

Sundram Non-Conventional Energy Systems Limited

ANNUAL REPORT

**for the year ended
31st March 2017**

Sundram Non-Conventional Energy Systems Limited

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Twenty Third Annual Report, together with the audited accounts for the year ended 31st March 2017.

FINANCIAL RESULTS

Particulars	2016-17	2015-16
Sales and other income	3,63,97,634	27,060,130
Gross Profit / (Loss) before interest & depreciation	2,91,44,765	20,384,452
Less: Interest	30,683	335
Less: Depreciation	1,50,579	150,579
Profit / (Loss) before tax	2,89,63,503	20,233,538
Add / (Less): Provision for Tax (including Deferred Tax)	91,07,106	61,70,046
Profit / (Loss) after tax	1,98,56,397	14,063,492
Add / (Less): Balance brought forward	1,64,14,446	14,386,594
Interim Dividend paid	1,49,99,790	9,999,860
Dividend Distribution Tax paid	30,53,670	2,035,780
Transfer to General Reserve	-	-
Balance carried forward	1,82,17,383	16,414,446

OPERATIONS

The Sales and other income during the year under review was at ₹ 3,63,97,634/- as against ₹ 2,70,60,130/- in the previous year. The operating Profit for the year was at ₹ 2,91,44,765/- as against ₹ 2,03,84,452/- in the previous year. The net profit was at ₹ 19,856,397/- as against net profit of ₹ 14,063,492/- in the previous year.

DIVIDEND

The Directors have approved and paid two interim dividends aggregating to 300% i.e. ₹ 30/- per equity share of ₹ 10/- each. The Directors do not recommend any final dividend.

TRANSFER TO RESERVES

The Company has not transferred any amounts to reserves during the year 2016-2017.

BOARD MEETINGS

During the financial year 2016-2017, there were seven Board meetings, which were held on 25th April, 2016, 22nd August 2016, 19th September, 2016, 20th October, 2016, 18th November, 2016, 16th December, 2016 and 29th March, 2017.

Sri Suresh Krishna, Ms Usha Krishna, Sri V G Jaganathan (Resigned from the Board effective, 18th November, 2016) and Dr Lakshmi Venu, Directors, attended all the meetings during the year under review. Sri S Meenakshisundaram, Director attended all the four meetings from 20th October, 2016, being the date of his appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:-

- in the preparation of annual accounts, the applicable accounting standards had been followed and there were no material departures
- they had selected appropriate accounting policies and applied them consistently, and made judgments and estimates that have been made, are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for 31st March 2017.
- they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- they had prepared the annual accounts on a going concern basis.
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS (Contd.)

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

DIRECTORS

Dr Lakshmi Venu, Director, (DIN 02702020) retires from the Board by rotation and being eligible, offers herself for re-appointment.

Pursuant to Section 161 of the Companies Act, 2013, Sri S Meenakshisundaram (DIN: 00513901) was appointed as an Additional Director of the Company with effect from 20th October, 2016. The Company has received his consent to act as a Director in Form DIR-2, notice / intimation in Form DIR-8 and notice of disclosure of directors' interest in shareholding.

Sri V G Jaganathan, Director (DIN: 00231642) resigned from the Board of the Company with effect from 18th November, 2016 due to personal reasons.

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

AUDIT COMMITTEE

As per Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board) Rules, 2014, there is no requirement for the company to have an Audit Committee.

RELATED PARTY TRANSACTIONS

All transactions with related parties were on arms' length basis and were in the ordinary course of business.

There was no material related party contract during the year. Form AOC-2 as required under Section 134(3) (h) is enclosed as Annexure - I to 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

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

CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION

The Company has taken no specific efforts in the area of conservation of energy, research & development and technology absorption.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company did not have any foreign exchange earnings or outgo.

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

During the year 2016-2017, Sri S Meenakshisundaram (DIN: 00513901) was appointed as an Additional Director of the Company with effect from 20th October, 2016 and Sri V G Jaganathan, Director (DIN: 00231642) resigned from the Board with effect from 18th November, 2016. The Company is not required to have any Key Managerial Personnel.

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.

Sundram Non-Conventional Energy Systems Limited

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS (Contd.)

REGULATORY / COURT ORDERS

During the year 2016-2017, 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.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

AUDITORS

Pursuant to Section 139 of the Companies Act, 2013, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, (Registration No. 0042075 with the Institute of Chartered Accountants of India), were appointed as Auditors of the Company at the

Twentieth Annual General Meeting of the Company for a consecutive period of 5 years commencing from 09th September, 2014. The Company has received a certificate from the statutory auditors to the effect that if ratification of their appointment, made, would be in compliance with the requirements of the Companies Act, 2013 and the rules made there under. Accordingly, the Board of Directors propose to ratify their appointment of M/s Sundaram & Srinivasan, Chartered Accountants, Chennai as Auditors of the Company for the fourth consecutive year (in the term of five consecutive years approved at the Twentieth Annual General Meeting held on 09th September, 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 year 2016.

ACKNOWLEDGMENT

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

On behalf of the Board

Chennai
April 24, 2017

SURESH KRISHNA
Chairman

Annexure - I

Form No. AOC - 2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto

- Details of contracts or arrangements or transactions not at arm's length basis
All contracts arrangements / transactions with related parties are on arms' length basis and in the ordinary course of business.
- Details of material contracts or arrangement or transactions at arm's length basis

a)	Name of the Related Party and nature of relationship	Sundram Fasteners Limited Holding Company		
b)	Nature of contracts / arrangements / transactions	Sale of Wind Power ₹ 1,72,62,992	Lease Rent Paid ₹ 1,08,000	Dividend Paid ₹ 79,40,730
c)	Duration of the contracts / arrangements / transactions	2016 - 2017	2016 - 2017	2016 - 2017
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	At arms' length basis and in the ordinary course of business.		
e)	Date of approval by the Board, if any	As the transactions fall under the third proviso to Section 188(1), Board approval is not applicable.		
f)	Amount paid as advances, if any	Nil		

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On behalf of the Board

Chennai
April 24, 2017

SURESH KRISHNA
Chairman

FORM NO.MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31st March, 2017*[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	U40108TN1994PLC029132
Registration Date	4th November, 1994
Name of the Company	Sundram Non-Conventional Energy Systems 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 Mylapore, Chennai – 600 004 Phone No.91-44-28478500, Fax No.91-44-28478510 Email: meenakshisundaram.s@sfl.co.in
Whether listed company	No
Name, Address and Contact details of the Registrar and Transfer Agent, if any.	Not Applicable

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	Electric power generation using other non-conventional sources	35106	92.75

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary/ Associate	% of votes held	Applicable Section
1	Sundram Fasteners Limited 98-A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai – 600 004	L35999TN1962PLC004943	Holding Company	52.94	2(46)

Sundram Non-Conventional Energy Systems Limited

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 and at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	
A. Promoters					
1. Indian					
a) Individuals / HUF (Nominees of Bodies Corporate)	-	2	2	0.00	Nil
b) Central Govt.	-	-	-	-	-
c) Bodies Corporate	-	499989	499989	100.00	Nil
d) Banks / FI	-	-	-	-	-
e) Any other	-	2	2	0.00	-
Sub-Total (A)(1)	-	499993	499993	100.00	Nil
Foreign	-	-	-	-	-
Sub-Total (A)(2)	-	-	-	-	-
Total shareholding (A) = (A)(1) + (A)(2)	-	499993	499993	100.00	Nil
B. Public Shareholding	-	-	-	-	-
C. Shares held by Custodian for GDRs and ADRs	-	-	-	-	-
Grand Total = A + B + C	-	499993	499993	100.00	Nil

(ii) Shareholding of Promoters

S. No.	Shareholders' Name	Shareholding at the beginning and 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	
1	Sundram Fasteners Ltd	264689	52.94	0.00	Nil
2	Sundaram-Clayton Limited	117650	23.53	0.00	Nil
3	Lucas-TVS Limited	117650	23.53	0.00	Nil
4	Nominees of Sundram Fasteners Ltd	2	0.00	0.00	Nil
	Total	499991	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)

Shareholders' Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Sri A K Ragupathy*	0	0.00	1	0.00
Sri K Pasupathy*	0	0.00	1	0.00

*Share transferred with effect from November 18, 2016

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	For Each of the Directors and KMP	Name of the Director / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning, during and end of the year	Sri S Meenakshisundaram, Director	1	0.00	1	0.00

V. INDEBTEDNESS

As at 31st March, 2017 - NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year 2016-2017, no remuneration was paid to Directors. There is no Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year 2016-2017, there were no penalties levied by the Regional Director on the company / directors / officers in default or any compounding of offences by the company / directors / officers in default or any punishment granted by any Court against the company / directors / officers in default.

Sundram Non-Conventional Energy Systems Limited

Sundaram & Srinivasan
Chartered Accountants

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

Independent Auditors' Report to the Members of Sundram Non-Conventional Energy Systems Limited, Chennai for the year ended March 31, 2017

To the Members of,
Sundram Non-Conventional Energy Systems Limited, Chennai

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of Sundram Non-Conventional Energy Systems Limited, Chennai ("the company"), which comprise the Balance Sheet as at 31st March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and Changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of Companies (Indian Accounting Standards) Rules, 2015.

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations furnished to us, the aforesaid Ind AS financial statements, give the information

required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS;

- of the state of affairs of the Company as at March 31, 2017; and
- its Profit for the year ended on that date (including other comprehensive income);
- its cash flows for the year ended on that date; and
- the changes in Equity for the year ended on that date

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in term of sub-section (11) of section 143 of the Act, we give in the "Annexure - A", a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by section 143(3) of the Act, we report that:
 - 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.
 - 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.
 - The Balance Sheet, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Changes in Equity, and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
 - On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - B".
 - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations furnished to us
 - The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements Refer Note No.26 to the financial statements.
 - The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investors Education and Protection fund by the Company.
 - The Company has not dealt with any cash transactions during the year. Hence, reporting and disclosure requirements relating to holdings as well as dealings in Specified Bank Notes from November 08, 2016 to December 30, 2016 are not applicable.

Chennai
April 24, 2017

For SUNDARAM & SRINIVASAN
Chartered Accountants
(Firm Regn. No. 0042075)
MBALASUBRAMANIAM
Partner
Membership No. F 7945

ANNEXURE "A" TO INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNDRAM NON-CONVENTIONAL ENERGY SYSTEMS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH, 2017

Annexure referred to in our report under "Report on Other Legal and Regulatory requirements Para 1" of even date on the accounts for the year ended 31st March 2017.

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties of the Company are held in the name of the company.
2. The Company has no stock of inventory and hence reporting on physical verification does not arise.
3. During the year, the company has not granted any loan to a company, firm, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. During the year, the company has not granted any loan or has made any investments, furnished any guarantees or provided any security. Hence reporting on whether there is compliance with provisions of section 185 and 186 of the Companies Act, 2013 does not arise.
5. The company has not accepted any deposit within the meaning of sections 73 to 76 of the Companies Act, 2013, during the year.
6. According to the information and explanations furnished to us, the requirement for maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Companies Act, 2013 are not applicable to the Company for the year under audit.
7. (a) According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax/ Value Added Tax (VAT), Service Tax, Cess and other statutory dues with the appropriate authorities. However we have observed certain delays in remitting sums in respect of Tax Deducted at Source, Service Tax, Provident Fund and Dividend Distribution Tax.
- (b) According to information and explanations furnished to us, the following are the details of the disputed dues that were not deposited with the concerned authorities:
8. The company has not availed any term loan from banks or financial institutions. Hence the question of reporting on default in repayment thereof does not arise.
9. The company has not raised any money by the way of initial public offer or further public offers including debt instruments or by way of term loan during the year. Hence reporting on utilization of such money does not arise.
10. Based on the audit procedures adopted and information and explanations furnished to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.
11. No managerial remuneration has been paid or provided during the year.
12. The Company is not a Nidhi company and as such this clause of the Order is not applicable.
13. (a) In our opinion and according to the information and explanations furnished to us, all transactions with the related parties are in compliance with section 188 of Companies Act, 2013.
- (b) The details of transactions during the year have been disclosed in the Financial Statements as required by the applicable accounting standards. Refer Note no.30 to financial statements.
14. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under section 42 of the Companies Act, 2013.
15. In our opinion and according to the information and explanations furnished to us, the company has not entered into any non-cash transactions with directors or persons connected with them.
16. The company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

Name of the statute	Nature of dues	Amount (₹)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	15,409	High Court of Judicature at Madras
Income Tax Act, 1961	Interest	41,38,650	In reassessment proceeding before assessing officer.
Income Tax Act, 1961	Tax Deducted at Source	6,44,420	In reassessment proceeding before assessing officer.

Chennai
April 24, 2017

For SUNDARAM & SRINIVASAN
Chartered Accountants
(Firm Regn. No. 0042075)
M BALASUBRAMANIAM
Partner
Membership No. F 7945

Sundram Non-Conventional Energy Systems Limited

Sundaram & Srinivasan
Chartered Accountants

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

ANNEXURE -"B" TO INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNDARAM NON-CONVENTIONAL ENERGY SYSTEMS LIMITED FOR THE YEAR ENDED 31ST MARCH 2017

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

We have audited the internal financial controls over financial reporting of Sundram Non-Conventional Energy Systems Limited, Chennai ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

- I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- II. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- III. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on;

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

Chennai
April 24, 2017

For SUNDARAM & SRINIVASAN
Chartered Accountants
(Firm Regn. No. 0042075)
MBALASUBRAMANIAM
Partner
Membership No. F 7945

BALANCE SHEET AS AT 31 MARCH 2017

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Particulars	Note No.	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	5	21,681,389	21,831,968	21,982,547
Financial assets				
- Others	6	22,478	11,302	18,637
Non current tax assets (net)	7	4,625,551	4,877,351	4,581,048
Other non-current assets	8	-	-	-
		<u>26,329,418</u>	<u>26,720,621</u>	<u>26,582,232</u>
Current assets				
Financial assets				
- Trade receivables	9	3,000,315	1,846,338	2,071,787
- Cash and cash equivalents	10	10,275,346	10,073,175	7,837,535
- Others	6	300,572	312,628	312,038
Current tax Assets (Net)	7	351,320	-	-
Other current assets	8	365,318	-	28,290
		<u>14,292,871</u>	<u>12,232,141</u>	<u>10,249,650</u>
Total assets		<u>40,622,289</u>	<u>38,952,762</u>	<u>36,831,882</u>
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	11	4,999,930	4,999,930	4,999,930
Other equity		31,302,066	29,499,129	27,471,277
Total equity		<u>36,301,996</u>	<u>34,499,059</u>	<u>32,471,207</u>
Liabilities				
Non-current liabilities				
Deferred tax liabilities	13	75,678	98,698	112,143
		<u>75,678</u>	<u>98,698</u>	<u>112,143</u>
Current liabilities				
Financial liabilities				
- Other financial liabilities	14	93,151	193,753	93,272
Other current liabilities	15	4,151,464	4,161,252	4,155,260
		<u>4,244,615</u>	<u>4,355,005</u>	<u>4,248,532</u>
Total equity and liabilities		<u>40,622,289</u>	<u>38,952,762</u>	<u>36,831,882</u>

Notes 1 to 30 form an integral part of these financial statements

This is the balance sheet referred to in our report of even date
For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 0042075
M BALASUBRAMANIAM
Partner
Membership No. F 7945
Place : Chennai
Date : April 24, 2017

For and on behalf of the Board of Directors of
SUNDRAM NON-CONVENTIONAL ENERGY SYSTEMS LIMITED
SURESH KRISHNA
Chairman
(DIN: 00046919)
S. MEENAKSHISUNDARAM
Director
(DIN: 00513901)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

₹

Sl. No.	Particulars	Note No.	Year ended 31 March 2017	Year ended 31 March 2016
I.	Revenue from operations (Gross)	16	34,799,908	25,095,929
II	Other income	17	1,597,726	1,964,201
III	Total Income		<u>36,397,634</u>	<u>27,060,130</u>
IV Expenses				
	Employee benefits expense	18	1,263,297	1,353,139
	Finance costs	19	30,683	335
	Depreciation and amortization expense	20	150,579	150,579
	Other expenses	21	5,989,572	5,322,539
	Total expenses (IV)		<u>7,434,131</u>	<u>6,826,592</u>
V	Profit before exceptional items and tax (III - IV)		<u>28,963,503</u>	<u>20,233,538</u>
VI	Exceptional item		-	-
VII	Profit before tax (V-VI)		<u>28,963,503</u>	<u>20,233,538</u>
VIII Tax expense				
a)	Current tax	22	9,100,000	6,300,000
b)	Deferred tax		(23,020)	(13,445)
c)	Tax relating to earlier periods		30,126	(116,509)
IX	Profit for the year (VII - VIII)		<u>19,856,397</u>	<u>14,063,492</u>
X Other comprehensive income				
i)	Items that will not be reclassified to profit or loss		-	-
	- Income tax relating to items that will not be reclassified to profit or loss		-	-
			<u>-</u>	<u>-</u>
ii)	Items that will be reclassified to profit or loss		-	-
	- Income tax relating to items that will be reclassified to profit or loss		-	-
			<u>-</u>	<u>-</u>
XI	Total comprehensive income for the year (IX + X)		<u>19,856,397</u>	<u>14,063,492</u>
<i>(Comprising Profit and Other Comprehensive Income for the year)</i>				
XII	Earnings per equity share	23		
	Basic (in ₹)		39.71	28.13
	Diluted (in ₹)		39.71	28.13
XIII Weighted average number of equity shares used in computing earnings per equity share				
	Basic		499,993	499,993
	Diluted		499,993	499,993

Notes 1 to 30 form an integral part of these financial statements

This is the statement of profit and loss referred to in our report of even date
For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 0042075
M BALASUBRAMANIAM
Partner
Membership No. F 7945
Place : Chennai
Date : April 24, 2017

For and on behalf of the Board of Directors of
SUNDRAM NON-CONVENTIONAL ENERGY SYSTEMS LIMITED
SURESH KRISHNA
Chairman
(DIN: 00046919)
S. MEENAKSHISUNDARAM
Director
(DIN: 00513901)

Sundram Non-Conventional Energy Systems Limited

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2017

	Year ended 31 March 2017	Year ended 31 March 2016
A. Cash flows from operating activities		
Profit before tax	28,963,503	20,233,538
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
Depreciation and amortization	150,579	150,579
Interest paid	30,683	335
Interest Income	(947,726)	(895,854)
Operating profit before working capital changes	<u>28,197,039</u>	<u>19,488,598</u>
Adjustments for Changes in:		
Trade and other receivables	(1,153,977)	225,449
Other Financial assets	880	6,745
Other Current assets	(365,318)	28,290
Loans and Advances	530,354	(87,654)
Other Current liabilities	(9,788)	5,992
Other financial liabilities	(100,602)	100,481
Cash from/ (used) in operating activities	<u>(1,098,451)</u>	<u>279,303</u>
Less: Direct taxes paid	(9,760,000)	(6,392,140)
Net cash from/ (used) in operating activities	<u>17,338,588</u>	<u>13,375,761</u>
B. Cash flow from investing activities		
Interest received	947,726	895,854
Net cash from/ (used) in investing activities	<u>947,726</u>	<u>895,854</u>
C. Cash flow from financing activities		
Interest paid	(30,683)	(335)
Dividend paid	(14,999,790)	(9,999,860)
Dividend Distribution tax paid	(3,053,670)	(2,035,780)
Net cash generated from financing activities	<u>(18,084,143)</u>	<u>(12,035,975)</u>
Net Increase/ (decrease) in cash and Cash Equivalents (A + B + C)	<u>202,171</u>	<u>2,235,640</u>
D. Net cash flows during the year		
E. Cash and cash equivalents at the beginning	10,073,175	7,837,535
F. Cash and cash equivalents at the end	10,275,346	10,073,175
Cash and cash equivalents comprise of:		
Cash on hand	8,500	8,500
Balance with bank in current account	1,436,130	355,759
Balance with Bank in Term Deposit	8,830,716	9,708,916
Cash and cash equivalents	<u>10,275,346</u>	<u>10,073,175</u>

This is the statement of cash flow referred to in our report of even date

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 0042075

M BALASUBRAMANIAM
Partner
Membership No. F 7945
Place : Chennai
Date : April 24, 2017

For and on behalf of the Board of Directors of
SUNDRAM NON-CONVENTIONAL ENERGY SYSTEMS LIMITED

SURESH KRISHNA
Chairman
(DIN: 00046919)

S. MEENAKSHISUNDARAM
Director
(DIN: 00513901)

STATEMENT CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

		₹			
		Notes		Amount (₹)	
A. Equity Share Capital					
	Particulars				
	Balance at the 01 April 2015	11			4,999,930
	Changes in equity share capital during the year				-
	Balance at the 31 March 2016				4,999,930
	Changes in equity share capital during the year				-
	Balance at the 31 March 2017				<u>4,999,930</u>
B. Other Equity					
	Particulars	Notes	Reserves and Surplus	Accumulated other comprehensive income	Total
			General reserve	Retained Earnings	
	Balances at 31 March 2016		13,084,683	16,414,446	-
	Profit for the year		-	19,856,397	-
	Other comprehensive income		-	-	-
	Transferred from Retained earnings to general reserves		-	-	-
	Dividends (including dividend distribution tax)	12	-	(18,053,460)	-
	Balances at 31 March 2017		<u>13,084,683</u>	<u>18,217,383</u>	<u>-</u>
	Particulars	Notes	Reserves and Surplus	Accumulated other comprehensive income	Total
			General reserve	Retained Earnings	
	Balances at 31 March 2015		13,084,683	14,386,594	-
	Profit for the year		-	14,063,492	-
	Other comprehensive income		-	-	-
	Dividends (including dividend distribution tax)	12	-	(12,035,640)	-
	Balances at 31 March 2016		<u>13,084,683</u>	<u>16,414,446</u>	<u>-</u>

This is the statement of changes in equity referred to in our report of even date

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 0042075

M BALASUBRAMANIAM
Partner
Membership No. F 7945
Place : Chennai
Date : April 24, 2017

For and on behalf of the Board of Directors of
SUNDRAM NON-CONVENTIONAL ENERGY SYSTEMS LIMITED

SURESH KRISHNA
Chairman
(DIN: 00046919)

S. MEENAKSHISUNDARAM
Director
(DIN: 00513901)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

1 Corporate Information

Sundram Non-conventional Energy Systems Limited ("SNES" or "the Company") is incorporated in India and is a subsidiary of Sundram Fasteners Limited (SFL), Chennai.

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

The Company generates power through windmills.

2 Basis of Preparation

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

The financial statements for the year ended 31 March 2017 (including comparatives) are duly adopted by the Board today for consideration and approval by the shareholders.

Carrying value of Plant Property and Equipment under the Previous GAAP has been considered as the deemed cost for the purpose of transition to Ind AS (Note No. 5)

3 Summary of accounting policies

3.1 Overall considerations

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

3.2 Revenue

(i) Sale of power

Income from sale of power is recognised on the basis of bills raised.

(ii) Interest income

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

3.3 Property, plant and equipment

As there is no change in the functional currency as at the date of transition, the Company has elected to adopt the carrying value of Plant property and equipment under the Previous GAAP as the deemed cost for the purpose of transition to Ind AS.

(i) Land

Land held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

(ii) Buildings and other equipment

Buildings and other equipment (comprising plant, fittings and furniture, vehicles etc.) are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be of use for company's business purposes. Buildings and other equipment are subsequently measured at cost less accumulated depreciation and any impairment losses if any.

Depreciation is recognized on a straight-line basis, over the useful life of the buildings and other equipments as prescribed under Schedule II of the Companies Act, 2013, except for assets costing less than Rs. 5,000/- for which full depreciation provided in the year of acquisition.

Description	Range of Useful lives in years
Buildings	3 - 60
Plant & Equipment	10 - 30
Furniture & Fixtures	8 - 10
Office equipments	3 - 6
Vehicles	8 - 10

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

NOTES TO FINANCIAL STATEMENTS (Contd.)

(iii) Component Accounting:

The components of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset, the life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets.

3.4 Leases

Assets taken on lease

The Company has taken on operating lease windmills. Lease rents paid are charged to statement of profit and loss. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.5 Financial instruments

Recognition, initial measurement and derecognition

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

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

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 the financial asset and the contractual cash flow characteristics of the financial asset at:

- Amortised cost
- Fair Value Through Other Comprehensive Income (FVTOCI) or
- Fair Value Through Profit or Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Company of financial assets is impaired.

3.6 Trade receivables

The impairment loss on receivables is recognised on Expected credit loss. During the year however no provision was warranted.

3.7 Income taxes

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

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date.

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

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition

NOTES TO FINANCIAL STATEMENTS (Contd.)

and that are readily convertible into known amounts of cash and which are subject to only an insignificant risk of changes in value.

3.9 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued and fully paid up.

General reserve represents the accumulated surplus transferred from the Statement of Profit and Loss

Retained earnings includes all current and previous period retained profits.

Any interim dividend payable is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is deducted directly from equity component.

3.10 Post-employment benefits and short-term employee benefits

Defined Contribution Plan

(A) Provident Fund

Contribution to Provident Fund is in the nature of defined contribution plan and are made to a Provident Fund organization and charged to statement of profit and loss.

(B) Gratuity

The Provisions of the Payment of Gratuity Act, 1972 are not applicable to the Company.

(B) Bonus

The Provisions of the Payment of Bonus Act, 1965 are not applicable to the Company.

3.11 Provisions, contingent assets and contingent liabilities:

Provisions are made at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company is virtually certain to collect from a third party with respect to the obligation is recognized as a contingent asset or regular asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not likely. Such situations are disclosed as contingent liabilities if the outflow of resources is remote.

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

3.12 Earnings per share

Basic earnings per share is 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.

NOTES TO FINANCIAL STATEMENTS (Contd.)

3.13 Cash flow statement

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

3.14 Segment reporting

The Company is engaged in the business of sale of power through windmill, thus there is only one segment in which the Company is engaged.

3.15 Borrowing costs

Borrowing cost is not applicable since there are no qualifying assets.

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

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

Significant management judgment

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

(i) Estimation of uncertainty

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

(ii) Impairment of non-financial assets

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

(iii) Useful lives of depreciable assets

Management has reviewed its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of assets.

(iv) 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 business and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

5. PROPERTY, PLANT AND EQUIPMENT

₹

Particulars	Tangible Assets						
	Land - Freehold	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipments	Vehicles	Total
Gross Block							
Deemed Cost as at 1st April 2015	20,937,774	283,585	656,459	-	33,038	71,691	21,982,547
Additions	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
As at 31st March 2016	20,937,774	283,585	656,459	-	33,038	71,691	21,982,547
Additions	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
As at 31st March 2017	20,937,774	283,585	656,459	-	33,038	71,691	21,982,547
Accumulated depreciation/ amortisation							
As at 1st April 2015	-	-	-	-	-	-	-
For the year	-	13,008	112,630	-	11,771	13,170	150,579
Deduction on disposal	-	-	-	-	-	-	-
As at 31st March 2016	-	13,008	112,630	-	11,771	13,170	150,579
For the year	-	13,008	112,630	-	11,771	13,170	150,579
on sale or discards	-	-	-	-	-	-	-
As at 31st March 2017	-	26,016	225,260	-	23,542	26,340	301,158
Net block							
As at 01st April 2015	20,937,774	283,585	656,459	-	33,038	71,691	21,982,547
As at 31st March 2016	20,937,774	270,577	543,829	-	21,267	58,521	21,831,968
As at 31st March 2017	20,937,774	257,569	431,199	-	9,496	45,351	21,681,389

6. OTHER FINANCIAL ASSETS (UNSECURED CONSIDERED GOOD UNLESS OTHERWISE STATED)

₹

Particulars	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
	Long-term / Non Current	Short-term / Current	Long-term / Non Current	Short-term / Current	Long-term / Non Current	Short-term / Current
	₹	₹	₹	₹	₹	₹
Electricity deposits	22,478	-	11,302	-	9,725	-
Advances	-	-	-	-	5,000	-
Interest receivable	-	300,572	-	312,628	3,912	312,038
	22,478	300,572	11,302	312,628	18,637	312,038

7. ASSETS FOR CURRENT TAX (NET)

1) Advance Income-tax (net of provision for taxation 31 March 2017: ₹ 93,00,000, 31 March 2016: ₹ 2,25,50,000 1st April 2015: ₹ 2,47,50,000)	754,666	-	1,006,466	-	710,163	-
2) Income Tax Refundable	3,870,885	351,320	3,870,885	-	3,870,885	-
	4,625,551	351,320	4,877,351	-	4,581,048	-

8. OTHER ASSETS

(Unsecured, considered good)

1) Prepaid expenses	-	21,258	-	-	-	27,571
2) Advances to suppliers	-	344,060	-	-	-	-
3) Others	-	-	-	-	-	719
	-	365,318	-	-	-	28,290

Sundram Non-Conventional Energy Systems Limited

NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015		
	₹		₹		₹		
9 TRADE RECEIVABLES							
(Unsecured, considered good unless otherwise stated)							
Trade receivables	3,000,315		1,846,338		2,071,787		
	<u>3,000,315</u>		<u>1,846,338</u>		<u>2,071,787</u>		
10 CASH AND CASH EQUIVALENTS							
Cash on hand	8,500		8,500		8,500		
Term Deposit with Bank	8,830,716		9,708,916		7,576,337		
Balance with bank in current account	1,436,130		355,759		252,698		
	<u>10,275,346</u>		<u>10,073,175</u>		<u>7,837,535</u>		
Note No.	Particulars	As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
		Number	₹	Number	₹	Number	₹
11 SHARE CAPITAL							
Authorised							
Equity shares of ₹ 10 each		3,500,000	35,000,000	3,500,000	35,000,000	3,500,000	35,000,000
		<u>3,500,000</u>	<u>35,000,000</u>	<u>3,500,000</u>	<u>35,000,000</u>	<u>3,500,000</u>	<u>35,000,000</u>
Issued, subscribed and fully paid up							
Equity shares of ₹ 10 each		499,993	4,999,930	499,993	4,999,930	499,993	4,999,930
		<u>499,993</u>	<u>4,999,930</u>	<u>499,993</u>	<u>4,999,930</u>	<u>499,993</u>	<u>4,999,930</u>
a) There were no movement in the share capital during the current and previous year.							
b) Shareholders holding more than 5% of the aggregate shares in the Company	Particulars	Nos.	% holding	Nos.	% holding	Nos.	% holding
1 Sundram Fasteners Limited, Chennai		264,691	52.94%	264,691	52.94%	264,691	52.94%
2 Sundaram-Clayton Limited, Chennai		117,650	23.53%	117,650	23.53%	117,650	23.53%
3 Lucas-TVS Limited, Chennai		117,650	23.53%	117,650	23.53%	117,650	23.53%
		<u>499,991</u>	<u>100%</u>	<u>499,991</u>	<u>100%</u>	<u>499,991</u>	<u>100%</u>
c) Rights, preferences, restrictions							
Equity shares							
The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.							
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.							
d) Bonus Shares/ Buy Back/ Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31 March 2017:							
(i) Aggregate number of equity shares allotted as fully paid up pursuant to contracts without payment being received in cash : Nil							
(ii) Aggregate number of equity shares allotted as fully paid up by way of Bonus Shares : Nil							
(iii) Aggregate number of equity shares bought back : Nil							
e) Shares held by holding Company							
Sl. No.	Name of the Company	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
		Nos		Nos		Nos	
1 Sundram Fasteners Limited, Chennai		264,691		264,691		264,691	
		<u>264,691</u>		<u>264,691</u>		<u>264,691</u>	
		Year ended 31 March 2017		Year ended 31 March 2016		Year ended 31 March 2015	
		₹		₹		₹	
12 DIVIDENDS							
Interim dividend declared and paid (for 31 March 2017/2016/2015)		14,999,790		9,999,860		14,999,790	
₹ 30 per share (31 March 2016: ₹ 20 per share) 31 March 2015: ₹ 30 per share)							
Dividend distribution tax		3,053,670		2,035,780		2,699,180	
		<u>18,053,460</u>		<u>12,035,640</u>		<u>17,698,970</u>	

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31 March 2017 ₹	As at 31 March 2016 ₹	As at 01 April 2015 ₹
13 DEFERRED TAX LIABILITY			
The breakup of net deferred tax liability is as follows:			
Deferred tax liability arising on account of:			
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	75,678	98,698	112,143
	<u>75,678</u>	<u>98,698</u>	<u>112,143</u>

Amount recognised in

	01 April 2016	Recognised in Other comprehensive Income	Recognised in Statement of Profit and loss	31 March 2017
Deferred tax liability arising on account of:				
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	98,698	-	(23,020)	75,678
Total	<u>98,698</u>	<u>-</u>	<u>(23,020)</u>	<u>75,678</u>

Amount recognised in

	01 April 2015	Recognised in Other comprehensive Income	Recognised in Statement of Profit and loss	31 March 2016
Deferred tax liability arising on account of:				
Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	112,143	-	(13,445)	98,698
Total	<u>112,143</u>	<u>-</u>	<u>(13,445)</u>	<u>98,698</u>

14 OTHER FINANCIAL LIABILITIES

	As at 31 March 2017 ₹	As at 31 March 2016 ₹	As at 01 April 2015 ₹
Outstanding liabilities	93,151	193,753	93,272
	<u>93,151</u>	<u>193,753</u>	<u>93,272</u>

15 OTHER CURRENT LIABILITIES

	As at 31 March 2017 ₹	As at 31 March 2016 ₹	As at 01 April 2015 ₹
Interest payable on Income Tax	4,135,942	4,135,942	4,135,942
Statutory dues	15,522	25,310	19,318
	<u>4,151,464</u>	<u>4,161,252</u>	<u>4,155,260</u>

Note No.	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
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16 REVENUE FROM OPERATIONS

Sale of power

Domestic Sales	34,799,908	25,095,929
Revenue from operations (Gross)	<u>34,799,908</u>	<u>25,095,929</u>

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note No.	Year ended 31 March 2017 ₹	Year ended 31 March 2016 ₹
17 OTHER INCOME		
Interest Income on deposits	946,510	894,277
Interest Income on Electricity Deposit	1,216	1,577
Scrap sales	-	43,899
Miscellaneous Income (Sale of agricultural product)	650,000	1,024,448
	<u>1,597,726</u>	<u>1,964,201</u>

18 EMPLOYEE BENEFITS EXPENSE

Salaries and wages	1,154,229	1,250,635
Leave travel assistance	-	-
Contribution to provident and other funds	88,012	87,285
Staff welfare expenses	21,056	15,219
	<u>1,263,297</u>	<u>1,353,139</u>

19 FINANCE COSTS

Interest expenses	30,683	335
	<u>30,683</u>	<u>335</u>

20 DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation of tangible assets	150,579	150,579
	<u>150,579</u>	<u>150,579</u>

21 Other expenses

Power & fuel	446,614	367,117
Rent	204,000	204,000
Rates & taxes [excluding taxes on Income]	26,994	23,739
Insurance	98,077	41,700
Repairs and maintenance		
- Building	256,305	354,365
- Plant & Equipment	3,310,775	2,918,236
- Other assets	33,287	34,825
Freight & Cartage Inward	20,742	
Audit fee (Refer Note No.24)	241,500	200,364
Travel & Conveyance Expenses	108,453	129,910
Security expenses	986,500	924,377
Miscellaneous expenses (No Expenditure is in excess of one percent of revenue from operation or Rs.10,00,000 whichever is higher)	256,325	123,906
	<u>5,989,572</u>	<u>5,322,539</u>

Sundram Non-Conventional Energy Systems Limited

NOTES TO FINANCIAL STATEMENTS (Contd.)

Note No.	Year ended	
	31 March 2017	31 March 2016
	₹	₹

22 INCOME TAX

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of Sundram Non-Conventional Energy Systems Limited at 31.9609% and the reported tax expense in profit or loss are as follows:

Accounting profit before tax	28,963,503	20,233,538
Accounting profit before income tax		
i) At India's statutory income tax rate of 31.9609% (31 March 2016: 33.063%)	9,256,996	6,689,815
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
ii) Allowances and disallowances:		
a) Differential impact on account book depreciation and income tax depreciation	21,547	13,701
b) Exempt Income	(207,746)	(338,713)
c) Other items	6,183	(78,248)
iii) Adjustments for current tax of previous years	30,126	(116,509)
	<u>9,107,106</u>	<u>6,170,046</u>

Tax expense comprises of:

Current income tax:

Current income tax charge	9,100,000	6,300,000
Adjustments in respect of current income tax of previous year	30,126	(116,509)

Deferred tax:

Relating to origination and reversal of temporary differences	(23,020)	(13,445)
Income tax expense	<u>9,107,106</u>	<u>6,170,046</u>

23 EARNINGS PER EQUITY SHARE

Nominal value of equity shares	10.00	10.00
Profit attributable to equity shareholders (A)	19,856,397	14,063,492
Weighted average number of equity shares outstanding during the year (B)	499,993	499,993
Basic earnings per equity share (A/B) (in ₹)	<u>39.71</u>	<u>28.13</u>

24 REMUNERATION TO AUDITORS CONSIST OF

a) As Auditors	57,500	57,250
b) Taxation Matters	50,650	40,460
c) Company Law Matters	40,250	40,075
d) Other Services	28,750	62,579
e) Reimbursement of expenses	34,350	-
	<u>241,500</u>	<u>200,364</u>

25 Sales include 50,117 units (Last Year 45,996) Rs. 3,18,243/- (Last Year Rs.2,92,075) supplied to Tamil Nadu Electricity Board which were imported for captive consumption. The consumption of the units is included in the expenditure head electricity.

26 Contingent Liability - Disputed Income Tax not provided 875,218 875,218

27 The directors have waived the sitting fees

NOTES TO FINANCIAL STATEMENTS (Contd.)

28 The Company has not dealt with any cash transactions during the year. Hence, reporting requirements relating to holdings as well as dealings in Specified Bank Notes from November 8, 2016 to December 30, 2016 are not applicable

29 First-time adoption of Ind AS

The Company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016. The Company is not required to make any adjustments in restating its IGAAP statement of financial position as at 1st April 2015 and its previously published IGAAP financial statements as at and for the year ended 31 March 2016.

30 RELATED PARTY DISCLOSURES

Related Parties :

(I) Where Control exists:

(A) Holding Company

Sundram Fasteners Ltd., Chennai,

(B) Fellow Subsidiary Companies

Domestic

- Sundram Fasteners Investments Limited, Chennai
- TVS Upasana Limited, Chennai (formerly Upasana Engineering Ltd., Chennai)
- Sundram Precision Components Limited (formerly Sundram Bleistahl Ltd, Chennai).
- TVS Infotech Ltd., Chennai
- TVS Next Private Ltd., Chennai/formerly Blisslogix Technology Solutions Private Limited, Chennai) with effect from 11th April 2016

Foreign

- Cramlington Precision Forge Ltd., Northumberland, United Kingdom,
- Sundram Fasteners (Zhejiang) Ltd., Zhejiang, Peoples Republic of China,
- Sundram International Inc, Michigan, USA,
- TVS Infotech Inc., Michigan, USA
- Sundram International Limited., Northumberland, United Kingdom

(C) Associate

- Sundaram-Clayton Limited, Chennai
- Lucas TVS Limited, Chennai

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

Nature of transaction	Holding Company Sundram Fasteners Limited, Chennai	Associate - Sundaram- Clayton Limited, Chennai	Associate - Lucas TVS Limited, Chennai
	₹	₹	₹
Sales			
Power	17,262,992	8,761,770	8,801,836
	(1,23,35,473)	(6,226,796)	(6,258,801)
Lease Rent Paid	108,000	48,000	48,000
	(108,000)	(48,000)	(48,000)
Dividend Paid	7,940,730	3,529,500	3,529,500
	(5,293,820)	(2,353,000)	(2,353,000)
Outstanding balances	1,511,948	593,910	592,004
Due to the Company			
	(767,214)	(389,127)	(396,259)

(Previous year figures are in brackets)

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 0042075

M BALASUBRAMANIAM
Partner
Membership No. F 7945
Place : Chennai
Date : April 24, 2017

For and on behalf of the Board of Directors of
SUNDARAM NON-CONVENTIONAL ENERGY SYSTEMS LIMITED

SURESH KRISHNA
Chairman
(DIN: 00046919)

S. MEENAKSHISUNDARAM
Director
(DIN: 00513901)