **0.37** | **2,740.81** |
| **Net block** | | | | | | | |
| As at March 31, 2019 | 79.99 | 4,749.73 | 6,035.43 | 71.13 | 109.16 | 0.52 | 11,045.96 |
| **As at March 31, 2020** | **79.99** | **4,814.43** | **5,976.06** | **94.67** | **135.84** | **0.40** | **11,101.39** |
| * Freehold land pending registration: ₹ 5.13 (March 31, 2019: Rs. 5.13) | | | | | | | |

**(b) Capital work-in-progress**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| As at March 31, 2019 | | | | | | | 730.41 |
| **As at March 31, 2020** | | | | | | | **508.14** |

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**(c) Right of use assets**

| Gross block | Land under long term lease | Total |
|---|---|---|
| **Recognised on April 1, 2019 consequent to transition to Ind AS 116** | 2,545.42 | **2,545.42** |
| Additions | - | - |
| Disposal | - | - |
| **As at March 31, 2020** | **2,545.42** | **2,545.42** |
| **Accumulated depreciation** | | |
| **Recognised on April 1, 2019 consequent to transition to Ind AS 116** | - | - |
| For the year | 25.94 | **25.94** |
| Disposals | - | - |
| **As at March 31, 2020** | **25.94** | **25.94** |
| **Net block** | | |
| **As at March 31, 2020** | **2,519.48** | **2,519.48** |

**5 Intangible assets**

| Gross block | Software | Total |
|---|---|---|
| **As at April 1 , 2018** | **15.27** | **15.27** |
| Additions | 3.53 | 3.53 |
| Disposal | - | - |
| **As at March 31, 2019** | **18.80** | **18.80** |
| Additions | 1.72 | 1.72 |
| Disposal | - | - |
| **As at March 31, 2020** | **20.52** | **20.52** |
| **Accumulated amortisation** | | |
| **As at April 1 , 2018** | **11.57** | **11.57** |
| For the year | 1.78 | 1.78 |
| Disposals | - | - |
| **As at March 31, 2019** | **13.35** | **13.35** |
| For the year | 1.51 | 1.51 |
| Disposals | - | - |
| **As at March 31, 2020** | **14.86** | **14.86** |
| **Net Block** | | |
| As at March 31, 2019 | 5.45 | 5.45 |
| **As at March 31, 2020** | **5.66** | **5.66** |

| | As at March 31 2020 | As at March 31 2019 |
|---|---|---|
| **6 Investments** | | |
| **Investments measured at fair value through statement of profit and loss** | | |
| **(I) Non-current investments** | | |
| **Unquoted** | | |
| a) 42,000 (March 31, 2019: 42,000) Class B equity shares of Rs.10/- each fully paid in Clean Switch India Private Limited | 4.20 | 4.20 |
| b) 4,85,574 (March 31, 2019: 4,85,574) equity shares of Rs.10/- each fully paid in Gamma Green Power Private Limited | 48.56 | 48.56 |
| **Total non-current investments (i)** | **52.76** | **52.76** |

| | As at March 31 2020 | As at March 31 2019 |
|---|---|---|
| **(II) Current investments** | | |
| **Investments in equity instruments** | | |
| **Quoted** | | |
| a) 1,000 (March 31, 2019: 1,000) equity shares of ₹ 2/- each, fully paid up in Sterling Tools Limited | 1.32 | 3.25 |
| b) 83 (March 31, 2019: 83) equity shares of ₹ 10/- each, fully paid up in Lakshmi Precision Screws Limited | 0.00 | 0.01 |
| c) 500 (March 31, 2019: 500) equity shares of ₹ 2/- each, fully paid up in Simmonds-Marshall Limited | 0.11 | 0.38 |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

| | | |
|---|---|---|
| d) 50 (March 31, 2019: 50) equity shares of ₹ 2/- each, fully paid up in Bharat Forge Limited | 0.12 | 0.26 |
| e) 13,900 (March 31, 2019: 13,900) equity shares of ₹ 10/- each, fully paid up in Sundaram Brake Linings Limited | 22.12 | 44.74 |
| f) 660 (March 31, 2019: 660) equity shares of ₹ 1/- each, fully paid up in State Bank of India | 1.30 | 2.12 |
| g) 1,994 (March 31, 2019: 1,994) equity shares of ₹ 5/- each, fully paid up in Sundaram Clayton Limited | 29.76 | 57.64 |
| h) 1,994 (March 31, 2019: 1,994) equity shares of ₹ 5/- each, fully paid up in WABCO-INDIA Limited | 122.46 | 132.84 |
| i) 2,952 (March 31, 2019: 1,968) equity shares of ₹ 10/- each, fully paid up in India Motor Parts and Accessories Limited | 13.59 | 17.81 |
| **Total current investments (ii)** | **190.78** | **259.05** |
| **Total (i+ii)** | **243.54** | **311.81** |
| Aggregate amount of quoted investments and market value thereof | 190.78 | 259.05 |
| Aggregate value of unquoted investments | 52.76 | 52.76 |
| Aggregate amount of impairment in value of investments | - | - |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | **Non-current** | **Current** | **Non-current** | **Current** |
| **7 Loans** | | | | |
| (Unsecured considered good, unless otherwise stated) | | | | |
| Loans to employees | 13.79 | 9.59 | 17.20 | 9.04 |
| | **13.79** | **9.59** | **17.20** | **9.04** |
| The Company's exposure to credit risks and market risks are disclosed in note 29 | | | | |
| **8 Other financial assets** | | | | |
| (Unsecured considered good, unless otherwise stated) | | | | |
| Security deposits | 393.40 | - | 364.27 | - |
| Interest receivable | - | 0.05 | - | 0.05 |
| | **393.40** | **0.05** | **364.27** | **0.05** |
| The Company's exposure to credit risks and market risks are disclosed in note 29 | | | | |

**9 Income Tax**

**A Amount recognised in statement of profit and loss**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Current tax (a) | 112.46 | 68.17 |
| Deferred tax (b) | 12.35 | 474.59 |
| **Tax expense (a) + (b)** | **124.81** | **542.76** |

**B Income tax recognised in other comprehensive income**

| | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | **Amount** | **Tax benefit** | **Net of tax** | **Amount** | **Tax benefit** | **Net of tax** |
| Remeasurement loss on defined benefit Plan | (22.64) | 6.30 | (16.34) | (4.73) | 1.37 | (3.36) |
| **Total** | **(22.64)** | **6.30** | **(16.34)** | **(4.73)** | **1.37** | **(3.36)** |

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**C Reconciliation of effective tax rate**

| | Year ended March 31, 2020 | | Year ended March 31, 2019 | |
|---|---|---|---|---|
| | % | Amount | % | Amount |
| **Profit before tax** | | **996.63** | | **2,147.45** |
| Tax using the Company's domestic tax rate | 27.82% | 277.26 | 29.12% | 625.34 |
| Effect of: | | | | |
| - Fair valuation of investments | 1.91% | 18.99 | 1.24% | 26.73 |
| - CSR expenditure disallowance, net | 0.60% | 5.94 | 0.24% | 5.17 |
| - Tax relating to earlier years | 0.00% | - | -5.86% | (125.81) |
| - Impact on account of rate change (refer note F below) | -16.15% | (160.93) | 0.00% | - |
| - Others | -1.53% | (15.25) | 0.54% | 11.33 |
| **Effective tax rate / tax expense** | **12.52%** | **124.81** | **25.28%** | **542.76** |

**D Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following

| | Deferred tax assets | | Deferred tax liabilities | | Net deferred tax (assets) / liabilities | |
|---|---|---|---|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Property, plant and equipment and other intangible assets | - | - | 644.83 | 528.84 | 644.83 | 528.84 |
| Umamortised leasehold land | - | - | 501.20 | 584.19 | 501.20 | 584.19 |
| Prepaid expense on finance guarantee | - | - | 19.94 | - | 19.94 | - |
| Fair valuation of investments | 19.55 | - | - | - | (19.55) | - |
| Provision for employee benefits | 41.55 | 33.84 | - | - | (41.55) | (33.84) |
| Loss allowance on trade receivables | 6.73 | 7.04 | - | - | (6.73) | (7.04) |
| **Sub-total** | **67.83** | **40.88** | **1,165.97** | **1,113.03** | **1,098.14** | **1,072.15** |
| Minimum alternate tax | 427.56 | 290.26 | - | - | (427.56) | (290.26) |
| | **495.39** | **331.14** | **1,165.97** | **1,113.03** | **670.58** | **781.89** |

**Movement in temporary differences for the year ended March 31,2020**

| | Balance as at April 1, 2019 | Recognized in profit and loss during 2019-20 | Recognized in OCI during 2019-20 | Others | Balance as at March 31, 2020 |
|---|---|---|---|---|---|
| Property, plant and equipment and other intangibles | 528.84 | 115.99 | - | - | 644.83 |
| Umamortised leasehold land | 584.19 | (82.99) | - | - | 501.20 |
| Prepaid expense on finance guarantee | - | - | - | 19.94 | 19.94 |
| Fair valuation of investments | - | (19.55) | - | - | (19.55) |
| Provision for employee benefits | (33.84) | (1.41) | (6.30) | - | (41.55) |
| Loss allowance on trade receivables | (7.04) | 0.31 | - | - | (6.73) |
| **Sub-total** | **1,072.15** | **12.35** | **(6.30)** | **19.94** | **1,098.14** |
| Minimum alternate tax | (290.26) | (137.30) | - | - | (427.56) |
| **Total** | **781.89** | **(124.95)** | **(6.30)** | **19.94** | **670.58** |

**Movement in temporary differences for the year ended March 31, 2019**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)**
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

| | Balance as at April 1, 2018 | Recognized in profit and loss during 2018-19 | Recognized in OCI during 2018-19 | Others | Balance as at March 31, 2019 |
|---|---|---|---|---|---|
| Property, plant and equipment and other intangibles | 271.14 | 257.70 | - | - | 528.84 |
| Umamortised leasehold land | - | 584.19 | - | - | 584.19 |
| Provision for employee benefits | (33.41) | 0.94 | (1.37) | - | (33.84) |
| Loss allowance on trade receivables | (6.97) | (0.07) | - | - | (7.04) |
| **Sub-total** | **230.76** | **842.76** | **(1.37)** | **-** | **1,072.15** |
| MAT credit entitlement | - | (368.17) | - | 77.91 | (290.26) |
| **Total** | **230.76** | **474.59** | **(1.37)** | **77.91** | **781.89** |

**E Other tax assets/liabilities**

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| Advance tax, net | 221.09 | 110.13 | 336.88 | 142.19 |
| | **221.09** | **110.13** | **336.88** | **142.19** |

**F** Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on September 20, 2019, which is effective from April 1, 2019, domestic companies have the option to apply a lower income tax rate with effect from April 1, 2019 subject to certain conditions specified there in. The Company based on an internal evaluation performed, has not exercised this option during the current year and accordingly, has continued to recognise provision for income tax for the year ended March 31, 2020 based on old rates and deferred taxes based on applicable income-tax rates in force at the time of reversal of applicable temporary differences.

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **10 Other assets** | | | | |
| (Unsecured considered good, unless otherwise stated) | | | | |
| Prepaid expenses | 86.12 | 50.23 | 50.45 | 31.42 |
| Capital advances | 47.12 | - | 71.35 | - |
| Claims receivable | - | 146.92 | - | 132.74 |
| Balance with statutory/government authorities | 49.51 | - | 49.51 | 13.52 |
| Advances to suppliers | - | 20.12 | - | 10.76 |
| Unamortised cost of leasehold land | - | - | 2,514.10 | 31.32 |
| | **182.75** | **217.27** | **2,685.41** | **219.76** |

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **11 Inventories** | | |
| (Valued at lower of cost and net realizable value) | | |
| Raw materials and components | 294.49 | 402.51 |
| Work-in-progress | 574.73 | 619.57 |
| Finished goods (includes goods in transit of Rs. 329.33 (March 31, 2019 Rs. 229.40)) | 689.33 | 646.69 |
| Stores and spares | 153.18 | 111.51 |
| Loose tools | 181.28 | 230.01 |
| Packing materials | 11.83 | 15.42 |
| | **1,904.84** | **2,025.71** |
| **12 Trade receivables** | | |
| Trade receivables considered good - Unsecured | 2,709.27 | 3,043.76 |
| Less: Loss allowance | (24.18) | (24.18) |
| **Net trade receivables** | **2,685.09** | **3,019.58** |
| Of the above, trade Receivables from related parties are as below: | | |
| Receivables from related parties (Ref Note 31) | 298.06 | 468.63 |
| Less: Loss allowance | - | - |

The Company's exposure to credit risks and loss allowances are disclosed in note 29

| | | |
|---|---|---|
| **13 Cash and cash equivalents** | | |
| Balances with banks | 5.54 | 2.68 |
| Cash on hand | 0.44 | 0.24 |
| | **5.98** | **2.92** |

**Note:**
The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not made in these financial statements since the requirement does not pertain to financial years presented.

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **14 Share capital and other equity** | | |
| **A Share capital** | | |
| **Authorized** | | |
| 11,999,000 (March 31, 2019: 11,999,000) equity shares of Rs. 10/- each | 1,199.90 | 1,199.90 |
| 1,000 (March 31, 2019: 1,000) redeemable preference shares of Rs.10/- each | 0.10 | 0.10 |
| | **1,200.00** | **1,200.00** |
| **Issued, subscribed and fully paid up** | | |
| 11,899,674 (March 31, 2019: 11,899,674) equity shares of Rs.10/- each | 1,189.97 | 1,189.97 |
| | **1,189.97** | **1,189.97** |

**(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| **Equity shares of Rs. 10/- each fully paid up** | | | | |
| At the Commencement | 11,899,674 | 1,189.97 | 11,899,674 | 1,189.97 |
| and end of the year | - | - | - | - |

**(b) Rights, preferences and restrictions attached to equity shares**

The Company has two class of shares viz., equity shares of face value of Rs. 10/- each and redeemable preference shares of face value of Rs. 10/- each . Each holder of equity share is entitled to one vote per share. The equity shares are entitled to receive dividend as declared from time to time the same is declared. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. 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. The terms and conditions of redeemable preference shares will be determined at the time of issue of such shares. The Company has not issued any redeemable preference shares and paid up capital consists only of equity shares.

**(c) Details of shareholders holding more than 5% shares in the Company**

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Nos. | % holding | Nos. | % holding |
| **Equity shares of Rs. 10/- each fully paid up held by** | | | | |
| Sundram Fasteners Limited and its nominees, Holding company | 11,899,674 | 100.00% | 11,899,674 | 100.00% |

(d) The Company does not have any shares reserved for subsequent issuance.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**(e) Capital management**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate 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 Company. The primary objective of the Company'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.

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| Total debt (bank and other borrowings) | | 8,964.52 | 9,382.70 |
| Cash and cash equivalents | | (5.98) | (2.92) |
| **Net debt** | **A** | **8,958.54** | **9,379.78** |
| Total equity | | 8,083.82 | 7,401.37 |
| **Equity** | **B** | **8,083.82** | **7,401.37** |
| **Net debt to equity** | **C = (A/B)*100** | **110.82%** | **126.73%** |

**B Other equity**

(i) Dividends

The following dividends were declared and paid by the Company during the year:

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Final dividend Rs.1.50/- per equity share (March 31, 2019: Rs.2.50/-) | 178.50 | 297.49 |
| Dividend distribution tax (DDT) on above | 36.68 | 61.15 |
| Interim dividend - Rs.Nil (March 31, 2019: Re.2/-) per equity share for the respective years | - | 237.99 |
| DDT on above | - | 48.92 |
| | **215.18** | **645.55** |

(ii) After the reporting dates the following dividends (excluding dividend distribution tax) were proposed by the directors subject to the approval at the annual general meeting; these dividends have not been recognised as liabilities.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Final dividend of Rs. Nil (March 31, 2019: Rs.1.50/-) per equity share | - | 178.50 |
| | **-** | **178.50** |

(iii) **Nature and purpose of other reserves**

**Deemed equity**

Deemed equity represents fair value of finance guarantee given by parent company without consideration recognised in accordance with Ind AS 109 on Financial Instruments.

**15 Earnings per share (EPS)**

| | | |
|---|---|---|
| Net profit attributable to equity shareholders (A) | 871.82 | 1,604.69 |
| Weighted average number of equity shares outstanding as at reporting date (B) | 11,899,674 | 11,899,674 |
| **Basic earnings per equity share (A/B) (in Rs. )** | **7.33** | **13.49** |

**Diluted EPS**

The Company does not have any potential equity shares and accordingly basic and diluted EPS would remain the same.

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Non-current | Current | Non-current | Current |
| **16 Borrowings** | | | | |
| **Financial liabilities at amortised cost** | | | | |
| **a) Secured** | | | | |
| **Term loan** | | | | |
| From bank in local currency (refer note 1 below) | 5,600.00 | - | 5,800.00 | - |
| **Working capital loans** | | | | |
| Working capital facilities from banks (refer note 2 below) | - | 2,789.52 | - | 3,007.70 |
| | **5,600.00** | **2,789.52** | **5,800.00** | **3,007.70** |
| Less: Current maturities of long term borrowings | (1,200.00) | - | (1,200.00) | - |
| | **4,400.00** | **2,789.52** | **4,600.00** | **3,007.70** |
| **b) Unsecured** | | | | |
| Working capital loan from holding company (refer note 3 below) | - | 575.00 | - | 575.00 |
| | **-** | **575.00** | **-** | 575.00 |
| **Total** | **4,400.00** | **3,364.52** | **4,600.00** | **3,582.70** |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**Note:**

**(1) Term loan from banks include**

The Company has outstanding term loan from bank carrying interest rate ranging from 8.10% to 9.00% p.a. The loans are secured by exclusive mortgage on the factory land and building at SIPCOT, Oragadam-Vallam, first pari pasu charge on moveable fixed assets of the Company and corporate guarantee given by the holding company.

**(2) Working capital loan from banks include**

The Company has availed various working capital facilities from banks carrying interest rates in the range of 5.00% to 10.00% p.a. The facilities are repayable on demand and secured by hypothecation of current assets consisting of receivables, raw materials, work-in-progress and finished goods.

**(3) Working capital loan from holding company**

The Company has availed an unsecured working capital loan from its holding company which carries an interest rate of 8.25 % p.a which is repayable on demand.

**(4) Reconciliation of cashflows from financing activities**

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Cash and cash equivalents | (5.98) | (2.92) |
| Current borrowings | 3,364.52 | 3,582.70 |
| Non-current borrowings | 5,600.00 | 5,800.00 |
| **Net debt** | **8,958.54** | **9,379.78** |

| | Other assets | Liabilities from financing activities | | |
|---|---|---|---|---|
| | Cash and cash equivalents | Current borrowings | Non-current borrowings | Total |
| **Net debt as at April 1, 2018** | **(3.38)** | **1,315.65** | **4,800.00** | **6,112.27** |
| Net cash flows | 0.46 | 2,267.05 | 1,000.00 | 3,267.51 |
| Other non-cash movement | - | - | - | - |
| **Net debt as at March 31, 2019** | **(2.92)** | **3,582.70** | **5,800.00** | **9,379.78** |
| Net cash flows | (3.06) | (218.18) | (200.00) | (421.24) |
| **Net debt as on March 31, 2020** | **(5.98)** | 3,364.52 | 5,600.00 | **8,958.54** |

| 17 Provisions | As at March 31, 2020 Non-current | Current | As at March 31, 2019 Non-current | Current |
|---|---|---|---|---|
| **Provision for employee benefits** | | | | |
| Gratuity (refer note (i)(a)) | 114.80 | 34.58 | 89.57 | 21.09 |
| Compensated absences (refer note (i)(b)) | 78.75 | 9.53 | 69.92 | 8.39 |
| **Total of provision for employee benefits (A)** | **193.55** | **44.11** | **159.49** | **29.48** |
| **Other provisions** | | | | |
| Provision for dividend distribution tax | - | - | - | 48.92 |
| **Total of other provisions (B)** | **-** | **-** | **-** | **48.92** |
| **Total provisions (A+B)** | **193.55** | **44.11** | **159.49** | **78.40** |

**(i) Defined Benefit Plan**

**(a) Gratuity**

**1) Chennai unit**

Retirement benefit in the form of gratuity liability is a defined benefit obligation and is provided on the basis of an actuarial valuation made at the end of each financial year for unit located at Chennai. The gratuity scheme is unfunded and the actuarial liability is shown in the balance sheet.

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity.

| Particulars | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| Amount recognised in statement of profit and loss | | 15.52 | 16.10 |
| Amount recognised in other comprehensive income | | 19.57 | 4.67 |
| **Total expense** | | **35.09** | **20.77** |
| **Net employee benefit expense** | | | |
| **Recognised in statement of profit and loss** | | | |
| Current service cost | | 8.25 | 8.83 |
| Interest cost on benefit obligation | | 7.27 | 7.27 |
| | **(A)** | **15.52** | **16.10** |
| **Recognised in other comprehensive income** | | | |
| Net actuarial loss recognized in the year | (B) | 19.57 | 4.67 |
| **Net benefit expense** | **(A)+(B)** | **35.09** | **20.77** |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Net defined benefit obligation** | | |
| Present value of defined benefit obligation | 127.30 | 101.70 |
| Fair value of plan assets | - | - |
| | **127.30** | **101.70** |
| **Changes in present value of the defined benefit obligation are as follows:** | | |
| Balance at the beginning of the year | 101.70 | 103.20 |
| Interest expense | 7.27 | 7.27 |
| Current service cost | 8.25 | 8.83 |
| Benefits paid | (9.49) | (22.27) |
| Actuarial loss on obligation | 19.57 | 4.67 |
| **Balance at the end of the year** | **127.30** | **101.70** |
| **Principal actuarial assumptions used :** | | |
| Discount rate | 6.10% | 7.50% |
| Salary escalation rate | 8.00% | 7.00% |
| Attrition rate | 8.00% | 5.00% |

The estimates of future salary increases, considered in actuarial valuation taking into account of inflation, seniority, promotion, attrition and relevant factors, such as supply and demand in the employment market.

A quantitative sensitivity analysis for significant assumption as at the reporting dates are as shown below:

| | Discount rate | | Salary escalation rate | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| **March 31, 2020** | | | | |
| - Sensitivity Level ( %) | 1.00% | 1.00% | 1.00% | 1.00% |
| - Impact on defined benefit obligation | (9.21) | 10.49 | 8.96 | (8.07) |
| **March 31, 2019** | | | | |
| - Sensitivity Level ( %) | 1.00% | 1.00% | 1.00% | 1.00% |
| - Impact on defined benefit obligation | (8.13) | 9.35 | 8.28 | (7.35) |

**2) Hosur unit**

With respect to Hosur unit, the Company participates in the gratuity policy maintained by the holding company with Life Insurance Corporation of India. The net defined benefit cost is recognised based on the contribution payable, as determined by the holding company in respect of this unit based on actuarial valuation obtained centrally by holding company. The contribution made in this regard are as follows:-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

| | | |
|---|---|---|
| Contribution made to the defined benefit plan (including Rs.3.07 ( March 31, 2019 : Rs. (0.06)) recognised in other comprehensive income) (including balance carried forward) | 22.08 | 8.96 |

**Note:** The Company believes that there is no further payment/ refund expected towards its employees out of fund remittances made centrally by the holding company.

| **Classification** | | |
|---|---|---|
| - Current | 34.58 | 21.09 |
| - Non-current | 114.80 | 89.57 |

**(b) Compensated absences**

The Company's net obligation in respect of compensated absences is the amount of future benefit that employees have earned in return for their service in current and prior periods. Such benefit is discounted to determine its present value, and fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation obtained using the projected unit credit method.

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Recognised in statement of profit and loss** | | |
| Current service cost | 20.33 | 12.53 |
| Interest cost on benefit obligation | 5.93 | 4.32 |
| Net actuarial (gain)/loss recognised | (13.84) | 8.36 |
| | **12.42** | **25.21** |

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Principal actuarial assumptions used :** | | |
| Discount rate | 6.10% - 6.80% | 7.50% - 7.80% |
| Salary escalation rate | 8.00%-10.00% | 7.00% - 10.00% |
| Attrition rate | 1.00% -8.00% | 1.00% -5.00% |

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **18 Trade payables** | | |
| Total outstanding dues of micro enterprises and small enterprises; and (refer note below) | 130.89 | 154.69 |
| Dues to others | 1,195.50 | 1,600.53 |
| | **1,326.39** | **1,755.22** |
| Of the above, trade payables to related parties (refer note 31) | 40.51 | 20.79 |

**Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development ('MSMED') Act, 2006**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year; | 130.89 | 154.69 |
| (b) 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; | - | - |
| (c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | - | - |
| (d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and | - | - |
| (e) 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. | - | - |

The above disclosures have been provided by the Company based on the information available with the Company in respect of the registration status of its vendors/suppliers.

All trade payables are current. The Company's exposure to liquidity risks related to trade payables is disclosed in note 29

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **19 Other financial liabilities** | | |
| **Financial liabilities at amortised cost** | | |
| Current maturities of term loans from banks (secured) | 1,200.00 | 1,200.00 |
| Interest accrued but not due on borrowings | 42.51 | 43.52 |
| Payable towards purchase of capital goods | 616.18 | 1,052.06 |
| Employee benefits payable | 177.28 | 205.53 |
| Other payables | 2.00 | 2.60 |
| | **2,037.97** | **2,503.71** |
| **20 Other current liabilities** | | |
| Advance from customers | 1.23 | 5.01 |
| Statutory dues | 0.02 | 48.85 |
| | **1.25** | **53.86** |

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

| 21 Revenue from operations | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| a) Sale of products | 13,969.17 | 15,928.04 |
| b) Rendering of services | 166.67 | 412.17 |
| c) Other operating revenues (refer note (i) below) | 486.98 | 641.84 |
| **Total** | **14,622.82** | **16,982.05** |

**Note:**

| **(i) Other operating revenues** | | |
|---|---|---|
| Scrap sales | 262.07 | 418.63 |
| Export incentives | 202.95 | 215.96 |
| Others | 21.96 | 7.25 |
| | **486.98** | **641.84** |

**(ii) Disaggregation of revenue from contracts with customers**

In following disclosure, revenue from contract with customers have been disaggregated based on type of revenue and customers

| | | |
|---|---|---|
| a) Revenue from sale of products | | |
| (i) Domestic (including retail sales) | 9,317.88 | 11,079.27 |
| (ii) Exports | 4,651.29 | 4,848.77 |
| | 13,969.17 | 15,928.04 |
| b) Revenue from rendering of services | 166.67 | 412.17 |
| c) Total revenue from contracts with customers (a+b) | 14,135.84 | 16,340.21 |
| d) Other operating revenues | | |
| - Scrap sale | 262.07 | 418.63 |
| - Export incentives | 202.95 | 215.96 |
| - Others | 21.96 | 7.25 |
| Total other operating revenue | 486.98 | 641.84 |
| **Total revenue from operations (c + d)** | **14,622.82** | **16,982.05** |

**(iii) Contract assets**

The following disclosure provides information about receivables, contract assets and liabilities from contracts with customers

| | | |
|---|---|---|
| Receivables which are included in trade receivables (refer note 12) | 3,019.58 | 2,685.09 |
| Advance from customer (refer note 20) | 1.23 | 5.01 |

| 22 Other income | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Interest income | 18.86 | 26.18 |
| Net foreign exchange gain | 151.28 | 138.44 |
| Dividend income | 1.67 | 1.62 |
| Profit on sale of property, plant and equipment, net | 4.37 | 3.89 |
| Miscellaneous income | 2.22 | 66.80 |
| | **178.40** | **236.93** |

| 23 Cost of materials consumed | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Opening stock of raw materials and components | 402.51 | 648.60 |
| Add : Purchases made during the year | 5,153.50 | 6,166.40 |
| Less: Closing stock of raw materials and components | 294.49 | 402.51 |
| | **5,261.52** | **6,412.49** |

| 24 Changes in inventories of finished goods and work-in-progress | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **A) Opening stock:** | | |
| Work-in-progress | 619.57 | 595.39 |
| Finished goods | 646.69 | 696.67 |
| | **1,266.26** | **1,292.06** |
| **B) Closing stock:** | | |
| Work-in-progress | 574.73 | 619.57 |
| Finished goods | 689.33 | 646.69 |
| | **1,264.06** | **1,266.26** |
| **Total (A- B)** | **2.20** | **25.80** |

| 25 Employee benefits expense | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Salaries and wages | 1,596.26 | 1,796.08 |
| Expenses related to compensated absences (refer note 17) | 12.42 | 25.21 |
| Expenses related to post-employment defined benefit plan (refer note 17) | 25.64 | 25.00 |
| Contribution to provident and other funds (refer note below) | 52.42 | 64.30 |
| Staff welfare expenses | 117.72 | 139.60 |
| | **1,804.46** | **2,050.19** |

**Note:** The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employee provident fund, which is a defined contribution plan. The same is charged to statement of profit and loss as and when it is accrued. The amount recognised as expense towards such provident fund contribution aggregated to Rs. 47.39 (March 31, 2019 Rs. 54.58).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**26 Finance costs**

| | | |
|---|---|---|
| Interest expense on financial liabilities measured at amortised cost | 764.49 | 624.95 |
| Less: Amount capitalised (also see note below) | - | (258.88) |
| | **764.49** | **366.07** |

**Note**: The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's borrowing, both specific and general, in the range of 7% to 9% for the year ended March 31, 2019.

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **27 Depreciation and amortisation expense** | | |
| Depreciation on property, plant and equipment (refer note 4 (a)) | 995.20 | 560.19 |
| Amortisation on other intangible assets (refer note 5) | 1.51 | 1.78 |
| Amortisation on right of use assets (refer note 4(c)) | 25.94 | - |
| | **1022.65** | **561.97** |
| **28 Other expenses** | | |
| Consumption of stores, tools and spares | 2,732.54 | 3,765.16 |
| Power and fuel | 831.70 | 700.59 |
| Repairs and maintenance | | |
| - building | 15.97 | 17.21 |
| - plant and equipment | 46.68 | 52.44 |
| - other assets | 1.19 | 2.53 |
| Rates and taxes | 44.65 | 30.25 |
| Insurance | 20.05 | 20.42 |
| Freight and cartage outward | 389.40 | 469.40 |
| Advertisement and sales promotion | 0.36 | 0.46 |
| Payment to auditors (refer (a) below) | 13.58 | 4.33 |
| Bank charges | 4.00 | 6.55 |
| Printing and stationery | 14.42 | 22.52 |
| Travel expenses | 91.44 | 62.79 |
| Postage and telecom expenses | 15.71 | 12.40 |
| Consultancy | 407.75 | 228.57 |
| Corporate social responsibility expenditure (refer (b) below) | 42.74 | 35.49 |
| Fair value loss on financial instruments measured at fair value through profit or loss | 68.28 | 91.80 |
| Miscellaneous expenses | 208.81 | 95.82 |
| | **4,949.27** | **5,655.01** |

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **(a) Payment to auditors** | | |
| a) As auditors | 5.00 | 2.00 |
| b) Taxation matters | 1.00 | 0.50 |
| d) Other services | 6.50 | 1.00 |
| e) Reimbursement of expenses | 1.08 | 0.83 |
| | **13.58** | **4.33** |
| **(b) Details of corporate social responsibility expenditure (CSR)** | | |
| (A) Amount required to be spent by the Company during the year | 42.70 | 35.33 |
| (B) Amount spent during the year | | |
| (i) Construction/ acquisition of asset | - | - |
| (ii) On purposes other than (i) above | - | - |
| a) Education | - | - |
| b) Healthcare | - | - |
| c) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art | 42.74 | 35.49 |
| | **42.74** | **35.49** |

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**29 Financial instruments - Fair values and risk management**

**A Accounting classification and fair values (continued)**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

| Particulars | March 31, 2020 | | | | March 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised Cost | Total | FVTPL | FVOCI | Amortised Cost | Total |
| **Financial Assets** | | | | | | | | |
| Investments | 190.78 | - | 52.76 | 243.54 | 259.05 | - | 52.76 | 311.81 |
| Trade receivables | - | - | 2,685.09 | 2,685.09 | - | - | 3,019.58 | 3,019.58 |
| Loans | - | - | 23.38 | 23.38 | - | - | 26.24 | 26.24 |
| Cash and cash equivalents | - | - | 5.98 | 5.98 | - | - | 2.92 | 2.92 |
| Security deposits | - | - | 393.40 | 393.40 | - | - | 364.27 | 364.27 |
| Interest receivable | - | - | 0.05 | 0.05 | - | - | 0.05 | 0.05 |
| **Total financial assets** | **190.78** | **-** | **3,160.66** | **3,351.44** | **259.05** | **-** | **3,465.82** | **3,724.87** |
| **Financial liabilities** | | | | | | | | |
| Borrowings | - | - | 8,964.52 | 8,964.52 | - | - | 9,382.70 | 9,382.70 |
| Interest accrued but not due on borrowings | - | - | 42.51 | 42.51 | - | - | 43.52 | 43.52 |
| Trade payables | - | - | 1,326.39 | 1,326.39 | - | - | 1,755.22 | 1,755.22 |
| Payable towards purchase of capital goods | - | - | 616.18 | 616.18 | - | - | 1,052.06 | 1,052.06 |
| Employee benefits payable | - | - | 177.28 | 177.28 | - | - | 205.53 | 205.53 |
| Other payables | - | - | 2.00 | 2.00 | - | - | 2.60 | 2.60 |
| **Total financial liabilities** | **-** | **-** | **11,128.88** | **11,128.88** | **-** | **-** | **12,441.63** | **12,441.63** |

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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)**
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**29 Financial instruments - Fair values and risk management**

**B Accounting classification and fair values (continued)**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard

| Particulars | March 31, 2020 | | | | March 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying Amount | Fair Value | | | Carrying Amount | Fair Value | | |
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | | | |
| Investments # | 243.54 | 190.78 | - | - | 311.81 | 259.05 | - | - |
| Trade receivables # | 2,685.09 | - | - | - | 3,019.58 | - | - | - |
| Loans # | 23.38 | - | - | - | 26.24 | - | - | - |
| Cash and cash equivalents # | 5.98 | - | - | - | 2.92 | - | - | - |
| Security deposits # | 393.40 | - | - | - | 364.27 | - | - | - |
| Claims receivable # | - | - | - | - | - | - | - | - |
| Interest receivable # | 0.05 | - | - | - | 0.05 | - | - | - |
| **Total financial assets** | **3,351.44** | **190.78** | **-** | **-** | **3,724.87** | **259.05** | **-** | **-** |
| **Financial liabilities** | | | | | | | | |
| Borrowings # | 8,964.52 | - | - | - | 9,382.70 | - | - | - |
| Interest accrued but not due on borrowings # | 42.51 | - | - | - | 43.52 | - | - | - |
| Trade payables # | 1,326.39 | - | - | - | 1,755.22 | - | - | - |
| Payable towards purchase of capital goods # | 616.18 | - | - | - | 1,052.06 | - | - | - |
| Employee benefits payable # | 177.28 | - | - | - | 205.53 | - | - | - |
| Other payables # | 2.00 | - | - | - | 2.60 | - | - | - |
| **Total Financial Liabilities** | **11,128.88** | **-** | **-** | **-** | **12,441.63** | **-** | **-** | **-** |

# For those financial assets and liabilities, which are not carried at its fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**C Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk

**Financial risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors along with the top management are responsible for developing and monitoring the Company's risk management policies. The Company's senior management advises on financial risks and the appropriate financial risk governance framework for the Company.

The Company's risk management policies established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's senior management oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's principal financial liabilities primarily comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The Company uses derivative financial instruments, such as foreign exchange forward contracts to hedge foreign currency risk exposure as necessary.

The sources of risks which the company is exposed to and their management is given below:

**(i) Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

**a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings. As at March 31, 2020, approximately 21% (March 31, 2019: 14%) of the Company's borrowings are at a fixed rate of interest.

**Interest rate sensitivity**

The following table illustrates the sensitivity to profits and equity to a reasonably possible change in interest rates of +/- 1% for the year ended March 31, 2020 (March 31, 2019: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

**Interest rate exposure**

| Particulars | Floating rate | Fixed rate | Total borrowings |
|---|---|---|---|
| **As at March 31, 2020** | **7,089.52** | **1,875.00** | **8,964.52** |
| **As at March 31, 2019** | **8,107.70** | **1,275.00** | **9,382.70** |

| | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| Increase | +1% | 70.90 | 81.08 |
| Decrease | -1% | (70.90) | (81.08) |

The Company does not expect any change in interest rates on fixed rate borrowings and accordingly have not presented any sensitivities on such borrowings.

The Company does not expect any significant impact of changes in the market interest rates on account of COVID-19.

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**b) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's borrowings in foreign currency.

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this Ind AS, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported translated at the closing rate. Unhedged foreign currency risk exposure at the end of the reporting period has been expressed in Rupees.

| | Short term exposure | | | Long-term exposure | | |
|---|---|---|---|---|---|---|
| | **USD** | **EURO** | **Others** | **USD** | **EURO** | **Others** |
| **March 31, 2020** | | | | | | |
| Financial assets | 1,060.39 | 287.13 | - | - | - | - |
| Financial liabilities | (11.76) | (68.98) | (12.40) | - | - | - |
| | **1,048.63** | **218.15** | **(12.40)** | **-** | **-** | **-** |
| **March 31, 2019** | | | | | | |
| Financial assets | 795.58 | 237.52 | - | - | - | - |
| Financial liabilities | (62.91) | (83.08) | (11.94) | - | - | - |
| | **732.67** | **154.44** | **(11.94)** | **-** | **-** | **-** |

**Foreign currency sensitivity**

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities in relation to the fluctuation in the respective currency with 'all other things being equal'. If the Indian Rupee had strengthened/ weakened against the respective currency 5% during the year ended March 31, 2020 (March 31, 2019: 5%), then this would have had the following impact on profit before tax and equity:

| | Strengthening | | Weakening | |
|---|---|---|---|---|
| | **Year ended March 31, 2020** | **Year ended March 31, 2019** | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
| **Increase/ (decrease) in profit and equity** | | | | |
| USD | (52.43) | (36.63) | 52.43 | 36.63 |
| EURO | (10.91) | (7.72) | 10.91 | 7.72 |
| Others | 0.62 | 0.60 | (0.62) | (0.60) |
| | **(62.72)** | **(43.75)** | **62.72** | **43.75** |

**c) Equity price risk**

The Company's investments in listed and unlisted equity securities are current. All the investments in the equity portfolio are reviewed and approved by the Board of Directors. As at the reporting date the investments in equity instruments amounted to Rs.243.54 (March 31, 2019: Rs. 311.81)

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**(ii) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including, foreign exchange transactions and other financial instruments.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Company's trade receivables, certain loans and advances and other financial assets. The Company enters into long term contracts with its customers whereby it mitigates the risk exposure on high risk customers. Further, 4 customers (March 31, 2019 : 2) individually contribute to more than 10% of the Company's total revenues. Outstanding customer receivables are regularly monitored and reviewed by the Management periodically.

The carrying amount of financial assets represents the maximum credit exposure.

| Particulars | Reference | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| Investments | (i) | 243.54 | 311.81 |
| Trade receivables | (ii) | 2,685.09 | 3,019.58 |
| Loans | (iii) | 23.38 | 26.24 |
| Cash and cash equivalents | (iv) | 5.98 | 2.92 |
| Security deposits | (v) | 393.40 | 364.27 |
| Claims receivable | (v) | - | - |
| Interest receivable | (v) | 0.05 | 0.05 |
| **Total** | | **3,351.44** | **3,724.87** |

**(i) Investments**

This balance represents investments made by the Company in instruments of certain listed companies and power generation companies in the past. These investments are liquid in nature as the same is freely transferable in the stock exchange.

**(ii) Trade receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including end-user customers, their geographic location, industry, trading history with the Company and existence of previous financial difficulties. With respect to other financial assets, the Company does not expect any credit risk against such assets except as already assessed. The Company is monitoring the economic environment in the country and is taking actions to limit its exposure to customers with customers experiencing particular economic volatility.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivable and other financial assets, which comprise large number of small balances, based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. including considerations for the likelihood of increased credit risks and consequential default on account of the emerging situations due to Covid - 19 Further, the Company also makes an allowance for doubtful debts on a case to case basis.

The maximum exposure to credit risk for trade and other receivables are as follows:

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Not more than 180 days | 2,589.39 | 2,958.84 |
| More than 180 days | 119.88 | 84.92 |
| **Sub-total** | **2,709.27** | **3,043.76** |
| Less: Loss allowance in accordance with expected credit loss model | (24.18) | (24.18) |
| **Total** | **2,685.09** | **3,019.58** |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)**
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**(iii) Loans**

This balance is primarily constituted by loans given to employees. The Company does not expect any loss from non-performance by these counter parties.

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Loans to employees | 23.38 | 26.24 |
| **Net carrying amount** | 23.38 | 26.24 |

**(iv) Cash and cash equivalents**

The Company has its cash and bank balances deposited with credit worthy banks as at the reporting date. The credit worthiness of these banks are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

**(v) Others**

Other financial assets comprising of security deposits and advance recoverable primarily consists of deposits with TNEB for obtaining Electricity connections, rental deposits given for lease of premises. The Company does not expect any loss from non-performance by these counter-parties.

(iii) **Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's objective is to maintain a current ratio with an optimal mix of short term loans and long term loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. The Board of Directors periodically reviews the Company's business requirements vis-a-vis the source of funding.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments

| | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| **Particulars** | **Carrying amount** | **Less than 180 days** | **More than 180 days** | **Carrying amount** | **Less than 180 days** | **More than 180 days** |
| Borrowings* | 8,964.52 | 3,964.52 | 5,000.00 | 9,382.70 | 4,182.70 | 5,200.00 |
| Trade payables | 1,326.39 | 1,326.39 | - | 1,755.22 | 1,755.22 | - |
| Trade deposits | 2.00 | 2.00 | - | 2.60 | 2.60 | - |
| Interest accrued but not due on borrowings | 42.51 | 42.51 | - | 43.52 | 43.52 | - |
| Employee benefits payable | 177.28 | 177.28 | - | 205.53 | 205.53 | - |
| Payable towards purchase of capital goods | 616.18 | 616.18 | - | 1,052.06 | 1,052.06 | - |
| **Total** | **11,128.88** | **6,128.88** | **5,000.00** | **12,441.63** | **7,241.63** | **5,200.00** |

*excluding contractual interest payments

(iv) **Offsetting financial assets and financial liabilities**

The Company does not have any financial instruments that are offset or are subject to enforceable master netting arrangements and other similar agreements

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

## 30 Contingent liabilities and commitments

(to the extent not provided for)

| Contingent liabilities | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (a) Claims against the company not acknowledged as debt | | |
| - Sales tax/ Entry Tax - under appeal | 630.89 | 630.89 |
| - Income-tax - under appeal | 1.71 | 92.68 |
| | **632.60** | **723.57** |

**Note:**

(i) The Hon'ble Supreme Court in its ruling dated February 28, 2019 held that the allowances paid to employees are essentially a part of the basic wage, which are necessarily and ordinarily paid to all employees and are to be treated as wages for the purpose of ('PF') Provident Fund contribution, with fewer exception to the same. Based on legal advice, considering the interpretative challenges surrounding the retrospective application of the judgement and absence of reliable measurement of provisions relating to earlier periods, this matter has been disclosed as a contingent liability.

(ii) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial positions

| | | |
|---|---|---|
| (b) Other money for which the company is contingently liable comprising of letter of credit | - | 38.66 |
| **Capital commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 938.18 | 406.36 |

## 31 Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**I Related Parties with whom transactions have taken place during the year:**

| | |
|---|---|
| **Ultimate Holding Company** | TV Sundram Iyengar & Sons Private Limited, Madurai |
| **Holding Company** | Sundram Fasteners Limited, Chennai |
| **Fellow Subsidiaries** | TVS Infotech Limited., Chennai<br>Sundram Fasteners Investments Limited., Chennai,<br>Sundram Non-Conventional Energy Systems Limited., Chennai,<br>Sundram Precision Components Limited., Chennai<br>Sundram International Limited, UK,<br>Sundram International Inc, Michigan, USA, |
| **Key Management Personnel** | Suresh Krishna<br>Usha krishna<br>S Meenakshi sundaram<br>Arundathi Krishna, Managing Director<br>R Krishnan Whole Time Director , CFO & Company Secretary with effect from March 10, 2020 |
| **Subsidiaries / joint ventures / associates of ultimate holding company:** | Southern Roadways Private Limited, Madurai<br>TVS Electronics Limited<br>The Associated Auto Parts Private Limited<br>TVS Motor Company Limited<br>Wheels India Limited<br>Lucas Indian Services Limited<br>Lucas TVS Limited<br>India Motor parts & accessories Limited<br>Sundaram-Clayton Limited |

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020(Contd.)**
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**II The significant related party transactions during the year and outstanding balance as at the reporting date are as follows:**

| Nature of Transaction | Ultimate holding Company | Holding Company | Fellow Subsidiaries | Key Management Personnel | Subsidiaries / joint ventures / associates of ultimate holding company | Enterprise in which key management personnel have significant influence |
|---|---|---|---|---|---|---|
| **Purchases** | | | | | | |
| Goods and Materials | - | 80.32 | - | | 2.84 | - |
| | - | (91.94) | - | | - | - |
| **Sales** | | | | | | |
| Goods and Materials | 141.93 | 171.09 | - | | 1,413.00 | - |
| | (136.45) | (984.35) | - | | (1,722.16) | - |
| **Services** | | | | | | |
| Rendered | - | 166.67 | - | | - | - |
| | - | (412.11) | - | | (0.06) | - |
| Received | - | 53.67 | 31.10 | | - | - |
| | - | (48.29) | (31.10) | | - | - |
| **Borrowings and finance costs** | | | | | | |
| | - | - | - | | - | - |
| Interest on Inter Corporate Deposit | - | 47.57 | - | | - | - |
| | - | (47.44) | - | | - | - |
| Dividend Received | - | - | - | | 1.27 | - |
| | - | - | - | | (0.72) | - |
| Dividend Paid | - | 178.50 | - | | - | - |
| | - | (535.48) | - | | - | - |
| **Others** | | | | | | |
| Sale of property, plant and equipment | - | 61.77 | - | | - | - |
| | - | (24.70) | - | | - | - |
| Purchase of property, plant and equipment | - | 10.24 | 0.12 | | - | - |
| | - | - | - | | - | - |
| Leasing inward or outward (or) hire purchase arrangements | - | 3.15 | - | | - | - |
| | - | (13.46) | - | | - | - |
| Management Contracts | - | - | - | 2.44 | - | - |
| | - | - | - | - | - | - |
| Guarantee Commission | - | 46.33 | - | - | - | - |
| | - | - | - | - | - | - |
| Guarantees and collaterals furnished or availed | - | 1,000.00 | - | | - | - |
| | - | (6,000.00) | - | | - | - |
| Freight Charges | - | - | - | | 0.49 | - |
| | - | - | - | | (5.26) | - |
| Clearance Charges | - | - | - | | 1.14 | - |
| | - | - | - | | (0.94) | - |
| **Outstanding balances** | | | | | | |
| Borrowings | - | 575.00 | - | | - | - |
| | - | (575.00) | - | | - | - |
| Due to the Company | 33.71 | 28.83 | - | | 235.52 | - |
| | (10.36) | (87.79) | - | | (370.48) | - |
| Due by the Company | - | 40.40 | - | | 0.11 | |
| | - | (20.58) | - | | (0.21) | - |

(Previous year figures are in brackets)

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

**III Terms and conditions of transactions with related parties**

- Transactions with related parties are at arm's length and all the outstanding balances are unsecured.

**32 Segment reporting**

The Company primarily caters to only a single segment, manufacture and supply automobile parts primarily comprising of spokes & nipples and cold extrusion components and accordingly has not presented segment information.

The Geographical segment information is as below

| Information concerning principal geographic areas is as follows | Year ended March 31, 2020 | | Year ended March 31, 2019 | |
|---|---|---|---|---|
| | Domestic | Export | Domestic | Export |
| Revenue from sale of produces | 9,317.88 | 4,651.29 | 11,079.27 | 4,848.77 |

**33 Leases**

**Transition to Ind AS 116**

The Company has adopted Ind AS 116 on "Leases" with effect from April 1, 2019. An amount of Rs. 2,519.48 towards unamortised cost of leasehold land has been transferred from current / non-current assets to Right of use asset ('ROU') as on the date of transition.

**(i) ROU asset**

| | Year ended March 31, 2020 |
|---|---|
| Refer note 4 (c) for detailed break-up of right of use assets and amortisation thereon. | |
| **(ii) Amounts recognised in the statement of profit and loss** | |
| Amortisation on right of use assets (refer note 4(c)) | 25.94 |
| Expenses relating to short-term leases and leases of low-value assets | 6.89 |
| | **32.83** |

Disclosures under the erstwhile Accounting standard (Ind AS 17) with respect to the comparative period

| | Year ended March 31, 2019 |
|---|---|
| Lease payments recognised in the statement of profit and loss | **36.28** |

**34 Subsequent events**

There are no significant subsequent events that have occurred after the reporting period till the date of the financial statements

**35 Prior year comparatives**

Prior year figures have been reclassified wherever necessary to conform to current year’s classification

The notes from 1 to 35 are an integral part of the financial statement

As per our report of even date attached

*for* **B S R & Co. LLP**
Chartered Accountants
Firm’s registration No.: 101248W/W-100022

**S Sethuraman**
Partner
Membership No. 203491

Place : Chennai
Date : June 09, 2020

**For and on behalf of the Board of Directors of**
**TVS Upasana Limited**
CIN: U65991TN1992PLC022619

**Suresh Krishna**
Chairman
DIN : 00046919
Place : Chennai
Date : June 09, 2020

**Arundathi Krishna**
Managing Director
DIN: 00270935
Place : Chennai
Date : June 09, 2020

**R Krishnan**
Whole-time Director and
Chief Financial Officer &
Company Secretary
DIN :00271938
ACS Membership No. 9994
Place : Chennai
Date : June 09, 2020

**S Meenakshisundaram**
Director
DIN: 00513901
Place : Chennai
Date : June 09, 2020