

Sundram Non-Conventional Energy Systems Limited

ANNUAL REPORT

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

Sundram Non-Conventional Energy Systems Limited

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

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

FINANCIAL RESULTS

(Rs in thousands)

Particulars	2017-18	2016-17
Sales and other income	36,435.51	36,397.63
Gross Profit / (Loss) before interest & depreciation	28,683.53	29,144.76
Less: Interest	0.43	30.68
Less: Depreciation	160.04	150.58
Profit / (Loss) before tax	28,523.06	28,963.50
Add / (Less): Provision for Tax (including Deferred Tax)	7,670.21	9,107.10
Profit / (Loss) after tax	20,852.85	19,856.40
Add / (Less): Balance brought forward	18,217.39	16,414.44
Interim Dividend paid	14,999.79	14,999.79
Dividend Distribution Tax paid	3,053.67	3,053.67
Transfer to General Reserve	-	-
Balance carried forward	21,016.79	18,217.39

OPERATIONS

The Sales and other income during the year under review was at ₹ 36,435.51/- (in thousands) as against ₹ 36,397.63/- (in thousands) in the previous year. The operating Profit for the year was at ₹ 28,683.53/- as against ₹ 29,144.76/- (in thousands) in the previous year. The net profit was at ₹ 20,852.85/- (in thousands) as against net profit ₹ 19,856.40/- (in thousands) in the previous year.

DIVIDEND

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

TRANSFER TO RESERVES

The Company has not transferred any amounts to reserves during the year 2017-2018.

BOARD MEETINGS

During the financial year 2017-2018, there were Five Board meetings, which were held on 24th April, 2017, 1st August 2017, 15th September, 2017, 15th December, 2017 and 5th March, 2018.

Sri Suresh Krishna, Sri S Meenakshisundaram, Directors, attended all the meetings during the year under review. Dr Lakshmi Venu attended four meetings during the year. Ms Usha Krishna, Director, attended three meetings during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that: -

- in the preparation of annual accounts, the applicable accounting standards had been followed and there were no material departures
- we had selected appropriate accounting policies and applied them consistently, and made judgments and estimates that have been made, are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for 31st March 2018.

- we had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- we had prepared the annual accounts on a going concern basis.
- we had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

DIRECTORS

Ms Usha Krishna, Director, (DIN 00270815) retires from the Board by rotation and being eligible, offers herself for re-appointment.

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

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.

Sundram Non-Conventional Energy Systems Limited

PUBLIC DEPOSITS

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

REGULATORY / COURT ORDERS

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

INTERNAL FINANCIAL CONTROLS

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

RISK MANAGEMENT

The Company 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. 004207S 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 fifth 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 HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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

ACKNOWLEDGMENT

Your Directors thank the holding company, Sundram Fasteners Limited for 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 19, 2018

SURESH KRISHNA
Chairman

Form No. AOC - 2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis

All contracts arrangements / transactions with related parties are on arm's length basis and in the ordinary course of business.

2. Details of material contracts or arrangement or transactions at arm's length basis

(₹ in thousand)

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	Lease Rent Paid	Dividend Paid
		16,960.97	108.00	7,940.73
c)	Duration of the contracts / arrangements / transactions	2017-18	2017-18	2017-18
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	At arm's 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		

On behalf of the Board

Chennai
April 19, 2018

SURESH KRISHNA
Chairman

Sundram Non-Conventional Energy Systems Limited

ANNEXURE-II

FORM NO.MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS

CIN	U40108TN1994PLC029132
Registration Date	4 th 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)

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)	-	-	-	-	Nil
b) Central Govt.	-	-	-	-	-
c) Bodies Corporate	-	4,99,989	4,99,989	100.00	Nil
d) Banks / FI	-	-	-	-	-
e) Any other	-	2	2	0.00	-
Sub-Total (A)(1)	-	4,99,991	4,99,991	100.00	Nil
Foreign	-	-	-	-	-
Sub-Total (A)(2)	-	-	-	-	-
Total shareholding (A)=(A)(1)+(A)(2)	-	4,99,991	4,99,991	100.00	Nil
B. Public Shareholding	-	2	2	-	-
C. Shares held by Custodian for GDRs and ADRs	-	-	-	-	-
Grand Total = A+B+C	-	4,99,993	4,99,993	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 Limited	2,64,689	52.94	0.00	Nil
2	Sundaram – Clayton Limited	1,17,650	23.53	0.00	Nil
3	Lucas-TVS Limited	1,17,650	23.53	0.00	Nil
4	Nominees of Sundram Fasteners Limited	2	0.00	0.00	Nil
	Total	4,99,991	100.00	0.00	Nil

Sundram Non-Conventional Energy Systems Limited

(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)

Shareholder's 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	1	0.00	1	0.00
Sri K Pasupathy	1	0.00	1	0.00

(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

* Nominee of Sundram Fasteners Limited

V. INDEBTEDNESS

As at 31st March, 2018 - NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year 2017-2018, no remuneration was paid to Directors. There is no Key Managerial Personnel in the company.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNDARAM NON-CONVENTIONAL ENERGY SYSTEMS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2018

To the Members of,

Sundaram Non-Conventional Energy Systems Limited, Chennai

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility

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

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

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

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

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

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

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

Opinion

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

- a) of the state of affairs of the Company as at March 31, 2018;
- b) its **Profit** for the year ended on that date (including Other Comprehensive Income);
- c) its cash flows for the year ended on that date; and
- d) the changes in Equity for the year ended on that date

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in term of sub-section (11) of section 143 of the Act, we give in the "Annexure - A", a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.
 - e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of internal financial controls with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - B".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations furnished to us :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements Refer Note No.26 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

For Sundaram & Srinivasan
Chartered Accountants
Firm Registration No. 004207S

P Viswanathan

Partner

Membership No.224941

Place : Chennai
Date : 19.04.2018

Sundram Non-Conventional Energy Systems Limited

ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SUNDARAM NON-CONVENTIONAL ENERGY SYSTEMS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2018

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

- i. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties of the Company are held in the name of the company.
- ii. The Company has no stock of inventory and hence reporting on physical verification does not arise.
- iii. According to the information and explanations furnished to us, the company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the order are not applicable to the company.
- iv. According to the information and explanations furnished to us, the company has not granted any loan, guarantee and security. Hence, reporting on whether there is compliance with the provisions of section 185 and 186 of the Companies Act, 2013 does not arise.
- v. The company has not accepted any deposit within the meaning of sections 73 to 76 of the Companies Act, 2013. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. According to the information and explanations furnished to us, the requirement for maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Companies Act, 2013 are not applicable to the Company for the year under audit.
- vii. (a) According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax/ Value Added Tax (VAT), Service Tax, Goods and Services Tax (GST) coming into effect from 1st July 2017, Cess and other statutory dues with the appropriate authorities. However we have observed certain delay in remitting sums in respect of Tax Deducted and collected at Source.
- (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:

Name of the statute	Nature of dues	Amount (₹ In thousands)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	15.41	High Court of Judicature at Madras
Income Tax Act, 1961	Interest	4,138.65	In reassessment proceeding before assessing officer.
Income Tax Act, 1961	Tax Deducted at Source	644.42	In reassessment proceeding before assessing officer.

- viii. The company has not availed any term loan from banks or financial institutions. Hence the question of reporting on default in repayment thereof does not arise. The company has not issued any debenture from the date of incorporation.
- ix. (a) The company has not raised any money by the way of initial public offer or further public offers including debt instruments during the year. Hence reporting on utilization of such money does not arise.
- (b) The company has not availed any fresh term loan during the year.
- x. Based on the audit procedures adopted and information and explanations furnished to us by the management, no fraud on or by the company has been noticed or reported during the year.
- xi. No managerial remuneration has been paid or provided during the year.
- xii. The company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the company.
- xiii. (a) In our opinion and according to the information and explanations 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.
- xiv. According to the information and explanations furnished to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the order are not applicable to the Company
- xv. According to the information and explanations furnished to us, the company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.
- xvi. The company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

For Sundaram & Srinivasan
Chartered Accountants
Firm Registration No. 004207S

P Viswanathan
Partner

Membership Number: 224941

Place : Chennai
Date : 19.04.2018

ANNEXURE “B” TO INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF SUNDRAM NON-CONVENTIONAL ENERGY SYSTEMS LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2018

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

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

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that;

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

For Sundaram & Srinivasan
Chartered Accountants
Firm Registration No. 004207S

P Viswanathan

Partner

Place : Chennai
Date : 19.04.2018

Membership Number: 224941

Sundram Non-Conventional Energy Systems Limited

Balance Sheet as at 31st March 2018

		(₹ in Thousands)	
Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	5	21,576.05	21,681.39
(b) Financial assets			
- Others	6	23.85	22.48
(c) Non current tax assets (net)	7	5,088.84	4,625.55
		<u>26,688.74</u>	<u>26,329.42</u>
(2) Current assets			
(a) Financial assets			
- Trade receivables	9	2,641.04	3,000.31
- Cash and cash equivalents	10 A	296.53	10,275.35
- Bank balance other than mentioned in cash and cash equivalents	10 B	13,438.19	-
- Others	6	300.04	300.57
(b) Current tax Assets (Net)	7	-	351.32
(c) Other current assets	8	49.70	365.32
		<u>16,725.50</u>	<u>14,292.87</u>
Total Assets		<u>43,414.24</u>	<u>40,622.29</u>
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	11 A	4,999.93	4,999.93
(b) Other equity	11 B	34,101.47	31,302.07
Total equity		<u>39,101.40</u>	<u>36,302.00</u>
Liabilities			
(1) Non-current liabilities			
(a) Deferred tax liabilities	13	45.89	75.68
		<u>45.89</u>	<u>75.68</u>
(2) Current liabilities			
(a) Financial liabilities			
- Other financial liabilities	14	104.35	93.15
(b) Other current liabilities	15	4,162.60	4,151.46
		<u>4,266.95</u>	<u>4,244.61</u>
Total equity and liabilities		<u>43,414.24</u>	<u>40,622.29</u>

Notes 1 to 32 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. 004207S
 For and on behalf of the Board of Directors of **Sundram Non-Conventional Energy Systems Limited** [CIN: U40108TN1994PLC029132]

P Viswanathan Partner Membership No. 224941
Suresh Krishna Chairman (DIN: 00046919)
S Meenakshisundaram Director (DIN: 00513901)

Place: Chennai
 Date: 19.04.2018

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

		(₹ in Thousands)		
Sl. No.	Particulars	Note No.	Year ended 31st March 2018	Year ended 31st March 2017
I.	Revenue from operations (Gross)	16	34,550.55	34,799.91
II	Other income	17	1,884.96	1,597.72
III	Total Income		<u>36,435.51</u>	<u>36,397.63</u>
IV	Expenses			
	Employee benefits expense	18	1,343.96	1,263.30
	Finance costs	19	0.43	30.68
	Depreciation and amortization expense	20	160.04	150.58
	Other expenses	21	6,408.02	5,989.57
	Total expenses (IV)		<u>7,912.45</u>	<u>7,434.13</u>
V	Profit before exceptional items and tax (III - IV)		<u>28,523.06</u>	<u>28,963.50</u>
VI	Exceptional item		-	-
VII	Profit before tax (V-VI)		<u>28,523.06</u>	<u>28,963.50</u>
VIII	Tax expense			
	a) Current tax	22	7,700.00	9,100.00
	Tax relating to earlier periods		-	30.12
	b) Deferred tax		(29.79)	(23.02)
			<u>7,670.21</u>	<u>9,107.10</u>
IX	Profit for the year (VII - VIII)		<u>20,852.85</u>	<u>19,856.40</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		-	-
	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>20,852.85</u>	<u>19,856.40</u>
	<i>(Comprising Profit and Other Comprehensive Income for the year)</i>			
XII	Earnings per equity share	23		
	Basic (in ₹)		41.71	39.71
	Diluted (in ₹)		41.71	39.71
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 32 form an integral part of these financial statements

This is the profit and loss referred to in our report of even date

For **Sundaram & Srinivasan** Chartered Accountants Firm Regn. No. 004207S
 For and on behalf of the Board of Directors of **Sundram Non-Conventional Energy Systems Limited** [CIN: U40108TN1994PLC029132]

P Viswanathan Partner Membership No. 224941
Suresh Krishna Chairman (DIN: 00046919)
S Meenakshisundaram Director (DIN: 00513901)

Place: Chennai
 Date: 19.04.2018

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

A. Equity Share Capital		(₹ in Thousands)	
Particulars	Notes	Amount	
Balance as at the 01st April 2016	11	4,999.93	
Changes in equity share capital during the year		-	
Balance as at the 31st March 2017		4,999.93	
Changes in equity share capital during the year		-	
Balance as at the 31st March 2018		4,999.93	

B. Other Equity (₹ in Thousands)

Particulars	Notes	Reserves and Surplus		Accumulated other comprehensive income	Total
		General reserve	Retained Earnings		
Balance as at 1st April 2016		13,084.68	16,414.45	-	29,499.13
Profit for the year		-	19,856.40	-	19,856.40
Other comprehensive income		-	-	-	-
Transferred from Retained earnings to general reserves		-	-	-	-
Dividends (including dividend distribution tax)	12	-	(18,053.46)	-	(18,053.46)
Balance as at 31st March 2017		13,084.68	18,217.39	-	31,302.07
Profit for the year		-	20,852.85	-	20,852.85
Other comprehensive income		-	-	-	-
Transferred from Retained earnings to general reserves		-	-	-	-
Dividends (including dividend distribution tax)	12	-	(18,053.45)	-	(18,053.45)
Balance as at 31st March 2018		13,084.68	21,016.79	-	34,101.47

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

For **Sundaram & Srinivasan** Chartered Accountants Firm Regn. No. 004207S

For and on behalf of the Board of Directors of **Sundram Non-Conventional Energy Systems Limited** [CIN: U40108TN1994PLC029132]

P Viswanathan
Partner
Membership No. 224941

Suresh Krishna
Chairman
(DIN: 00046919)

S Meenakshisundaram
Director
(DIN: 00513901)

Place: Chennai
Date: 19.04.2018

Cash Flow Statement for the year ended 31st March 2018

Particulars	(₹ in Thousands)	
	Year ended 31 March 2018	Year ended 31 March 2017
A. Cash flows from operating activities		
Profit before tax	28,523.06	28,963.50
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	160.04	150.58
Interest paid	0.43	30.68
Interest Income	(994.10)	(947.72)
Operating profit before working capital changes	27,689.43	28,197.04
Adjustments for Changes in:		
Trade and other receivables	359.27	(1,153.98)
Other Financial assets	(1.37)	0.88
Other Current assets	315.62	(365.32)
Loans and Advances	252.03	530.36
Other Current liabilities	11.14	(9.79)
Other financial liabilities	11.20	(100.60)
Cash from/ (used) in operating activities	947.89	(1,098.45)
Less: Direct taxes paid	(8,064.00)	(9,760.00)
Net cash from/ (used) in operating activities	20,573.32	17,338.59
B. Cash flow from investing activities		
Purchase of Fixed Assets	(54.70)	-
Interest received	994.63	947.72
Fixed Deposit with Banks	(13,438.19)	-
Net cash from/ (used) in investing activities	(12,498.26)	947.72
C. Cash flow from financing activities		
Interest paid	(0.43)	(30.68)
Dividend paid	(14,999.79)	(14,999.79)
Dividend Distribution tax paid	(3,053.66)	(3,053.67)
Net cash from/ (used) from financing activities	(18,053.88)	(18,084.14)
D. Net Increase/ (decrease) in cash and Cash Equivalents (A+B+C)	(9,978.82)	202.17
E. Cash and cash equivalents at the beginning	10,275.35	10,073.18
F. Cash and cash equivalents at the end (D+E)	296.53	10,275.35
Cash and cash equivalents comprise of:		
Cash on hand	-	8.50
Balance with bank in current account	296.53	1,436.13
Fixed Deposit with Banks	-	8,830.72
Cash and cash equivalents	296.53	10,275.35

Note: Cash Flow Statement is prepared under Indirect Method.

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

For **Sundaram & Srinivasan** Chartered Accountants Firm Regn. No. 004207S

For and on behalf of the Board of Directors of **Sundram Non-Conventional Energy Systems Limited** [CIN: U40108TN1994PLC029132]

P Viswanathan
Partner
Membership No. 224941

Suresh Krishna
Chairman
(DIN: 00046919)

S Meenakshisundaram
Director
(DIN: 00513901)

Place: Chennai
Date: 19.04.2018

Sundram Non-Conventional Energy Systems Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

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 is engaged in business of power generation through windmills.

2 Basis of Preparation

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

The financial statements for the year ended 31 March 2018 (including comparatives) are duly adopted by the Board today for consideration and approval by the shareholders.

The financial statements are presented in functional currency i.e Indian Rupees (Rs.) and all values are rounded to the nearest thousands, except where otherwise indicated.

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

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

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

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 & Fittings	8 - 10
Office Equipments	3 - 6
Vehicles	8 - 10

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

(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 rights/obligations 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 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.

(C) 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.

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

There is no capitalisation of borrowing cost 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-

Sundram Non-Conventional Energy Systems Limited

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

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.

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

(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

(₹ in Thousands)

Particulars	Tangible Assets					
	Land - Freehold	Buildings	Plant and Equipment	Vehicles	Office Equipments	Total
Gross Block						
As at 1st April 2016	20,937.77	283.59	656.46	71.69	33.04	21,982.55
Additions	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
As at 31st March 2017	20,937.77	283.59	656.46	71.69	33.04	21,982.55
Additions	-	-	-	-	54.70	54.70
Disposal	-	-	-	-	-	-
As at 31st March 2018	20,937.77	283.59	656.46	71.69	87.74	22,037.25
Accumulated depreciation						
Upto 31st March 2016	-	13.01	112.63	13.17	11.77	150.58
For the year	-	13.01	112.63	13.17	11.77	150.58
on sale or discards	-	-	-	-	-	-
As at 31st March 2017	-	26.02	225.26	26.34	23.54	301.16
For the year	-	13.01	112.63	13.17	21.23	160.04
on sale or discards	-	-	-	-	-	-
As at 31st March 2018	-	39.03	337.89	39.51	44.77	461.20
Net Block						
As at 31st March 2018	20,937.77	244.56	318.57	32.18	42.97	21,576.05
As at 31st March 2017	20,937.77	257.57	431.20	45.35	9.50	21,681.39

6 OTHER FINANCIAL ASSETS

(Unsecured considered good unless otherwise stated) (₹ in Thousands)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Long-term / Non Current	Short-term / Current	Long-term / Non Current	Short-term / Current
(a) Electricity deposits	23.85	-	22.48	-
(b) Interest receivable	-	300.04	-	300.57
	23.85	300.04	22.48	300.57

7 ASSETS FOR CURRENT TAX (NET)

(a) Advance Income-tax (net of provision for taxation 31 March 2018: ₹16,800 Thousands, 31 March 2017: ₹ 91,00 Thousands)	1,217.95	-	754.67	-
(b) Income Tax Refundable	3,870.89	-	3,870.88	351.32
	5,088.84	-	4,625.55	351.32

8 OTHER ASSETS (Unsecured, considered good)

(a) Prepaid expenses	-	49.70	-	21.26
(b) Advances to suppliers	-	-	-	344.06
	-	49.70	-	365.32

9 TRADE RECEIVABLES

Particulars	As at 31 March 2018	As at 31 March 2017
Trade receivables		
Unsecured, considered good unless otherwise stated	2,641.04	3,000.31
	2,641.04	3,000.31

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

10A CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Balance with bank in current account	296.53	1,436.13
(b) Fixed Deposit with Banks	-	8,830.72
(c) Cash on hand	-	8.50
	296.53	10,275.35

10B BANK BALANCE OTHER THAN MENTIONED IN CASH AND CASH EQUIVALENTS

Fixed Deposit with Banks	13,438.19	-
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11A SHARE CAPITAL

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number	₹ in Thousands	Number	₹ in Thousands
Authorised				
Equity shares of ₹10 each	3,500,000	35,000	3,500,000	35,000.00
	3,500,000	35,000	3,500,000	35,000.00
Issued, subscribed and fully paid up				
Equity shares of Rs.10 each	499,993	4,999.93	499,993	4,999.93
	499,993	4,999.93	499,993	4,999.93

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

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

Particulars	Nos.	% holding	Nos.	% holding
1 Sunrdam Fasteners Limited, Chennai	264,691	52.94%	264,691	52.94%
2 Sundaram-Clayton Limited, Chennai	117,650	23.53%	117,650	23.53%
3 Lucas-TVS Limited, Chennai	117,650	23.53%	117,650	23.53%
	499,991	100%	499,991	100%

c) Rights, preferences, restrictions
Equity shares

The Company has only one class of equity shares having a par value of Rs. 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.

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

d) Bonus Shares/ Buy Back/ Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31st March 2018:

- (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

Shares held by holding Company

Sl. No.	Name of the Company	As At 31-03-2018	As At 31-03-2017
1	Sundram Fasteners Limited, Chennai and its two nominees	Number of shares 264,691	264,691

11B OTHER EQUITY

Reserves and Surplus - Balance At the end of the year

a. General reserve	13,084.68	13,084.68
b. Retained Earnings	21,016.79	18,217.39
(Refer Statement of Changes in Equity for Additions and Deductions from Last year balance sheet)		
Total	34,101.47	31,302.07

12 DIVIDENDS

Interim dividend declared and paid (for 31st March 2018/2017)	14,999.79	14,999.79
₹ 30 per share (31st March 2017: ₹ 30 per share)		
Dividend distribution tax	3,053.66	3,053.67
Total	18,053.45	18,053.46

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	45.89	75.68
Total	45.89	75.68

Amount recognised in

	01 April 2017	Recognised in Other compre- hensive Income	Recognised in Statement of Profit and loss	31 March 2018
Deferred tax liability arising on account of : Timing difference between depreciation/ amortisation as per financials and depreciation as per tax	75.68		(29.79)	45.89
Total	75.68		(29.79)	45.89

Sundram Non-Conventional Energy Systems Limited

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

Amount recognised in	01 April 2016	Recognised in Other compre- hensive 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	98.70	-	(23.02)	75.68
Total	98.70	-	(23.02)	75.68

	₹ in Thousands	
	As at 31 March 2018	As at 31 March 2017
14 OTHER FINANCIAL LIABILITIES		
Outstanding liabilities	104.35	93.15
	104.35	93.15
15 OTHER CURRENT LIABILITIES		
Interest payable on Income Tax	4,135.94	4,135.94
Statutory dues	26.66	15.52
	4,162.60	4,151.46

	₹ in Thousands	
	Year ended 31 March 2018	Year ended 31 March 2017
16 REVENUE FROM OPERATIONS		
Sale of power		
Domestic Sales	34,550.55	34,799.91
Revenue from operations (Gross)	34,550.55	34,799.91
17 OTHER INCOME		
Interest Income on deposits	992.73	946.51
Interest Income on Electricity Deposit	1.37	1.21
Scrap sales	35.86	-
Miscellaneous Income (Sale of agricultural product)	855.00	650.00
	1,884.96	1,597.72
18 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	1,225.05	1,154.23
Contribution to provident funds	96.70	88.01
Staff welfare expenses	22.21	21.06
	1,343.96	1,263.30
19 FINANCE COSTS		
Interest expenses	0.43	30.68
	0.43	30.68

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

	Year ended 31 March 2018	Year ended 31 March 2017
20 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of tangible assets	160.04	150.58
	160.04	150.58

	Year ended 31 March 2018	Year ended 31 March 2017
21 OTHER EXPENSES		
Power & fuel	351.23	446.61
Rent	204.00	204.00
Rates & taxes [excluding taxes on Income]	16.04	26.99
Insurance	36.68	98.08
Repairs and maintenance		
- Building	512.88	256.31
- Plant & Equipment	3,653.26	3,310.78
- Other assets	32.05	33.29
Freight & Cartage Inward	-	20.74
Audit fee (Refer Note No.24)	212.70	241.50
Travel & Conveyance Expenses	117.95	108.45
Security expenses	1,067.10	986.50
Miscellaneous expenses (No Expenditure is in excess of one percent of revenue from operation or ₹ 10 Lakhs whichever is higher)	204.13	256.32
	6,408.02	5,989.57

	Year ended 31 March 2018	Year ended 31 March 2017
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 27.5525% and the reported tax expense in profit or loss are as follows:		
Accounting profit before tax	28,523.06	28,963.50
Accounting profit before income tax		
i) At India's statutory income tax rate of 27.5525% (31 March 2017: 31.9609%)	7,858.82	9,257.00
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	19.35	21.54
b) Exempt Income	(235.57)	(207.74)
c) Other items	27.61	6.18
iii) Adjustments for current tax of previous years	-	30.12
	7,670.21	9,107.10

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

	Year ended 31 March 2018	Year ended 31 March 2017
Tax expense comprises of:		
Current income tax:		
Current income tax charge	7,700.00	9,100.00
Adjustments in respect of current income tax of previous year	-	30.12
Deferred tax:		
Relating to origination and reversal of temporary differences	(29.79)	(23.02)
Income tax expense	7,670.21	9,107.10

23 EARNINGS PER EQUITY SHARE

Nominal value of equity shares (in ₹)	10.00	10.00
Profit attributable to equity shareholders (A) (₹ in Thousands)	20,852.85	19,856.40
Weighted average number of equity shares outstanding during the year (B)	499,993	499,993
Basic earnings per equity share (A/B) (in ₹)	41.71	39.71

24 REMUNERATION TO AUDITORS CONSIST OF

a) As Auditors	59.00	57.50
b) Taxation Matters	48.40	50.65
c) Company Law Matters	-	40.25
d) Other Services	53.10	58.75
e) Reimbursement of expenses	52.20	34.35
	212.70	241.50

25 Sales include 38,900 units (Last Year 50,117 units) ₹ 247.02 Thousands (Last Year ₹ 318.24 Thousands) 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 **875.22** 875.22

27 Amount dues to Micro, Small and Medium Enterprises (MSME's) - -

28 The directors have waived the sitting fees

29 EVENTS AFTER THE REPORTING PERIOD:

No Adjusting or significant non-adjusting events have occurred between the 31st March 2018 reporting date and the date of authorisation

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

30 RELATED PARTY DISCLOSURES

Related Parties :

(I) Where Control exists:

(A) Parent Company

Sundram Fasteners Limited, Chennai

(B) Fellow Subsidiaries

Indian Subsidiaries

Sundram Fasteners Investments Ltd., Chennai, No Transactions

TVS Upasana Limited, Chennai

Sundram Precision Components Ltd., Chennai

TVS Infotech Ltd., Chennai

Foreign Subsidiaries

Sundram International Limited, New Castle,

United Kingdom, (SIL)

Sundram International Inc, Michigan, USA,

(C) Fellow Step down Subsidiary Companies

Indian Subsidiaries

TVS Next Private Ltd., Chennai (Subsidiary of

TVS Infotech Ltd, Chennai)

Foreign Subsidiaries

Sundram Fasteners (Zhejiang) Ltd., Zhejiang,

Peoples Republic of China (Subsidiary of SIL)

Cramlington Precision Forge Ltd.,

Northumberland, United Kingdom

(Subsidiary of SIL)

TVS Infotech Inc., Michigan, USA (Subsidiary of

TVS Infotech Ltd, Chennai)

D) Associate

Sundram-Clayton Limited, Chennai

Lucas TVS Limited, Chennai

(II) Other Related Parties:

(A) Key Management Personnel

Nil

(B) Relatives of Key Management Personnel

Nil

(C) Enterprises in which key management personnel have significant influence:

Nil

Sundram Non-Conventional Energy Systems Limited

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

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

₹ in Thousands

Nature of transaction	Parent Company - Sundram Fasteners Limited	Associate - Sundram Clayton Limited	Associate - Lucas TVS Limited
Sales			
Power	16,960.97 (17,262.99)	8,644.99 (8,761.77)	8,697.57 (8,801.84)
Lease Rent Paid	108.00 (108.00)	48.00 (48.00)	48.00 (48.00)
Dividend Paid	7,940.73 (7,940.73)	3,529.50 (3,529.50)	3,529.50 (3,529.50)
Outstanding balances	1,197.39	557.80	574.60
Due to the Company	(1,511.95)	(593.91)	(592.00)

(Previous year figures are in brackets)

FAIR VALUE

31 FAIR VALUE MEASUREMENT HIERARCHY

₹ in Thousands

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

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

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

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

Particulars	Carrying Amount 31-Mar-18	Fair Value			Total	Carrying Amount 31-Mar-17	Fair Value			Total
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
Financial Assets										
(i) Non-current										
Electricity Deposits	23.85	-	-	-	23.85	22.48	-	-	-	22.48
(ii) Current										
Trade receivables	2,641.04	-	-	-	2,641.04	3,000.31	-	-	-	3,000.31
Cash and Cash equivalents	296.53	-	-	-	296.53	10,275.35	-	-	-	10,275.35
Bank balance other than mentioned in cash and cash equivalents	13,438.19	-	-	-	13,438.19	-	-	-	-	-
Interest receivable	300.04	-	-	-	300.04	300.57	-	-	-	300.57
Total Financial Assets	16,699.65	-	-	-	16,699.65	13,598.71	-	-	-	13,598.71
Financial Liabilities										
Outstanding Liabilities	104.35	-	-	-	104.35	93.15	-	-	-	93.15
Total Financial Liabilities	104.35	-	-	-	104.35	93.15	-	-	-	93.15

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

32 FAIR VALUE DISCLOSURE

₹ in Thousands

Particulars	31-Mar-18				31-Mar-17			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial Assets								
Trade receivables	-	-	2,641.04	2,641.04	-	-	3,000.31	3,000.31
Cash and Cash equivalents	-	-	296.53	296.53	-	-	10,275.35	10,275.35
Bank balance other than mentioned in cash and cash equivalents	-	-	13,438.19	13,438.19	-	-	-	-
Other financial assets	-	-	323.89	323.89	-	-	323.05	323.05
Total Financial Assets	-	-	16,699.65	16,699.65	-	-	13,598.71	13,598.71
Financial Liabilities								
Other Financial Liabilities	-	-	104.35	104.35	-	-	93.15	93.15
Total Financial Liabilities	-	-	104.35	104.35	-	-	93.15	93.15

As per our report of even date attached

For **Sundaram & Srinivasan**

Chartered Accountants

Firm Regn. No. 004207S

P Viswanathan

Partner

Membership No. 224941

Place: Chennai

Date: 19.04.2018

For and on behalf of the Board of Directors of
Sundram Non-Conventional Energy Systems Limited
 [CIN: U40108TN1994PLC029132]

Suresh Krishna

Chairman

(DIN: 00046919)

S Meenakshisundaram

Director

(DIN: 00513901)