



Sundram Fasteners Limited

REGISTERED & CORPORATE OFFICE
98-A, VII FLOOR
DR. RADHAKRISHNAN SALAI,
MYLAPORE, CHENNAI - 600 004, INDIA
TELEPHONE : +91 - 44 - 28478500
PAN : AAACS8779D
CIN : L35999TN1962PLC004943
WEBSITE : www.sundram.com

Email: investorshelpdesk@sfl.co.in

August 14, 2020

National Stock Exchange of India Limited

Scrip Code - SUNDRMFAST

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra-Kurla Complex
Bandra (East)
Mumbai - 400 051

By NEAPS

BSE Limited

Scrip Code - 500403

Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001

By Listing Centre

Dear Sir / Madam,

Compliance under Regulation 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the following:-

- i. Notice to the Shareholders to convene the 57th Annual General Meeting (AGM) to be held on **Wednesday, September 16, 2020** at 10.00 a.m. through Video Conference ('VC') / Other Audio Visual Means ('OAVM'); and
- ii. The Annual Report for the Financial Year 2019-2020.

The Notice of 57th AGM and the Annual Report for the year ended March 31, 2020 are also available on the website of our Company, www.sundram.com.

Please take the above information on record.

Thanking you,

Yours truly,

For SUNDRAM FASTENERS LIMITED

R Dilip Kumar

Vice President - Finance & Company Secretary



Sundram Fasteners Limited

ANNUAL REPORT

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

Sundram Fasteners Limited

BOARD OF DIRECTORS

Sri SURESH KRISHNA

Chairman

Ms ARATHI KRISHNA

Managing Director

Ms ARUNDATHI KRISHNA

Joint Managing Director

Sri K RAMESH (Resigned from the Board effective June 17, 2019)

Ms PREETHI KRISHNA

Non-Executive Non-Independent Directors

Sri S MEENAKSHISUNDARAM

Whole-Time Director and Chief Financial Officer

(Appointed as Whole-time Director effective June 11, 2020)

Independent Directors

Sri R SRINIVASAN

Sri B MUTHURAMAN

Sri HERAMB R HAJARNAVIS

Sri S MAHALINGAM

Dr NIRMALA LAKSHMAN

VICE PRESIDENT - FINANCE & COMPANY SECRETARY

Sri R DILIP KUMAR

REGISTERED OFFICE

98A, VII Floor, Dr Radhakrishnan Salai,
Mylapore, Chennai 600 004

CORPORATE IDENTITY NUMBER

L35999TN1962PLC004943

FACTORIES (In India)

Tamil Nadu: Padi, Hosur, Aviyur, Mittamandagapet,
Velappanchavadi, Gummidipoondi,
SEZ - Mahindra World City

Puducherry: Korkadu

Telangana: Bonthapally

Andhra Pradesh: SEZ - Sri City

Uttarakhand: Rudrapur

FACTORIES (In India - through subsidiaries)

Tamil Nadu : Vallam Vadagal, Sriperumbudur
Hosur

FACTORIES (Outside India - through subsidiaries)

Sundram Fasteners (Zhejiang) Limited, China
Cramlington Precision Forge Limited, United Kingdom

BANKERS

ICICI Bank Ltd.

Standard Chartered Bank

HDFC Bank Ltd.

The Hongkong and Shanghai Banking Corporation Ltd.

STATUTORY AUDITORS

M/s B S R & CO. LLP

Chartered Accountants,

KRM Tower, 1st & 2nd Floor,

No. 1, Harrington Road,

Chetpet, Chennai 600 031.

SECRETARIAL AUDITORS

M/s S KRISHNAMURTHY & CO.,

Company Secretaries,

"Shreshtam",

Old No. 17, New No. 16,

Pattammal Street, Mandaveli,

Chennai - 600 028.

COST AUDITOR

Sri P RAJU IYER,

17, (Old No. 8),

Hashtinapuram Main Road,

Nehru Nagar, Chromepet,

Chennai - 600 044.

REGISTRAR & SHARE TRANSFER AGENT

Integrated Registry Management Services Private Limited

Kences Towers, 2nd Floor,

No. 1, Ramakrishna Street,

North Usman Road, T Nagar,

Chennai 600 017

Telephone: +91 44 28140801 - 803

Fax : +91 44 28142479, 28143378

E-Mail : srams@integratedindia.in

WEBSITE

www.sundram.com

REDRESSAL OF INVESTOR COMPLAINTS

E-mail: investorshelpdesk@sfl.co.in

Sundram Fasteners Limited

CONTENTS

| | |
|--|-----|
| Financial Highlights | 03 |
| Notice of the Annual General Meeting | 04 |
| Report of the Board of Directors | 15 |
| Management Discussion and Analysis | 45 |
| Business Responsibility Report | 50 |
| Independent Auditor's Certificate on Corporate Governance | 59 |
| Report on Corporate Governance | 60 |
| Standalone Financial Statement | |
| Independent Auditor's Report to the Shareholders | 75 |
| Balance Sheet | 84 |
| Statement of Profit & Loss | 85 |
| Statement of Changes in Equity | 86 |
| Statement of Cash Flow | 87 |
| Notes to the Standalone Financial Statement | 89 |
| Consolidated Financial Statement | |
| Independent Auditor's Report on Consolidated Financial Statement | 141 |
| Consolidated Balance Sheet | 148 |
| Consolidated Statement of Profit & Loss | 149 |
| Consolidated Statement of Changes in Equity | 150 |
| Consolidated Statement of Cash Flow | 151 |
| Notes to the Consolidated Financial Statement | 153 |
| Statement containing salient features of the Financial Statement of Subsidiaries | 210 |

FINANCIAL HIGHLIGHTS

₹ crores

| Particulars | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16* | 2016-17* | 2017-18* | 2018-19* | 2019-20* |
|--|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| Operating results | | | | | | | | | | |
| Revenue from operations # | 1,811 | 2,147 | 2,069 | 2,022 | 2,386 | 2,601 | 2,947 | 3,420 | 3,990 | 3,125 |
| Total revenue # | 1,815 | 2,165 | 2,096 | 2,071 | 2,409 | 2,635 | 2,960 | 3,449 | 4,020 | 3,145 |
| EBITDA | 235 | 313 | 283 | 305 | 357 | 419 | 553 | 650 | 769 | 568 |
| Interest | 36 | 92 | 81 | 59 | 82 | 61 | 36 | 32 | 39 | 44 |
| EBDT | 199 | 221 | 202 | 246 | 275 | 358 | 517 | 618 | 730 | 524 |
| Depreciation | 55 | 64 | 72 | 76 | 88 | 92 | 90 | 98 | 110 | 137 |
| EBIT | 180 | 249 | 211 | 229 | 269 | 327 | 463 | 552 | 659 | 432 |
| Profit before tax | 144 | 157 | 131 | 160 | 177 | 221 | 425 | 520 | 620 | 376 |
| Tax | 39 | 45 | 36 | 39 | 42 | 7 | 109 | 152 | 184 | 62 |
| Profit after tax | 105 | 112 | 95 | 121 | 135 | 214 | 316 | 368 | 436 | 314 |
| Financial status | | | | | | | | | | |
| Net fixed assets | 640 | 713 | 729 | 803 | 810 | 865 | 967 | 1,066 | 1,431 | 1,658 |
| Investments | 142 | 142 | 132 | 123 | 117 | 309 | 320 | 359 | 350 | 310 |
| Net current assets | 609 | 696 | 719 | 592 | 769 | 490 | 720 | 846 | 1,072 | 848 |
| Share capital | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| Reserves and surplus | 534 | 612 | 673 | 755 | 838 | 1,017 | 1,292 | 1,568 | 1,887 | 1,996 |
| Net worth | 555 | 633 | 694 | 776 | 859 | 1,038 | 1,313 | 1,589 | 1,908 | 2,017 |
| Loan funds | 750 | 829 | 795 | 651 | 751 | 572 | 626 | 562 | 801 | 693 |
| Deferred tax liability | 86 | 89 | 91 | 91 | 86 | 54 | 68 | 120 | 144 | 106 |
| Total capital employed | 1,391 | 1,551 | 1,580 | 1,518 | 1,696 | 1,664 | 2,007 | 2,271 | 2,853 | 2,816 |
| Performance parameters - % | | | | | | | | | | |
| EBITDA to revenue from operations | 12.9 | 14.6 | 13.7 | 15.1 | 15.0 | 16.1 | 18.8 | 19.1 | 19.3 | 18.2 |
| EBIT to revenue from operations | 9.9 | 11.6 | 10.2 | 11.3 | 11.3 | 12.6 | 15.7 | 16.3 | 16.5 | 13.8 |
| PBT to revenue from operations | 8.0 | 7.3 | 6.3 | 7.9 | 7.4 | 8.5 | 14.4 | 15.3 | 15.5 | 12.0 |
| EBITDA / average capital employed [ROCE] | 18.6 | 21.3 | 18.1 | 19.7 | 22.2 | 24.9 | 30.1 | 30.4 | 30.0 | 20.0 |
| EBIT / average capital employed | 14.3 | 17.0 | 13.5 | 14.8 | 16.7 | 19.5 | 25.2 | 25.8 | 25.7 | 15.2 |
| PAT / average net worth | 20.4 | 18.9 | 14.3 | 16.4 | 16.6 | 22.6 | 26.9 | 25.4 | 24.9 | 16.0 |
| EPS - ₹ | 5.02 | 5.36 | 4.52 | 5.75 | 6.44 | 10.18 | 15.01 | 17.49 | 20.76 | 14.95 |
| Dividend per share** - ₹ | 1.25 | 1.40 | 1.40 | 1.70 | 1.75 | 2.15 | 4.50 | 4.60 | 5.10 | 4.15 |
| Dividend payout ratio | 24.91 | 26.13 | 30.95 | 29.55 | 27.17 | 21.11 | 29.92 | 26.26 | 24.57 | 27.77 |
| Book value per share - ₹ | 26.41 | 30.15 | 33.04 | 36.91 | 40.88 | 49.40 | 62.50 | 75.67 | 90.83 | 95.99 |
| Market value per share - ₹ | 51.05 | 55.35 | 40.50 | 62.80 | 174.50 | 170.80 | 386.00 | 551.30 | 566.45 | 292.50 |

* Financials for these years are as per Ind AS

** Represents dividend declared during the relevant financial year

Revenue from operations and Total revenue are net of excise duty

Notice of the 57th Annual General Meeting to the Members

NOTICE is hereby given that the **Fifty Seventh** Annual General Meeting of the Members of the Company will be held on **Wednesday, September 16, 2020 at 10.00 a.m.** through Video Conference ('VC') / Other Audio Visual Means ('OAVM') to transact the following business:

ORDINARY BUSINESS

To consider and if thought fit, to pass the following items of business, as **Ordinary Resolutions**:

1. To adopt the Audited Financial Statement for the year ended March 31, 2020 along with the Report of the Board of Directors and Auditor's thereon.

"RESOLVED THAT the Audited financial statement including the Consolidated financial statement for the year ended March 31, 2020 together with the Auditor's Report thereon and the Report of the Board of Directors for the financial year ended on that date be and are hereby approved and adopted."

2. To appoint Ms Arundathi Krishna (DIN 00270935), who retires by rotation, as a Director of the Company.

"RESOLVED THAT Ms Arundathi Krishna (DIN 00270935) who retires by rotation and being eligible for re-appointment is hereby re-appointed as a Director of the Company."

SPECIAL BUSINESS

To consider and if thought fit, to pass the following items of business, as **Ordinary Resolutions**:

3. To ratify the remuneration payable to the Cost Auditor for the financial year ending March 31, 2021.

"RESOLVED THAT the remuneration of ₹ 3,60,000/- (Rupees Three Lakhs Sixty Thousand Only), in addition to reimbursement of travel and out-of-pocket expenses, payable to Sri P Raju Iyer, Practising Cost Accountant, (Membership No. 6987) who was appointed as Cost Auditor of the Company for the financial year ending March 31, 2021, as recommended by the Audit Committee and approved by the Board of Directors of the Company pursuant to Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules 2014 is hereby ratified."

4. To appoint Sri S Meenakshisundaram (DIN: 00513901) as Whole-Time Director (Designated as Whole-Time Director and Chief Financial Officer) for a term of two consecutive years commencing from June 11, 2020 to June 10, 2022.

"RESOLVED that pursuant to Section 161(1) and other applicable provisions of the Companies Act,

2013 (including any statutory modifications or re-enactment(s) thereof, for the time being in force) Sri S Meenakshisundaram (DIN: 00513901) who was appointed by the Board of Directors as an Additional Director of the Company with effect from June 11, 2020 and who holds office up to the date of this Annual General Meeting of the Company, being eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

"RESOLVED FURTHER THAT the approval of the Company be and is hereby accorded under Sections 196, 197, Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof) read with the rules made thereunder, for the appointment of Sri S Meenakshisundaram (DIN: 00513901) as Whole-Time Director (Designated as Whole-Time Director and Chief Financial Officer) of the Company for a term of two consecutive years commencing from June 11, 2020 to June 10, 2022 on the terms and conditions including remuneration, as set out hereunder:

- I Salary : ₹ 8,00,000/- (Rupees Eight Lakhs) per month (with increments at such intervals as the Board may decide from time to time).
- II Performance Pay : As may be decided by the Nomination and Remuneration Committee from time to time.
- III Perquisites, Other Benefits & Allowances: As per Rules of the Company.
- IV The Board may revise the remuneration payable to the Whole-time Director, during any financial year during currency of the tenure of office, in such manner as may be agreed to between the Board of Directors and the Whole-time Director subject to the condition that the remuneration by way of salary, performance pay, perquisites, allowances and other benefits, shall be within the limits permissible under Section 197 read with Schedule V of the Companies Act, 2013.
- V Minimum remuneration:

In the event of any loss or inadequacy of profits for any financial year during his tenure, the Nomination and Remuneration Committee of the Board may recommend and the Board of Directors may approve the remuneration payable to the Whole-time Director, during such financial year, in such manner as agreed to between the Board of Directors, Nomination and Remuneration Committee of the

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- | | |
|---|---|
| <p>Board and the Whole-time Director, not exceeding the maximum limits specified in this behalf under Schedule V to the Companies Act, 2013.</p> <p>VI In the event of loss of office as Whole-time Director, the Whole-time Director shall be paid compensation in the manner and to the extent and subject to the limits or priorities prescribed under Sections 191 and 202 of the Companies Act, 2013 and rules made thereunder.</p> <p>VII The above mentioned remuneration to the Whole-time Director shall be in accordance with Sections 196 and 197 read with Schedule V of the Companies Act, 2013 and / or such changes, variations and substitutions as may be made from time to time.</p> <p>VIII Sri S Meenakshisundaram, as Whole-time Director, shall carry out such duties as may be entrusted to him by the Chairman / Managing Director from time to time.</p> <p>IX Sri S Meenakshisundaram, as Whole-time Director, shall exercise such of the powers as may</p> | <p>be delegated from time to time by the Board of Directors;</p> <p>X Sri S Meenakshisundaram, as Whole-time Director, will not be entitled to any sitting fee for meetings of the Board or Committee thereof attended by him during the said tenure.</p> <p>XI The scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged, widened, altered or varied with the approval of Shareholders, if required, in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 2013 and / or the rules and regulations made hereunder and / or such guidelines as may be announced by the Central Government from time to time.”</p> |
|---|---|
- By Order of the Board

R DILIP KUMAR
Vice President – Finance &
Company Secretary
- Chennai
July 21, 2020
-

STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Agenda No 3

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to conduct the audit of the cost records of the Company, for the financial year ending March 31, 2021.

Sri P Raju Iyer, FICWA, ACS, MIMA, MBA (UK), M Phil, Practising Cost Accountant (Membership No. 6987) was appointed as the Cost Auditor of the Company for the financial years ended March 31, 2014 to March 31, 2020 for conducting the Cost Audit as mandated by the Act. On the recommendation of the Audit Committee, the Board has considered and approved the appointment of Sri P Raju Iyer, Practising Cost Accountant, as the Cost Auditor for the financial year ending March 31, 2021 at a remuneration of ₹ 3,60,000 (Rupees Three Lakhs Sixty Thousand Only) in addition to reimbursement of travel and out-of-pocket expenses.

The proposal for remuneration as set out in the Notice is placed for consideration and ratification of the shareholders by way of an Ordinary Resolution. The Board recommends the resolution set forth in the notice (Agenda No 3) for approval by the members.

Concern or interest, financial or otherwise of Directors and Key Managerial Personnel and their relatives

No Director or Key Managerial Personnel or their relative is concerned or interested in this item of business.

Agenda No 4

Sri S Meenakshisundaram, Chief Financial Officer (CFO) is a qualified Chartered Accountant, Company Secretary, Cost and Management Accountant and holds a bachelor degree in law. Having more than 39 years' of experience in the areas of finance, accounting, taxation, legal, risk management, general management and administration, Sri S Meenakshisundaram started his career with the Company over three decades ago as a freshly qualified professional and has grown to the position of CFO through his competence, loyalty and hard work.

Sri S Meenakshisundaram had served in the Company's Krishnapuram Unit at Madurai as Finance Head and has further distinguished himself in multiple roles in Corporate Finance. He has been a part of various strategic and change management process in the Company and has contributed significantly to its overall growth. During March 2016, the Board of Directors had appointed Sri S Meenakshisundaram as the Chief Financial Officer of the Company in accordance with the provisions of Section 203 of the Companies Act, 2013.

The Company has received a notice in writing under the provisions of Section 160 of the Act from a member proposing the candidature of Sri S Meenakshisundaram for the office of Director to be appointed under the Companies Act, 2013.

Having regard to the significant contribution made by Sri S Meenakshisundaram to the progress and development

Sundram Fasteners Limited

of the Company and in order to avail the benefits of his vast experience and expertise, pursuant to recommendation by the Nomination & Remuneration Committee and the Audit Committee, the Board of Directors have, pursuant to the Resolution adopted on June 11, 2020 appointed Sri S Meenakshisundaram as Whole-Time Director of the Company (designated as Whole-Time Director and Chief Financial Officer) for a term of two consecutive years from June 11, 2020 to June 10, 2022, subject to approval of the shareholders. He is a Whole-time Key Managerial Personnel under Section 203 of the Act and will continue to be so on appointment.

Sri S Meenakshisundaram will not be entitled to sitting fee for each meeting of the Board and / or Committee thereof attended by him.

The Board recommends the resolution set forth in the notice (Agenda No 4) for approval by the members.

Concern or interest, financial or otherwise of Directors and Key Managerial Personnel and their relatives

Except Sri S Meenakshisundaram, the appointee, no other Director or Key Managerial Personnel or their relative is concerned or interested in this item of business.

Other details as required under Secretarial Standards on General Meetings (SS-2) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are furnished below, which form part of this statement.

By Order of the Board

R DILIP KUMAR

Vice President – Finance &
Company Secretary

Chennai
July 21, 2020

PARTICULARS OF DIRECTORS SEEKING RE-APPOINTMENT (AGENDA NO 2) AS REQUIRED TO BE FURNISHED UNDER THE SECRETARIAL STANDARD ON GENERAL MEETINGS / REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

AGENDA NO 2

| | |
|--|---|
| NAME | Ms Arundathi Krishna |
| AGE | 46 years |
| DIN | 00270935 |
| Qualification | MA degree in Econometrics from University of Madras ranked 2 nd in the graduating class. MBA from University of Michigan, USA. |
| Experience | <p>Ms Arundathi Krishna was associated with America-On-Line Netscape, San Francisco, USA. She was with 'The Hindu' & 'The Business Line' as a Freelance Journalist during the years 1994 to 1998. She was also associated with Pond's (India) Limited, as a Brand Manager during 1996.</p> <p>She joined Sundram Fasteners Limited (the Company) in 1997 as Manager-Business Strategy and Systems. She structured and developed Gear Shifter Assembly Project which enabled the Company to generate additional revenue. She was also engaged in the implementation of Total Productive Maintenance (TPM) and Total Quality Management (TQM) practices. She oversees the operations of overseas subsidiaries including projects at overseas locations. She was appointed as a Whole-time Director of the Company for a period of five years with effect from September 18, 2008. She was re-designated as Deputy Managing Director of the Company with effect from May 30, 2013, re-appointed as Deputy Managing Director for a period of five years with effect from September 18, 2013. She was re-designated as Joint Managing Director of the Company effective April 20, 2018 and continues to be so during her present tenure i.e. from September 18, 2018 to September 17, 2023.</p> <p>She is a Whole-time Key Managerial Personnel as defined under Section 203 of the Companies Act, 2013.</p> |
| Current remuneration (last drawn remuneration) | ₹ 387.77 lakhs per annum |
| Date of first appointment on the Board | September 18, 2008 |
| Shareholding in the Company | 51,840 Equity Shares of ₹ 1/- each |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company | Related to the Chairman / Managing Director / Non-Executive Non-Independent Director of the Company. |
| Number of meetings of the Board attended during the year | 5 (Five) during the financial year 2019 - 2020 out of 5 meetings 1 (One) during the financial year 2020 - 2021 out of 1 meeting |

Sundram Fasteners Limited

| | | | |
|---|---|-------------------|--|
| Other Directorships, Memberships / Chairmanship of Committees of other Boards | Name of the Company | Directorship | Committee Membership |
| | TVS Upasana Limited | Managing Director | Corporate Social Responsibility (Member) |
| | Sunfast TVS Limited | Director | - |
| | TVS Engineering Limited | Director | - |
| Nature of expertise in specific functional area | General Management / Marketing / Sales / Project Management / Human Resources | | |

AGENDA NO 4

| | | | |
|--|--|----------------------|--|
| NAME | Sri S Meenakshisundaram | | |
| AGE | 63 years | | |
| DIN | 00513901 | | |
| Qualification | B.Com, BGL, ACA, ACMA, ACS | | |
| Experience and other details | 39+ years' of experience in Sundram Fasteners Limited in the areas of finance, accounting, taxation, secretarial, legal, risk management, general management and administration. | | |
| Current remuneration (last drawn remuneration) | ₹ 122.46 lakhs per annum | | |
| Date of first appointment on the Board | June 11, 2020 | | |
| Shareholding in the Company | Spouse of Sri S Meenakshisundaram holds 1,000 shares in the Company | | |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company | Nil | | |
| Number of meetings of the Board attended during the year | 5 (Five) during the financial year 2019- 2020 out of 5 meetings 1 (One) during the financial year 2020- 2021 out of 1 meeting (Attended in the capacity as Invitee, being the Chief Financial Officer) | | |
| Other Directorships, Memberships / Chairmanship of Committees of other Boards | Directorship | Committee Membership | |
| | 1. TVS Upasana Limited 2. Upasana Properties Private Limited 3. Lakshminarayana Ancillaries Private Limited (Formerly Lakshminarayana Ancillaries Limited) 4. Sundram Non-Conventional Energy Systems Limited 5. Sundram Fasteners Employees Welfare Company Private Limited | Nil | |
| Nature of expertise in specific functional area | Finance, Accounting, Taxation, Secretarial, Legal, Risk Management, General Management and Administration | | |

NOTES:

1. In view of the massive outbreak of the Coronavirus pandemic, the Ministry of Corporate Affairs (“MCA”) vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 (collectively referred to as “MCA Circulars”) and the Securities and Exchange Board of India vide its circular dated May 12, 2020 permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the **facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
3. A Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts in respect of special business in Agenda Nos 3 and 4 of the Notice is annexed hereto.
4. **Members desiring any information as regards financial statement are requested to write to the Company on or before September 11, 2020 through e-mail at investorshelpdesk@sfl.co.in.** The same will be replied by the management suitably.
5. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders.
6. Members, holding shares in physical form, are requested to notify / send the following to the Registrar and Share Transfer Agent (Integrated Registry Management Services Private Limited) of the Company:-
 - a) any change in their address / bank mandate.
 - b) particulars of their bank account, in case they have not been sent earlier.
 - c) nomination in Form SH-13, in duplicate, as provided under Section 72 of the Companies Act, 2013, in case they have not been sent earlier.
 - d) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account.
7. Members who have not yet registered their e-mail addresses and mobile numbers are requested to update the said details in the records of the relevant depositories (National Securities Depository Limited / Central Depository Services (India) Limited) through their depository participants (Or) may contact the Registrar and Share Transfer Agent, Sri S Sriram, Deputy General Manager, Integrated Registry Management Services Private Limited, Kences Towers, 2nd Floor, No 1, Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017, Telephone: 91-44-28140801-803, E-mail: srirams@integratedindia.in for receiving any documents / communication from the Company.
8. Members whose shareholding is in electronic mode are requested to notify change in address, if any, and update bank account details to their respective depository participant(s). We also request the members to utilise the Electronic Clearing System (ECS) for receiving dividends.
9. Details of dividend declared by the Company for the financial year 2013-2014 and onwards are given below:

| Financial Year | Pay-out | Date of Declaration | Date of completion of seven years period | Due date for transfer to IEPF |
|----------------|-------------------------|---------------------|--|-------------------------------|
| 2013-2014 | 1 st Interim | 01-11-2013 | 08-12-2020 | 07-01-2021 |
| 2013-2014 | 2 nd Interim | 29-05-2014 | 05-07-2021 | 04-08-2021 |
| 2014-2015 | 1 st Interim | 06-11-2014 | 13-12-2021 | 12-01-2022 |
| 2014-2015 | 2 nd Interim | 29-05-2015 | 05-07-2022 | 04-08-2022 |
| 2015-2016 | 1 st Interim | 02-11-2015 | 09-12-2022 | 08-01-2023 |
| 2015-2016 | 2 nd Interim | 09-03-2016 | 15-04-2023 | 15-05-2023 |
| 2016-2017 | Interim | 02-11-2016 | 03-12-2023 | 02-01-2024 |

Sundram Fasteners Limited

| Financial Year | Pay-out | Date of Declaration | Date of completion of seven years period | Due date for transfer to IEPF |
|----------------|-------------------------|---------------------|--|-------------------------------|
| 2016-2017 | Final | 24-08-2017 | 27-09-2024 | 28-10-2024 |
| 2017-2018 | 1 st Interim | 02-11-2017 | 09-12-2024 | 08-01-2025 |
| 2017-2018 | 2 nd Interim | 09-05-2018 | 15-06-2025 | 15-07-2025 |
| 2018-2019 | 1 st Interim | 29-10-2018 | 05-12-2025 | 04-01-2026 |
| 2018-2019 | 2 nd Interim | 09-05-2019 | 15-06-2026 | 15-07-2026 |
| 2019-2020 | 1 st Interim | 04-11-2019 | 11-12-2026 | 10-01-2027 |
| 2019-2020 | 2 nd Interim | 26-02-2020 | 03-04-2027 | 03-05-2027 |

Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the uncashed warrants immediately to the Company.

10. Pursuant to the notification of Investor Education and Protection Fund (IEPF) Rules, 2016 by the Ministry of Corporate Affairs (MCA), relating to transfer of shares in respect of which dividend has not been claimed by the shareholders for seven consecutive years or more to IEPF Authority, the Company has duly transferred 71,702 equity shares during the financial year 2019-2020 to the IEPF Authority.
11. In compliance with the aforesaid MCA Circulars and SEBI Circular, the Notice of the AGM along with the Annual Report for the financial year 2019-2020 inter-alia indicating the process and manner of remote e-voting / e-voting during the meeting is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories.
12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the notice will be available for electronic inspection. Members seeking to inspect such documents electronically can send an e-mail to investorshelpdesk@sfl.co.in.
13. Members may note that the Notice of AGM and the Annual Report for the financial year 2019-2020 will also be available on the Company's website www.sundram.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL <https://www.evoting.nsdl.com>. For any communication in this regard, members may send their request letters to investorshelpdesk@sfl.co.in / srirams@integratedindia.in.
14. Corporate members are requested to provide a duly certified copy of the board resolution / power of attorney on or before September 11, 2020 (Friday) authorizing their representatives for the purpose of voting through remote e-voting or to participate and vote in the meeting through VC / OAVM.
15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
16. The Members can join the AGM through VC/OAVM either 15 minutes prior to the commencement of the meeting (Or) within 15 minutes from the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through video conference will be made available for 1,000 members on first-come first-served basis. This will not include large Shareholders (Shareholders holding more than 2% shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee and Auditors who are allowed to attend the AGM without restriction on account of first-come first-served basis.
17. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
18. In compliance with the aforesaid MCA Circulars, the video recordings of the AGM will be made available on the website of the Company, www.sundram.com.

Voting through electronic means

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by MCA and SEBI, the Company is providing facility

of remote e-voting / e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the Annual General Meeting will be provided by NSDL.

The instructions for members to cast their votes through remote e-voting are given hereunder:-

The **remote e-voting period** begins on **Sunday, September 13, 2020 (9.00 am – Indian Standard Time) and ends on Tuesday, September 15, 2020 (5.00 p.m. – Indian Standard Time)**. The remote e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****. |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if EVEN is 101456 and folio number is 001*** then user ID is 101456001*** |

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open

Sundram Fasteners Limited

the attachment i.e. a PDF file. Open the PDF file. The password to open the PDF file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The PDF file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
 - a) Click on **“Forgot User Details/Password?”**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **“Physical User Reset Password?”** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 are given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home Page.
2. Select “EVEN” of company for which you wish to cast your vote. Click on e-Voting. Then, click on Active Voting Cycles.
3. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to skco.cs@gmail.com / sriram.krishnamurthy@rediffmail.com with a copy marked to evoting@nsdl.co.in
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **“Forgot User Details/Password?”** or **“Physical User Reset Password?”** option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to NSDL at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode, please provide Folio No., Name of the shareholder, scanned copy of the share certificate (front and back), self-attested copies of PAN (Or) Aadhar Card by email to investorshelpdesk@sfl.co.in / srirams@integratedindia.in.
2. In case shares are held in demat mode, please provide a copy of consolidated demat account statement, self-attested copies of PAN (Or) Aadhar card by email to investorshelpdesk@sfl.co.in / srirams@integratedindia.in.

Alternatively, member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by providing the details mentioned at Point (1) or (2) as the case may be.

The instructions for members to cast their votes through e-Voting on the day of the AGM are given hereunder:-

1. The procedure for e-Voting on the day of AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system during the AGM.
3. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. For any grievances in connection with the facility for e-voting on the day of the AGM the shareholders may call on toll free no.: 1800-222-990 or send a request to NSDL at evoting@nsdl.co.in.

Instructions for members for attending the AGM through VC / OAVM are given hereunder:

1. Member will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting / e-voting credentials. The link for VC / OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting / e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. System requirements: Further, the members may ensure availability of a Camera to facilitate interface and use Internet Connection with good speed to avoid any disturbance during the meeting. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
4. Shareholders who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number at investorshelpdesk@sfl.co.in from **September 9, 2020 (9:00 a.m. IST) to September 11, 2020 (5:00 p.m. IST)**. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

Other information

- i. The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the company as on the cut-off date, **September 9, 2020 (Wednesday)**. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- ii. Any person who acquires the shares of the Company and becomes a member of the Company after dispatch of the notice of Annual General Meeting and the Annual Report through electronic mode, and holding shares as of the cut-off date **September 9, 2020 (Wednesday)**, may obtain the login ID and password by sending a request to evoting@nsdl.co.in / srirams@integratedindia.in.

Sundram Fasteners Limited

- iii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting or e-voting on the day of Annual General Meeting.
- iv. The Company has appointed Sri K Sriram, Practicing Company Secretary (CP No.2215) as Scrutiniser to scrutinize the e-voting and remote e-voting process in a fair and transparent manner.
- v. The Scrutiniser shall, immediately after the conclusion of e-voting on the date of annual general meeting first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 48 hours (forty eight) of conclusion of the meeting submit his report of the total votes cast in favour or against, if any, to the Chairman / Managing Director / Joint Managing Director / Whole-Time Director and Chief Financial Officer / Vice President – Finance & Company Secretary of the Company.
- vi. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting, i.e., **September 16, 2020**. The results along with the Scrutiniser's Report shall be placed on the website of the Company <http://sundram.com/investors.php> and on the notice board of the Company at its registered office immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be communicated to the Stock Exchanges, BSE Limited/National Stock Exchange of India Limited, Mumbai.

By Order of the Board

R DILIP KUMAR

Vice President – Finance &
Company Secretary

Chennai
July 21, 2020

REPORT OF THE BOARD OF DIRECTORS

The Directors are pleased to present the Fifty Seventh Annual Report together with the audited financial statement for the year ended March 31, 2020.

| FINANCIAL HIGHLIGHTS (STANDALONE) | ₹ in crores | |
|--|-----------------|----------|
| | 2019-20 | 2018-19 |
| Revenue from operations | 3,124.57 | 3,990.22 |
| Other income | 20.44 | 29.67 |
| Total revenue | 3,145.01 | 4,019.89 |
| Total expenditure | 2,576.95 | 3,250.94 |
| Gross Profit before interest, depreciation and taxes | 568.06 | 768.95 |
| Less: Interest | 32.97 | 31.02 |
| Exchange Losses / (Gains) | 10.89 | 7.94 |
| Depreciation | 136.51 | 110.30 |
| Provision for impairment of investments in subsidiaries | 11.30 | - |
| Profit before tax | 376.40 | 619.69 |
| Less: Provision for tax | 62.36 | 183.50 |
| Profit after tax | 314.04 | 436.19 |
| Add: Balance brought forward | *188.03 | 174.18 |
| Balance available for appropriation | 502.07 | 610.37 |
| Appropriations | | |
| Interim Dividends | 152.34 | 98.76 |
| Tax on Interim Dividends | 29.79 | 20.64 |
| Transfer to Reserves | 200.00 | 300.00 |
| Transfer from special economic zone reinvestment reserve | (35.73) | (10.75) |
| Transfer from other comprehensive income to reserves | 1.23 | 13.69 |
| Balance carried forward | 154.44 | 188.03 |
| | 502.07 | 610.37 |

* Includes P&L carried forward balance of Sundram Precision Components Limited (an erstwhile wholly-owned subsidiary of the Company) on account of amalgamation with the Company.

TRANSFER TO RESERVES

The Company has transferred ₹ 200.00 Crores to Reserves.

DIVIDEND

The Board had earlier during the year, declared an interim dividend of ₹ 1.35/- per share (135%) absorbing a sum of ₹ 33.73 Crores (including dividend distribution tax) and the same was paid to the shareholders on November 28, 2019. The Directors had approved payment of second interim dividend at ₹ 2.80/- per share (280%) absorbing a sum of ₹ 70.93 Crores (including dividend distribution tax) and the same was paid to the shareholders on March 13, 2020. No final dividend has been recommended by the Board of Directors. Thus, the total dividend paid for the financial year

2019-2020 aggregates to ₹ 4.15/- per share amounting to ₹ 104.66 Crores (including dividend distribution tax).

The Dividend Distribution Policy, formulated in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is available on the Company's website at: <http://sundram.com/pdf/corporate/DividendDistributionPolicy02022017.pdf>

CONSOLIDATED FINANCIAL STATEMENT

In addition to the financial statement, the audited Consolidated Financial Statement of the Company and all of the subsidiaries prepared in the same form and manner as that of its own and in accordance with the applicable Indian Accounting Standards (Ind AS), form part of the Annual Report.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Company has placed audited / unaudited financial statement in respect of each of subsidiary on its website, www.sundram.com. The Company shall provide a copy of audited / unaudited financial statement, as the case may be, as prepared in respect of each of its subsidiary, upon request by any of its shareholders.

CORPORATE GOVERNANCE

A separate report on Corporate Governance together with a certificate from the Company's Auditor confirming the compliance of conditions of Corporate Governance is enclosed to this report. *Management Discussion and Analysis* detailing the state of the company's affairs is also enclosed to this report (Please refer Page Nos.45 to 49).

BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report for the year ended March 31, 2020 is enclosed to this report (Please refer Page Nos. 50 to 58).

DIRECTORS

The existing composition of the Company's Board is fully in conformity with the applicable provisions of the Companies Act, 2013 and Regulations 17 and 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to independent directors, women directors and maximum number of directorships in listed entities.

Ms Arundathi Krishna, Joint Managing Director (DIN: 00270935) of the Company is liable to retire by rotation at the ensuing Annual General Meeting (AGM), and being eligible, offers herself for re-appointment. Necessary resolution for her re-appointment is being placed for approval of the members at the AGM. The Board, therefore, recommends her re-appointment as a Director of the Company. A brief resume of Ms Arundathi Krishna and other relevant information have been furnished in the notice convening the AGM.

Sri K Ramesh, Non-Executive Non-Independent Director (DIN: 00556922) had resigned from the Board effective June 17, 2019. The Company has benefitted immensely through his association and the Board of Directors place on record their sincere thanks for the services rendered by him as a Director.

Sri R Srinivasan, Director (DIN: 00043658) has been re-appointed as a Non-Executive Independent Director for the second term, from September 22, 2019 to September 21, 2021.

Sri B Muthuraman, Director (DIN: 00004757) has been re-appointed as a Non-Executive Independent Director for the second term, from April 16, 2020 to September 25, 2024.

In the opinion of the Board of Directors, Sri R Srinivasan and Sri B Muthuraman, the Non-Executive Independent Directors who were re-appointed during the year, fulfil the conditions with regard to integrity, expertise and experience (including the proficiency) specified in the Act and the Rules made there under and are independent of the management. They are exempted from passing the online self-assessment test having served as a Director / Key Managerial Personnel for a period of not less than 10 years in a listed company or in an unlisted public company having a paid up capital of not less than ₹ 10 Crores.

Pursuant to the amendments to the Companies (Appointment and Qualification of Directors) Rules, 2014, which came into effect from December 1, 2019, all the Independent Directors of the Company have completed the online registration process with the Indian Institute of Corporate Affairs (Institute) [www.iica.nic.in] for inclusion of their names in the databank portal.

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

All the independent directors have submitted a declaration pursuant to Section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as stipulated in Section 149(6).

EXTRACT OF ANNUAL RETURN

An extract of annual return in Form MGT-9 is annexed as **Annexure – I** and forms part of this report. In terms of the requirement of Section 134(3) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, a copy of the annual return is available on the Company's website, www.sundram.com.

BOARD MEETINGS

During the year, five meetings of the Board of Directors were held. The details of the meetings are furnished in the Annual Report disclosures under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is attached to this Report (Please refer Page No 61).

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, 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 the year ended March 31, 2020.

- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) they had prepared the annual accounts on a going concern basis.
- e) they had laid down the internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively.
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

NOMINATION AND REMUNERATION POLICY

Salient features of the Policy:

The policy is to ensure that the remuneration paid is in line with the best comparable market practices both in India and other international markets. Such competitive remuneration will act as a motivator to ensure long term availability of talent and also retention of the best talents. The Policy will have due regard to the location of the specific regions in which the Company operates.

A brief description about the Company's Nomination and Remuneration Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other related matters provided in Section 178(3) of the Companies Act, 2013 are furnished in the Annual Report Disclosures under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Please refer Page Nos. 63 & 64).

The Nomination and Remuneration Policy is available on the Company's website at: <http://sundram.com/pdf/corporate/NominationandRemunerationPolicy.pdf>

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

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient is enclosed vide **Annexure - II**.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES (REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013)

All transactions with related parties were on arm's length basis and 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) of the Companies Act, 2013 is enclosed vide **Annexure - III** to this report.

MATERIAL CHANGES AND COMMITMENTS

During the year, the Company has been grappling with lower market demand and an uncertain business environment.

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

The revenue from operations during the FY 2019-2020 was at ₹ 3,124.57 Crores as against ₹ 3,990.22 Crores during the previous financial year 2018-2019.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 is enclosed vide **Annexure - IV**.

RISK MANAGEMENT

Pursuant to Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors at their meeting held on February 1, 2019 has constituted the Risk Management Committee.

Brief description of terms of reference:-

- i. continuous review of business parameters on a regular basis by the management, including commodity hedging positions in a more transparent, detailed and uniform manner.
- ii. exercising prudence while incurring capital expenditure or outlays on new projects.
- iii. entering into long term contracts with customers to underwrite the capacities created.
- iv. adoption of a diversified business model in terms of products, market segments, geography and customers to ensure that Company is able to withstand any instability in the entire business eco-system.

- v. judicious approach to proportionate sourcing of inputs from indigenous and overseas markets in order to take advantage of commodity prices and exchange rate movements.
- vi. monitoring, reviewing and hedging foreign exchange risks in accordance with the risk management policy.

The Company manages its risks through continuous review of business parameters on a regular basis by the management. Insurable risks are analysed and insurance policies are taken to protect the company's interests. The Audit Committee is also informed periodically of the risks and concerns. Corrective actions and mitigation measures are taken as and when needed.

During the year, one meeting of the Risk Management Committee was held. The details of the meeting are furnished in the Annual Report disclosures under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which forms part of this Report (Please refer Page No 65).

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY AND IMPLEMENTATION

The salient features of the Policy are to:-

- i. actively engage and extend support to the communities in which it operates and thus build a better, sustainable way of life by supporting the weaker sections of the society and thus contribute to the human development;
- ii. impel measures and to provide solutions that will balance economic, social and environmental issues; and
- iii. work together with our employees with a commitment for adhering to responsible business practices in terms of quality management, environmental sustainability and support to the community.

The Company has undertaken activities as per the CSR Policy (available on the Company's website <http://www.sundram.com/investors.php>) and the Annual report on CSR activities is enclosed vide **Annexure - V** forming part of this report.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has carried out annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Annual Report disclosures under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which forms part of this report.

PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The Company has 6 Domestic Subsidiaries and 5 Overseas Subsidiaries. The financial performance of the subsidiaries during the financial year 2019-2020 is given hereunder:-

The Company, by way of initial subscription to the Memorandum of Association, has subscribed to 10,000 equity shares of 'TVS Engineering Limited'. TVS Engineering Limited was incorporated as a wholly-owned subsidiary of the Company under the Companies Act, 2013 with effect from February 10, 2020 to manufacture and supply components / parts for the Aerospace and Defence segments.

Sundram Fasteners (Zhejiang) Limited, China (SFZL, China) and Cramlington Precision Forge Limited, United Kingdom (CPFL, UK) are step-down overseas subsidiaries of the Company. The principal activity of SFZL, China is manufacture of fasteners and bearing housing and that of CPFL, UK is manufacture of precision forgings.

The total revenue from SFZL, China during the year under review (January 2019 - March 2020) was at ₹ 283.72 Crores as against ₹ 260.36 Crores in the previous year. The net profit was at ₹ 9.23 Crores as against ₹ 18.04 Crores in the previous year.

The total revenue from CPFL, UK during the year under review (January 2019 - March 2020) was at ₹ 140.06 Crores as against ₹ 119.37 Crores in the previous year. The net loss was at ₹ (16.72) Crores as against ₹ (6.99) Crores in the previous year.

The total revenue from Sundram International Limited, United Kingdom a wholly-owned overseas subsidiary during the year under review (January 2019 - March 2020) was at ₹ 2.94 Crores as against ₹ 1.70 Crores in the previous year. The Company has provided for diminution in the value of investments amounting to ₹ 37.12 Crores. The net loss was at ₹ (36.09) Crores as against ₹ (0.33) Crores in the previous year.

The total revenue from TVS Next Inc., USA (formerly known as TVS Infotech Inc.), a step-down overseas subsidiary during the year under review was at ₹ 10.86 Crores as against ₹ 18.36 Crores in the previous year. The net profit / (loss) was at ₹ (0.42) Crores as against ₹ 0.62 Crores in the previous year.

TVS Upasana Limited is a wholly owned subsidiary and is engaged in the manufacture of Spokes and Nipples, automobile kits, tools, dowel pins, small screws, Cold Extruded Parts and other parts catering to automotive industry. The total revenue from TVS Upasana Limited during the year under review was at ₹ 148.01 Crores as against ₹ 172.19 Crores in the previous year. The net profit was at ₹ 8.72 Crores as against ₹ 16.05 Crores in the previous year.

The total revenue from Sundram Non-Conventional Energy Systems Limited, a subsidiary during the year under review was at ₹ 2.93 Crores as against ₹ 2.87 Crores in the previous year. The net profit was at ₹ 1.64 Crores as against ₹ 1.63 Crores in the previous year.

The total revenue from Sundram Fasteners Investments Limited, a wholly-owned subsidiary during the year under review was at ₹ 0.01 Crores as against ₹ 0.01 Crores in the previous year. The net loss was at ₹ (0.01) Crores as against ₹ (0.003) Crores in the previous year.

TVS Next Limited (Formerly TVS Infotech Limited) [TVSN], a subsidiary engaged in information technology business providing Enterprise Solutions for core industries like Manufacturing, Automotive and Distribution and focuses on off-shore and outsourcing operations for clients in India and the U.S.A. The total revenue from operations from TVSN during the year under review was at ₹ 39.76 Crores as against ₹ 27.31 Crores in the previous year. The net profit was at ₹ 1.62 Crores as against ₹ 3.13 Crores in the previous year.

Sunfast TVS Limited (Sunfast), a Company incorporated on April 8, 2019 is a *wholly* owned subsidiary and is engaged in manufacture and sale of components / parts for the Aerospace and Defence segments. The total revenue from Sunfast during the year under review was at ₹ 0.003 Crores. The net loss was at ₹ (0.02) Crores during the year under review.

The total revenue from all the subsidiaries of the Company in aggregate during the year under review was at ₹ 628.86 Crores resulting in an overall contribution of 16.76% of the consolidated revenue.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the Company's Subsidiaries, Associates and Joint Ventures in detail in Form AOC-1 is enclosed to the financial statement of the Company in Page No 210.

CHANGE IN THE NATURE OF BUSINESS

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

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

The Company, by way of initial subscription to the Memorandum of Association, has subscribed to 10,000 equity shares of 'Sunfast TVS Limited' and 'TVS Engineering Limited'. Sunfast TVS Limited and TVS Engineering Limited were incorporated as new wholly-owned subsidiaries of the

Company under the Companies Act, 2013 with effect from April 8, 2019 and February 10, 2020 respectively.

The National Company Law Tribunal, Chennai Bench had sanctioned the Scheme of Amalgamation of Sundram Precision Components Limited, a wholly-owned subsidiary with the Company, the Appointed Date being April 11, 2019.

The National Company Law Tribunal, Chennai Bench had sanctioned the Scheme of Amalgamation of TVS Next Private Limited, a step-down subsidiary with TVS Next Limited (Formerly TVS Infotech Limited), a subsidiary of the Company on April 30, 2019 with the Appointed Date being April 1, 2018.

PUBLIC DEPOSITS

During the year, the Company has not accepted any deposits, within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014. No amount on account of principal or interest on deposits from public was outstanding as on Balance Sheet date.

REGULATORY / COURT ORDERS

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status of the Company and its future operations.

INTERNAL FINANCIAL CONTROLS OF THE COMPANY

The Company maintains all its financial records in Systems, Applications and Products (SAP) System and all financial transaction flow and approvals are routed through SAP. The Company has in-house internal audit team to monitor the effectiveness of internal financial controls, ensuring adequacy with respect to financial statement and verify whether the financial transaction flow in the organisation is being done based on the approved policies of the Company. The internal auditor presents the internal audit report and the management comments on the internal audit observations every quarter to the Audit Committee. The internal control mechanisms are in place for safeguarding of assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The statement in terms of Section 197(12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed vide **Annexure VI** forming part of this report.

Pursuant to Section 136 (1) of the Companies Act, 2013, the report of the Board of Directors is being sent to the shareholders of the Company excluding the statement prescribed under Rule 5 of the Companies (Appointment and

Sundram Fasteners Limited

Remuneration of Managerial Personnel) Rules, 2014. The statement is available for inspection by the shareholders at the Registered Office of the Company during business hours.

STATUTORY AUDITORS

Pursuant to Section 139 of the Companies Act, 2013, B S R & Co. LLP, Chartered Accountants, Chennai, (Registration No. 101248 W / W- 100022 with the Institute of Chartered Accountants of India), were appointed as Statutory Auditors of the Company at the Fifty Fourth Annual General Meeting (AGM) of the Company for a consecutive period of five years commencing from the conclusion of the Fifty Fourth AGM (i.e., August 24, 2017).

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors had appointed M/s S Krishnamurthy & Co., Company Secretaries, Chennai as the Secretarial Auditor of the Company for the financial year 2019-2020. The audit committee recommended his appointment and remuneration subject to the compliance of all the requirements as stipulated under the Act and circulars issued thereunder. Secretarial Audit Report issued by Sri K Sriram, Practising Company Secretary (CP No.2215), Partner, M/s. S Krishnamurthy & Co., Company Secretaries, Chennai in Form MR-3 is enclosed vide **Annexure VII** forming part of this report and does not contain any qualification. The Board of Directors has appointed M/s. S Krishnamurthy & Co., Company Secretaries, Chennai as the Secretarial Auditor of the Company for the financial year 2020-2021. Necessary consent has been received from them to act as Secretarial Auditors.

COST AUDITOR

In terms of Section 148 of the Companies Act, 2013 (the Act) read with Companies (Cost Records and Audit) Rules, 2014, as amended, the Board of Directors has appointed Sri P Raju Iyer, Practising Cost Accountant (Membership No.6987) as Cost Auditor for the financial year 2020-2021. The audit committee recommended his appointment and remuneration subject to the compliance of all the requirements as stipulated under the Act and circulars issued thereunder. As specified by the Central Government under Section 148(1) of the Companies Act, 2013, the cost records are required to be maintained by the Company and accordingly such accounts and records are being maintained.

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

The Company has adopted the Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition And

Redressal) Act, 2013. In compliance with the provisions under Section 4 of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition And Redressal) Act, 2013, Internal Complaints Committee (ICC) of the Company has been constituted to redress complaints regarding sexual harassment. No complaint was received during the calendar year 2019.

SECRETARIAL STANDARDS

The Institute of Company Secretaries of India has issued Secretarial Standards (Meetings of the Board and General Meetings) on various aspects of corporate law and practices. The Company has complied with each one of them.

WHISTLE BLOWER POLICY (VIGIL MECHANISM)

Pursuant to Sections 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Vigil Mechanism through a Whistle Blower Policy. The details about the whistle blower policy are provided in the Annual Report Disclosures under Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

INDUSTRIAL RELATIONS

Industrial relations continued to remain congenial during the current year. The Directors thank the employees for their contribution to the progress of the Company during the year under review.

ACKNOWLEDGMENT

The Directors wish to thank One North East, the Regional Development Authority for Cramlington, United Kingdom for the continued support extended to the step- down Subsidiary. The Directors wish to thank the Chinese Authorities, Officers of Haiyan County, Jiaxin City, Zhejiang province, Chinese tax and other administrative authorities for the support extended to Sundram Fasteners (Zhejiang) Limited, a step-down subsidiary. The Directors wish to thank the Company's bankers, State Electricity Boards in Tamil Nadu, Puducherry, Telangana, Andhra Pradesh and Uttarakhand, customers and vendors, employees for all the assistance rendered by them from time to time.

On behalf of the Board

June 11, 2020
Chennai

SURESH KRISHNA
Chairman

FORM NO.MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS

| | |
|--|--|
| CIN | L35999TN1962PLC004943 |
| Registration Date | December 10, 1962 |
| Name of the Company | SUNDRAM FASTENERS LIMITED |
| Category / Sub-Category of the Company | Public Limited Company |
| 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: investorshelpdesk@sfl.co.in |
| Whether listed company | Yes. Listed in National Stock Exchange of India Limited and BSE Limited |
| Name, Address and Contact details of the Registrar and Transfer Agent, if any. | Mr K Suresh Babu, Director Mr Sriram, Deputy General Manager Integrated Registry Management Services Private Limited Kences Towers, 2 nd Floor, No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai - 600 017 Telephone: +91 44 28140801-803 Email: srirams@integratedindia.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

| S. No. | Name and description of main products / services | NIC Code of the Product / service | % of total turnover of the Company |
|--------|--|-----------------------------------|------------------------------------|
| 1 | Manufacture of other fabricated metal products – Metal fasteners | 2599 | 33% |
| 2 | Manufacture of motor vehicle parts and accessories | 2930 | 55% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | Name and address of the Company | CIN / GLN | Holding / Subsidiary | % of shares held | Applicable Section |
|--------|---|-----------------------|---|------------------|--------------------|
| 1 | Sundram Fasteners Investments Limited 98A, VII Floor, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004 | U65991TN1992PLC022618 | Domestic Wholly owned Subsidiary | 100% | 2(87) |
| 2 | TVS Upasana Limited 98A, VII Floor, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004 | U65991TN1992PLC022619 | Domestic Wholly owned Subsidiary | 100% | 2(87) |

Sundram Fasteners Limited

| S. No. | Name and address of the Company | CIN / GLN | Holding / Subsidiary | % of shares held | Applicable Section |
|--------|---|-----------------------|----------------------------------|---|--------------------|
| 3 | Sundram Non-Conventional Energy Systems Limited 98A, VII Floor, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004 | U40108TN1994PLC029132 | Domestic Subsidiary | 52.94% | 2(87) |
| 4 | TVS Next Limited (Formerly TVS Infotech Limited) 98A, VII Floor, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004 | U72300TN1994PLC029467 | Domestic Subsidiary | Self: 56.43% Held through subsidiary: 11.23% | 2(87) |
| 5 | Sunfast TVS Limited 98A, VII Floor, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004 | U74999TN2019PLC128635 | Domestic Wholly owned Subsidiary | 100% | 2(87) |
| 6 | TVS Engineering Limited 98A, VII Floor, Dr.Radhakrishnan Salai, Mylapore, Chennai-600 004 | U29309TN2020PLC134322 | Domestic Wholly owned Subsidiary | 100% | 2(87) |
| 7 | TVS Next Inc. (formerly TVS Infotech Inc.) 7512, East Independence Blvd, Suite 102 Charlotte, NC 28227 | - | Step down Overseas Subsidiary | 67.66% | 2(87)(ii) |
| 8 | Cramlington Precision Forge Limited Unit 8, Atley Way, North Nelson Industrial Estate, Cramlington, Northumberland, United Kingdom, NE23 1WA | - | Step down Overseas Subsidiary | 100% | 2(87)(ii) |
| 9 | Sundram Fasteners (Zhejiang) Limited No.1, Sundram Road, Wuyuan Town, Haiyan County, Jiaxing City, Zhejiang Province, China - 314300. | - | Step down Overseas Subsidiary | 100% | 2(87)(ii) |
| 10 | Sundram International Inc 801, W.Big Beaver Road, Troy, Michigan, United States of America | - | Overseas Subsidiary | 100% | 2(87) |
| 11 | Sundram International Limited Central Square, South Orchard Street, New Castle Upon Tyne, England – NE1 3XX, United Kingdom | - | Overseas Subsidiary | 100% | 2(87) |

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise shareholding

| Category of shareholders | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % change during the year |
|---|---|------------------|---------------------|-------------------|---|------------------|---------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| A. Promoters | | | | | | | | | |
| 1. Indian | | | | | | | | | |
| a) Individuals / HUF (Nominees of Bodies Corporate) | - | - | - | - | - | - | - | - | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt. | - | - | - | - | - | - | - | - | - |
| d) Bodies Corporate | 10,40,85,280 | - | 10,40,85,280 | 49.53 | 10,40,85,280 | - | 10,40,85,280 | 49.53 | Nil |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub-Total (A)(1) | 10,40,85,280 | - | 10,40,85,280 | 49.53 | 10,40,85,280 | - | 10,40,85,280 | 49.53 | Nil |
| 2. Foreign | | | | | | | | | |
| a) NRIs – Individuals | - | - | - | - | - | - | - | - | - |
| b) Other individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| Sub-Total (A)(2) | - | - | - | Nil | - | - | - | - | Nil |
| Total shareholding (A)=(A)(1)+ (A)(2) | 10,40,85,280 | - | 10,40,85,280 | 49.53 | 10,40,85,280 | - | 10,40,85,280 | 49.53 | Nil |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 2,15,20,885 | 1,500 | 2,15,22,385 | 10.24 | 2,33,27,811 | 1,500 | 2,33,29,311 | 11.10 | 0.86 |
| b) Banks / FI | 28,95,229 | 2,466 | 28,97,695 | 1.38 | 32,83,126 | 2,466 | 32,85,592 | 1.56 | 0.18 |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt. | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 84,88,812 | - | 84,88,812 | 4.04 | 1,09,96,567 | - | 1,09,96,567 | 5.22 | 1.18 |
| g) FIs | 5,12,793 | - | 5,12,793 | 0.24 | - | - | - | - | (0.24) |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | 3,34,17,719 | 3,966 | 3,34,21,685 | 15.90 | 3,76,07,504 | 3,966 | 3,76,11,470 | 17.88 | 1.98 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp.- Indian & Overseas | 53,31,287 | 1,36,205 | 54,67,492 | 2.60 | 31,18,858 | 1,34,205 | 32,53,063 | 1.55 | (1.05) |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to ₹ 1 lakh | 3,93,50,369 | 28,05,810 | 4,21,56,179 | 20.06 | 3,53,42,535 | 24,99,096 | 3,78,41,631 | 18.02 | (2.04) |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 79,28,391 | - | 79,28,391 | 3.78 | 78,70,133 | - | 78,70,133 | 3.76 | (0.02) |
| c) Others* | 1,70,69,343 | - | 1,70,69,343 | 8.13 | 1,94,66,793 | - | 1,94,66,793 | 9.26 | 1.13 |
| Sub-Total (B)(2) | 6,96,79,390 | 29,42,015 | 7,26,21,405 | 34.57 | 6,57,98,319 | 26,33,301 | 6,84,31,620 | 32.59 | (1.98) |
| Total Public Shareholding (B) = (B)(1)+(B)(2) | 10,30,97,109 | 29,45,981 | 10,60,43,090 | 50.47 | 10,34,05,823 | 26,37,267 | 10,60,43,090 | 50.47 | - |
| C. Shares held by Custodian for GDRs and ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total = A+B+C | 20,71,82,389 | 29,45,981 | 21,01,28,370 | 100.00 | 20,74,91,103 | 26,37,267 | 21,01,28,370 | 100.00 | - |

Sundram Fasteners Limited

| Category of shareholders | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | % change during the year |
|--|---|----------|--------------------|-------------------|---|----------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| *Others | | | | | | | | | |
| Alternate investments fund | 3,85,881 | - | 3,85,881 | 0.18 | 3,92,392 | - | 3,92,392 | 0.19 | 0.01 |
| Clearing Member | 45,208 | - | 45,208 | 0.02 | 80,794 | - | 80,794 | 0.03 | 0.01 |
| Corporate CM / TM – Client Margin A/c | 3,81,009 | - | 3,81,009 | 0.18 | 2,60,721 | - | 2,60,721 | 0.12 | (0.06) |
| Foreign Portfolio Investor – Corporate - 1 | 6,97,530 | - | 6,97,530 | 0.33 | 1,79,37,496 | - | 1,79,37,496 | 8.55 | 8.22 |
| Foreign Portfolio Investor – Corporate – 2 | 1,53,35,087 | - | 1,53,35,087 | 7.30 | 7,09,036 | - | 7,09,036 | 0.34 | (6.96) |
| Foreign Portfolio Investor – Corporate – 3 | 82,330 | - | 82,330 | 0.04 | 27,303 | - | 27,303 | 0.01 | (0.03) |
| Limited Liability Partnership | 1,37,204 | - | 1,37,204 | 0.08 | 30,759 | - | 30,759 | 0.01 | (0.07) |
| Trust | 5,094 | - | 5,094 | 0.00 | 28,292 | - | 28,292 | 0.01 | 0.01 |
| Total | 1,70,69,343 | - | 1,70,69,343 | 8.13 | 1,94,66,793 | - | 1,94,66,793 | 9.26 | 1.13 |

(ii) Shareholding of Promoters

| S. No. | Shareholders' Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change during the year |
|--------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--------------------------|
| | | No. of shares | % of total shares of the company | % of shares pledged / encumbered to total shares | No. of shares | % of total shares of the company | % of shares pledged / encumbered to total shares | |
| 1 | T.V. Sundram Iyengar & Sons Private Limited | 5,33,12,000 | 25.37 | 0.00 | 5,33,12,000 | 25.37 | 0.00 | Nil |
| 2 | Southern Roadways Private Limited | 5,07,73,280 | 24.16 | 0.00 | 5,07,73,280 | 24.16 | 0.00 | Nil |
| | Total | 10,40,85,280 | 49.53 | 0.00 | 10,40,85,280 | 49.53 | 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)

| S. No. | Name & PAN | Shareholding | | Increase / Decrease in Shareholding (transfer) | | Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020) | |
|----------------------------------|--|--|----------------------------------|--|----------------------------------|---|----------------------------------|
| | | No. of Shares at the beginning (April 1, 2019) | % of total shares of the Company | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | HDFC TRUSTEE CO LTD A/C HDFC RETIREMENT SAVING | | | | | | |
| | PAN :AAATH1809A | | | | | | |
| | Opening Balance as on 01-04-2019 | 14927755 | 7.10 | | | | |
| | 30-08-2019 | | | 200000 | 0.10 | 15127755 | 7.20 |
| | 08-11-2019 | | | (378000) | (0.18) | 14749755 | 7.02 |
| | 13-03-2020 | | | (98200) | (0.05) | 14651555 | 6.97 |
| | Closing Balance as on 31-03-2020 | | | | | 14651555 | 6.97 |
| 2 | AMANSA HOLDINGS PRIVATE LIMITED | | | | | | |
| | PAN :AAKCA7237L | | | | | | |
| | Opening Balance as on 01-04-2019 | 9138671 | 4.35 | | | | |
| | 12-07-2019 | | | 118343 | 0.06 | 9257014 | 4.41 |
| | 19-07-2019 | | | 34946 | 0.02 | 9291960 | 4.42 |
| | 26-07-2019 | | | 52210 | 0.03 | 9344170 | 4.45 |
| | 02-08-2019 | | | 37991 | 0.02 | 9382161 | 4.47 |
| | 09-08-2019 | | | 5807 | 0.00 | 9387968 | 4.47 |
| | 23-08-2019 | | | 38837 | 0.02 | 9426805 | 4.49 |
| | 30-08-2019 | | | 1833 | 0.00 | 9428638 | 4.49 |
| | 13-03-2020 | | | 1916 | 0.00 | 9430554 | 4.49 |
| | 20-03-2020 | | | 1835189 | 0.87 | 11265743 | 5.36 |
| | 27-03-2020 | | | 170091 | 0.08 | 11435834 | 5.44 |
| Closing Balance as on 31-03-2020 | | | | | 11435834 | 5.44 | |
| 3 | GOVINDLAL M PARIKH | | | | | | |
| | PAN :AAEPP1312J | | | | | | |
| | Opening Balance as on 01-04-2019 | 4424242 | 2.11 | | | | |
| | 26-07-2019 | | | 5149 | 0.00 | 4429391 | 2.11 |
| | 01-11-2019 | | | (100000) | (0.05) | 4329391 | 2.06 |
| | Closing Balance as on 31-03-2020 | | | | | 4329391 | 2.06 |
| 4 | GENERAL INSURANCE CORPORATION OF INDIA | | | | | | |
| | PAN :AAACG0615N | | | | | | |
| | Opening Balance as on 01-04-2019 | 3960953 | 1.89 | | | | |
| | 24-05-2019 | | | (10000) | (0.01) | 3950953 | 1.88 |
| | 01-11-2019 | | | (10000) | (0.01) | 3940953 | 1.88 |
| | 03-01-2020 | | | (100000) | (0.05) | 3840953 | 1.83 |
| Closing Balance as on 31-03-2020 | | | | | 3840953 | 1.83 | |

Sundram Fasteners Limited

| S. No. | Name & PAN | Shareholding | | Increase / Decrease in Shareholding (transfer) | | Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020) | |
|------------|---|--|----------------------------------|--|----------------------------------|---|----------------------------------|
| | | No. of Shares at the beginning (April 1, 2019) | % of total shares of the Company | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 5 | LIFE INSURANCE CORPORATION OF INDIA | | | | | | |
| | PAN :AAACL0582H | | | | | | |
| | Opening Balance as on 01-04-2019 | 2833820 | 1.35 | | | | |
| | 11-10-2019 | | | 7281 | 0.00 | 2841101 | 1.35 |
| | 18-10-2019 | | | 79213 | 0.04 | 2920314 | 1.39 |
| | 25-10-2019 | | | 54428 | 0.03 | 2974742 | 1.42 |
| | 01-11-2019 | | | 6933 | 0.00 | 2981675 | 1.42 |
| | 08-11-2019 | | | 28331 | 0.01 | 3010006 | 1.43 |
| | 15-11-2019 | | | 112509 | 0.05 | 3122515 | 1.49 |
| | 22-11-2019 | | | 31634 | 0.02 | 3154149 | 1.50 |
| | 29-11-2019 | | | 70684 | 0.03 | 3224833 | 1.54 |
| | 06-12-2019 | | | 23515 | 0.01 | 3248348 | 1.55 |
| | Closing Balance as on 31-03-2020 | | | | | 3248348 | 1.55 |
| 6 | THE NEW INDIA ASSURANCE COMPANY LIMITED | | | | | | |
| | PAN :AAACN4165C | | | | | | |
| | Opening Balance as on 01-04-2019 | 2927061 | 1.39 | | | | |
| | Closing Balance as on 31-03-2020 | | | | | 2927061 | 1.39 |
| 7 | L&T MUTUAL FUND TRUSTEE LIMITED -L&T EMERGING | | | | | | |
| | PAN :AAATC4460E | | | | | | |
| | Opening Balance as on 01-04-2019 | 1453028 | 0.69 | | | | |
| | 19-04-2019 | | | 20000 | 0.01 | 1473028 | 0.70 |
| | 21-05-2019 | | | 32660 | 0.02 | 1505688 | 0.72 |
| | 24-05-2019 | | | 40768 | 0.02 | 1546456 | 0.74 |
| | 31-05-2019 | | | 14072 | 0.01 | 1560528 | 0.74 |
| | 18-10-2019 | | | 10000 | 0.01 | 1570528 | 0.75 |
| | 01-11-2019 | | | 37785 | 0.02 | 1608313 | 0.77 |
| | 08-11-2019 | | | 2050 | 0.00 | 1610363 | 0.77 |
| | 31-12-2019 | | | 20359 | 0.01 | 1630722 | 0.78 |
| | 03-01-2020 | | | 248483 | 0.12 | 1879205 | 0.89 |
| | 10-01-2020 | | | 28339 | 0.01 | 1907544 | 0.91 |
| | 24-01-2020 | | | 82591 | 0.04 | 1990135 | 0.95 |
| 31-01-2020 | | | 147430 | 0.07 | 2137565 | 1.02 | |
| 07-02-2020 | | | 56000 | 0.03 | 2193565 | 1.04 | |
| | Closing Balance as on 31-03-2020 | | | | | 2193565 | 1.04 |

| S. No. | Name & PAN | Shareholding | | Increase / Decrease in Shareholding (transfer) | | Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020) | |
|--------|--|--|----------------------------------|--|----------------------------------|---|----------------------------------|
| | | No. of Shares at the beginning (April 1, 2019) | % of total shares of the Company | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 8 | HDFC LIFE INSURANCE COMPANY LIMITED PAN :AAACH8755L | | | | | | |
| | Opening Balance as on 01-04-2019 | 1276571 | 0.61 | | | | |
| | 05-04-2019 | | | 927 | 0.00 | 1277498 | 0.61 |
| | 12-04-2019 | | | 266 | 0.00 | 1277764 | 0.61 |
| | 26-04-2019 | | | 3152 | 0.00 | 1280916 | 0.61 |
| | 03-05-2019 | | | 5910 | 0.00 | 1286826 | 0.61 |
| | 10-05-2019 | | | 5290 | 0.00 | 1292116 | 0.62 |
| | 17-05-2019 | | | 9327 | 0.00 | 1301443 | 0.62 |
| | 21-05-2019 | | | 383 | 0.00 | 1301826 | 0.62 |
| | 14-06-2019 | | | 40 | 0.00 | 1301866 | 0.62 |
| | 28-06-2019 | | | 62 | 0.00 | 1301928 | 0.62 |
| | 05-07-2019 | | | 7040 | 0.00 | 1308968 | 0.62 |
| | 12-07-2019 | | | 92665 | 0.04 | 1401633 | 0.67 |
| | 19-07-2019 | | | 26968 | 0.01 | 1428601 | 0.68 |
| | 26-07-2019 | | | 23248 | 0.01 | 1451849 | 0.69 |
| | 02-08-2019 | | | 25 | 0.00 | 1451874 | 0.69 |
| | 09-08-2019 | | | 25050 | 0.01 | 1476924 | 0.70 |
| | 16-08-2019 | | | 25056 | 0.01 | 1501980 | 0.72 |
| | 23-08-2019 | | | 50917 | 0.02 | 1552897 | 0.74 |
| | 30-08-2019 | | | (7856) | 0.00 | 1545041 | 0.74 |
| | 13-09-2019 | | | (4970) | 0.00 | 1540071 | 0.73 |
| | 20-09-2019 | | | (3763) | 0.00 | 1536308 | 0.73 |
| | 27-09-2019 | | | (9143) | 0.00 | 1527165 | 0.73 |
| | 11-10-2019 | | | 2467 | 0.00 | 1529632 | 0.73 |
| | 18-10-2019 | | | 60 | 0.00 | 1529692 | 0.73 |
| | 25-10-2019 | | | 128 | 0.00 | 1529820 | 0.73 |
| | 15-11-2019 | | | 80 | 0.00 | 1529900 | 0.73 |
| | 22-11-2019 | | | 125 | 0.00 | 1530025 | 0.73 |
| | 29-11-2019 | | | 8968 | 0.00 | 1538993 | 0.73 |
| | 06-12-2019 | | | 70 | 0.00 | 1539063 | 0.73 |
| | 13-12-2019 | | | 32443 | 0.02 | 1571506 | 0.75 |
| | 20-12-2019 | | | 42320 | 0.02 | 1613826 | 0.77 |
| | 27-12-2019 | | | 1639 | 0.00 | 1615465 | 0.77 |
| | 03-01-2020 | | | (12390) | (0.01) | 1603075 | 0.76 |
| | 10-01-2020 | | | 3000 | 0.00 | 1606075 | 0.76 |
| | 07-02-2020 | | | 125 | 0.00 | 1606200 | 0.76 |
| | 14-02-2020 | | | 400 | 0.00 | 1606600 | 0.77 |
| | 28-02-2020 | | | 40913 | 0.02 | 1647513 | 0.78 |
| | 05-03-2020 | | | 209687 | 0.10 | 1857200 | 0.88 |
| | 06-03-2020 | | | 876 | 0.00 | 1858076 | 0.88 |
| | 13-03-2020 | | | 32755 | 0.02 | 1890831 | 0.90 |
| | 20-03-2020 | | | 159382 | 0.08 | 2050213 | 0.98 |
| | 27-03-2020 | | | 14199 | 0.01 | 2064412 | 0.98 |
| | Closing Balance as on 31-03-2020 | | | 5245 | 0.00 | 2069657 | 0.99 |

Sundram Fasteners Limited

| S. No. | Name & PAN | Shareholding | | Increase / Decrease in Shareholding (transfer) | | Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020) | |
|--------|--|--|----------------------------------|--|----------------------------------|---|----------------------------------|
| | | No. of Shares at the beginning (April 1, 2019) | % of total shares of the Company | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 9 | FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN IN | | | | | | |
| | PAN :AAATT4931H | | | | | | |
| | Opening Balance as on 01-04-2019 | | | | | | |
| | 27-09-2019 | | | 21109 | 0.01 | 21109 | 0.01 |
| | 08-11-2019 | | | 615948 | 0.29 | 637057 | 0.30 |
| | 15-11-2019 | | | 6211 | 0.00 | 643268 | 0.31 |
| | 22-11-2019 | | | 68405 | 0.03 | 711673 | 0.34 |
| | 29-11-2019 | | | 49426 | 0.02 | 761099 | 0.36 |
| | 06-12-2019 | | | 40404 | 0.02 | 801503 | 0.38 |
| | 13-12-2019 | | | 209596 | 0.10 | 1011099 | 0.48 |
| | 20-12-2019 | | | 40008 | 0.02 | 1051107 | 0.50 |
| | 27-12-2019 | | | 13388 | 0.01 | 1064495 | 0.51 |
| | 05-03-2020 | | | 100000 | 0.05 | 1164495 | 0.55 |
| | 06-03-2020 | | | 2951 | 0.00 | 1167446 | 0.56 |
| | 13-03-2020 | | | 122049 | 0.06 | 1289495 | 0.61 |
| | 20-03-2020 | | | 350000 | 0.17 | 1639495 | 0.78 |
| | 27-03-2020 | | | 100000 | 0.05 | 1739495 | 0.83 |
| | Closing Balance as on 31-03-2020 | | | | | 1739495 | 0.83 |
| 10 | UTI TRANSPORTATION AND LOGISTICS FUND | | | | | | |
| | PAN :AAATU1088L | | | | | | |
| | Opening Balance as on 01-04-2019 | 1779217 | 0.85 | | | | |
| | 05-04-2019 | | | (18000) | (0.01) | 1761217 | 0.84 |
| | 10-05-2019 | | | 15000 | 0.01 | 1776217 | 0.85 |
| | 17-05-2019 | | | 25000 | 0.01 | 1801217 | 0.86 |
| | 21-05-2019 | | | 10000 | 0.01 | 1811217 | 0.86 |
| | 24-05-2019 | | | 15000 | 0.01 | 1826217 | 0.87 |
| | 31-05-2019 | | | 25000 | 0.01 | 1851217 | 0.88 |
| | 07-06-2019 | | | 20000 | 0.01 | 1871217 | 0.89 |
| | 14-06-2019 | | | 5000 | 0.00 | 1876217 | 0.89 |
| | 12-07-2019 | | | (9000) | 0.00 | 1867217 | 0.89 |
| | 13-09-2019 | | | (90000) | (0.04) | 1777217 | 0.85 |
| | 06-12-2019 | | | (6000) | 0.00 | 1771217 | 0.84 |
| | 20-12-2019 | | | (9000) | 0.00 | 1762217 | 0.84 |
| | 21-02-2020 | | | (45000) | (0.02) | 1717217 | 0.82 |
| | 20-03-2020 | | | (45000) | (0.02) | 1672217 | 0.80 |
| | Closing Balance as on 31-03-2020 | | | | | 1672217 | 0.80 |

(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 and at the end of the year | Sri Suresh Krishna, Chairman | 36,040 | 0.0171 | 36,040 | 0.0171 |
| 2 | | Ms Arathi Krishna, Managing Director | 47,040 | 0.0223 | 47,040 | 0.0223 |
| 3 | | Ms Arundathi Krishna, Joint Managing Director | 51,840 | 0.0247 | 51,840 | 0.0247 |
| 4 | | Sri K Ramesh, Director* | 4,000 | 0.0019 | 4,000 | 0.0019 |
| 5 | | Ms Preethi Krishna, Director | - | - | - | - |
| 6 | | Sri R Srinivasan, Director** | 9,200 | 0.0044 | 9,200 | 0.0044 |
| 7 | | Sri B Muthuraman, Director | - | - | - | - |
| 8 | | Sri Heramb R. Hajarnavis, Director | - | - | - | - |
| 9 | | Sri S Mahalingam, Director | - | - | - | - |
| 10 | | Dr Nirmala Lakshman, Director | - | - | - | - |
| 11 | | Sri S Meenakshisundaram, Chief Financial Officer*** | - | - | - | - |
| 12 | | Sri R Dilip Kumar, Vice President – Finance & Company Secretary** | 2,000 | 0.0000 | 2,000 | 0.0000 |

* Resigned from the Board, effective June 17, 2019.

** Joint holder.

*** Whole-time Director and Chief Financial Officer effective June 11, 2020.

There has been no increase / decrease in shareholding during the year for any of the above-mentioned persons.

II. INDEBTEDNESS

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

₹ in crores

| S. No. | Particulars | Secured Loans | Unsecured Loans | Deposits | Total Indebtedness |
|--------|---|----------------|-----------------|----------|--------------------|
| 1 | Indebtedness at the beginning of the financial year | | | | |
| | i) Principal amount | 66.77 | 734.20 | - | 800.97 |
| | ii) Interest due but not paid | - | - | - | - |
| | iii) Interest accrued but not due | 0.20 | 2.86 | - | 3.06 |
| | Total of (i) + (ii) + (iii) | 66.97 | 737.06 | - | 804.03 |
| 2 | Change in indebtedness during the financial year | | | | |
| | - Addition | 54.62 | 430.66 | - | 485.28 |
| | - Reduction | 66.77 | 526.72 | - | 593.49 |
| | Net Change | (12.15) | (96.06) | - | (108.22) |
| 3 | Indebtedness at the end of the financial year | | | | |
| | i) Principal amount | 54.62 | 638.14 | - | 692.76 |
| | ii) Interest due but not paid | - | - | - | - |
| | iii) Interest accrued but not due | 0.02 | 1.90 | - | 1.92 |
| | Total of (i) + (ii) + (iii) | 54.64 | 640.04 | - | 694.68 |

Sundram Fasteners Limited

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Remuneration to Managing Director / Whole-time Directors and / or Manager

₹ in Lakhs

| S. No. | Particulars of Remuneration | Name of Chairman / Managing Directors | | | Total Amount |
|--------|--|--|---------------------------------------|--|-----------------|
| | | Sri Suresh Krishna (Chairman and Director) | Ms Arathi Krishna (Managing Director) | Ms Arundathi Krishna (Joint Managing Director) | |
| 1 | Gross salary- (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 100.00 | 94.80 | 95.16 | 289.96 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 4.85 | 60.46 | 93.96 | 159.27 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission - as % of profit | 187.31 | 187.31 | 187.31 | 561.93 |
| | Total (A) | 292.16 | 342.57 | 376.43 | 1,011.16 |
| | 2.70% of the Net profits computed under Section 198 of the Companies Act, 2013 | | | | |
| | Ceiling as per the Act – 11% of the net profit | | | | |

b. Remuneration to other Directors for attending Board / Committee Meetings

₹ in Lakhs

| Category | Remuneration (Sitting fees) |
|--|---|
| Independent Directors | |
| Sri R Srinivasan | 3.40 |
| Sri B Muthuraman | 2.20 |
| Sri Heramb R. Hajarnavis | 3.90 |
| Sri S Mahalingam | 3.50 |
| Dr Nirmala Lakshman | 2.80 |
| TOTAL (1) | 15.80 |
| Non-Executive Directors | |
| Sri K Ramesh* | 0.50 |
| Ms Preethi Krishna | 2.00 |
| TOTAL (2) | 2.50 |
| TOTAL (B)=(1) + (2) | 18.30 |
| Total Managerial Remuneration (A+B) | 1,029.46 |
| Overall Ceiling as per the Act | 11% of the Net Profit plus Sitting fees. However, no Commission or other remuneration paid during the year. |

* Resigned from the Board effective June 17, 2019.

c. Remuneration to Key Managerial Personnel other than Managing Director / Whole-time Directors and / or Manager

₹ in Lakhs

| S. No. | Particulars of Remuneration | Sri S Meenakshisundaram* Chief Financial Officer | Sri R Dilip Kumar Vice President – Finance & Company Secretary |
|---------------|--|---|---|
| 1 | Gross salary - (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961 | 122.40 0.06 - | 67.94 0.40 - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission - as % of profit - others, specify | - | - |
| 5 | Others: Provident Fund Superannuation Contribution National Pension Scheme Contribution | - - - | 1.86 1.50 0.83 |
| | Total | 122.46 | 72.53 |

*Whole-time Director and Chief Financial Officer effective June 11, 2020.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year ended March 31, 2020, no penalties were levied or punishment / compounding fee imposed by the Regional Director, Ministry of Corporate Affairs / Court on the Company / Directors / officers in default.

On behalf of the Board

June 11, 2020
Chennai

SURESH KRISHNA
Chairman

Sundram Fasteners Limited

Annexure - II

Particulars of loans, guarantees and investments under Section 186 of the Companies Act, 2013 during the financial year ended March 31, 2020 ₹ in crores

| Name of the body corporate | Nature of relationship | Nature of transaction | Amount of transaction | Purpose for which the loan / security / acquisition/ guarantee utilised by recipient |
|--|-------------------------|-----------------------------|-----------------------|--|
| Cramlington Precision Forge Limited, United Kingdom | Step-down subsidiary | Guarantee | 2.80 | For availing term loan and working capital facility from Bank |
| Sundaram Money Fund Scheme of Sundaram Asset Management Co. Limited, Chennai, India | NA | Investment in Mutual Funds | *195.00 | Treasury investments |
| Sundaram Overnight Direct Growth Fund Scheme of Sundaram Asset Management Co. Limited, Chennai, India | | | *992.50 | |
| Sundaram Ultra Short Term Fund Direct Growth Scheme of Sundaram Asset Management Co. Limited, Chennai, India | | | *5.00 | |
| Sunfast TVS Limited | Wholly-owned subsidiary | Investment in equity shares | 0.01 | Promoted by the Company as its wholly-owned subsidiary. |
| TVS Engineering Limited | Wholly-owned subsidiary | Investment in equity shares | 0.355 | Promoted by the Company as its wholly-owned subsidiary. |

* It has been ensured that the outstanding investments of temporary surplus funds from time to time in the units of Mutual Fund has not exceeded the maximum limit of Rs 50 Crores fixed by the Board.

Annexure-III

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 arm's 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 were on arm's length basis and in the ordinary course of business.
- Details of material contracts or arrangement or transactions at arm's length basis
There was no material related party contract or arrangement or transaction during the year.

On behalf of the Board

June 11, 2020
Chennai

SURESH KRISHNA
Chairman

The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of Section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014:

CONSERVATION OF ENERGY

1. Conservation of Electrical Power:

The Company has taken specific initiatives towards conservation of both thermal and electrical energy, usage of alternate / renewable energy.

The Company has installed roof top solar power plant of capacity 3.3 MWp which generated 29 lakhs units of solar power in FY 2019-20 (14 lakhs units in FY 2018-19). The total renewable power consumption aggregates to 978 lakh units during the financial year 2019-20 (1,075 lakh units during the financial year 2018-19) which represents 48% of total power consumption. The higher use of renewable power sources has resulted in reduction of emission of Green House Gases equivalent to 80,205 MT CO₂.

All manufacturing units continue to maintain power factor towards unity.

Your company also focused on energy savings through various energy conservation projects as follows:-

1. Introduction of Variable Frequency Drives (VFD) in Compressors.
2. Installation of IS 1180 Energy Efficient Level II 2000 KVA transformer.
3. Optimum utilisation of furnaces.
4. Optimum utilization of Compressed air systems and air leak arresting.
5. Modification of cooling system in SQF furnace.
6. Introduction of air draft coolers instead of Chiller unit operations.
7. Retrofitting of Variable Frequency Drive (VFD) in motors.
8. Introduction of heatless vibro dryers.
9. Reducing use of air conditioners by introducing inter-locks.
10. Optimisation of pneumatic systems by reducing air consumption and thus power consumption.
11. Use of Nitrogen gas in place of Endo gas and thus avoiding 30 KW power for operating Endo generator.
12. Re-insulation of furnaces done to reduce skin temperature and thus avoiding temperature loss.
13. Replacing Electrical heaters with hot water boiler coil type heating system.
14. In melting furnace, 2 crucible operation introduced in place of 3 crucible operations reducing metal holding time and thus loss in temperature.

Sundram Fasteners Limited

TECHNOLOGY ABSORPTION

| | | | | | | | | |
|---|--|--|-----------------------|---------------|-----------------------|----------------|---|----------------|
| (i) | The efforts made towards technology absorption | <ol style="list-style-type: none"> 1. Development of self clinch screws as an alternate to weld screws. 2. Development of stainless steel studs for exhaust application in automotive. 3. Development of Spline formation in cold forging. 4. Establishment of process for heated die compaction for compacting high density powder metal pre-forms. | | | | | | |
| (ii) | The benefits like product improvement, cost reduction, product development or import substitution; | The efforts made towards technology absorption has led to:- <ol style="list-style-type: none"> i. Development of products for new applications and market. ii. Reduction of manufacturing lead time / costs through elimination / change in process | | | | | | |
| (iii) | Imported Technology | Not Applicable | | | | | | |
| | a) Details of technology imported | | | | | | | |
| | b) The year of import | | | | | | | |
| | c) Whether the technology has been fully absorbed | | | | | | | |
| | d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and | | | | | | | |
| (iv) | Expenditure on Research and Development | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Capital Expenditure :</td> <td style="text-align: right;">₹ 3.73 crores</td> </tr> <tr> <td>Revenue Expenditure :</td> <td style="text-align: right;">₹ 14.17 crores</td> </tr> <tr> <td>Total Research & Development Expenditure: (Net of revenue)</td> <td style="text-align: right; border-top: 1px solid black;">₹ 17.90 crores</td> </tr> </table> | Capital Expenditure : | ₹ 3.73 crores | Revenue Expenditure : | ₹ 14.17 crores | Total Research & Development Expenditure: (Net of revenue) | ₹ 17.90 crores |
| Capital Expenditure : | ₹ 3.73 crores | | | | | | | |
| Revenue Expenditure : | ₹ 14.17 crores | | | | | | | |
| Total Research & Development Expenditure: (Net of revenue) | ₹ 17.90 crores | | | | | | | |

FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earned and used are as under:

| | |
|-------------------------|-------------------|
| Foreign exchange earned | ₹ 1,197.28 crores |
| Foreign exchange used | ₹ 346.91 crores |

The Company continues to be a net foreign exchange earner.

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2019-2020

1. Brief Outline of the Company's CSR Policy

The Company has framed a CSR Policy pursuant to the Companies Act, 2013. Our corporate social responsibility policy can be accessed at <http://www.sundram.com/investors.php>

Our social responsibility initiatives

Sundram Fasteners Limited (the Company) believes that being socially responsible, delivering profitable growth and meeting expectations of our stakeholders is fundamental to preserve the strong reputation of the TVS brand. Further to its corporate social responsibility policy, the Company has been constantly creating newer opportunities for the community in which it operates by leveraging its resources. In such a process, the company also collaborates with specialist organizations, to have a long-term positive impact in the community surrounding its operations and in remote villages. Among other areas, the company has been primarily focusing on two important socially relevant themes- "*education and healthcare*". The company is strongly progressing in this arena and has been creating its impact on society by contributing to the development of the community.

Educational initiatives

Sundram Matriculation Higher Secondary School

The Company founded an English medium higher secondary co-educational school in Aviyur Village in Virudhunagar district of Tamil Nadu over 25 years ago to provide high-quality education with modern facilities to children. The School is run under the CSR arm of the company - Krishna Educational Society. The Company bears the entire cost of running the school. The project focuses on providing quality education to 486 students from 8 villages near Krishnapuram plant through Sundram Matriculation Higher Secondary School.

Primary education and higher education - Collaborating for positive impact

In addition to deploying its own resources, the company has worked along with specialist organisations to expand its footprint in support of a project on primary education and higher education. In 35 villages across Thiruvannamalai and Krishnagiri Districts of Tamil Nadu, the Company supports after-school classes for 1,050 children studying in class III to VIII who are from the economically deprived families. The project aims to ensure every child achieves basic competencies in Language, Math and Science. Going beyond regular

curriculum, the project teaches children spoken English through Walk 'n' Talk English project and vocational skills like cycle repair, mobile repair through the Tinkering Lab project.

With a view of supporting the higher education of indigent students, the Company extended support to 11 meritorious students from Chennai for their undergraduate education, which otherwise they may not be able to afford and would have deterred them from completing their education.

Aiming to support children with learning difficulties, the Company extended its support to initiate Remedial Classes in government schools. Remedial classrooms were set up in five government schools in Chennai. Assessment conducted by special teachers helps identify children with learning difficulties. Teaching methodology and lesson plan is prepared based on the individual assessment of the selected students. Teaching is done on a one-on-one basis or small groups of 2 or 3 students at the same level irrespective of their class during regular school timing. This year, 52 children underwent focused learning at the Remedial Classroom.

Apart from this, the Company also supported the Clarke School for the Deaf, a school that aims to educate, train and rehabilitate the hearing impaired, intellectually challenged, deaf-blind and differently abled children and to help them avail all the privileges that are available to the able-bodied.

During the year 2019-2020, through the above-mentioned initiatives, the Company's CSR initiative in education benefitted 1,733 students across Tamil Nadu.

The Company had extended support to other external educational institutions.

Support to the underprivileged and marginalized sections of the society

Through BALM – Sundram Fasteners "Centre for Research and Social Action in Mental Health" the Company has augmented its support to bridge the treatment gap in mental health in the country. The Centre liaisons with various Government bodies to provide community mental health programme by strengthening the District Mental Health Programme (DMHP), creating exit pathways for people with mental illness incarcerated in the state mental hospitals by reintegrating them with their family and/or providing access to independent living options etc. The Centre actively conducts research to support the formulations of policies for Evidence-Based Practices in Mental Health Care in India.

The Centre also undertakes the training of mental health professionals through post graduate and diploma courses. So far, five batches of the post graduate program (278 students) have graduated and six batches (110 students) have completed the diploma courses. The students at the Centre have the opportunity to be part of a completely immersive education system, with strong roots in practice, and exposure to the real world. The Centre's success lies in student's applying the values they have learnt at the Centre in day-to-day practice, as changemakers in the sector.

SFL has also supported to setup a Central library for the students at BALM providing them access to world-class research and studies on Mental Health.

Healthcare and nutritional support

In view of the widespread inadequacies and inequalities in the rural areas, it is imperative to identify and assess development needs and initiatives required for the community that will address their needs consistently and effectively to ensure balanced growth. In this context, the Company has identified rural health as an important factor in rural development. The Company offers free of cost medical facilities to villages near its Krishnapuram plant (Aviyur, Virudhunagar district near the outskirts of Madurai) through its CSR arm, Krishna Educational Society thereby benefitting about 2,500 families through the programme. The medical centre has a dual role in providing medical care and educating people through training programmes on various health-related issues. The company also provides primary medical care to people belonging to a poor community in eight villages in Nagapattinam district of Tamil Nadu.

With an objective to provide balanced nutrition, better education for children and creating employment opportunities for women on a regular basis, the Company in partnership with an organisation having rural development as its primary focus has supported the project of production and supply of a nutritional supplement (nutri-blend) for 1,289 students in various schools in Thandalam village, Tamil Nadu. Distribution of nutritional supplement is done free of cost to all school students in the village to support their daily nutritional requirement.

In addition to the above, the Company also supports children diagnosed with cancer but cannot afford the cost of the treatment. The Company covers the complete treatment expense of these children for the entire period of treatment.

Apart from this, the Company has contributed towards construction of the new Dementia Care Centre by Schizophrenia Research Foundation (India). This facility will be a unique, state of the art facility to provide comprehensive care to persons with Dementia and their

families. The facility will also have a dedicated research center - "Sundram Fasteners Centre for Dementia Research".

Contributing towards art and culture

With a view to promoting art and culture, the Company has extended support towards restoration of a temple that dates back to 8th century and falls into the category of cave temples built by Pallava Kings.

Sustainable environment

Extending its CSR activities for the conservation of flora and fauna and sustainable development, the Company has supported World Wide Fund-India for a project to assess the ecological needs of the Nilgiri Tahr for conservation planning, addressing current and known threats faced by the Nilgiri Tahr and institutionalization of Nilgiri Tahr monitoring protocols in Tamil Nadu.

The Company has undertaken to make a documentary to showcase the rich diversity of species and habitats that Tamil Nadu state holds and use this film as an opportunity to communicate the key environmental issues of our times including instances where people continue to share space and co-exist with wildlife.

The Company has also supported conservation of a lake area, which used to be a dump yard earlier. The lake was de-silted, restored, and made fit for water conservation.

Relief measures to combat Coronavirus crisis

The Company has taken various measures and initiatives to support the nation's fight against the Coronavirus Pandemic. The Company has donated critical medical care equipments such as Ventilators & Analyzers to hospitals / healthcare facilities in Chennai. It has taken cognizance of the impact this pandemic has had on the weaker sections of our society - daily wage earners and the orphans. It has extended support to them by supplying food items such as rice, grains, water, other necessary provisions and hygiene kits like face masks, disinfectant, sanitizers etc to provide relief to the vulnerable and most needy sections of the society.

The Company also understands that mental well-being is as important as physical well-being. There are thousands of youth shrouded by doubts about their future. The Company supports an initiative that engages with such young people on positive mental health by providing them information through workshops and talking sessions.

In addition, the Company is taking measures to protect its employees and their families by adhering to the lockdown norms, putting in place Standard Operating Procedures to ensure their health and safety and providing them access to mental health counsellors in case they feel

stressed and anxious with all that is happening around them. Further, helpline numbers have been provided to all employees to reach out in case of mental distress. This is an initiative by the Sundram Fasteners Centre for Social Action and Research at the Banyan Academy during Coronavirus Pandemic crisis.

Other social development initiatives by employees of the Company

SFL has always been encouraging its employees to volunteer their time and effort in CSR initiatives to serve the disadvantaged and make a difference by volunteering at least one working day per year towards a social cause of their choice. The employees participate in various CSR initiatives, in the area of education, health and community outreach programmes initiated either by the Company or in association with other organizations and NGOs.

Initiated in the year 2013, employees have strongly supported the CSR volunteering movement led by the motto “SFL and You can make a difference”. Every year, 100% of the employees participate in the monetary donation program towards societal needs as well as the employee-volunteering program.

The Company will continue to strive towards its commitment to be socially responsible and provide avenues to make employees volunteering efforts meaningful and impactful.

Arundathi Krishna
Joint Managing Director

Arathi Krishna
Managing Director

Suresh Krishna
Chairman and Director
(Chairman – CSR Committee)

R Srinivasan
Director

2. Composition of CSR Committee

Sri Suresh Krishna, Chairman and Non-Executive Director is the Chairman of the Committee. Ms Arathi Krishna, Managing Director, Ms Arundathi Krishna, Joint Managing Director and Sri R Srinivasan, Independent Director are members of the Committee.

3. Average net profits

Average net profits of the Company for the last three financial years is ₹ 53,537.81 lakhs.

4. Prescribed CSR expenditure (two per cent of the amount specified above)

Prescribed CSR expenditure is ₹ 1,070.76 lakhs

5. Details of CSR spent during the financial year 2019-2020

| | |
|--|------------------------------|
| Total amount to be spent for the financial year 2019-2020 | ₹ 1,070.76 lakhs |
| Amount unspent | NIL |
| Manner in which the amount spent during the financial year | As indicated in the annexure |

6. CSR Responsibility Statement

We hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Annexure

| | | ₹ in Lakhs | | | | | |
|--------|---|--|---|--|--|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| S. No. | CSR project or activity identified | Sector in which the project is covered | Project or Programs 1. Local area or other 2. Specify the state and district where projects or programs were undertaken | Amount outlay (budget) project or program-wise | Amount spent on projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Over heads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
| 1 | Scholarship for bright but marginalized children for their higher studies | | 1. Chennai 2. Tamil Nadu | 15.00 | 15.00 | 15.00 | 15.00 In association with Sugun Thomas Foundation |
| 2 | a) Sundram Matriculation Higher Secondary School b) Sponsoring faculty chairs, support scholarship students and support to educational institutions c) Preventive Care measures | | 1. Chennai 2. Other 3. Tamil Nadu; Virudhunagar District | 523.40 | 523.40 | 523.40 | 523.40 Through - Krishna Educational Society, the CSR arm of the Company |
| 3 | High quality education for children from poorest families through after school classes | Education | 1. Various villages 2. Tamil Nadu, Thiruvannamalai District and Krishnagiri District | 20.50 | 20.50 | 20.50 | 20.50 In association with AID India Foundation |
| 4 | Remedial classes for children with learning difficulties | | 1. Chennai 2. Tamil Nadu; | 16.20 | 16.20 | 16.20 | 16.20 In association with ZRII Trust through Krishna Educational Society (KES) |
| 5 | Support in operation of a school for the deaf and mentally retarded | | 1. Chennai 2. Tamil Nadu; | 43.70 | 43.70 | 43.70 | 43.70 In association with Clarke School for the Deaf and Mentally Retarded through Krishna Educational Society (KES) |
| 6 | Medical welfare project | | 1. Other 2. Tamil Nadu; Nagapattinam District | 25.00 | 25.00 | 25.00 | 25.00 In association with Vaastu Foundation |
| 7 | Supply of nutritblend and jaggery to the students of village Govt. Schools | | 1. Thandalam village Tamil Nadu; Kancheepuram District | 20.09 | 20.09 | 20.09 | 20.09 In association with Sri Annapoorani Public Charitable Trust |
| 8 | Centre for Research and Social Action in Mental Health | Healthcare | 1. Chennai 2. Tamil Nadu | 160.87 | 160.87 | 160.87 | 160.87 In association with BALM - Banyan Academy of Leadership in Mental Health |
| 9 | Treatment for children suffering from cancer, whose families are below poverty line or belonging to low income groups | | 1. Chennai 2. Tamil Nadu; | 25.00 | 25.00 | 25.00 | 25.00 In association with Ray of Light Foundation through Krishna Educational Society (KES) |
| | | | | | | 618.80 | |

| ₹ in Lakhs | | | | | | | |
|------------|---|---|--|--|--|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| S. No. | CSR project or activity identified | Sector in which the project is covered | Project or Programs 1. Local area or other 2. Specify the state and district where projects or programs was undertaken | Amount outlay (budget) project or program-wise | Amount spent on projects or programs Sub heads: 1. Direct expenditure on projects or programs 2. Over heads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
| 10 | Construction of Dementia Care Centre | Healthcare | 1. Chennai 2. Tamil Nadu | 81.40 | 81.40 | 312.36 | In association with Schizophrenia Research Foundation (India) |
| 11 | Water conservation project | | 1. Chennai 2. Tamil Nadu; | 1.73 | 1.73 | | 1.73 Direct Implementation by Sundram Fasteners Limited |
| 12 | World Wide Fund for Nature – India | Environmental Sustainability / Protection of animal welfare | 1. Other 2. Tamil Nadu | 34.91 | 34.91 | 116.64 | 34.91 In association with World Wide Fund for Nature – India |
| 13 | Production of a documentary on Wildlife | | 1. Other 2. Tamil Nadu | 80.00 | 80.00 | | 80.00 In association with Nature Infocus Media Private Limited |
| 14 | Construction of Rajagopuram and other related works | Art and culture | 1. Other 2. Tamil Nadu | 24.40 | 24.40 | 24.40 | 24.40 In association with Sri Desarathy Trust |
| | Total | | | 1,072.20 | 1,072.20 | 1,072.20 | 1,072.20 |

**Statement of particulars as per Rule 5 of Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year :

| S. No. | Name of the Directors | Designation | Ratio (times) | Percentage increase in remuneration |
|---------------|------------------------------|--|----------------------|--|
| 1 | Sri Suresh Krishna | Chairman | 51.43 | (61.95%) |
| 2 | Ms Arathi Krishna | Managing Director | 62.59 | (80.59%) |
| 3 | Ms Arundathi Krishna | Joint Managing Director | 68.27 | (78.65%) |
| 4 | Sri K Ramesh** | Director | 0.09 | - |
| 5 | Ms Preethi Krishna* | Director | 0.35 | - |
| 6 | Sri R Srinivasan* | Director | 0.60 | (17.07%) |
| 7 | Sri B Muthuraman* | Director | 0.39 | (18.52%) |
| 8 | Sri Heramb R. Hajarnavis* | Director | 0.69 | - |
| 9 | Sri S Mahalingam* | Director | 0.62 | 59.09% |
| 10 | Dr Nirmala Lakshman* | Director | 0.49 | 33.33% |
| 11 | Sri S Meenakshisundaram** | Chief Financial Officer | N.A. | 4.00% |
| 12 | Sri R Dilip Kumar | Vice President – Finance & Company Secretary | N.A. | 11.52% |

* Sitting fees were paid for attending Board /Committee meetings.

Resigned from the Board, effective June 17, 2019.

** Whole-time Director and Chief Financial Officer effective June 11, 2020.

- (ii) The percentage increase in the median remuneration of employees in the financial year : 9.90%
- (iii) The number of permanent employees on the rolls of Company as on March 31, 2020: 3,111
- (iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2019-2020 was 11.49% whereas the reduction in the managerial remuneration for the same financial year was (76.55%).

- (v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Form No. MR-3

Secretarial Audit Report for the financial year ended March 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To the Members of
Sundram Fasteners Limited,
 [CIN:L35999TN1962PLC004943]
 98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore,
 Chennai 600004

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **SUNDRAM FASTENERS LIMITED** (hereinafter called "the Company") **during the financial year from April 1, 2019 to March 31, 2020** ("the year"/ "audit period"/ "period under review").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) Our **verification** of the books, papers, minute books and other records maintained by the Company and furnished to us and scanned copies of some of them provided to us through e-mail where the same could not be physically furnished for verification due to the Central Government imposed lockdown restrictions, forms / returns filed and compliance related action taken by the Company during the year as well as after March 31, 2020 but before the issue of this audit report;
- (ii) Our **observations** during our visits to the registered office and some of the factories of the Company;
- (iii) **Compliance certificates** confirming compliance with all laws applicable to the Company given by the key managerial personnel / senior managerial personnel of the Company and taken on record by the Audit Committee / Board of Directors; and
- (iv) **Representations** made, documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, **during the audit period covering the financial year ended on March 31, 2020** the Company has:

- (i) Complied with the statutory provisions listed hereunder; and
- (ii) Board processes and compliance mechanism in place **to the extent, in the manner and subject to the reporting made hereinafter.**

The members are requested to read this report along with our letter of even date annexed to this report as Annexure –A.

1. Compliance with specific statutory provisions

We further report that:

- 1.1 We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions / clauses of the Acts, Rules, Regulations, Standards and Agreements set out hereunder.
- 1.2 During the period under review, and also considering the compliance related action taken by the Company after March 31, 2020 but before the issue of this report, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us, **the Company's compliance** with the said applicable provisions / clauses of the Acts, Rules, Regulations, Standards and Agreements **are as set out hereunder.**
- 1.3 The Company **has complied with:**
 - (i) The Companies Act, 2013 and the rules made thereunder (*the Act*);
 - (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
 - (iv) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (v) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (vi) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(*LODR*);
 - (vii) The listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) (*Agreements*)

- 1.4 The Company **has generally/ broadly complied with:**
- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of
 - (a) Overseas Direct Investment; and
 - (b) External Commercial Borrowings.
 - (ii) The following laws that are specifically applicable to the Company (*Specific laws*):
 - (a) The Special Economic Zones Act, 2005 and the rules made thereunder (for the units located in Special Economic Zones); and
 - (b) Export Oriented Unit Scheme (for the Company's units having letters of approval under the Scheme)
 - (iii) The following Secretarial Standards issued by The Institute of Company Secretaries of India (*Secretarial Standards*):
 - (a) Meetings of the Board of Directors (SS-1) to the extent applicable to Board meetings; and
 - (b) On General Meetings (SS-2) to the extent applicable to the 56th Annual General Meeting and the 9th postal ballot.
 - (iv) The Company has not adopted the Secretarial Standards on Dividend (SS-3) and the Secretarial Standards on Board's Report (SS-4) issued by the Institute of Company Secretaries of India, since they are not mandatory.
- 1.5 The Company **was not required to comply with** the following on account of the non-occurrence of events during the year:
- (i) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investments;
 - (ii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Act and dealing with client;
 - (iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - (iv) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (vi) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (vii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
2. **Board processes:**
- We further report that:**
- 2.1 The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Act and LODR.
- 2.2 As on March 31, 2020 the Board has:
- (i) Two Executive Directors;
 - (ii) Two Non-Executive Non-Independent Directors; and
 - (iii) Five Independent Directors.
- 2.3 The Board has four women directors, two of whom are Executive Directors, one a Non- Executive Non-Independent Director and one an Independent Director.
- 2.4 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act and LODR:
- i. Re-appointment of two Independent Directors - one from September 22, 2019 to September 21, 2021 and another from April 16, 2020 to September 25, 2024;
 - ii. Re-appointment of the Director retiring by rotation at the 56th Annual General Meeting held on August 8, 2019; and
 - iii. Cessation of a Non-Executive Non-Independent Director from June 17, 2019.
- 2.5 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.
- 2.6 Notice of Board meetings were sent at least seven days in advance.
- 2.7 Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:
- (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts / results, unaudited financial results and connected papers;and
 - (ii) Additional subjects / information / presentations and supplementary notes.
- 2.8 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.
- 2.9 We noted from the minutes that, at the Board meetings held during the year:

-
- i. Majority decisions were carried through; and
 - ii. No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3 Compliance mechanism

We further report that:

- 3.1 There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. There is scope for further improvement in the compliance systems and processes, keeping pace with the growth in operations and increasing statutory requirements.

4 Specific events / actions

We further report that:

- 4.1 The specific events and actions during the audit period, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and standards were:

- i. M/s. Sunfast TVS Limited, was incorporated as a wholly-owned subsidiary of the Company on April 8, 2019.
- ii. The amalgamation of M/s. Sundram Precision Components Limited, a wholly-owned subsidiary, with the Company, was approved by the National Company Law Tribunal, Chennai Bench on April 11, 2019.
- iii. The amalgamation, effective from April 1, 2018, of M/s. TVS Next Private Limited (Transferor), a step-down subsidiary, with M/s. TVS Infotech Limited (Transferee), a subsidiary, was approved by the National Company Law Tribunal, Chennai Bench on April 30, 2019. The name of the Transferee was changed to M/s. TVS Next Limited with effect from August 2, 2019.
- iv. M/s. TVS Engineering Limited, was incorporated as a wholly-owned subsidiary of the Company on February 10, 2020.
- v. The Company has issued a Corporate Guarantee of GBP 300,000 on behalf of its step-down wholly-owned foreign subsidiary M/s. Cramlington Precision Forge Limited, UK to secure its supplier payments.

For S Krishnamurthy & Co.,
Company Secretaries,

K Sriram,
Partner.
Membership No: F6312
Certificate of Practice No: 2215
UDIN: F006312B000333705

Date: June 11, 2020
Place: Chennai

Annexure – A to Secretarial Audit Report of even date

To the Members of
Sundram Fasteners Limited, [CIN:L35999TN1962PLC004943]
98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore,
Chennai 600004

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended March 31, 2020 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after March 31, 2020 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal / professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For S Krishnamurthy & Co.,
Company Secretaries,**

**K Sriram,
Partner.**

Membership No: **F6312**
Certificate of Practice No: **2215**
UDIN: F006312B000333705

Date: June 11, 2020
Place: Chennai

Management Discussion and Analysis – FY: 2019-2020

Industry structure and developments

The year started on a positive note for India as the political stability was established with the incumbent winning the elections with an absolute majority for the second time. This augured well for India in the global market as it gave impetus to investors to continue investing in India. Hence, despite the global economic slowdown, India continued to be an attractive investment destination.

The Automotive sector registered a strong performance in Q1 of the fiscal year 2019-20 due to the favourable sentiment which prevailed in the economy. However, the underlying weaknesses which persisted in the economy such as slowdown, high interest rates, inflationary pressures, liquidity constraints faced by the Non-Banking Financial Companies sector led to the downturn in the automobile industry. The increase in the maximum axle load capacity of medium and heavy vehicles (M&HCVs) and the steady decline in freight rates have reduced the demand for commercial vehicles from fleet owners. However, the sale of tractors did reasonably well during the fiscal year 2019-20 in comparison with the sale of commercial vehicles due to the near normal monsoon. The GDP grew only at 4.2% in the fiscal year 2019-20 as against 7.0% in 2018-19. Our key customers in USA also faced a slowdown due to the cyclical nature of the commercial vehicles segment. There were also production disruptions in North America due to unsatisfactory industrial relations.

The fiscal year 2019-20 witnessed the roll-out of newer, more stringent safety norms for four-wheelers such as airbags, anti-lock braking system, front seatbelt reminders, speed warning system, rear parking sensors. The cost of safety measures was not fully absorbed by the manufacturers but was passed on to the consumers, which led to an increase in the cost of ownership. A three-fold increase in insurance costs has proved to be a dampener to the automotive industry which was already reeling under slowdown.

The Government had announced an outlay of ₹ 10,000 crore for Phase 2 of the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME - II Scheme) to boost electric mobility and increase the number of Electric Vehicles (EV) in commercial fleets. The Government of India has brought down the GST rate on EVs and EV Chargers to 5 per cent from 12 per cent and 18 per cent respectively. However, the EV volumes are too low for this measure to have any major impact.

The fiscal year 2019-20 was a difficult year for carmakers in terms of sales volumes, with many reporting huge dips in month-on-month figures. While the economic slowdown and uneasy buyer sentiment took a toll on sales, the transition from Bharat Stage – IV (BS-IV) to Bharat Stage-VI (BS-VI) emission norms from April 1, 2020, aggravated the situation with many buyers deferring their purchases to the fiscal year 2020-21. The transition to BS-VI also led to a production cut during Q4 of the fiscal year 2019-20 to manage the BS-IV inventory. The carmakers had rolled out big discounts and benefits to clear BS-IV stocks before March 31, 2020. Despite the discount, the expected pre-buying from consumers during Q4 of the fiscal year 2019-20 did not materialize.

Segment-wise or Product Wise Performance

The following table depicts the production trend of various segments in the automotive industry.

| Category | Production | | |
|---|------------------|------------------|----------------|
| | April-March | | |
| | 2019-20 | 2018-19 | % Change |
| I Passenger Vehicles (PVs) | | | |
| Passenger Cars | 21,75,242 | 27,11,160 | (19.77) |
| Utility Vehicles (UVs) | 11,24,973 | 10,99,780 | 2.29 |
| Vans | 1,33,798 | 2,17,531 | (38.49) |
| Total Passenger Vehicles (PVs) | 34,34,013 | 40,28,471 | (14.76) |
| II Commercial Vehicles (CVs) | | | |
| M&HCVs | | | |
| Passenger Carrier | 42,594 | 45,506 | (6.40) |
| Goods Carrier | 1,91,385 | 3,98,850 | (52.02) |
| Total M & HCVs | 2,33,979 | 4,44,356 | (47.34) |

Sundram Fasteners Limited

| Category | Production | | |
|--------------------------------------|--------------------|--------------------|----------------|
| Segment/Sub-segment | April-March | | |
| | 2019-20 | 2018-19 | % Change |
| LCVs | | | |
| Passenger Carrier | 42,828 | 54,066 | (20.79) |
| Goods Carrier | 4,75,215 | 6,13,983 | (22.60) |
| Total LCVs | 5,18,043 | 6,68,049 | (22.45) |
| Total Commercial Vehicles | 7,52,022 | 11,12,405 | (32.40) |
| III Three Wheelers | | | |
| Passenger Carrier | 10,17,051 | 11,32,809 | (10.22) |
| Goods Carrier | 1,16,807 | 1,36,024 | (14.13) |
| Total Three Wheelers | 11,33,858 | 12,68,833 | (10.64) |
| IV Two Wheelers | | | |
| Scooter | 60,27,198 | 70,95,164 | (15.05) |
| Motor Cycles | 1,43,59,418 | 1,64,99,424 | (12.97) |
| Mopeds | 6,49,678 | 9,05,189 | (28.23) |
| Total Two Wheelers | 2,10,36,294 | 2,44,99,777 | (14.14) |
| Quadricycle | 6,095 | 5,388 | 13.12 |
| Grand Total of All Categories | 2,63,62,282 | 3,09,14,874 | (14.73) |

Source: Society of Indian Automobile Manufacturers

Domestic Sales:

The significant decline in the volume of passenger vehicles and commercial vehicles segment during the year due to economic slowdown and the Coronavirus pandemic outbreak during March 2020 has impacted the sales performance during the fiscal year 2019 - 20. The domestic sales of the Company were at ₹ 1,900.97 Crores as against ₹ 2,456.74 Crores (Previous Year FY: 2018-2019), a drop of 22.6%.

Export Sales:

Export sales of the Company were at ₹ 1,117.16 Crores as against ₹ 1,382.99 Crores (Previous Year FY: 2018-2019), a decline of 19.2%. The global economic slowdown during the fiscal year 2019-20 and the Coronavirus pandemic outbreak during March 2020 has impacted the export sales.

During the year, the Company has set up a new SEZ Unit at Sri City, Andhra Pradesh with an initial investment of ₹ 100 Crores to manufacture and export high precision engineering components to a leading European power train manufacturer for onward supply to its global marquee OEM customers for their existing as well as new programs. The Unit has commenced commercial production and has made the first shipment to Germany in January 2020. The new Unit will provide further impetus to the Company's export thrust through the addition of products to its portfolio as well as diversifying its export customer base.

Operating Revenues:

The operating revenue of the Company has decreased by 21.69% from ₹ 3,990.22 Crores to ₹ 3,124.57 Crores.

Financial Performance:

Steel is one of the principal raw materials used by the company. The domestic steel prices remained volatile during the year. The Company, through judicious sourcing of steel through importation ensured that the cost of materials remained stable.

The manpower cost has been kept under control by optimising the deployment of manpower. There has been a sharp reduction in managerial remuneration compared to the previous year. The Company, through procuring from cost-effective alternative sources, has managed to keep the cost of power under control.

During the financial year 2019-2020, PBIDT (Profit before interest, foreign exchange fluctuation, depreciation, exceptional income and tax) was at ₹ 568.06 Crores as against ₹ 768.95 Crores in the previous year, a decrease of 26.13%.

Financing costs amounted to ₹ 43.86 Crores (₹ 38.96 Crores). The increase in finance costs due to the average quantum of borrowings was higher in the two quarters of FY 2019-20 and a sharp fall in rupee in March 2020 due to Coronavirus Pandemic.

Profit before tax was lower at ₹ 376.40 Crores (₹ 619.69 Crores). After providing for taxes, the Profit after Tax amounted to ₹ 314.04 crores (₹ 436.19 Crores).

| Summary of Operating Results: | | ₹ in Crores | |
|---|-----------------|--------------------|--|
| Particulars | 2019-20 | 2018-19 | |
| Net Revenue From Operations | 3,124.57 | 3,990.22 | |
| Other Income | 20.44 | 29.67 | |
| Total Income | 3,145.01 | 4,019.89 | |
| Total Expenditure | 2,576.95 | 3,250.94 | |
| Profit Before Interest, Depreciation And Tax (PBIDT) | 568.06 | 768.95 | |
| Finance Cost | 43.86 | 38.96 | |
| Depreciation/Amortization | 136.51 | 110.30 | |
| Provision for impairment of investments in subsidiaries | 11.30 | - | |
| Profit Before Tax (PBT) | 376.40 | 619.69 | |
| Current Tax | 93.96 | 159.74 | |
| Deferred Tax | (31.60) | 23.76 | |
| Profit After Tax (PAT) | 314.04 | 436.19 | |

Details of significant changes in key financial ratios:

| Sr. No. | Key Ratios | Unit of measurement | Current year 2019-20 | Previous year 2018-19 | Significant change compared with previous year i.e. 25% or more | Detailed explanation for significant change |
|----------------|-----------------------------|----------------------------|-----------------------------|------------------------------|--|--|
| 1 | Debtors Turnover | Days | 58 | 72 | N.A. | N.A. |
| 2 | Inventory Turnover | Days | 60 | 45 | * | * |
| 3 | Interest Coverage Ratio | Times | 12.96 | 19.73 | * | * |
| 4 | Current Ratio | Times | 1.30 | 1.28 | N.A. | N.A. |
| 5 | Debt Equity Ratio | Times | 0.34 | 0.42 | N.A. | N.A. |
| 6 | Operating Profit Margin (%) | % | 13.72 | 16.38 | N.A. | N.A. |
| 7 | Net Profit Margin (%) | % | 10.00 | 10.85 | N.A. | N.A. |

Details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof:

| Particulars | Financial year | |
|---------------------|----------------|---------|
| | 2019-20 | 2018-19 |
| Return on Net worth | 15.6% | 22.9% |

* Owing to the global economic slowdown and fall in demand, there is a drop in domestic and export sales resulting in lower profits. Consequent to this there is a reduction in Return on Net worth and other parameters in comparison to previous year.

Consolidated Performance

The total revenue from operations of the Company and its subsidiaries on a consolidated basis during the year under review was at ₹ 3,723.23 Crores as against ₹ 4,557.90 Crores in the previous year.

Capacities and Capital Expenditure:

During the year, the company incurred ₹ 304.70 Crores towards capital expenditure on existing and new projects. The capital investments were incurred in tandem with production plans of key customers.

Awards:

During the year under review, the Company received Awards for its various units as given hereunder:-

- i. The Company's division located in SEZ has won "Best of Best Suppliers' Award" from General Motors for the year 2019.
- ii. The Company received "Leverage the Core" Award for the year 2018 from Dana Inc. covering Forgings & Fasteners.
- iii. Radiator Caps & Assemblies Division - Received the "Supplier Quality Excellence Award" from General Motors for the year 2019.
- iv. Fasteners Division - Received the Award for "Best Safety Performance" for the year 2018 from the Government of Tamil Nadu.

Human Resources, Total Quality Management, Industrial Relations, Learning and Development:

The Company believes that Human Resources are its key assets.

The Company continues its focus on the principles of Total Quality Management (TQM). The Company nurtures a participative culture by promoting "Total Employee Involvement (TEI)". Employees contribute by participating in "Quality Improvement Teams" and take up innovative & breakthrough projects. Employees continuously provide "Suggestions" for workplace improvements. A convention is conducted every year to promote and nurture continuous involvement of employees. This focus by the Company

has helped to ensure that all employees participate in the improvement process. Cross-functional taskforces comprising of executives are formed by the management to implement strategically important projects.

Every employee of the Company contributes back to society by way of both monetary and volunteering activities. These activities also bring in good engagement among employees.

The Company gives significant impetus to Learning and Education. It ensures employee's competencies and skills are upgraded in a systematic manner not just for their current role but also for the future roles they may hold as part of their career development. All programs offered are current, relevant and with specific learning outcomes. The training methodology includes both classroom training as well as contemporary learning methodologies like outbound training and e-learning. The Company conducts a flagship Leadership Development Program which helps in building a leadership pipeline and support succession planning for the future. The TQM culture coupled with an emphasis on training has enabled the company to be future-ready.

The Company gives top priority for the safety of its employees. The Company has put in place various policies and measures to ensure the same. All employees are trained in safety. All units have medical facilities which are operational 24/7. Industrial relations continued to remain cordial at all the manufacturing units.

Health, Safety and Environment:

The company strives to manufacture products with zero pollution and zero accidents, by continuously improving its environmental and occupational health and safety management systems. The company accords paramount importance to the health and safety of its employees. All major factories have obtained certification for conformance to ISO 18001 standards (Occupational Health and Safety Assessment Series).

Water conservation, usage of renewable energy including solar power, waste management and reduction in the use of hazardous chemicals are the prime focus areas in all our manufacturing processes. All major factories have obtained certification to ISO 14001 standards (Environmental Management Standards).

Internal Control Systems:

The company has a well-aligned and integrated ERP system. Transactions (end to end) covering all major functions i.e. Sourcing and Procurement, Manufacturing, Costing, Finance, Dispatch and Sales are carried through the ERP system. Checks & Controls, benchmarked with the industry standards have been built into the ERP system, reviewed periodically and improved to suit the organisation's operations and business requirements.

Accuracy and consistency of accounting, reporting of all key business transactions is ensured through Standard Operating Procedures. Relevance and adequacy of internal checks & controls are periodically evaluated by internal audit and reported. On an on-going basis the Management and the Audit Committee review the internal controls covering operations, inventory, fixed assets, financial records and compliance to statutory requirements. The existing internal controls provide adequate assurance to the management.

Prospects, Risks and Concerns:

India's economy is expected to register a de-growth in the fiscal year 2020-21 as per the estimate of International Monetary Fund. This considers the impact of lockdown restrictions imposed by the Central Government and State Governments and companies themselves had halted production to help break the chain of the novel Coronavirus pandemic outbreak. During April 2020, the top 10 states which together contribute 70% of India's GDP had 35% of their districts categorised as 'red zones' (areas with high infection rates), on average. Automakers were also facing a shortage of components from the global supply chain, where factory operations were halted due to Coronavirus outbreak.

The Company expects a challenging period of operations during the first half of the fiscal year 2020-2021 consequent to the impact of Coronavirus pandemic resulting in a prolonged slowdown. It is expected that consumers may take time to commence the purchase of new vehicles thereby making the possibility of recovery only closer to the festive season. Against this backdrop, it is now believed that economic activity will take a longer time to return to normal levels. Economic activity in Q1 – fiscal year 2020 - 21 is likely to be the weakest. However, the outlook is positive for recovery from Q2 – fiscal year 2020 - 21 onwards. Barred by an unprecedented slowdown, the Indian auto industry is desperately pinning hopes during the fiscal year 2020-21

for a turnaround, banking on a host of new and upgraded models slated to make their way to the market.

The prevailing slowdown in the domestic industry is likely to be somewhat offset by increased exports. The exports in PV and two-wheelers are expected to return to its growth path in the fiscal year 2021 due to a marginal improvement in the economic environment globally. The growth in the Light Commercial Vehicle (LCV) will continue to outpace medium and Heavy Commercial Vehicles (M & HCVs) supported by improved demand from the rural segment, last-mile transportation and exponential growth in the e-commerce segment.

The production of BS-VI vehicles may get streamlined in Q2 of fiscal year 2020-21 and is expected to gather momentum in the second half of the fiscal year 2020-21. However, the increase in the cost of four-wheelers due to implementation of BS-VI norms is expected to further impact demand. In view of the impact of Coronavirus pandemic, the norm of social distancing is expected to encourage consumers to buy two-wheelers or four-wheelers as a means of mobility as opposed to usage of public transport.

Amid shortening of the life cycle of Passenger Vehicle (PV) models, new model launches play a key role in driving demand. The entry of foreign automobile manufacturers has increased the competitive intensity in the segment and provides more opportunities for your Company.

Cautionary Statement

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the automobile industry – global or domestic or both, significant changes in the political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, foreign currency fluctuations and interest costs.

Business Responsibility Report for the Financial Year 2019-20

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company : L35999TN1962PLC004943
2. Name of the Company : Sundram Fasteners Limited
3. Registered address : 98A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai 600 004
4. Website : www.sundram.com
5. E-mail id : investorshelpdesk@sfl.co.in
6. Financial Year reported : 2019-2020
7. Sector(s) that the Company is engaged in (industrial activity code-wise)

As per National Industrial Classification – 2008:

| Section | Division | Description |
|---|----------|--|
| C - Manufacturing | 25 | Manufacture of fabricated metal products, except machinery and equipment – Metal Fasteners. |
| G – Manufacture of motor vehicles, trailers and semi-trailers | 29 | Manufacture of motor vehicles, trailers and semitrailers – Parts and accessories for motor vehicles. |

8. List three key products / services that the Company manufactures / provides (as in balance sheet)
 - i. High Tensile Fasteners
 - ii. Pump Assemblies, Engine and Transmission Components
 - iii. Hubs and Shafts
9. Total number of locations where business activity is undertaken by the Company
 - i. Number of international locations (details of major 5) : 2
 - ii. Number of national locations : 11
10. Markets served by the Company – Local / State / National / International:
Local / State / National / International

Section B: Financial Details of the Company (as on 31-03-2020)

1. Paid-up capital : ₹ 21.01 Crores
2. Total turnover : ₹ 3,145.01 Crores
3. Total profit after taxes: ₹ 314.04 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)
The Company's total spending on CSR for FY 2019-2020 is 2% of the average profit after taxes in the previous three financial years.
5. List of activities in which expenditure in 4 above has been incurred:-
 - i. Education
 - ii. Healthcare
 - iii. Environmental sustainability
 - iv. Art and Culture

Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?
Yes. The Company has 6 Domestic Subsidiaries and 5 Overseas Subsidiaries as on March 31, 2020.
2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).
Business Responsibility initiatives of the Parent Company are generally followed by its manufacturing subsidiaries to the extent possible.
3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]
No.

Section D: BR Information

1. Details of Directors responsible for BR
(a) Details of the Director / Directors responsible for implementation of the BR policy / policies

| DIN Number | Name | Designation |
|------------|-------------------|-------------------|
| 00517456 | Ms Arathi Krishna | Managing Director |

- (b) Details of the BR Head

| S. No. | Particulars | Details |
|--------|------------------|--------------------|
| 1 | DIN Number | 00517456 |
| 2 | Name | Ms Arathi Krishna |
| 3 | Designation | Managing Director |
| 4 | Telephone Number | 044-28478500 |
| 5 | E-Mail ID | mdoffice@sfl.co.in |

2. Principle wise BR Policy / Policies (Reply – Y/N)

- (a) Details of compliance (Reply in Y/N)

| S. No. | Questions | Business Ethics | Product Responsibility | Wellbeing of Employees | Stakeholder Engagement | Human Rights | Environment | Public Policy | CSR | Customer Relations |
|--------|--|-----------------|------------------------|------------------------|------------------------|--------------|-------------|---------------|-----|--------------------|
| 1 | Do you have a policy / policies for | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 3 | Does the policy conform to any national / international standards? If yes, specify.* | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 4 | Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 5 | Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 6 | Indicate the link for the policy to be viewed online? | ** | ** | ** | ** | ** | ** | - | ** | ** |

Sundram Fasteners Limited

| S. No. | Questions | Business Ethics | Product Responsibility | Wellbeing of Employees | Stakeholder Engagement | Human Rights | Environment | Public Policy | CSR | Customer Relations |
|--------|--|-----------------|------------------------|------------------------|------------------------|--------------|-------------|---------------|----------------|--------------------|
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 8 | Does the company have in-house structure to implement the policy / policies? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | - | Y | Y |
| 10 | Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | N | N | Y | N | N | Y | - | Y [#] | - |

* The policy with respect to Product Responsibility are in line with international standards and practices such as ISO/TS 16949 – 2009 and ISO 14001:2004 standards. The policy with respect to Environment are in line with ISO 14001 standards. The policy with respect to business ethics, wellbeing of employees and CSR meets the national regulatory requirements, such as Corporate Laws, Environmental Laws and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**www.sundram.com/investor.php

As a part of Secretarial Audit by the Secretarial Auditor

(b) If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| S. No. | Questions | Business Ethics | Product Responsibility | Wellbeing of Employees | Stakeholder Engagement | Human Rights | Environment | Public Policy | CSR | Customer Relations |
|--------|---|-----------------|------------------------|------------------------|------------------------|--------------|-------------|---------------|-----|--------------------|
| 1 | The company has not understood the Principles | - | - | - | - | - | - | - | - | - |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | - | - | - | - | - | - | - | - | - |
| 3 | The company does not have financial or manpower resources available for the task | - | - | - | - | - | - | - | - | - |
| 4 | It is planned to be done within next 6 months | - | - | - | - | - | - | - | - | - |
| 5 | It is planned to be done within the next 1 year | - | - | - | - | - | - | - | - | - |
| 6 | Any other reason | - | - | - | - | - | - | * | - | - |

* Considering the nature of Company's business, these principles have limited applicability. The Company complies with Regulations governing its operations and has taken initiatives to promote inclusive growth and environmental sustainability.

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Company assesses the BR Report / performance on a quarterly basis.

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The Business Responsibility Report is published annually and is available on the website under the following web link: <http://www.sundram.com/investor.php>

Section E: Principle wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes. The Code of Business Conduct and Ethics policy covers only the Company.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

| From | Received during the year 2019-2020 | Resolved during the year 2019-2020 |
|--------------|------------------------------------|------------------------------------|
| Shareholders | 1 | 1 |

A claimant had lodged a complaint with the SEBI Complaints Redressal System (SCORES) platform citing non-receipt of any letter correspondence from the Company / Integrated Registry Management Services Private Limited, the Registrar & Share transfer Agent of the Company with respect to a query raised by the said claimant for transmission of shares. The Company's Registrar & Share transfer Agent had already replied to the queries raised by the claimant during August 2018.

The Company had disclosed the above-mentioned details along with a proof of dispatch of the letter communication to the Securities and Exchange Board of India in SCORES platform and the complaint raised by the claimant was disposed off by SEBI during the year.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is environmentally conscious and is committed in creating, maintaining and ensuring a safe and clean environment. The Company is expanding and strengthening its position in the domestic and export markets, balancing commercial ambitions with environmental concern. The Company, by adopting appropriate green initiatives and practices, ensures to make processes and businesses more environment friendly.

Three products or services whose design has incorporated social or environmental concerns, risks and opportunities:-

- Change in process – hazard free coatings
 - Development of Electric Water Pump Engine Brake System
 - Integrated Front Cover
 - Exhaust Brake Valve
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
- Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
 - Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Change in process – hazard free coatings:

As a part of reducing hazardous material substitution, the process of coating has been changed to hazard free coatings. The chrome VI passivation after Zinc plating has been substituted with chrome III passivation. Further, electroplating has been replaced with zinc flake coating which completely avoids chrome in any form.

Development of Electric Water Pump Engine Brake System:

Development of Electric Water Pump Engine Brake System and version of water / oil pumps in order to be compliant to Bharat Stage (BS) VI norms.

Integrated Front Cover:

Development of Integrated Front Cover through which power consumption / friction is reduced in internal combustion.

Sundram Fasteners Limited

Exhaust Brake Valve:

The Exhaust Brake Valve system is used in heavy vehicles to slow down the speed by use of exhaust system. No fire stroke occurs and no fuel is burnt thus reducing the wear & tear on the regular brakes. This results in lesser fuel consumption and less or no noise.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?
- If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company had initiated the introduction of new quality system standard IATF 16949:2016, which replaces ISO/TS 16949:2009 and is in line with the revised ISO 9001:2015 Quality Management standard (QMS) in all SFL plants that establishes the requirements for a QMS, specifically for the automotive sector. The Company has procedures in place for sustainable reporting. Some of the initiatives are given hereunder:-

- Constantly encourages the use of biodegradable / reusable materials for packing and storing of materials.
 - Vehicles are permitted inside the factory, only if they comply with the pollution control norms
 - Specifically focussed on the storage, handling and disposal of hazardous chemicals
 - Specialised agencies are employed to treat the chemical wastes.
 - Materials like oils, lubes, steel etc. are conserved and mainly focused to reduce loss and wastage and to maximize utilisation of materials.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. The steps taken by the Company to improve the capacity and capability of local and small vendors are given hereunder:-

- Indigenization / localisation plans are given top priorities
 - Indigenization achieved in raw materials and consumables buying
 - Suppliers / Vendor meets and surveys are conducted, to receive feedback and to improve their processes and output
 - Vendors contributing for the indigenization are awarded and encouraged
 - Top priority of buying is given to the domestic sources for raw materials and consumables.
 - Extend technical and financial support to the local small vendors and sub-contractors
 - A strong sub-contractors base has been created at various locations to support the manufacturing plants.
 - Total Quality Management (TQM) training was extended to sub-contractors to support them to manufacture and supply good high quality products to us.
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Yes. The Company has a mechanism to recycle products and waste. The recycling / re-usage of tools and consumables, maximizing the life of oils, lubes are part of manufacturing process on a routine basis. Since, most of the products manufactured by the Company are made out of steel, re-usage / recycling is done by melting and the scrap generated from products / processes are provided as inputs to the steel melting plants.

Principle 3: Businesses should promote the well-being of all employees

- Please indicate the Total number of employees
3,111
- Please indicate the Total number of employees hired on temporary / contractual / casual basis.
5,571

3. Please indicate the number of permanent women employees.

150

4. Please indicate the number of permanent employees with disabilities

4

5. Do you have an employee association that is recognized by management.

Yes

6. What percentage of your permanent employees is members of this recognized employee association?

1,233 (40%)

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| S. No. | Category | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|--------|---|--|--|
| 1 | Child labour / forced labour / involuntary labour | - | - |
| 2 | Sexual harassment | - | - |
| 3 | Discriminatory employment | - | - |

8. What percentage of your under-mentioned employees were given safety and skill upgradation training in the last year?

| S. No. | Category | % of safety & skill upgradation training in the last year |
|--------|--|---|
| 1 | Permanent Employees | 100% |
| 2 | Permanent Women Employees | |
| 3 | Casual / Temporary / Contractual Employees | |
| 4 | Employees with Disabilities | |

In view of the unprecedented challenges brought upon by the Coronavirus pandemic, the Company had taken all the precautionary measures relating to hygiene and social distancing in the areas of transportation of employees, workplace, canteen, thorough cleaning and disinfection of factory/office premises, concept of 'work from home' was introduced to secure the employees from any health hazard.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes. The Company has mapped its internal and external stakeholders. It uses both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations. Individual departments within the organisation have roles and responsibilities identified and defined to engage with various stakeholders.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Please refer Page Nos. 35 to 39 (Annual Report on CSR Activities).

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Affirmation of Compliance to Code of Conduct forming part of Company's 'Code of Business Conduct and Ethics', 'SFL's Policies on Prevention of Sexual Harassment of Women at Workplace', Prevention of Human Trafficking and non-discrimination & equal employment cover the aspects of ensuring human rights. The policy covers the Company and its subsidiaries to the extent possible.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

One (100%)

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy relate to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?

The company encourages employees as well as other stakeholders to actively participate in protecting / restoring environment. The company over the years has inculcated sustainable business practices through well-defined processes. Best practices are shared with all the stakeholders as a part of horizontal deployment. The policy covers the Company and its subsidiaries to the extent possible.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The company has a well evolved structure for environmental conservation. All the units /plants have a vast area under green belt with natural flora and fauna. The Company has been focusing on reducing its emissions from its operations which impact the environment. Water conservation is a key theme addressed by the top management with focus on reduction / recycling.

- 3 Does the company identify and assess potential environmental risks? Y / N

Yes. All the units of the company identify and assess potential environmental risks as a part of the ISO 14000 Environmental Management Systems (EMS) standard. Periodical review is done by top management on the steps taken to mitigate the potential risks identified.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The company has been in the fore front of utilising renewable energy for its units situated in Tamil Nadu, generating green power and feeding to its units through grid. In addition, wind energy is sourced through Group Captive arrangements. During the financial year 2019-2020, the share of renewable wind energy amounted to 46.73% of total consumption of all its units in India.

Apart from wind energy, the Company has also consumed power from roof top solar plant to the tune of 1.41%, thus the total renewable energy consumption amounts to 48.14% of total energy consumed. This has resulted in a reduction equivalent to 80,205 MT of CO₂ during 2019-2020. Further addition to solar power roof top capacity is planned in the year 2020-2021.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.

The company has a continuous focus on conservation of energy. Targets in terms of sourcing mix and cost are set every year and action plans are drawn. Constant review is done by the top management and the audit committee on a quarterly basis. Energy conservation measures include energy savings, use of alternate sources of energy i.e. wind power, bio gas.

Apart from maximising renewable energy usage, the Company focused on various energy conservation projects as follows:

1. Use of Energy Efficient LED lightings in all factory bays
 2. Introduction of air draft coolers instead of Chiller units operations
 3. Introduction of heatless vibro dryers
 4. Modification of CNC 3 operation in Muratec machine
 5. Modification of jacket cooling system in SQF furnace
 6. Re-insulation of furnaces done to reduce skin temperature and thus avoiding temperature loss
 7. Use of Nitrogen gas in place of Endo gas and thus avoiding 30 KW power for operating Endo generator
 8. Optimising / eliminating / resizing cooling tower pumps
 9. Providing inter-lock arrangement to main motors so that idle running is eliminated.
 10. Installation of Variable Frequency Drives for various applications
 11. Optimising loading of air compressors and thus reducing their running time
 12. Providing waste heat recovery system in compressor so that waste heat is re-used for heating applications
 13. Providing timer for lighting controls
 14. Power factor improvement by adding capacitor bank
6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?
- All the units of the company are in compliance with the prescribed norms of Central Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) for Effluent discharge, Air Emissions, hazardous solid and liquid disposals.
7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
- Nil

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:
Yes.
 - a. Automotive Component Manufacturers Association of India
 - b. Madras Chamber of Commerce & Industry
 - c. The Confederation of Indian Industry
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security).
Yes. Representations have been made to Chambers of Commerce and industry associations on various matters for the improvement of regulatory policies.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof.
Please refer Page Nos. 35 to 39 (Annual Report on CSR Activities).
2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?
CSR initiatives are undertaken both by the Company with its own resources as well as working in partnership with specialist organisations, NGOs. Please refer Page Nos. 35 to 39 (Annual Report on CSR Activities).
3. Have you done any impact assessment of your initiative?
Yes, we do review the projects through field visits. The factories also undergo Greenco certification assessment that assess and analyse the environmental impact of the company's activities or operations.
4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.
Please refer Page Nos. 35 to 39 (Annual Report on CSR Activities).
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?
Please explain in 50 words, or so.
Please refer Page Nos.35 to 39 (Annual Report on CSR Activities).

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.
Nil.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)
Yes. The Company display product information on the product label as specified under the applicable laws and Rules made thereunder.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
No.
4. Did your company carry out any consumer survey / consumer satisfaction trends?
No.

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Sundram Fasteners Limited

This Certificate is issued in accordance with the terms of our engagement letter date March 28, 2019.

We have examined the compliance of conditions of Corporate Governance by Sundram Fasteners Limited ('the Company'), for the year ended March 31, 2020, as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') as amended from time to time, pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for compliance with the conditions of SEBI Listing Regulations

The Company's management is responsible for compliance of conditions of Corporate Governance requirements as stipulated under the Listing Regulations. This responsibility includes the design, implementation and maintenance of corporate governance process relevant to the compliance of the conditions. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above mentioned Listing Regulations.

Auditor's Responsibility

Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended March 31, 2020.

We conducted our examination of the corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing specified under the Section 143 (10) of the Companies Act, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on use

This Certificate has been solely issued for the purpose of complying with the aforesaid Listing Regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration number: 101248W/W-100022

S Sethuraman

Partner

Membership No. 203491

ICAI UDIN: 20203491AAAABN7826

Place: Chennai

Date: June 11, 2020

Sundram Fasteners Limited

ANNUAL REPORT DISCLOSURES AS SPECIFIED UNDER REGULATION 34 READ WITH SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

A. Related Party Disclosures

The necessary disclosures as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015) are provided in the financial statement in Page Nos. 133 to 135.

Details of transactions with entities belonging to the promoter / promoter group which hold(s) 10% or more shareholding in the Company:

₹ in Crores

| Nature of transaction | Entities belonging to the promoter / promoter group which hold(s) 10% or more shareholding in the Company | |
|-----------------------|---|-----------------------------------|
| | T V Sundram Iyengar & Sons Private Limited | Southern Roadways Private Limited |
| Services received | 3.81 | 3.22 |
| Sale of Goods | 71.57 | - |
| Dividend paid | 38.65 | 36.81 |
| Due to the Company | 2.62 | - |
| Due by the Company | 0.99 | 0.10 |

B. Management Discussion And Analysis

Management Discussion and Analysis is provided in the Annual Report in Page Nos. 45 to 49.

Necessary disclosures relating to accounting treatment as prescribed in the Indian Accounting Standards (Ind AS) are provided in the financial statements.

C. Corporate Governance Report

1. Company's Philosophy on Code of Governance

The Company, in line with TVS philosophy, truly believes in independence, responsibility, transparency, professionalism, accountability and code of ethics, which are the basic principles of corporate governance. The Company always stressed in achieving optimum performance at all levels by adopting and adhering to best corporate governance practices. The Company has focused on corporate governance as a means to maximize long-term stakeholders' value through disciplined and sustained growth and value creation.

The Company strives hard to achieve establishment of internal controls and risk management; internal and external communications; and high standards of safety, health and environment management, accounting fidelity, product and service quality. The Company also believes that for a Company to succeed, it must consistently maintain commendable standards of corporate conduct towards its employees, customers, society and other stakeholders.

2. Board of Directors

Composition of the Board

The Board has nine Directors, with optimum combination of Executive and Non-Executive Directors. The Managing Director and Joint Managing Director hold Executive positions. There are seven Non-Executive Directors, of whom five are independent. The Non-Executive Directors, use independent judgment in the Board deliberations and decisions.

The Company immensely benefits from the professional expertise of the independent Directors in their capacity as Independent Professional / Business Executives and through their invaluable experience in achieving corporate excellence.

Directors' attendance record and directorships, committee meetings held during the year under review

| Name and Category of the Director | DIN | Attendance | | No. of Directorships held in Companies (including SFL) [®] | Committee Memberships (including SFL) [#] | | Name of the listed entities in which the person is a Director and the category of Directorship |
|--|----------|------------|-----|---|--|--------|--|
| | | Board | AGM | | Chairman / Chairperson | Member | |
| Sri Suresh Krishna Chairman | 00046919 | 5 | Yes | 6 | 1 | - | Sundram Fasteners Limited Chairman |
| Ms Arathi Krishna Managing Director | 00517456 | 5 | Yes | 3 | - | 1 | Sundram Fasteners Limited Managing Director |
| Ms Arundathi Krishna Joint Managing Director | 00270935 | 5 | Yes | 4 | - | - | Sundram Fasteners Limited Joint Managing Director |
| Sri K Ramesh* Non-Executive Non-Independent Director | 00556922 | 1 | No | 3 | - | - | Nil |
| Ms Preethi Krishna Non-Executive Non-Independent Director | 02037253 | 4 | Yes | 1 | - | - | Sundram Fasteners Limited Non-Executive Non-Independent Director |
| Sri R Srinivasan Independent Non-Executive Director | 00043658 | 4 | Yes | 6 | 2 | 3 | (i) Sundram Fasteners Limited (ii) TTK Prestige Limited (iii) Yuken India Limited Independent Non-Executive Director |
| Sri B Muthuraman Independent Non-Executive Director | 00004757 | 4 | Yes | 3 | 1 | 1 | (i) Sundram Fasteners Limited (ii) Narayana Hrudayalaya Limited Independent Non-Executive Director |
| Sri Heramb R Hajarnavis Independent Non-Executive Director | 01680435 | 4 | Yes | 1 | - | 1 | Sundram Fasteners Limited Independent Non-Executive Director |
| Sri S Mahalingam Independent Non-Executive Director | 00121727 | 5 | Yes | 7 | 4 | 2 | (i) Sundram Fasteners Limited (ii) JSW Steel Limited (iii) Sundaram Finance Limited Independent Non-Executive Director |
| Dr Nirmala Lakshman Independent Non-Executive Director | 00141632 | 4 | Yes | 2 | - | 1 | Sundram Fasteners Limited Independent Non-Executive Director |

* Resigned from the Board, effective, June 17, 2019.

® Excludes private, foreign companies and companies registered under Section 8 of the Companies Act, 2013.

Includes only the membership of Audit and Stakeholders' Relationship Committee.

None of the Directors is a member of more than ten Board-level Committees or Chairman of more than five such Committees, as required under Regulation 26 of the SEBI Listing Regulations, 2015, across all companies in which they are directors. None of the Independent Directors are whole-time directors of any listed entity.

Number of Board Meetings

There were five Board Meetings during the year ended March 31, 2020, which were held on May 9, 2019, August 7, 2019, November 4, 2019, January 29, 2020 and February 26, 2020. The maximum interval between any two meetings was not more than 120 days.

Sundram Fasteners Limited

Disclosure on relationships between directors inter se

Sri Suresh Krishna, Chairman is the relative of Ms Arathi Krishna, Managing Director, Ms Arundathi Krishna, Joint Managing Director and Ms Preethi Krishna, Director.

Number of shares held by Non-Executive Directors in the Company as at March 31, 2020

| Name of the Director | Number of Equity Shares | % holding |
|-------------------------|-------------------------|-----------|
| Ms Preethi Krishna | - | - |
| Sri R Srinivasan | 9,200 | 0.0044 |
| Sri B Muthuraman | - | - |
| Sri Heramb R Hajarnavis | - | - |
| Sri S Mahalingam | - | - |
| Dr Nirmala Lakshman | - | - |

The Company has not issued any convertible instruments.

Familiarisation programme

Details about the familiarization programme for the financial year 2019-2020 can be accessed under the web link: <http://sundram.com/pdf/SFLFamiliarisationprogramme201920.pdf>

Chart setting out the skills / expertise / competence of the Board of Directors as required in the context of its business and sectors for it to function effectively:

| Name of the Director | Category of Directorship | Nature of expertise in specific functional area |
|-------------------------|--|--|
| Sri Suresh Krishna | Chairman | General Management / Marketing / Sales / Project Management / Risk Management / Human Resources |
| Ms Arathi Krishna | Managing Director | |
| Ms Arundathi Krishna | Joint Managing Director | |
| Ms Preethi Krishna | Non-Executive Non-Independent Director | Corporate Strategy and General Management |
| Sri R Srinivasan | Non-Executive Independent Directors | Engineering / Corporate Strategy / Finance / General Management / Marketing / Sales / Risk Management / Project Management / Human Resources |
| Sri B Muthuraman | | |
| Sri Heramb R Hajarnavis | | |
| Sri S Mahalingam | | |
| Dr Nirmala Lakshman | | |

- (i) In the opinion of the Board, the Independent Directors fulfil the conditions specified in the SEBI Listing Regulations, 2015 and are independent of the management.
- (ii) There was no Independent Director who had resigned during the financial year 2019-2020.

3. Audit Committee

Brief description of terms of reference

The Terms of Reference / Role of the Audit Committee cover the matters specified under Regulation 18 and Part C of Schedule II of the SEBI Listing Regulations, 2015 as well as in Section 177 of the Companies Act, 2013 which includes, among other things, the following:-

- Oversight of the listed entity's financial reporting process.
- Recommendation for appointment, remuneration and terms of appointment of auditors.
- Reviewing, with the management, the annual financial statements and auditor's report.
- Scrutiny of inter-corporate loans and investments.
- Internal financial controls and risk management systems.

- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems and reviewing the adequacy of internal audit function.
- Management discussion and analysis of financial condition and results of operations.
- Reviewing the statement of significant related party transactions.

In addition to the above, the Audit Committee looks into controls and security of the Company's critical IT applications, the internal and statutory audit reports of all units / divisions and reviews deviations, if any.

Meetings, Composition of Audit Committee of the Board, and the attendance record of Committee Members

The Audit Committee met four times during the year on May 9, 2019, August 7, 2019, November 4, 2019 and January 29, 2020.

| Name of the Committee Member | Category | No. of meetings attended |
|------------------------------|------------------------------|--------------------------|
| Sri R Srinivasan | Chairperson of the Committee | 4 |
| Sri Heramb R Hajarnavis | Independent Director | 4 |
| Sri S Mahalingam | Independent Director | 4 |

Sri R Dilip Kumar, Vice President – Finance & Company Secretary acted as Secretary of the Committee.

Sri S Meenakshisundaram, Whole-time Director and Chief Financial Officer (Effective June 11, 2020), Sri V V S Ramakrishnan, General Manager -Internal Audit and the Statutory Auditors were invited to attend and participate at meetings of the Committee.

Sri R Srinivasan, Chairperson of the Audit Committee was present at the 56th Annual General Meeting (AGM) held on August 8, 2019.

4. Nomination and Remuneration Committee (NRC)

Brief description of terms of reference

The NRC had approved the Policy on Board diversity appropriate to the business requirements of the Company. The scope of the Remuneration policy and terms of the reference of NRC is as per Section 178 of the Companies Act, 2013 and Part D of Schedule II of the SEBI Listing Regulations, 2015, which includes the following matters:-

- The criteria which a person should possess to be considered eligible for appointment as an Independent Director or senior managerial personnel.
- Criteria for performance evaluation of Independent Directors and the Board of Directors
- The criteria for determining qualifications, positive attributes and independence of a Director.
- Remuneration for the Directors.
- Remuneration for the Key Managerial Personnel (i.e. Managing Director, Whole-time Director, Manager, CEO, CFO and Company Secretary); and
- Remuneration of senior management personnel and other employees.

Meetings, Composition of Nomination and Remuneration Committee of the Board and the attendance record of Committee Members

The Committee met two times during the financial year on May 9, 2019 and January 29, 2020.

The attendance of each Member of the Committee is given below:

| Name of the Committee Member | Category | No. of meetings attended |
|------------------------------|------------------------------|--------------------------|
| Sri R Srinivasan | Chairperson of the Committee | 2 |
| Sri Heramb R Hajarnavis | Independent Director | 2 |
| Sri Suresh Krishna | Chairman | 2 |

Sri R Dilip Kumar, Vice President – Finance & Company Secretary acted as Secretary of the Committee.

Sri R Srinivasan, Chairperson of the Committee was present at the 56th AGM held on August 8, 2019.

Sundram Fasteners Limited

Performance Evaluation

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of Independent Directors, Board of Directors and Committees of the Board of Directors. The criteria for performance evaluation encompass the following areas relevant to their functioning as Independent Directors, members of Board or Committees of the Board.

- Attendance to the Board and Committee meetings, and active participation thereof.
- Flow of information to the Board.
- Experience and competencies, performance of specific duties and obligations.
- How their performance is reflected in the overall engagement of the Board and its Committees with the Company.

5. Remuneration to Directors for the year ended March 31, 2020

₹ in Lakhs

| Name of the Director | Sitting Fee | Salaries and Allowances | Perquisites | Company's Contribution to Provident Fund and Superannuation Fund | Commission and Performance Linked Incentive | Total |
|-------------------------|-------------|-------------------------|-------------|--|---|--------|
| Sri Suresh Krishna | N.A. | 100.00 | 4.85 | - | 187.31 | 292.16 |
| Ms Arathi Krishna | N.A. | 94.80 | 60.46 | 12.96 | 187.31 | 355.53 |
| Ms Arundathi Krishna | N.A. | 95.16 | 93.96 | 11.34 | 187.31 | 387.77 |
| Sri K. Ramesh* | 0.50 | N.A. | N.A. | N.A. | N.A. | 0.50 |
| Ms Preethi Krishna | 2.00 | N.A. | N.A. | N.A. | N.A. | 2.00 |
| Sri R Srinivasan | 3.40 | N.A. | N.A. | N.A. | N.A. | 3.40 |
| Sri B Muthuraman | 2.20 | N.A. | N.A. | N.A. | N.A. | 2.20 |
| Sri Heramb R Hajarnavis | 3.90 | N.A. | N.A. | N.A. | N.A. | 3.90 |
| Sri S Mahalingam | 3.50 | N.A. | N.A. | N.A. | N.A. | 3.50 |
| Dr Nirmala Lakshman | 2.80 | N.A. | N.A. | N.A. | N.A. | 2.80 |

* Resigned from the Board effective June 17, 2019.

There is no separate provision for payment of severance fees. The notice period is mutually agreed between the Directors and the Board. The tenure of office of Executive Directors as on March 31, 2020 is for five years from their respective dates of appointment. The sitting fees paid to Non-Executive Directors and Independent Directors are within the limit prescribed under the Companies Act, 2013. Sitting fee indicated above also includes payment for Board-level committee meetings and Independent Directors meetings. The Company does not have any stock option scheme. Other than above mentioned fees, no other remuneration is paid to Non-Executive Directors. The Company has no pecuniary relationship / transaction with any of the Non-Executive Directors other than those disclosed elsewhere in this Annual Report. The criteria of making payments to Non-Executive Directors can be accessed under the web link: <http://sundram.com/investor.php>.

6. Stakeholders' Relationship Committee

The Committee met four times during the year on May 9, 2019, August 7, 2019, November 4, 2019 and January 29, 2020.

Composition of Stakeholders' Relationship Committee of the Board and the attendance record of Committee Members

| Name of the Committee Member | Category | No. of meetings attended |
|------------------------------|---|--------------------------|
| Sri Suresh Krishna | Chairman (Chairperson of the Committee) | 4 |
| Ms Arathi Krishna | Managing Director | 4 |
| Dr Nirmala Lakshman | Independent Director | 3 |

Sri R Dilip Kumar, Vice President-Finance & Company Secretary is the Compliance Officer and acted as Secretary of the Committee.

The Committee deals inter alia with redressal of investors/shareholders complaints relating to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

During the year, one complaint was received from shareholder / investor, which have been resolved to the satisfaction of the shareholder. There are no pending complaints as at March 31, 2020.

7. Risk Management Committee

Brief description of terms of reference

The Terms of Reference / role of Risk Management Committee is to monitor and review the risk management plan and such other functions, as it may deem fit, including the function covering cyber security, commodity risks through:-

- i. continuous review of business parameters by the management, including commodity hedging positions in a more transparent, detailed and uniform manner;
- ii. exercising prudence while incurring capital expenditure or outlays on new projects;
- iii. entering into long term contracts with customers to underwrite the capacities created;
- iv. adoption of a diversified business model in terms of products, market segments, geography and customers to ensure that Company is able to withstand any instability in the entire business eco-system;
- v. judicious approach to proportionate sourcing of inputs from indigenous and overseas markets in order to take advantage of commodity prices and exchange rate movements; and
- vi. monitoring, reviewing and hedging foreign exchange risks in accordance with the risk management policy.

Meetings, Composition of Risk Management Committee of the Board, and the attendance record of Committee Members

The Risk Management Committee met once during the year on December 30, 2019.

| Name of the Committee Member | Category | No. of meetings attended |
|-------------------------------------|---|---------------------------------|
| Sri Suresh Krishna | Chairman (Chairperson of the Committee) | 1 |
| Ms Arathi Krishna | Managing Director | 1 |
| Ms Arundathi Krishna | Joint Managing Director | 1 |

Sri R Dilip Kumar, Vice President – Finance & Company Secretary acted as Secretary of the Committee.

8. Independent Directors and compliance of their obligations

All the Independent Directors have fulfilled their obligations as specified under Regulation 25 of the SEBI Listing Regulations, 2015.

Separate Meeting of Independent Directors

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the SEBI Listing Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on January 29, 2020. At the meeting, besides review of the performance of the Non-Independent Directors, the Chairman and the Board as a whole, the Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees, which is necessary to effectively and reasonably perform and discharge their duties.

Attendance of the Independent Directors present at the meeting

Sri R Srinivasan, Sri B Muthuraman, Sri Heramb R Hajarnavis, Sri S Mahalingam and Dr Nirmala Lakshman are the Independent Directors of the Company as on March 31, 2020. All the Independent Directors attended the meeting.

Sundram Fasteners Limited

9. General Meetings

Details of the location, date and time of the last three Annual General Meetings (AGM) and the details of special resolutions passed at the AGMs or passed by Postal Ballot:

| Year | Location | Date | Time |
|------|---|------------|----------|
| 2019 | The Music Academy T T Krishnamachari Auditorium (Main Hall) New No.168, T T K Road, Royapettah Chennai – 600 014 | 08-08-2019 | 10.00 am |
| 2018 | | 24-08-2018 | 10.00 am |
| 2017 | | 24-08-2017 | 10.00 am |

The details of Special Resolution which was passed during the Annual General Meeting held on August 8, 2019 and voting pattern thereon is as follows:-

| Particulars of Special Resolution | Date of Passing of the Resolution | Voting Pattern | |
|---|-----------------------------------|------------------------|--------------------|
| | | Votes cast in favour | Votes cast against |
| Re-appointment of Sri R Srinivasan (DIN: 00043658) as a Non-Executive Independent Director of the Company for a term of two consecutive years commencing from September 22, 2019 to September 21, 2021. | August 8, 2019 | 15,01,20,164 99.09% | 13,76,037 0.91% |
| Issue of Non-Convertible Debentures upto ₹ 500 crores on private placement basis | | 15,14,95,066 99.99% | 3,318 0.01% |

No special resolution was passed during the Annual General Meeting held on August 24, 2018 and August 24, 2017.

The details of Special Resolution which was passed through postal ballot during the year under review and voting pattern thereon is as follows:-

| Postal Ballot No. | Particulars of Special Resolution | Date of Passing of the Resolution | Voting Pattern | |
|-------------------|---|-----------------------------------|--------------------------|-------------------------|
| | | | Votes cast in favour | Votes cast against |
| 9 | Approval of remuneration payable to Sri Suresh Krishna (DIN: 00046919), Chairman and Non-Executive Director for the financial year ending March 31, 2021 in which such remuneration exceeds 50% of the total annual remuneration payable to all Non-Executive Directors for the said year pursuant to Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. | March 11, 2020 | 13,68,75,267 (88.48%) | 1,78,12,539 (11.52%) |
| | Approval of re-appointment of Sri B Muthuraman (DIN: 00004757) as a Non-Executive Independent Director of the Company commencing from April 16, 2020 to September 25, 2024. | | 15,48,16,790 (99.99%) | 22,324 (0.01%) |

Sri K Sriram, Practicing Company Secretary (CP No.2215), Partner, M/s Krishnamurthy & Co., Company Secretaries, who was appointed as the Scrutiniser, conducted the postal ballot process in a fair and transparent manner.

As on date of this report, there is no proposal to pass any special resolution through Postal Ballot.

Procedure for Postal Ballot

The Postal Ballot has been carried out as per the procedure stipulated under the Companies (Management and Administration) Rules, 2014. During the process of Postal Ballot, shareholders are provided the remote e-voting facility pursuant to Regulation 44 of the SEBI Listing Regulations, 2015 and the said rules.

10. Means of Communication

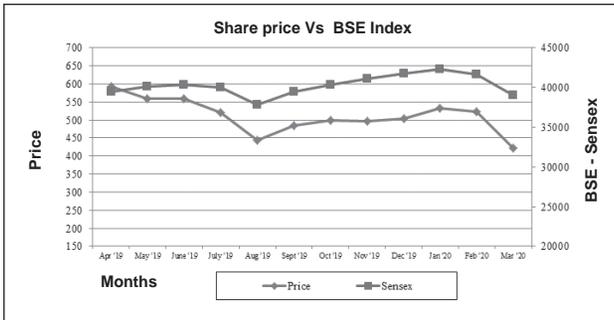
- The quarterly, half-yearly and annual results are generally published in widely circulating national and local dailies such as Business Line, Business Standard, The Hindu, The Financial Express, The Economic Times, Trinity Mirror, News Today (English) and Makkal Kural (Tamil) newspapers. These are not sent individually to the shareholders.
- The financial results are displayed on the website of the Company - www.sundram.com and also in the websites of BSE Limited and National Stock Exchange of India Limited. The Company's website also displays official press releases and other disclosures made to the Stock Exchanges.
- No presentation was made to the institutional investors / analysts.

11. General Shareholder Information

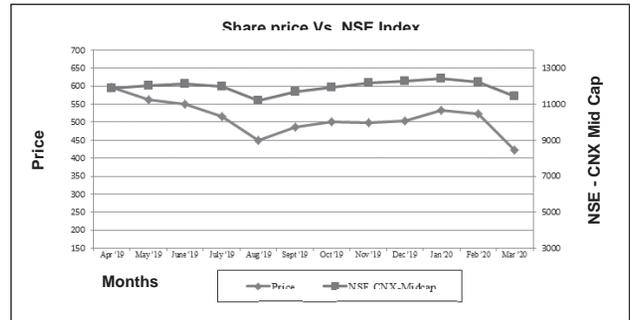
| | | | | | | | | |
|------------|--|--|---------------|-----------|---------------------------------------|--------|--------------|-----------|
| a | Annual General Meeting Date, Time and Venue | Day and Date: Wednesday, September 16, 2020 Time: 10.00 a.m. Venue: The Company is conducting the meeting through Video Conferencing (VC) / Other Audio Visual Means (OAVM) as set out in the Notice of the Annual General Meeting. | | | | | | |
| b | Financial year | April 2020 to March 2021 <ul style="list-style-type: none"> First Quarter Results – on or before August 15, 2020 Second Quarter/Half-yearly Results – on or before November 15, 2020 Third Quarter Results – on or before February 15, 2021 Annual Results for the year ending March 31, 2021 - on or before May 30, 2021 The timelines are subject to any extension of time that may be granted by the Regulators. | | | | | | |
| c | Dividend Payment date for dividends declared during FY 2019-2020 | 2 nd Interim Dividend – Financial year 2018-2019 - paid on May 30, 2019 1 st Interim Dividend - Financial year 2019-2020 - paid on November 28, 2019 2 nd Interim Dividend - Financial year 2019-2020 - paid on March 13, 2020 | | | | | | |
| d | Name and address of Stock Exchange(s) at which company's shares are listed | The Equity Shares of the Company are listed on the following Stock Exchanges: <u>BSE Limited (BSE)</u> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 <u>National Stock Exchange of India Limited (NSE)</u> Exchange Plaza, 5 th Floor, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 The Company has paid the annual listing fees due to the Stock Exchanges for the financial year 2020-2021. | | | | | | |
| e | Stock Code | Code: 500 403 – BSE Ltd (BSE) SUNDRMFAST – National Stock Exchange of India Ltd | | | | | | |
| f | Market Price Data – High, Low during each month in last financial year | | | | | | | |
| Month | BSE Limited | | | | National Stock Exchange of India Ltd. | | | |
| | Price- Rs. | | Index- Sensex | | Price- Rs. | | Index- Nifty | |
| | High | Low | High | Low | High | Low | High | Low |
| Apr, 2019 | 593.45 | 542.00 | 39,487.45 | 38,460.25 | 595.75 | 543.00 | 11,856.15 | 11,549.10 |
| May, 2019 | 559.00 | 496.35 | 40,124.96 | 36,956.10 | 560.95 | 499.10 | 12,041.15 | 11,108.20 |
| June, 2019 | 560.05 | 506.80 | 40,312.07 | 38,870.96 | 551.00 | 504.65 | 12,103.05 | 11,625.10 |
| July, 2019 | 519.95 | 430.50 | 40,032.41 | 37,128.26 | 516.00 | 430.00 | 11,981.75 | 10,999.40 |
| Aug, 2019 | 444.00 | 400.00 | 37,807.55 | 36,102.35 | 450.00 | 399.10 | 11,181.45 | 10,637.15 |
| Sept, 2019 | 485.30 | 415.90 | 39,441.12 | 35,987.80 | 485.00 | 415.15 | 11,694.85 | 10,670.25 |
| Oct, 2019 | 498.90 | 438.70 | 40,392.22 | 37,415.83 | 500.00 | 432.95 | 11,945.00 | 11,090.15 |
| Nov, 2019 | 496.00 | 454.10 | 41,163.79 | 40,014.23 | 499.00 | 446.10 | 12,158.83 | 11,802.65 |
| Dec, 2019 | 503.75 | 426.90 | 41,809.96 | 40,135.37 | 503.50 | 426.50 | 12,293.90 | 11,832.30 |
| Jan, 2020 | 533.00 | 470.80 | 42,273.87 | 40,476.55 | 533.35 | 473.95 | 12,430.50 | 11,929.60 |
| Feb, 2020 | 522.50 | 412.00 | 41,709.30 | 38,219.97 | 522.50 | 411.70 | 12,246.70 | 11,175.05 |
| Mar, 2020 | 421.30 | 249.00 | 39,083.17 | 25,638.90 | 422.70 | 249.00 | 11,433.00 | 7,511.10 |

| | |
|---|--|
| g | Share Performance in comparison to broad-based indices |
|---|--|

BSE Ltd.



National Stock Exchange of India Ltd.



| | | |
|---|---|---|
| h | Disclosure on suspension of trading | Not applicable |
| i | Registrars and Transfer Agents (acting as common agency) for all investor servicing activities relating to both electronic and physical segments) | <p>Integrated Registry Management Services Private Limited (Formerly known as Integrated Enterprises (India) Limited), Kences Towers, 2nd Floor, No. 1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017.</p> <p>Telephone: +91 44 28140801 - 803 Fax : +91 44 28142479, 28143378 E-Mail : srirams@integratedindia.in</p> <p><i>Investor Contacts:</i> Sri. K Suresh Babu, Director Sri. S Sriram, Deputy General Manager</p> |
| j | Share Transfer System | <p>All the transfers in physical form are processed by the Company's Registrar and Share Transfer Agent, Integrated Registry Management Services Private Limited. Share transfer / Remat requests are processed within the timelines stipulated by SEBI. Demat requests are processed within the period stipulated under the SEBI Regulations.</p> <p>The Company's Registrar and Share Transfer Agent has adequate infrastructure to process the share transfers. The Board of directors has delegated the power to approve transfer of shares, transmission of shares, transposition of shares, consolidations of shares, split of shares, change of name, issue of new share certificates in lieu of old / mutilated certificates, dematerialization of shares and rematerialisation of shares ("Transactions") and rejection of the said transactions on technical grounds to the authorized officers of the Company (delegated authority). The delegated authority attends to share transfer formalities at such intervals as required. Later, Stakeholders' Relationship Committee and the Board takes on record the approved transactions.</p> |

| k Distribution of shareholding | | | | |
|--------------------------------|---------------|---------------|---------------------|---------------|
| Number of Shares | Shareholders | | No. of Shares | |
| | Number | % | Number | % |
| Up to 100 | 29,820 | 51.10 | 10,92,391 | 0.52 |
| 101 - 250 | 9,310 | 15.96 | 16,69,968 | 0.80 |
| 251 - 500 | 6,937 | 11.89 | 26,07,024 | 1.24 |
| 501 - 1000 | 4,263 | 7.30 | 33,11,058 | 1.58 |
| 1001 - 5000 | 6,706 | 11.49 | 1,58,24,781 | 7.53 |
| 5001 - 10000 | 799 | 1.37 | 57,14,090 | 2.72 |
| 10,001 and above | 521 | 0.89 | 17,99,09,058 | 85.61 |
| Total | 58,356 | 100.00 | 21,01,28,370 | 100.00 |
| Physical Mode | 2,240 | 3.84 | 26,37,267 | 1.25 |
| Demat Mode | 56,116 | 96.16 | 20,74,91,103 | 98.75 |
| Total | 58,356 | 100.00 | 21,01,28,370 | 100.00 |

| Categories of Shareholding as on March 31, 2020 | | | | | | | | | | | |
|---|---|------------------------|----------------|---------------------|------------------------|-----|-----------|-----------|-----|-------------|--------------|
| Category | Shares | % holding | | | | | | | | | |
| Promoter Companies | 10,40,85,280 | 49.53 | | | | | | | | | |
| Mutual Funds | 2,33,29,311 | 11.10 | | | | | | | | | |
| Insurance Companies, Financial Institutions & Banks | 1,42,82,159 | 6.80 | | | | | | | | | |
| Foreign Portfolio Investors (FPIs) | 1,86,48,632 | 8.87 | | | | | | | | | |
| Public/Private Limited Companies | 23,06,585 | 1.10 | | | | | | | | | |
| Resident Individuals and Others | 4,74,76,403 | 22.60 | | | | | | | | | |
| Total | 21,01,28,370 | 100.00 | | | | | | | | | |
| I. Dematerialisation of Shares and liquidity | <p>Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery compulsorily only in dematerialised form.</p> <p>98.75% of total equity capital (including holding of promoter companies) is held in dematerialised form with NSDL and CDSL as on March 31, 2020.</p> <p>The volume of shares traded during FY 2019-2020:-</p> <table border="1"> <thead> <tr> <th>Stock Exchange</th> <th>During FY 2019-2020</th> <th>Monthly Average Volume</th> </tr> </thead> <tbody> <tr> <td>BSE</td> <td>11,68,058</td> <td>97,338.17</td> </tr> <tr> <td>NSE</td> <td>2,16,47,879</td> <td>18,03,989.92</td> </tr> </tbody> </table> <p>Thus, shares of the Company are actively traded in the BSE and NSE, and hence have good liquidity.</p> | | Stock Exchange | During FY 2019-2020 | Monthly Average Volume | BSE | 11,68,058 | 97,338.17 | NSE | 2,16,47,879 | 18,03,989.92 |
| Stock Exchange | During FY 2019-2020 | Monthly Average Volume | | | | | | | | | |
| BSE | 11,68,058 | 97,338.17 | | | | | | | | | |
| NSE | 2,16,47,879 | 18,03,989.92 | | | | | | | | | |
| m Outstanding GDRs/ADRs/Warrants or any convertible instruments | Not issued. | | | | | | | | | | |

| n | Commodity Price Risk or foreign exchange risk and hedging activities | <p>The foreign exchange risks are hedged from time to time. The Company closely monitors the exchange risks.</p> <p>The Company mitigates its major raw material Price risks, namely, steel by entering into a long term supply contracts with the select suppliers.</p> <p>Total exposure of the Company to various commodities: ₹ 787.94 Crores.</p> <table border="1" data-bbox="733 439 1398 1417"> <thead> <tr> <th>Commodity Name</th> <th>Exposure in INR towards the particular Commodity (₹ in Crores)</th> <th>Exposure in quantity terms towards the particular Commodity</th> <th>% of such exposure hedged through commodity derivatives Domestic & International Market – OTC & Exchange</th> <th>Total %</th> </tr> </thead> <tbody> <tr> <td>Steel</td> <td>629.54</td> <td>0.96 Lakh Metric Ton</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>M S Scrap & other components</td> <td>57.59</td> <td>0.15 Lakh Metric Ton</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Ferrous, Non-Ferrous and Powders</td> <td>137.39</td> <td>0.09 Lakh Metric Ton</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Aluminium Ingots</td> <td>29.79</td> <td>0.02 Lakh Metric Ton</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Blank alloy steel slug (tappet), child parts for assembly, other components</td> <td>33.86</td> <td>315.85 Lakh Nos</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>Total</td> <td>888.17</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Less: Inter Plant transfers</td> <td>100.23</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>787.94</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | Commodity Name | Exposure in INR towards the particular Commodity (₹ in Crores) | Exposure in quantity terms towards the particular Commodity | % of such exposure hedged through commodity derivatives Domestic & International Market – OTC & Exchange | Total % | Steel | 629.54 | 0.96 Lakh Metric Ton | Nil | Nil | M S Scrap & other components | 57.59 | 0.15 Lakh Metric Ton | Nil | Nil | Ferrous, Non-Ferrous and Powders | 137.39 | 0.09 Lakh Metric Ton | Nil | Nil | Aluminium Ingots | 29.79 | 0.02 Lakh Metric Ton | Nil | Nil | Blank alloy steel slug (tappet), child parts for assembly, other components | 33.86 | 315.85 Lakh Nos | Nil | Nil | Total | 888.17 | | | | Less: Inter Plant transfers | 100.23 | | | | Total | 787.94 | | | |
|---|--|--|--|--|---|--|---------|-------|--------|----------------------|-----|-----|------------------------------|-------|----------------------|-----|-----|----------------------------------|--------|----------------------|-----|-----|------------------|-------|----------------------|-----|-----|---|-------|-----------------|-----|-----|-------|--------|--|--|--|-----------------------------|--------|--|--|--|-------|--------|--|--|--|
| Commodity Name | Exposure in INR towards the particular Commodity (₹ in Crores) | Exposure in quantity terms towards the particular Commodity | % of such exposure hedged through commodity derivatives Domestic & International Market – OTC & Exchange | Total % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Steel | 629.54 | 0.96 Lakh Metric Ton | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| M S Scrap & other components | 57.59 | 0.15 Lakh Metric Ton | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ferrous, Non-Ferrous and Powders | 137.39 | 0.09 Lakh Metric Ton | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aluminium Ingots | 29.79 | 0.02 Lakh Metric Ton | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Blank alloy steel slug (tappet), child parts for assembly, other components | 33.86 | 315.85 Lakh Nos | Nil | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 888.17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less: Inter Plant transfers | 100.23 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 787.94 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| o | Plant Location | <p><u>Tamil Nadu</u></p> <ol style="list-style-type: none"> 1) Padi, Chennai 600 050, Chengalpet District 2) Harita, Hosur 635 109, Krishnagiri District 3) Krishnapuram, Aviyur 626 160, Virudhunagar District 4) Mittamandagapet Village 605 106, Villupuram District 5) Velappanchavadi, Chennai 600 077 6) SIPCOT Industrial Complex, Gummidipoondi 601 021 7) Auto Ancillary SEZ, Mahindra World City, Natham Sub Post, Chengalpet, Kancheepuram District 603 002 <p><u>Puducherry (Pondicherry)</u></p> <ol style="list-style-type: none"> 8) Korkadu, Nettapakkam Commune, Bahur Taluk Puducherry 605 110 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | |
|---|---|---|
| | | <u>Telangana</u> 9) Bonthapally Village 502 313, Medak District <u>Andhra Pradesh</u> 10) SEZ Unit, Sri City, Andhra Pradesh <u>Uttarakhand</u> 11) Pantnagar, Integrated Industrial Estate Rudrapur, Dist. Udam Singh Nagar Uttarakhand 263 153 |
| p | Address for Correspondence | Sri R Dilip Kumar Vice President - Finance & Company Secretary Sundram Fasteners Limited 98A, 7 th Floor, Dr Radhakrishnan Salai Mylapore, Chennai 600 004 Telephone: +91-44-28478500 Extn: 212 / 213 / 217 Fax: +91-44-28478510 Exclusive E-mail id for redressal of investor complaints E-mail: investorshelpdesk@sfl.co.in Website - www.sundram.com Shareholders holding shares in electronic form should address all their correspondence relating to change in address / instructions regarding dividend etc. to their respective Depository Participant (DP) . |
| q | List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad. | CRISIL Limited has issued ' CRISIL A1+ ' (pronounced 'CRISIL A one Plus') rating to the Company for the ₹ 100 Crore short term debt programme and for the ₹ 25 Crore Commercial Paper during the financial year 2019-2020 and there has been no revision thereto during the said financial year. |

12. OTHER DISCLOSURES

Materially significant related party transactions during the year ended March 31, 2020:

There were no materially significant related party transactions made by the Company with its Promoters, their subsidiaries, Directors or Management or relatives etc. that may have potential conflict with the interests of the Company at large. All the related party transactions are at arm's length basis and in the ordinary course of business.

The Company's policies on Material Subsidiaries and Related Party Transactions are available on the website under the following web link: [http:// www.sundram.com/investors.php](http://www.sundram.com/investors.php)

Details of non-compliances during last three years

There were no instances of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange or SEBI or any authority on any matter related to capital markets during the last three years.

The Company has complied with all matters relating to the capital market and the SEBI Listing Regulations, 2015. The Company has complied with all mandatory requirements. Adoption of non-mandatory requirements is provided under Item No.14 of this report.

Whistle Blower Policy (Vigil Mechanism)

Pursuant to Sections 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI Listing Regulations, 2015, the Company has established a Vigil Mechanism through a Whistle Blower Policy. The policy enables stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices, if any, reporting of concerns by directors and employees about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy or any other genuine concerns or grievances, to provide for

Sundram Fasteners Limited

adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee. No personnel has approached the Audit Committee till date.

Details about the Whistle Blower Policy can be accessed at: <http://www.sundram.com/investors.php>

Disclosure on Commodity price risks and commodity hedging activities

The Company mitigates its major raw material Price risks, namely steel by entering into a long term supply contracts with the select suppliers.

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

The Company has not raised funds through preferential allotment or qualified institutions placement during the financial year 2019-2020.

Certificate from Company Secretary in Practice

(In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To the Members of

Sundram Fasteners Limited, [CIN: L35999TN1962PLC004943]
98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore,
Chennai 600 004.

We hereby certify that, in our opinion, none of the Directors on the Board of **SUNDRAM FASTENERS LIMITED** ('the Company') as on **March 31, 2020**, as listed below, have been debarred or disqualified from being appointed or continuing as Directors of companies, by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA):

| Sl. No. | Name of the Director | Nature of Directorship | Director Identification Number (DIN) |
|---------|----------------------------|--|--------------------------------------|
| 1 | Suresh Krishna | Chairman, Non-Executive, Non-Independent | 00046919 |
| 2 | Arathi Krishna | Managing Director | 00517456 |
| 3 | Arundathi Krishna | Joint Managing Director | 00270935 |
| 4 | Preethi Krishna | Non-Executive, Non-Independent | 02037253 |
| 5 | Srinivasan Rangarajan | Non-Executive, Independent | 00043658 |
| 6 | Muthuraman Balasubramanian | | 00004757 |
| 7 | Heramb Ravindra Hajarnavis | | 01680435 |
| 8 | Mahalingam Seturaman | | 00121727 |
| 9 | Nirmala Lakshman | | 00141632 |

We are issuing this certificate based on the following, which to the best of our knowledge and belief were considered necessary in this regard:

1. Our verification of the information relating to the directors available in the official website of the Ministry of Corporate Affairs; and
2. Our verification of the disclosures / declarations / confirmations provided by the said directors to the Company and other relevant information, explanation and representations provided by the Company, its officers and agents.

We wish to state that the management of the Company is responsible to ensure the eligibility of a person for appointment / continuation as a Director on the Board of the Company. Our responsibility is to express an opinion on this, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the Corporate Governance processes followed by the management of the Company.

For S Krishnamurthy & Co.,
Company Secretaries,

K Sriram,
Partner.

Membership No: F6312
UDIN: F006312B000333716

Place: Chennai
Date: June 11, 2020

Recommendation by the Committees to the Board of Directors

The Board has accepted the recommendations made by its Committees during the financial year 2019-2020.

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part.

The total fee for all services paid by the Company and its subsidiaries, on a consolidated basis, to M/s B S R & Co. LLP, Chartered Accountants, Statutory Auditors of the Company during the financial year 2019-2020 is ₹ 1,04,83,000/-.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

| | |
|--|---|
| Number of complaints filed during the financial year | 0 |
| Number of complaints disposed off during the financial year | 0 |
| Number of complaints pending as on end of the financial year | 0 |

13. There was no non-compliance of any requirement of corporate governance report of para (2) to (12) mentioned above.

14. DISCLOSURE ON NON-MANDATORY REQUIREMENTS (DISCRETIONARY REQUIREMENTS)

The Board

Pursuant to the approval by the shareholders through a postal ballot on August 8, 2018, the Chairman and Non-Executive Director of the Company is entitled to maintain a Chairperson's office at the Company's expense and also entitled for reimbursement of expenses incurred in performance of his duties.

Shareholder Rights – Quarterly/Half yearly/Annual results

The quarterly / half-yearly / annual results, after they are taken on record by the Board of Directors, are forthwith sent to the Stock Exchanges with whom the Company has listing arrangements. The results, in prescribed proforma, are generally published in Business Line, Business Standard, The Hindu, The Financial Express, The Economic Times, Trinity Mirror, News Today (English) and Makkal Kural (Tamil) newspapers.

Audit Qualification

There is no audit qualification with regard to financial statement in the Auditors' Report or qualification or adverse remark by the Company Secretary in Practice in their Secretarial Audit Report for financial year 2019-2020.

Reporting of Internal Auditors

The Internal Auditor of the Company reports to the Audit Committee.

15. COMPLIANCE OF CORPORATE GOVERNANCE CONDITIONS

The Company has complied with the requirements of corporate governance report as specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Schedule V of the SEBI Listing Regulations, 2015. The Company has submitted the quarterly compliance reports on corporate governance to the stock exchanges within the timelines prescribed by the SEBI for all the quarters during the financial year 2019-2020.

CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for all Board members and senior management of the Company. The code of conduct is available on the website of the Company www.sundram.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. The Code of Conduct has incorporated the duties of Independent Directors as laid down under the Companies Act, 2013. A declaration signed by the Managing Director to this effect is as follows:

June 11, 2020

To

The members of Sundram Fasteners Limited

DECLARATION TO THE MEMBERS PURSUANT TO SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

I, Arathi Krishna, Managing Director, hereby declare that all Board members and senior management personnel have affirmed compliance with the Code of Business Conduct and Ethics formulated by the Company for the financial year ended March 31, 2020.

Arathi Krishna
Managing Director

DISCLOSURES IN RESPECT OF DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT

| Particulars | Number of Shareholders | Number of Shares |
|--|------------------------|------------------|
| Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year. | 946 | 9,35,630 |
| Number of Shareholders who approached the issuer and claimed their shares and to whom shares were transferred from the Unclaimed Suspense Account during the year. | 48 | 72,937 |
| Aggregate number of shareholders and the shares transferred to Investor Education and Protection Fund Authority from the Unclaimed Suspense Account during the year. | 39 | 25,302 |
| Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year / voting rights on the shares shall remain frozen till the rightful owner of such shares claims the shares. | 859 | 8,37,391 |

Independent Auditor’s Report
To the Members of Sundram Fasteners Limited

Report on the Audit of the Standalone Ind AS financial statements

Opinion

We have audited the Standalone Ind AS financial statements of Sundram Fasteners Limited (“the Company”), which comprise the standalone balance sheet as at March 31, 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the Standalone Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the Standalone Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor’s Responsibilities for the Audit of the Standalone Ind AS financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

| Impairment assessment of long-term investments in subsidiaries | |
|---|--|
| The key audit matter | How the matter was addressed in our audit |
| <p>The Company has long-term investments in subsidiaries as at March 31, 2020. The Company assesses investment in subsidiaries at each reporting date for any impairment indicators, based on internal or external sources of information. Where, such indicators exist, the Company performs impairment testing.</p> <p>The changes in business environment including impact of COVID-19 pandemic on budgets and forecasts and uncertainties caused by external factors affecting estimated performance of subsidiaries has triggered impairment testing in respect of certain subsidiaries.</p> <p>As impairment assessment involves significant estimates and judgements, it is a key area of focus in our audit.</p> <p>Refer Notes 3 and 6 to the standalone financial statements.</p> | <p>In view of the significance of the matter, we performed the following key audit procedures:</p> <ul style="list-style-type: none"> Assessed the design, implementation and operating effectiveness of key controls in respect of the Company’s impairment analysis process including evaluation and approval of forecasts, and the valuation model used; Examined the valuation reports of the independent third-party specialists as engaged by the Company; Evaluated and challenged the key assumptions considered in cash flow forecasts for assessing the recoverable amount such as growth rates, profitability, discount rates etc., with reference to our understanding of the business and historical trends; Involved our valuation specialists to examine the valuation methodology and key assumptions; Performed sensitivity analysis considering possible changes in key assumptions used; Evaluated the adequacy of disclosures made in the standalone financial statements. |

| Taxation and contingent liability related matters | |
|--|---|
| The key audit matter | How the matter was addressed in our audit |
| <p>Determination of tax provisions and assessment of contingent liabilities involves judgment with respect to various tax positions on deductibility of transactions, tax incentives/ exemptions, interpretation of laws and regulations etc. Judgment is also required in assessing the range of possible outcomes for these matters.</p> <p>The Company makes an assessment to determine the outcome of these matters and records an accrual or discloses this as a contingent liability in accordance with applicable accounting standards.</p> <p>Further, the change in tax rates pursuant to the Taxation Laws (Amendment) Ordinance, 2019 has had significant current and deferred tax implications during the current year.</p> <p>Accordingly, taxation and contingent liability related matters are areas of focus in the audit.</p> <p>Refer Notes 3 and 35 to the standalone financial statements.</p> | <p>In view of the significance of the matter, we applied the following key audit procedures:</p> <ul style="list-style-type: none"> Involved our tax specialists and evaluated and challenged the underlying judgements used in respect of estimation of provisions, exposures and contingencies including Company's assessment of impact of Taxation Laws (Amendment) Ordinance, 2019 on current and deferred taxes. Considered third party advice received by the Company where applicable, status of recent and current tax assessments, outcome of previous claims, judgmental positions taken in tax returns and developments in tax environment. Evaluated the adequacy of disclosures on tax provisions and contingent liabilities made in the standalone financial statements. |

| Revenue recognition and trade receivables | |
|--|---|
| The key audit matter | How the matter was addressed in our audit |
| <p>The Company's revenue is derived primarily from sale of automobile spare parts and components ("goods"). Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer.</p> <p>The Company and its external stakeholders focus on revenue as a key performance metric and the Company uses various shipment terms across its operating markets.</p> <p>Revenue recognition has been identified as a key audit matter as there could be an incentive or external pressures to meet expectations resulting in revenue being overstated or recognized before control has been transferred.</p> <p>Further, the Company has significant trade receivables as at the year end. Considering the size of the balances and the risk of some of the trade receivables not being recoverable due to the current COVID-19 situation, judgement is required to evaluate the adequacy of allowance recorded to reflect the credit risk.</p> <p>Refer 3 and 23 to the standalone financial statements.</p> | <p>In view of the significance of the matter we applied the following key audit procedures in this area:</p> <ul style="list-style-type: none"> Assessed the Company's accounting policy for revenue recognition as per applicable accounting standards. Tested the design, implementation and operating effectiveness of key controls relating to revenue recognition. Performed substantive testing of revenue transactions recorded during the year on a sample basis by verifying the underlying documents. Tested samples of revenue transactions recorded closer to the year-end by verifying underlying documents, to assess the accuracy of the period in which revenue was recognized. Tested manual journal entries posted to revenue. Circularised balance confirmations for the trade receivable balances on a sample basis and verified reconciliations / performed alternate procedures as applicable. Evaluated the Company's assessment of the recoverability of receivable balances and the judgements considered in the expected credit loss allowance, including for possible effects from the COVID-19 pandemic. |

Information Other than the Standalone Ind AS financial statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the Standalone Ind AS financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

The comparative financial information for the year ended March 31, 2019, presented in the Standalone Ind AS financial statements have been adjusted to include the financial information, of an erstwhile wholly owned subsidiary, Sundram Precision Components Limited ('SPCL') which merged with the Company pursuant to the order of National Company Law Tribunal (NCLT) and made effective on April 11, 2019. The merger being a common control business combination, the comparative financial information in the Standalone Ind AS financial statements of the Company have been restated to record the merger from April 1, 2018. Adjustment for the merger for the year ended March 31, 2019 is based on the financial statements of SPCL for the year ended March 31, 2019, that were audited by the erstwhile auditors of SPCL (vide their unmodified annual audit report dated April 19, 2019) and approved by the board of directors and has not been subjected to audit. According to the information and explanations given to us by the management, these financial information are not material to the Company. Our conclusion on the Standalone Ind AS financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at March 31, 2020 on its financial position in its Standalone Ind AS financial statements - Refer Note 35 to the Standalone Ind AS financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv. The disclosures in the Standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2020.

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

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

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration number: 101248W/W-100022

S Sethuraman

Partner

Membership No.: 203491

ICAI UDIN: 20203491AAABO2908

Place : Chennai

Date : June 11, 2020

Annexure A to the Independent Auditor's Report

To the Members of Sundram Fasteners Limited on the Standalone Ind AS financial statements for the year ended March 31, 2020

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory, except goods in transit and certain stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material. For stock lying with third parties at the year end, written confirmations have been obtained by the management.
- (iii) (a) According to the information and explanations given to us, during the year, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii) (a) of the Order are not applicable to the Company.
- (b) The Company has granted loans in the earlier years to companies covered in the register maintained under section 189 of the Act. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and borrowers have been regular in payment of principal and interest, as applicable.
- (c) There are no amounts overdue for more than ninety days in respect of loans granted to companies listed in the register maintained under section 189 of the Act.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act with respect to loans, investments, guarantees and security, as applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under subsection (1) of Section 148 of the Act in respect of products manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records. .
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income tax, goods and services tax, duty of customs and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of cess, sales tax, service tax, duty of excise, value added tax.
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, goods and services tax, duty of customs, and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the dues set out in Appendix I in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and Goods and Service tax have not been deposited by the Company on account of disputes.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or financial institutions. The Company has not taken any loans or borrowings from government and have not issued any debentures.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to information and explanations given to us, money raised through term loans during the year has been utilised for the purpose for which there were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration for the year ended March 31, 2020 has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act and rules framed thereunder.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act,

where applicable. The details of such related party transactions have been disclosed in the Standalone Ind AS financial statements as required under applicable accounting standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration number: 101248W/W-100022

S Sethuraman

Partner

Membership No.: 203491

ICAI UDIN: 20203491AAABO2908

Place : Chennai

Date : June 11, 2020

Appendix I as referred to under para (vii)(b) of Annexure A to the Independent Auditor's Report

To the Members of Sundram Fasteners Limited on the Standalone Ind AS financial statements for the year ended March 31, 2020

| Name of the Statute | Nature of the Dues | Amount* (₹ in crores) | Period to which the amount relates | Forum where the dispute is pending |
|--|--------------------|--------------------------|------------------------------------|--|
| Central Excise Act, 1944 | Excise duty | 2.26 | FY 2004-16 | Customs, Excise and Service tax Appellate Tribunal |
| | | 0.01 | FY 2005-17 | Commissioner - Appeals |
| | | 0.21 | FY 2009-18 | Adjudicating authority/ Assessing Officer/ Division |
| Finance Act, 1994 | Service tax | 0.22 | FY 2004-18 | Customs, Excise and Service tax Appellate Tribunal |
| | | 0.06 | FY 2008-16 | Commissioner – Appeals |
| | | 0.34 | FY 2008-17 | Joint / Deputy / Assistant / Additional Commissioner |
| Income Tax Act, 1961 | Income-tax dues | 1.31 | AY 2012-13 | The Income tax Appellate Tribunal |
| Income Tax Act, 1961 | Income-tax dues | 1.27 | AY 2013-14 | The Income tax Appellate Tribunal |
| Income Tax Act, 1961 | Income-tax dues | 15.05 | AY 2014-15 | The Commissioner of Income-tax (Appeals) |
| Tamil Nadu Value Added Tax Act, 2006, Telangana Value Added Tax Act, 2005, Central Sales Tax Act, 1956 | Sales tax | 0.58 | FY 2006-17 | Joint/Deputy/Assistant/ Additional Commissioner |
| | | 0.34 | FY 2014-17 | High Court of Madras |
| Customs Act, 1962 | Customs duty | 0.69 | FY 2014-15 | Customs, Excise and Service tax Appellate Tribunal |
| | | 0.65 | FY 2014-15 | High Court of Madras |

* net of amount paid under protest

Annexure B to the Independent Auditor's Report

To the Members of Sundram Fasteners Limited on the Standalone Ind AS financial statements for the year ended March 31, 2020

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

(Referred to in paragraph B (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

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

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

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively as at March 31, 2020 for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the standards on auditing, issued by ICAI and deemed to be prescribed under

section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal financial controls with reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company

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

Inherent limitations of internal financial controls with reference to financial statements

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

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration number: 101248W/W-100022

S Sethuraman

Partner

Membership No.: 203491

ICAI UDIN: 20203491AAABO2908

Place : Chennai

Date : June 11, 2020

Sundram Fasteners Limited

STANDALONE BALANCE SHEET AS AT MARCH 31, 2020

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

| | Note | As at March 31, 2020 | As at March 31, 2019 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 (a) | 1,515.32 | 1,342.27 |
| Capital work-in-progress | 5 (b) | 87.38 | 83.42 |
| Investment property | 5 (c) | 0.41 | 0.44 |
| Right of use assets | 5 (d) | 51.26 | - |
| Intangible assets | 5 (e) | 3.78 | 4.51 |
| Financial assets | | | |
| - Investments | 6 | 310.19 | 350.12 |
| - Loans | 7 | 7.40 | 7.34 |
| - Other financial assets | 8 | 32.19 | 22.92 |
| Other tax assets, net | 9 | 30.64 | 22.24 |
| Other non-current assets | 10 | 70.75 | 123.28 |
| | | 2,109.32 | 1,956.54 |
| Current assets | | | |
| Inventories | 11 | 492.92 | 560.42 |
| Financial assets | | | |
| - Trade receivables | 12 | 539.64 | 762.44 |
| - Cash and cash equivalents | 13 | 11.96 | 7.65 |
| - Bank balance other than those mentioned in cash and cash equivalents | 13 | 4.45 | 3.69 |
| - Loans | 7 | 6.09 | 6.81 |
| - Other financial assets | 8 | 4.44 | 4.60 |
| Other current assets | 10 | 62.70 | 94.20 |
| | | 1,122.20 | 1,439.81 |
| | | 3,231.52 | 3,396.35 |
| Total assets | | | |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 14 | 21.01 | 21.01 |
| Other equity | | 1,995.93 | 1,887.42 |
| Total equity | | 2,016.94 | 1,908.43 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 15 | 226.17 | 207.48 |
| - Lease liabilities | 16 | 8.86 | - |
| Provisions | 17 | 6.92 | 8.78 |
| Deferred tax liabilities, net | 18 | 106.60 | 144.07 |
| Other tax liabilities, net | 19 | 7.88 | 7.88 |
| | | 356.43 | 368.21 |
| Current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 15 | 466.58 | 593.49 |
| - Lease liabilities | 16 | 4.55 | - |
| - Trade payables | 20 | | |
| Total outstanding dues of micro enterprises and small enterprises; and | | 18.15 | 9.68 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 277.64 | 371.38 |
| - Other financial liabilities | 21 | 63.86 | 118.78 |
| Other current liabilities | 22 | 6.27 | 5.75 |
| Provisions | 17 | 21.10 | 19.88 |
| Other tax liabilities, net | 19 | - | 0.75 |
| | | 858.15 | 1,119.71 |
| Total liabilities | | 1,214.58 | 1,487.92 |
| Total equity and liabilities | | 3,231.52 | 3,396.35 |

Significant accounting policies

3 and 4

The notes from 1 to 43 are an integral part of these standalone financial statements

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

S SETHURAMAN

Partner

Membership No.: 203491

ARATHI KRISHNA

Managing Director

(DIN: 00517456)

S MEENAKSHISUNDARAM

Chief Financial Officer

(ACA Membership No.: 021555)

For and on behalf of the Board of Directors of

SUNDRAM FASTENERS LIMITED

(CIN: L35999TN1962PLC004943)

SURESH KRISHNA

Chairman

(DIN: 00046919)

ARUNDATHI KRISHNA

Joint Managing Director

(DIN: 00270935)

R DILIP KUMAR

Vice President - Finance & Company Secretary

(ACS Membership No.: A19802)

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

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

| | Note | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------|------------------------------|------------------------------|
| Income | | | |
| Revenue from operations | 23 | 3,124.57 | 3,990.22 |
| Other income | 24 | 20.44 | 29.67 |
| Total income | | 3,145.01 | 4,019.89 |
| Expenses | | | |
| Cost of materials consumed | 25 | 1,244.79 | 1,740.75 |
| Changes in inventories of finished goods and work-in-progress | 26 | 49.88 | (88.19) |
| Employee benefits expense | 27 | 302.47 | 352.54 |
| Finance costs | 28 | 43.86 | 38.96 |
| Depreciation and amortisation expense | 29 | 136.51 | 110.30 |
| Other expenses | 30 | 979.80 | 1,245.84 |
| Total expenses | | 2,757.31 | 3,400.20 |
| Profit before exceptional item and tax | | 387.70 | 619.69 |
| Exceptional item | 6 | 11.30 | - |
| Profit before tax | | 376.40 | 619.69 |
| Tax expense | 18 | | |
| a) Current tax | | 93.96 | 159.74 |
| b) Deferred tax | | (31.60) | 23.76 |
| Total tax expense | | 62.36 | 183.50 |
| Profit for the year | | 314.04 | 436.19 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| (i) Re-measurement (loss) / gains on defined benefit plans | | (1.23) | 0.12 |
| (ii) Fair value loss on equity instruments | | (28.04) | (2.78) |
| (iii) Income tax effect on items that will not be reclassified to profit or loss | | 5.87 | 2.49 |
| Total other comprehensive income | | (23.40) | (0.17) |
| Total comprehensive income for the year | | 290.64 | 436.02 |
| (Comprising profit and other comprehensive income for the year) | | | |
| Earnings per equity share | 31 | | |
| Basic (in ₹) | | 14.95 | 20.76 |
| Diluted (in ₹) | | 14.95 | 20.76 |

Significant accounting policies

3 and 4

The notes from 1 to 43 are an integral part of these standalone financial statements

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

S SETHURAMAN

Partner

Membership No.: 203491

ARATHI KRISHNA

Managing Director

(DIN: 00517456)

S MEENAKSHISUNDARAM

Chief Financial Officer

(ACA Membership No.: 021555)

For and on behalf of the Board of Directors of
SUNDRAM FASTENERS LIMITED
(CIN: L35999TN1962PLC004943)

SURESH KRISHNA

Chairman

(DIN: 00046919)

ARUNDATHI KRISHNA

Joint Managing Director

(DIN: 00270935)

R DILIP KUMAR

Vice President - Finance & Company Secretary

(ACS Membership No.: A19802)

Place : Chennai

Date : June 11, 2020

Sundram Fasteners Limited

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

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

| A. Equity share capital | Note | Amount |
|---|------|--------------|
| Balance as at April 1, 2018 | 14A | 21.01 |
| Changes in equity share capital during the year | | - |
| Balance as at March 31, 2019 | 14A | 21.01 |
| Changes in equity share capital during the year | | - |
| Balance as at March 31, 2020 | 14A | 21.01 |

B. Other equity

| Particulars | Reserves and surplus | | | Items of other comprehensive income | | Total |
|---|----------------------|---|-------------------|--|--|-----------------|
| | General reserve | Special Economic Zone re-investment reserve | Retained earnings | Items that will not be reclassified to profit and loss | | |
| | | | | Fair valuation of equity instruments | Remeasurement of defined benefit obligations | |
| Balances as at April 1, 2018 (refer note 38) | 1,338.72 | 25.75 | 174.18 | 45.96 | (13.81) | 1,570.80 |
| Profit for the year | - | - | 436.19 | - | - | 436.19 |
| Other comprehensive income | - | - | - | (0.29) | 0.12 | (0.17) |
| Dividends (refer note 14B(a)) | - | - | (98.76) | - | - | (98.76) |
| Dividend distribution tax (refer note 14B(a)) | - | - | (20.64) | - | - | (20.64) |
| Utilization of reserves (refer note 14B(c)) | - | (10.75) | 10.75 | - | - | - |
| Transfer (from) / to retained earnings | 279.27 | 20.73 | (313.69) | - | 13.69 | - |
| Balances as at March 31, 2019 | 1,617.99 | 35.73 | 188.03 | 45.67 | - | 1,887.42 |
| Profit for the year | - | - | 314.04 | - | - | 314.04 |
| Other comprehensive income | - | - | - | (22.17) | (1.23) | (23.40) |
| Dividends (refer note 14B(a)) | - | - | (152.34) | - | - | (152.34) |
| Dividend distribution tax (refer note 14B(a)) | - | - | (29.79) | - | - | (29.79) |
| Utilization of the reserves (refer note 14B(c)) | - | (35.73) | 35.73 | - | - | - |
| Transfer from retained earnings | 200.00 | - | (201.23) | - | 1.23 | - |
| Balances as at March 31, 2020 | 1,817.99 | - | 154.44 | 23.50 | - | 1,995.93 |

Significant accounting policies

3 and 4

The notes from 1 to 43 are an integral part of these standalone financial statements

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

S SETHURAMAN

Partner

Membership No.: 203491

ARATHI KRISHNA

Managing Director

(DIN: 00517456)

S MEENAKSHISUNDARAM

Chief Financial Officer

(ACA Membership No.: 021555)

For and on behalf of the Board of Directors of
SUNDRAM FASTENERS LIMITED
(CIN: L35999TN1962PLC004943)

SURESH KRISHNA

Chairman

(DIN: 00046919)

ARUNDATHI KRISHNA

Joint Managing Director

(DIN: 00270935)

R DILIP KUMAR

Vice President - Finance & Company Secretary

(ACS Membership No.: A19802)

Place : Chennai

Date : June 11, 2020

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

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

| | Note | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------|------------------------------|------------------------------|
| A. Cash flow from operating activities | | | |
| Profit before tax | | 376.40 | 619.69 |
| Adjustments for: | | | |
| Depreciation and amortization expense | 29 | 131.08 | 110.30 |
| Amortisation of right of use assets | 29 | 5.43 | - |
| Provision for diminution in value of investments | | 12.49 | - |
| Unrealised foreign exchange (gain) / loss, net | | (2.68) | 9.32 |
| Mark to market loss on derivative instruments | | 6.21 | - |
| Finance costs | 28 | 43.86 | 38.96 |
| Interest income | 24 | (3.05) | (2.11) |
| Dividend income | 24 | (3.22) | (6.80) |
| Loss on sale of property, plant and equipment, net | 30 | 0.57 | 0.61 |
| Financial guarantee income | | (0.97) | (0.78) |
| Loss allowance / (reversal) on trade receivables | | 2.86 | (1.12) |
| Amortization of leasehold land | | - | 0.22 |
| Gain on sale of investment in mutual funds | | (0.81) | (0.05) |
| | | 568.17 | 768.24 |
| Adjustments for changes in working capital: | | | |
| Decrease / (increase) in inventories | | 67.51 | (109.40) |
| Decrease / (increase) in financial assets | | 222.68 | (95.35) |
| Decrease / (increase) in other assets | | 51.32 | (32.63) |
| (Decrease) / increase in financial liabilities | | (144.56) | (37.91) |
| Decrease in other liabilities and provisions | | (1.34) | (1.87) |
| Cash generated from operating activities | | 763.78 | 566.90 |
| Income taxes paid, net | | (103.60) | (158.45) |
| Net cash from operating activities | | 660.18 | 408.45 |
| B. Cash flow from investing activities | | | |
| Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances) | | (306.11) | 495.36 |
| Purchase of right of use assets | | (4.31) | - |
| Proceeds from sale of property, plant and equipment | | 0.76 | 0.58 |
| Acquisition of investments | | (1,192.96) | (127.86) |
| Proceeds from sale of investments | | 1,192.75 | 124.35 |
| Dividend received | | 3.22 | 6.80 |
| Interest received | | 2.76 | 3.04 |
| Loans given to related parties | 7 | - | (5.67) |
| Net cash used in investing activities | | (303.89) | (494.12) |

Sundram Fasteners Limited

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | Note | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------|------------------------------|------------------------------|
| C. Cash flow from financing activities | | | |
| (Repayment) / proceeds from short-term borrowings, net | | (126.91) | 329.29 |
| Repayment of long-term borrowings, net | | - | (97.77) |
| Repayment of lease liabilities | | (5.62) | - |
| Dividend paid (including dividend distribution tax) | | (182.13) | (118.90) |
| Interest paid | | (37.32) | (30.38) |
| Net cash (used in) / from financing activities | | (351.98) | 82.24 |
| D. Net cash flows during the year (A+B+C) | | 4.31 | (3.43) |
| E. Cash and cash equivalents at the beginning | | 7.65 | 11.08 |
| F. Cash and cash equivalents at the end (D+E) | | 11.96 | 7.65 |
| Reconciliation of the cash and cash equivalents as per the cash flow statement | | | |
| Cash on hand | 13 | 0.25 | 0.25 |
| Balances with banks in current accounts | 13 | 11.71 | 7.40 |
| | | 11.96 | 7.65 |

Significant accounting policies

3 and 4

The notes from 1 to 43 are an integral part of these standalone financial statements

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

S SETHURAMAN

Partner

Membership No.: 203491

Place : Chennai

Date : June 11, 2020

ARATHI KRISHNA

Managing Director

(DIN: 00517456)

S MEENAKSHISUNDARAM

Chief Financial Officer

(ACA Membership No.: 021555)

For and on behalf of the Board of Directors of

SUNDRAM FASTENERS LIMITED

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SURESH KRISHNA

Chairman

(DIN: 00046919)

ARUNDATHI KRISHNA

Joint Managing Director

(DIN: 00270935)

R DILIP KUMAR

Vice President - Finance & Company Secretary

(ACS Membership No.: A19802)

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

1. Corporate information

Sundram Fasteners Limited ("the Company") is domiciled in India, with its registered office situated at No. 98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai 600004. The Company has been incorporated under the provisions of the Companies Act, 1956 and its equity shares are listed on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE') in India. The Company is primarily engaged in manufacture and sale of bolts and nuts, water and oil pumps, sintered products, cold extruded components, hot & warm forged parts, radiator caps and other parts which has applications mainly in automobile industry.

2. Basis of preparation

2.1 Statement of compliance

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

The standalone financial statements for the year ended March 31, 2020 (including comparatives) are duly adopted by the Board on June 11, 2020.

Details of the Company's accounting policies are included in note 3 and 4.

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

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

2.4 Use of estimates and judgments

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting

policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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

Significant management judgment

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

- Note 3(7) and 39: Leases - whether an arrangement contains a lease;
- Note 3(5), 3(8) and 34: Investment in subsidiaries and Financial instruments: Classification and measurement

Assumptions and estimation uncertainty

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

- Note 3(2), 3(3) and 3(4): Useful lives of property, plant and equipment, intangible assets and investment property
- Note 3(8) and 3(9): Impairment test on financial and non-financial assets; key assumptions underlying recoverable amounts;
- Note 3(10), 3(12), 17, 18 and 35: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources including provision for income taxes and related contingencies
- Note 17: measurement of defined benefit obligation; key actuarial assumptions;

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

2.5 Measurement of fair values

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

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

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

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

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

Management uses various valuation techniques to determine fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based on its assumptions on observable data as far as possible but where it not available, the management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (also refer note 34). The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.6 Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

3. Summary of accounting policies

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

1. Revenue recognition

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

1.1 Sale of products:

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

1.2 Revenue from rendering of services:

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

1.3 Interest and dividend income:

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

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

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

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

1.4 Rental income

The Company earns rental income from operating leases of its investment property (also refer note 5). Rental income from investment property is recognised in statement of profit and loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

2. Property, plant and equipment

2.1 Recognition and measurement

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

- purchase price, including import duties and non-refundable taxes on purchase (goods and service tax, value added tax), after deducting trade discounts and rebates.
- any directly attributable cost of bringing the item to its working condition for its intended use estimated costs of dismantling and removing the item and restoring the site on which it is located.
- The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

2.2 Subsequent expenditure

Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company.

2.3 Component accounting

The component of assets are capitalized only if the life of the components vary significantly and

whose cost is significant in relation to the cost of the respective asset, the life of the component in assets are determined based on technical assessment and past history of replacement of such components in the assets. The carrying amount of any component accounted for as separate asset is derecognised when replaced.

2.4 Depreciation:

- a. Depreciation is recognized on a straight-line basis, over useful life of buildings and other equipment as prescribed under Schedule II of Companies Act, 2013, except in respect of certain assets, where useful life is different from those prescribed under Schedule II.
- b. Depreciation on property, plant and equipment is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment and in accordance with Part A of Schedule II to the Companies Act, 2013, on a straight line basis.
- c. The estimated useful life of the property, plant and equipment on technical assessment followed by the Company is furnished below:

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

- d. The residual value for all the above assets are retained at 5% of the cost.
- e. Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period.
- f. On property, plant and equipment added/ disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.

3. Intangible assets and research and development expenditure

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

3.1 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit and loss as incurred.

3.2 Amortisation

Intangible assets comprising of Computer softwares are amortised on a straight-line basis over the estimated useful life of 3 to 5 years. Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.3 Research and development expenditure

Expenditure are mainly on research activities and the same is recognised in statement of profit or loss as incurred.

4. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses if any.

The Company has depreciated investment property as evaluated on technical assessment and in accordance with Part A of Schedule II to the Companies Act, 2013, on a straight-line basis. Any gain or loss on disposal of an investment property is recognised in the statement of profit and loss.

5. Investments in subsidiaries and joint venture

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and carrying amounts are recognized in statement of profit and loss.

6. Inventories

Inventories are valued at lower of cost and net realizable value including necessary provision for obsolescence. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The comparison of cost and net realisable

value is made on an item by item basis. The cost of raw materials, components, consumable stores and spare parts are determined using the weighted average method and includes freight, taxes and duties, net of duty credits wherever applicable. Finished goods, including stock in trade and work-in-progress are valued at lower of cost and net realisable value. Cost includes all direct costs including excise duty and applicable manufacturing overheads incurred in bringing them to their present location and condition.

6.1 Raw materials

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

6.2 Work-in-progress and finished goods

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

6.3 Stores, spares and tools

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

7. Leases

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

Policy applicable from April 1, 2019

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

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

7.1 Assets held under leases

Assets taken on lease

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

underlying asset or the site on which it is located, less any lease incentives received.

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

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

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

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

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

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit

or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets and lease liabilities separately on the face of the balance sheet.

Short-term leases

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

Assets leased out

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

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

Policy applicable before April 1, 2019

7.2 Determining whether an arrangement contains a lease

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

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

7.3 Assets held under leases

Assets taken on lease

As per the terms of lease agreements there is no substantial transfer of risk and reward of the property

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

to the Company and hence such leases are treated as operating lease.

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

Assets leased out

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

7.4 Lease payments

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

8. Financial instruments

8.1 Recognition and initial measurement:

Trade receivables are initially recognised when they are originated.

All other financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

The 'trade payable' is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction and services availed value if the transaction does not contain significant financing component.

8.2 Financial assets

8.2.1 Classification and subsequent measurement of financial assets:

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

- a. Those measured at amortised cost.
- b. Those to be measured at Fair value through other comprehensive Income (FVTOCI)
- c. Those to be measured at Fair value through profit and loss (FVTPL) and;

a. Financial assets at amortised cost

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

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

b. Financial assets at Fair Value Through Other Comprehensive Income

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

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

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

c. Financial assets at Fair Value Through Profit or Loss

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or FVTOCI. All derivative financial instruments fall into this category, except for those designated and

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance in respect of FVTPL at each reporting period is evaluated based on expected credit losses for next 12 months and credit risk exposure. The Company also measures loss allowance for financial instrument at an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The allowance shall be recognised in profit and loss.

8.2.2 Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency.

8.2.3 De-recognition of financial assets

A financial asset is derecognised only when;

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

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

Where the entity has neither transferred a financial asset nor retains substantially all risk and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained

control of the financial asset. Where the company retains control of the financial asset is continued to be recognised to the extent of continuing involvement in the financial asset.

8.3 Financial Liabilities

8.3.1 Classification of financial liabilities

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

8.3.2 Subsequent measurement

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

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because, the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

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

8.3.3 De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

8.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

9. Impairment

9.1 Impairment of financial instruments

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

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

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

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

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

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

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

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

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

9.1.1 Measurement of expected credit losses

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

9.1.2 Presentation of allowance for expected credit losses in the balance sheet

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

9.1.3 Write-off

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

9.2 Impairment of non-financial assets

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

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

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

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

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

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

10. Income taxes

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

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

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

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

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

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

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

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

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

11. Post-employment benefits and short-term employee benefits

11.1 Short term employee benefit obligations:

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

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

11.2 Other long-term employee benefit obligations:

These obligations represent liability towards compensated absences that are not expected to be settled wholly within a period of 12 months after end of the period in which the employees render the related service. They are, therefore, recognised and provided for at the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

The obligations are presented as current liabilities in balance sheet if entity does not have an unconditional right to defer settlement for at least 12 months after reporting period, regardless of when the actual settlement is expected to occur.

11.3 Post-employment obligation:

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

11.3.1 Gratuity/ group terminal benefit obligation:

The liability or asset recognised in the balance sheet in respect of these defined benefit obligation is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an Independent actuary using projected unit credit method. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in employee benefit expenses in the Statement of Profit and Loss. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in present value of the defined benefit obligation resulting from plan amendment or curtailment are recognised immediately in the statement of profit and loss.

11.3.2 Provident Fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, partly a defined benefit obligation and partly a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The provident fund contributions are made partly to employee provident fund organisation and partly to an irrevocable trust set up by the Company. The Company is liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

12. Provisions and contingent liabilities

12.1 Provisions:

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

12.1.1 Provision for warranties

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

12.1.2 Onerous contract

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

12.2 Contingent liabilities:

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability.

12.3 Contingent assets:

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

13. Earnings per share

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

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

14. Cash and cash equivalents and cash flow statement

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-

term, highly liquid investments maturing within three months from the date of acquisition and which are readily convertible into cash and which are subject to only an insignificant risk of changes in value.

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

15. Segment reporting

The Company is engaged in manufacture and sale of bolts and nuts, water pumps, sintered products, cold extruded components, hot and warm forged parts, radiator caps and other parts which largely have applications primarily in automobile industry and thus the Company has only one reportable segment.

16. Government grants

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

17. Foreign currency transactions

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

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred under finance costs. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to interest costs.

4A. Changes in significant accounting policies

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

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and has applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has considered the right of use asset as an amount equivalent to the lease liability determined by the Company, on the date of initial application. The comparative figures as of and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under Ind AS 17. The disclosure requirements in Ind AS 116 have not been applied to comparative information.

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

(a) Definition of lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under Ind AS 17 Leases. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 7.1.

(b) As a lessee

As a lessee, the Company leases many assets that are in the nature of land and buildings and plant and machinery. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset of the Company. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Previously, the Company classified property leases as operating leases under Ind AS 17. On transition, the Company has elected the transition

option to recognise Right of use (ROU) asset at an amount equivalent to the lease liability, with the lease liabilities measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at April 1, 2019 (refer notes 5(d), 16 and 39).

The Company has evaluated its right-to-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

(c) Impact on financial statements

The Company has adopted Ind AS 116 with effect from April 1, 2019 using modified retrospective approach along with a transition option to recognise Right of use (ROU) asset at an amount equal to the lease liability. The impact on transition is summarized below:-

| Particulars | Amount |
|--|---------|
| Right-of-use assets (land and buildings) # | 52.38 |
| Lease liabilities | 17.46 |
| Other current assets | (0.37) |
| Other non-current assets | (34.55) |

includes prepayments under operating leases reclassified from other current / non-current assets

For the impact of Ind AS 116, on profit or loss for the year, refer note 39. For details of accounting policies under Ind AS 116, and Ind AS 17, refer note 3(7).

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at April 1, 2019. The weighted-average rate applied is 9%.

The reconciliation of lease liabilities recognised upon initial transition to Ind AS 116 with operating lease commitments disclosed under Ind AS 17 as at March 31, 2019 is as follows:-

| Particulars | Amount |
|--|--------|
| Operating lease commitments as at March 31, 2019 as disclosed under Ind AS 17 in the Company's standalone financial statements | 0.67 |
| Impact of discounting the above using incremental borrowing rate at April 1, 2019 | (0.12) |
| Continuance and extension options reasonably certain to be exercised | 16.91 |
| Lease liabilities recognised at April 1, 2019 | 17.46 |

4B. Recent Indian Accounting Standards

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

5 a) Property, plant and equipment

| Gross block | Freehold land | Buildings | Plant and equipment | Furniture and fixtures | Office equipments | Vehicles | Total |
|---------------------------------|---------------|---------------|---------------------|------------------------|-------------------|-------------|-----------------|
| As at April 1, 2018 | 40.29 | 187.65 | 1,055.70 | 5.74 | 19.37 | 7.16 | 1,315.91 |
| Additions | - | 46.59 | 359.72 | 1.99 | 4.13 | 1.29 | 413.72 |
| Disposals | - | (1.03) | (3.26) | (0.07) | (0.08) | (0.02) | (4.46) |
| Other adjustments | - | (0.17) | (0.03) | 0.13 | - | 0.02 | (0.05) |
| As at March 31, 2019 | 40.29 | 233.04 | 1,412.13 | 7.79 | 23.42 | 8.45 | 1,725.12 |
| Additions | - | 51.37 | 249.95 | 0.72 | 1.85 | 0.81 | 304.70 |
| Disposals | - | - | (3.18) | (0.03) | (0.43) | (0.01) | (3.65) |
| As at March 31, 2020 | 40.29 | 284.41 | 1,658.90 | 8.48 | 24.84 | 9.25 | 2,026.17 |
| Accumulated depreciation | | | | | | | |
| As at April 1, 2018 | - | 16.94 | 246.98 | 1.74 | 8.90 | 1.46 | 276.02 |
| For the year | - | 8.39 | 96.98 | 0.62 | 3.15 | 1.01 | 110.15 |
| Disposals | - | (1.01) | (2.22) | (0.04) | (0.04) | (0.01) | (3.32) |
| Other adjustments | - | - | (0.01) | - | - | 0.01 | - |
| As at March 31, 2019 | - | 24.32 | 341.73 | 2.32 | 12.01 | 2.47 | 382.85 |
| For the year | - | 9.53 | 115.77 | 0.76 | 3.19 | 1.07 | 130.32 |
| Disposals | - | - | (1.92) | (0.01) | (0.39) | (0.00) | (2.32) |
| As at March 31, 2020 | - | 33.85 | 455.58 | 3.07 | 14.81 | 3.54 | 510.85 |
| Net block | | | | | | | |
| As at March 31, 2019 | 40.29 | 208.72 | 1,070.40 | 5.47 | 11.41 | 5.98 | 1,342.27 |
| As at March 31, 2020 | 40.29 | 250.56 | 1,203.32 | 5.41 | 10.03 | 5.71 | 1,515.32 |

b) Capital work-in-progress

| | | | | | | | |
|-----------------------------|---|--------------|--------------|-------------|-------------|---|--------------|
| As at March 31, 2019 | - | 6.97 | 76.43 | - | 0.02 | - | 83.42 |
| As at March 31, 2020 | - | 13.90 | 73.44 | 0.01 | 0.03 | - | 87.38 |

a) Plant and equipment includes net block of assets leased out amounting to ₹ 7.94 (March 31, 2019 : ₹ 7.67)

b) Refer note 15 for assets pledged as securities for borrowings

c) Refer note 35(c) for capital commitments

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

5 c) Investment Property

| Gross block | Land | Building | Total |
|---------------------------------|-------------|-----------------|--------------|
| As at April 1, 2018 | 0.21 | 0.30 | 0.51 |
| Additions | - | - | - |
| Disposals | - | - | - |
| As at March 31, 2019 | 0.21 | 0.30 | 0.51 |
| Additions | - | - | - |
| Disposals | - | - | - |
| As at March 31, 2020 | 0.21 | 0.30 | 0.51 |
| Accumulated depreciation | | | |
| As at April 1, 2018 | - | 0.05 | 0.05 |
| For the year | - | 0.02 | 0.02 |
| Disposals | - | - | - |
| As at March 31, 2019 | - | 0.07 | 0.07 |
| For the year | - | 0.03 | 0.03 |
| Disposals | - | - | - |
| As at March 31, 2020 | - | 0.10 | 0.10 |
| Net block | | | |
| As at March 31, 2019 | 0.21 | 0.23 | 0.44 |
| As at March 31, 2020 | 0.21 | 0.20 | 0.41 |

Notes

1. Information regarding income and expenditure of investment property

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--------------------------------------|------------------------------|
| Rental income from investment property | 0.09 | 0.14 |
| Less: Expenses that: | | |
| Contribute to the rental income (including repairs and maintenance) | (0.01) | (0.04) |
| Profit before depreciation | 0.08 | 0.10 |
| Less: Depreciation | (0.03) | (0.02) |
| Profit | 0.05 | 0.08 |

2. The fair value of investment property is not significant and accordingly related fair disclosures have not been made in these standalone financial statements.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

5 d) Right of use assets

| | Land under long term lease | Buildings (Including Land) | Total |
|--|----------------------------|----------------------------|-------|
| Gross block | | | |
| Recognised on April 1, 2019, consequent to transition to Ind AS 116 | 34.92 | 17.46 | 52.38 |
| Additions | 4.31 | - | 4.31 |
| Disposals | - | - | - |
| As at March 31, 2020 | 39.23 | 17.46 | 56.69 |
| Accumulated amortisation | | | |
| Recognised on April 1, 2019, consequent to transition to Ind AS 116 | - | - | - |
| For the year | 0.45 | 4.98 | 5.43 |
| Disposals | - | - | - |
| As at March 31, 2020 | 0.45 | 4.98 | 5.43 |
| Net block | | | |
| As at March 31, 2020 | 38.78 | 12.48 | 51.26 |

5 e) Intangible assets

| | Software | Total |
|---------------------------------|----------|-------|
| Gross block | | |
| As at April 1, 2018 | - | - |
| Additions | 4.64 | 4.64 |
| Disposals | - | - |
| As at March 31, 2019 | 4.64 | 4.64 |
| Additions | - | - |
| Disposals | - | - |
| As at March 31, 2020 | 4.64 | 4.64 |
| Accumulated amortisation | | |
| As at April 1, 2018 | - | - |
| For the year | 0.13 | 0.13 |
| Disposals | - | - |
| As at March 31, 2019 | 0.13 | 0.13 |
| For the year | 0.73 | 0.73 |
| Disposals | - | - |
| As at March 31, 2020 | 0.86 | 0.86 |
| Net block | | |
| As at March 31, 2019 | 4.51 | 4.51 |
| As at March 31, 2020 | 3.78 | 3.78 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| 6 Non-current investments | | |
| I) Investments measured at fair value through other comprehensive income | | |
| Investments in equity instruments | | |
| (i) Quoted | | |
| a) 75,000 (March 31, 2019: 75,000) fully paid equity shares of ₹ 2/- each in Housing Development Finance Corporation Limited, Mumbai | 12.25 | 14.76 |
| b) 2,500 (March 31, 2019: 2,500) fully paid equity shares of ₹ 2/- each in HDFC Bank Limited, Mumbai | 0.22 | 0.58 |
| c) 20,439 (March 31, 2019: 20,439) fully paid equity shares of ₹ 10/- each in IDBI Bank Limited, Mumbai | 0.04 | 0.10 |
| | 12.51 | 15.44 |
| (ii) Unquoted | | |
| 1,25,000 (March 31, 2019: 1,25,000) equity shares of ₹ 10/- each in Madras Engineering Industries Private Limited, Chennai | 14.51 | 39.62 |
| | 14.51 | 39.62 |
| Total of (I) | 27.02 | 55.06 |
| II) Investments measured at cost | | |
| (A) Investment in venture capital fund | | |
| a) 168 units (March 31, 2019: 168 units) of ₹100/- each in the ICICI Emerging Sectors Fund, Bengaluru ** | - | - |
| | - | - |
| (B) Investment in subsidiaries | | |
| Indian: | | |
| a) 1,18,99,674 (March 31, 2019: 1,18,99,674) equity shares of ₹ 10/- each in TVS Upasana Limited, Chennai (extent of holding -100%) | 11.92 | 11.92 |
| Deemed equity in TVS Upasana Limited, Chennai (refer note A below) | 1.24 | 0.82 |
| b) 2,64,691 (March 31, 2019: 2,64,691) equity shares of ₹ 10/- each fully paid up in Sundram Non-Conventional Energy Systems Limited, Chennai (extent of holding -52.94%) | 0.93 | 0.93 |
| c) 24,90,000 (March 31, 2019: 24,90,000) equity shares of ₹ 10/- each in Sundram Fasteners Investments Limited, Chennai (extent of holding - 100%) | 2.49 | 2.49 |
| d) 1,67,37,339 (March 31, 2019: 1,67,37,339) equity shares of ₹ 10/- each fully paid up in TVS Next Limited (formerly known as TVS Infotech Limited), Chennai (extent of holding - 56.43%) | 17.45 | 17.45 |
| e) 10,000 (March 31, 2019: Nil) equity shares of ₹ 10/- each fully paid up in Sunfast TVS Limited, Chennai (extent of holding - 100%) | 0.01 | - |
| f) 3,55,000 (March 31, 2019: Nil) equity shares of ₹ 10/- each fully paid up in TVS Engineering Limited, Chennai (extent of holding - 100%) | 0.36 | - |
| Foreign: | | |
| g) 1,000 (as at March 31, 2019: 1,000) equity shares of £ 1 each fully paid up in Sundram International Limited, UK (extent of holding -100%) | 0.01 | 0.01 |
| 2,500 equity shares of £ 1 each allotted in Sundram International Limited, UK (March 31, 2019: 2,500) pursuant to sale of subsidiaries viz., Sundram Fasteners (Zhejiang) Limited, Zhejiang, People's Republic of China and Cramlington Precision Forge Limited, UK (extent of holding - 100%), less impairment loss of ₹ 11.30 (March 31, 2019: Nil)(refer note B below) | 238.69 | 249.99 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| 6 Non-current investments (Contd.) | | |
| Deemed equity in Sundram Fasteners (Zhejiang) Limited, Zhejiang, People's Republic of China ₹ 1.69 (March 31, 2019 - ₹ 1.69) and Cramlington Precision Forge Limited, UK ₹ 0.23 (March 31, 2019 ₹ 0.23) (refer note A below) | 1.92 | 1.92 |
| h) 18,215 (March 31, 2019: 18,215) common shares of US \$ 10 each in Sundram International Inc., Michigan, USA (extent of holding-100%), less impairment loss of ₹ 0.81 (March 31, 2019: ₹ 0.81) | - | - |
| | 275.02 | 285.53 |
| (C) Other investments | | |
| a) 35 (March 31, 2019: 35) equity shares of ₹ 100/- each (₹ 65/- paid up) in The Adyar Property Holding Co. Limited aggregating to ₹ 2,275/- (extent of holding - 1.09%)** | - | - |
| b) Capital Contribution in PGSD engineering LLP, New Delhi (extent of holding - 19%)** | - | - |
| | - | - |
| Total of (II) | 275.02 | 285.53 |
| III) Investments measured at fair value through profit or loss | | |
| Investments in equity instruments | | |
| Unquoted | | |
| (i) Power generation companies* | | |
| a) 12,935 (March 31, 2019: 12,935) Class A equity shares of ₹ 10/- each and 2,84,169 (March 31, 2019: 2,84,169) Class B equity shares of ₹ 10/- each in PPS Enviro Power Private Limited., Hyderabad, less impairment loss of ₹ 1.19 (March 31, 2019: ₹ Nil) | - | 1.19 |
| b) 23,85,762 (March 31, 2019: 23,85,762) equity shares of ₹ 10/- each in Clarion Wind Farm Private Limited, Chennai | 2.39 | 2.39 |
| c) 12,28,233 (March 31, 2019: 12,28,233) Class A equity shares of ₹ 10/- each in Beta Wind Farm Private Limited, Chennai | 2.33 | 2.33 |
| d) 11,00,000 (March 31, 2019: 11,00,000) equity shares of ₹ 10/- each in Gayatri Green Power Private Limited, Chennai | 1.10 | 1.10 |
| e) 7,17,306 (March 31, 2019: 9,67,306) equity shares of ₹ 10/- each in Watsun Infra Build Private Limited, Ahmedabad | 0.71 | 0.97 |
| f) 1,70,000 (March 31, 2019: 1,88,550) equity shares of ₹ 10/- each in MMS Steel and Power Private Limited, Chennai | 0.17 | 0.19 |
| g) 98,000 (March 31, 2019: 8,000) equity shares of ₹ 10/- each in Clean switch India Private Limited, Hyderabad | 0.10 | 0.01 |
| h) 2,13,100 (March 31, 2019: 2,13,100) equity shares of ₹ 10/- each in Nagai power Private Limited, Hyderabad | 0.21 | 0.21 |
| | 7.01 | 8.39 |
| * The right to sell/ transfer these shares are subject to terms and conditions of respective shareholder agreement. | | |
| (ii) 3,51,00,000 (March 31, 2019: 3,51,00,000) equity shares of ₹ 1/- each in Madurai Trans Carrier Limited, Chennai (extent of holding -19.5%), less impairment loss of ₹ 2.37 (March 31, 2019: ₹ 2.37) | 1.14 | 1.14 |
| Total of (III) | 8.15 | 9.53 |
| Total of (I+II+III) | 310.19 | 350.12 |
| ** Amount less than ₹ 0.01 | | |
| Aggregate amount of quoted investments and market value thereof | 12.51 | 15.44 |
| Aggregate value of unquoted investments | 297.68 | 334.68 |
| Aggregate amount of impairment in value of investments (included in the above) | 15.67 | 3.18 |

Note: A. The amount shown as deemed equity investments is in respect of financial guarantee given without any consideration.

B. Impairment assessment of investment in Sundram International Limited, UK

During the year ended March 31, 2020, the Company has performed an impairment assessment of investments made in Sundram International Limited, UK, triggered due to changes in business environment including the impact of global COVID-19 pandemic and has recognised a provision for impairment amounting to ₹ 11.30 crores. Such provision has been presented as an exceptional item in the statement of profit and loss for the year ended March 31, 2020.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|-------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| 7 Loans | | | | |
| (Unsecured considered good, unless otherwise stated) | | | | |
| Loans to related parties (refer note below and note 36) | 5.91 | 5.75 | 5.74 | 5.75 |
| Loans to employees | 1.49 | 0.34 | 1.60 | 1.06 |
| | 7.40 | 6.09 | 7.34 | 6.81 |

The Company's exposure to credit risk and market risk are disclosed in note 34.

Disclosure of loans and advances given to subsidiaries as per Regulation 34 (3) of the SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015:

| Name of the subsidiary Company (purpose of loan) | Amount outstanding | | Maximum balance outstanding during the year ended | | Investment by subsidiary in shares of the Company (No. of shares) | |
|--|--|----------------|---|----------------|---|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | TVS Upasana Limited, Chennai (for working capital purposes) | 5.75 | 5.75 | 5.75 | 5.75 | - |
| Sundram International Inc. Michigan, USA (for working capital purposes) | 0.08 | 0.07 | 0.08 | 0.07 | - | - |
| Sundram International Limited, UK (for working capital purposes) | 5.83 | 5.67 | 5.83 | 5.67 | - | - |

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|-------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| 8 Other financial assets | | | | |
| (Unsecured considered good, unless otherwise stated) | | | | |
| Security deposits | 32.19 | - | 22.92 | - |
| Interest receivable (includes interest receivable from related party of ₹ 0.14 (March 31, 2019: 0.08) (refer note 36) | - | 0.77 | - | 0.48 |
| Other receivables | - | 3.67 | - | 4.12 |
| | 32.19 | 4.44 | 22.92 | 4.60 |

The Company's exposure to credit risk and market risk are disclosed in note 34.

| | | | | |
|--------------------------------------|--------------|---|-------|---|
| 9 Other tax assets, net | | | | |
| Advance income tax, net of provision | 30.64 | - | 22.24 | - |
| | 30.64 | - | 22.24 | - |

| | | | | |
|--|--------------|--------------|--------|-------|
| 10 Other assets | | | | |
| (Unsecured considered good, unless otherwise stated) | | | | |
| Prepaid expenses | - | 10.38 | - | 11.26 |
| Capital advances | 36.33 | - | 38.56 | - |
| Balance with statutory/government authorities | 34.42 | 12.36 | 50.17 | 20.46 |
| Export incentives and other receivables | - | 31.46 | - | 49.82 |
| Advances to suppliers | - | 8.50 | - | 12.29 |
| Prepayments under operating leases (refer note 39) | - | - | 34.55 | 0.37 |
| | 70.75 | 62.70 | 123.28 | 94.20 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| 11 Inventories | | |
| (Valued at lower of cost and net realisable value) | | |
| Raw materials and components (includes goods in transit of ₹ 17.86 (March 31, 2019 ₹ 15.05)) | 143.59 | 161.38 |
| Work-in-progress | 115.02 | 118.67 |
| Finished goods | 179.21 | 225.44 |
| Stores and spares | 19.92 | 19.11 |
| Loose tools | 35.18 | 35.82 |
| | 492.92 | 560.42 |
| For the carrying value of inventories pledged as securities for borrowings, refer note 15. | | |
| 12 Trade receivables | | |
| Trade receivables considered good - Unsecured | 544.31 | 764.25 |
| Less: Loss allowance | (4.67) | (1.81) |
| Net trade receivables | 539.64 | 762.44 |
| Of the above, trade receivables from related parties are as below: | | |
| Total trade receivables from related parties (refer note 36) | 25.71 | 42.51 |
| Less: Loss allowance | - | - |
| | 25.71 | 46.37 |
| Movement in loss allowance on trade receivables | | |
| Opening balance | 1.81 | 2.93 |
| Amount written off | (1.81) | (2.93) |
| Loss allowance | 4.67 | 1.81 |
| Closing balance | 4.67 | 1.81 |
| The Company's exposure to credit risks and loss allowances related to trade receivables are disclosed in note 34. | | |
| 13 Cash and cash equivalents | | |
| Balances with banks in current accounts | 10.11 | 6.90 |
| Cash on hand | 0.25 | 0.25 |
| Deposits with maturity less than 3 months | 1.60 | 0.50 |
| Total cash and cash equivalents | (A) 11.96 | 7.65 |
| Other bank balances | | |
| Earmarked balances with banks - dividend warrant accounts | 4.45 | 3.69 |
| Total bank balance other than those mentioned in cash and cash equivalents | (B) 4.45 | 3.69 |
| Total | (A) + (B) 16.41 | 11.34 |

Note :

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

The Company's exposure to credit risk and market risk are disclosed in note 34.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| 14 Share capital and other equity | | |
| A Share capital | | |
| Authorised | | |
| 25,00,00,000 (March 31, 2019: 25,00,00,000) equity shares of ₹ 1/- each | 25.00 | 25.00 |
| Issued, subscribed and paid-up | | |
| 21,01,28,370 (March 31, 2019: 21,01,28,370) equity shares of ₹ 1/- each fully paid-up | 21.01 | 21.01 |
| | 21.01 | 21.01 |

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

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|--------------|----------------------|--------|
| | No. of shares | Amount | No. of shares | Amount |
| Equity shares | | | | |
| At the commencement and end of the year | 21,01,28,370 | 21.01 | 21,01,28,370 | 21.01 |

b) Share held by ultimate holding company/ holding company / associates

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|-------------|----------------------|--------|
| | No. of shares | Amount | No. of shares | Amount |
| Equity shares | | | | |
| Equity shares of ₹ 1/- each fully paid up held by T V Sundram Iyengar & Sons Private Limited, Madurai | 5,33,12,000 | 5.33 | 5,33,12,000 | 5.33 |

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

| | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|---------------|----------------------|-----------|
| | No. of shares | % holding | No. of shares | % holding |
| Equity shares of ₹ 1/- each fully paid up held by | | | | |
| T V Sundram Iyengar & Sons Private Limited, Madurai | 5,33,12,000 | 25.37% | 5,33,12,000 | 25.37% |
| Southern Roadways Limited, Madurai | 5,07,73,280 | 24.16% | 5,07,73,280 | 24.16% |
| HDFC Trustee Company Limited., Mumbai | 1,47,49,755 | 7.02% | 1,49,27,755 | 7.10% |
| Amansa Holdings Private Limited | 1,14,35,834 | 5.44% | 91,38,671 | 4.35% |
| | 13,02,70,869 | 61.99% | 11,90,13,035 | 56.63% |

d) Rights, preferences and restrictions

Equity shares

The Company has only one class of equity shares having a par value of Re. 1/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

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.

e) There are no bonus shares or buy-back of shares or shares issued for consideration other than cash during a period of five years immediately preceding financial year ended March 31, 2020.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

14 Share capital and other equity (Contd.)

f) Capital management

The Company's capital management objective is to ensure adequate return to the shareholder by maintaining the optimal capital structure. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. It sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments.

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

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

| | | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------|-------------------------|-------------------------|
| Total debt (bank and other borrowings) | | 692.75 | 800.97 |
| Cash and cash equivalents | | (11.96) | (7.65) |
| Net debt | A | 680.79 | 793.32 |
| Total equity | | 2,016.94 | 1,908.43 |
| Equity | B | 2,016.94 | 1,908.43 |
| Net debt to equity | C = (A/B)*100 | 33.75% | 41.57% |

B Other equity

(a) Dividends

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

Second interim dividend of ₹ 3.10/- for the year 2018-19 (March 31, 2019: ₹ 2.70/- for the year 2017-18) per equity share

Dividend distribution tax on above

First interim dividend of ₹ 1.35/- (March 31, 2019: ₹ 2.00/-) per equity share for the respective years

Dividend distribution tax on above

Second interim dividend of ₹ 2.80/- (March 31, 2019: ₹ Nil) per equity share for the respective years

Dividend distribution tax on above

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Second interim dividend of ₹ 3.10/- for the year 2018-19 (March 31, 2019: ₹ 2.70/- for the year 2017-18) per equity share | 65.14 | 56.73 |
| Dividend distribution tax on above | 12.34 | 12.11 |
| First interim dividend of ₹ 1.35/- (March 31, 2019: ₹ 2.00/-) per equity share for the respective years | 28.37 | 42.03 |
| Dividend distribution tax on above | 5.36 | 8.53 |
| Second interim dividend of ₹ 2.80/- (March 31, 2019: ₹ Nil) per equity share for the respective years | 58.83 | - |
| Dividend distribution tax on above | 12.09 | - |
| | 182.13 | 119.40 |

(b) After the reporting dates the following dividend (excluding dividend distribution tax) was declared by the directors; this dividend has not been recognised as liabilities and would attract dividend distribution tax when paid.

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Second interim dividend of ₹ Nil (March 31, 2019: ₹ 3.10/-) per equity share | - | 65.14 |
| | - | 65.14 |

(c) Nature and purpose of reserves

i) General reserve

General reserve is an accumulation of retained earnings of the Company, apart from the balance in the statement of profit and loss which can be utilised for meeting future obligations.

ii) Special Economic Zone reinvestment reserve

The Special Economic Zone (SEZ) re-investment reserve has been created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(ii) of the Income-tax Act, 1961.

The reserve is utilised by the Company for acquiring new assets as per the terms of Section 10AA(2) of Income-Tax Act, 1961. The utilisation of reserves includes ₹ 1.25 (March 31, 2019: ₹ 2.49) representing the balance which was reversed.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

14 Share capital and other equity (Contd.)

C Analysis of items of OCI (net of tax)

(a) Fair valuation of equity instruments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the equity till the same is derecognised/ disposed off.

(b) Remeasurement of defined benefit liability

Remeasurement of defined benefit liability comprises of actuarial gain or losses and return on plan assets (excluding interest income).

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|---------------|----------------------|---------------|
| | Non-current | Current | Non-current | Current |
| 15 Borrowings | | | | |
| Financial liabilities at amortised cost | | | | |
| a) Secured | | | | |
| Working Capital Loans | | | | |
| Working capital facility from banks (refer note (i) below) | - | 54.62 | - | 66.77 |
| | - | 54.62 | - | 66.77 |
| b) Unsecured | | | | |
| Term loan from banks (refer note (ii) below) | 226.17 | - | 207.48 | - |
| Working capital facility from bank (refer note (i) below) | - | 411.96 | - | 526.72 |
| | 226.17 | 411.96 | 207.48 | 526.72 |
| Total | 226.17 | 466.58 | 207.48 | 593.49 |

(i) Working capital loan from banks

The Company has various working capital facilities aggregating to Rs. 61.57 crores (March 31, 2019: INR 38.49 crores) carrying interest rate ranging from 6.95% - 8.5% p.a. These facilities are repayable on demand, partly secured by pari-passu first charge on current assets viz., stocks of raw materials, work in process and finished goods.

Preshipment packing credit loan is availed in INR amounting to INR 405.01 crores (March 31, 2019: INR 555.00 crores). They are partly secured by pari-passu first charge on current assets viz., stocks of raw materials, work in process and finished goods. Preshipment packing credit is repayable within 360 days and carries interest in the range of 4.15% to 5.40%.

(ii) Term Loan from banks

External Commercial Borrowing (ECB) loan from a bank amounting to USD 15 million, equivalent to INR 113.09 crores (March 31, 2019: USD 15 million, equivalent to INR 103.74 crores), repayable over 3 equal yearly instalments commencing from July 2021. The loan is unsecured and its interest rate is linked to Libor + agreed spread p.a.

Another ECB loan from the same bank amounting to USD 15 million, equivalent to INR 113.08 crores (March 31, 2019: USD 15 million, equivalent to INR 103.74 crores), repayable over 3 equal yearly instalments commencing from August 2022. The loan is unsecured and its interest rate is linked to Libor + agreed spread p.a.

The company's exposure to liquidity, interest rate and currency risk related to borrowings are disclosed in Note 34.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

15 Borrowings (Contd.)

(iii) Reconciliation of cashflows from financing activities

| | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------|-------------------------|-------------------------|
| Cash and cash equivalents | (11.96) | (7.65) |
| Current borrowings | 466.58 | 593.49 |
| Non-current borrowings | 226.17 | 207.48 |
| Net debt | 680.79 | 793.32 |

| | Other assets | Liabilities from financing activities | | Total |
|--------------------------------------|---------------------------|---------------------------------------|------------------------|---------------|
| | Cash and cash equivalents | Current borrowings | Non-current borrowings | |
| Net debt as at April 1, 2019 | (7.65) | 593.49 | 207.48 | 793.32 |
| Net cash flows | (4.31) | - | - | (4.31) |
| Proceeds from borrowings | - | - | - | - |
| Repayment of borrowings, net | - | (126.91) | - | (126.91) |
| Foreign exchange adjustments | - | - | 18.69 | 18.69 |
| Other non-cash movement | - | - | - | - |
| Net debt as at March 31, 2020 | (11.96) | 466.58 | 226.17 | 680.79 |
| Net debt as at April 1, 2018 | (11.08) | 367.13 | 194.81 | 550.86 |
| Net cash flows | 3.43 | - | - | 3.43 |
| Proceeds from borrowings | - | 226.36 | 102.93 | 329.29 |
| Repayment of borrowings, net | - | - | (97.77) | (97.77) |
| Foreign exchange adjustments | - | - | 6.82 | 6.82 |
| Other non-cash movement | - | - | 0.69 | 0.69 |
| Net debt as at March 31, 2019 | (7.65) | 593.49 | 207.48 | 793.32 |

16 Lease liabilities

Lease liabilities (also refer note 39)

| | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|---------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| | 8.86 | 4.55 | - | - |
| | 8.86 | 4.55 | - | - |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | As at March 31, 2020 | | As at March 31, 2019 | |
|------------------------------------|----------------------|--------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| 17 Provisions | | | | |
| Provision for employee benefits | | | | |
| Provision for gratuity * | 1.42 | 7.84 | 1.17 | 6.47 |
| Provision for compensated absences | 5.50 | 1.29 | 7.61 | 1.43 |
| Provision for others | - | 11.97 | - | 11.98 |
| | 6.92 | 21.10 | 8.78 | 19.88 |

* also include provision towards group terminal benefits

a) Provision for employee benefits

Defined benefit plans:

The Company operates post-employment defined benefit plans comprising of gratuity plan, group terminal benefit plan and an exempted provident fund managed through trust. The post employment benefit in the form of gratuity is managed and administered by Life Insurance Corporation of India. The provident fund contributions to trust are managed through trust investments in addition to contribution of a portion of its provident fund liability to employees provident fund organisation. The group terminal benefit plan is made available to certain class of employees and the same is unfunded. The Company obtains an actuarial valuation from an independent actuary measured using projected unit credit method to determine the liability as at the reporting date.

The post-employment defined benefit plans operated by the Company are as follows;

i) Gratuity

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

The Company has its defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefit provided depends on the employee's length of service and salary at retirement / termination age. The gratuity plan is a funded plan and the Company makes its contributions to a recognised fund in India.

The Company's Gratuity plan valuation report includes employee benefits of the Company and its subsidiaries of (i) TVS Upasana Limited, Chennai; and (ii) TVS Next Limited (formerly known as TVS Infotech Limited), Chennai. Based on an entity specific valuation obtained in this respect, the amounts are recognised in the Company's standalone financial statements. The following table sets out such amounts recognised in Company's standalone financial statements:

| Particulars | Year ended | Year ended |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Amount recognised in statement of profit and loss | 3.77 | 3.59 |
| Amount recognised in other comprehensive income | 1.19 | 0.03 |
| Total expense | 4.96 | 3.62 |
| Net employee benefit expense | | |
| Recognised in statement of profit and loss | | |
| Current service cost | 3.57 | 3.36 |
| Interest cost on benefit obligation | 0.32 | 0.33 |
| Sub - total | 3.89 | 3.69 |
| Amount allocated to related entities | (0.12) | (0.10) |
| Amount recognised in statement of profit and loss | 3.77 | 3.59 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

17 Provisions (Contd.)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|---------------------------------|---------------------------------|
| Recognised in other comprehensive income | | |
| Actuarial (gain) / loss arising from change in financial assumptions | (0.11) | 0.14 |
| Actuarial loss / (gain) arising from experience adjustments | 1.30 | (0.11) |
| Sub - total | 1.19 | 0.03 |
| Amount allocated to related entities | - | - |
| Amount recognised in other comprehensive income | 1.19 | 0.03 |
| The following table sets out the defined obligation and funded status including its related entities | As at March 31, 2020 | As at March 31, 2019 |
| Net defined obligation | | |
| Present value of defined benefit obligation | 52.61 | 48.72 |
| Fair value of plan assets | (45.34) | (42.84) |
| | 7.27 | 5.88 |
| Net defined obligation taken over pursuant to amalgamation (refer note 38) | - | 0.04 |
| | 7.27 | 5.92 |
| Changes in present value of the defined benefit obligation are as follows: | | |
| Balance at the beginning of the year | 48.72 | 46.91 |
| Interest cost | 3.53 | 3.46 |
| Current service cost | 3.57 | 3.36 |
| Benefits paid | (4.51) | (4.90) |
| Actuarial loss / (gain) on obligation | 1.30 | (0.11) |
| Balance at the end of the year | 52.61 | 48.72 |
| Changes in the fair value of plan assets are as follows: | | |
| Balance at the beginning of the year | 42.84 | 41.49 |
| Expected return on plan assets | 3.21 | 3.13 |
| Actuarial gain / (loss) on plan assets | 0.11 | (0.14) |
| Contribution made by the employer | 3.69 | 3.26 |
| Benefits paid | (4.51) | (4.90) |
| Balance at the end of the year | 45.34 | 42.84 |
| Plan assets comprises of : | | |
| % of Investment with insurer | 100.00 | 100.00 |
| Principal actuarial assumptions used | | |
| Discount rate | 6.70% | 7.60% |
| Salary escalation rate | 8.00%* | 8.00% |
| Attrition rate | 10.00% | 10.00% |
| * Immediate year is Nil and 8% thereafter | | |
| Classification | | |
| - Current | 7.27 | 5.92 |
| - Non-current | - | - |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

17 Provisions (Contd.)

| Sensitivities | Year ended March 31, 2020 | | Year ended March 31, 2019 | |
|--|---------------------------|----------|---------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| A. Discount rate | | | | |
| > Sensitivity level | 1.00% | 1.00% | 1.00% | 1.00% |
| Defined benefit obligation | 49.88 | 55.66 | 46.23 | 51.50 |
| > Impact on defined benefit obligation | (2.73) | 3.05 | (2.49) | 2.78 |
| B. Salary escalation rate | | | | |
| > Sensitivity level | 1.00% | 1.00% | 1.00% | 1.00% |
| Defined benefit obligation | 55.14 | 50.29 | 51.01 | 46.62 |
| > Impact on defined benefit obligation | 2.53 | (2.32) | 2.29 | (2.10) |

ii) Group terminal benefit

Group terminal benefit relates to post employment benefit paid to certain class of employees upon their retirement / death. The level of benefit provided depends on the employee's length of service at retirement / termination age. The following table sets out the status of the group terminal benefit plan and the amounts recognised in the Company's standalone financial statements as at balance sheet date:

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Net employee benefit expense | | |
| Recognised in statement of profit and loss | | |
| Current service cost | 0.08 | 0.09 |
| Past Service Cost | 0.25 | - |
| Interest cost on benefit obligation | 0.11 | 0.13 |
| Amount recognised in statement of profit and loss | 0.44 | 0.22 |
| Recognised in other comprehensive income | | |
| Actuarial loss arising from change in financial assumptions | 0.02 | 0.04 |
| Actuarial loss / (gain) arising from experience adjustments | 0.02 | (0.19) |
| Amount recognised in other comprehensive income | 0.04 | (0.15) |
| Changes in present value of the defined benefit obligation are as follows: | | |
| Defined benefit obligation at the beginning of the year | 1.72 | 1.71 |
| Interest cost | 0.11 | 0.13 |
| Current service cost | 0.12 | 0.08 |
| Past Service Cost | 0.25 | - |
| Benefits paid | (0.25) | (0.05) |
| Actuarial loss / (gain) on obligation | 0.04 | (0.15) |
| Defined benefit obligation at the year end | 1.99 | 1.72 |
| Principal actuarial assumptions used | | |
| Discount rate | 6.40% | 7.10% |
| Attrition rate | 10.00% | 10.00% |
| Remaining working lives for selected class of employees (in year) | 5.67 | 5.23 |
| Classification | | |
| - Current | 0.57 | 0.55 |
| - Non-current | 1.42 | 1.17 |

Note: The impact on defined benefit obligation, if any arising from change in underlying assumptions are not considered as significant and accordingly, sensitivities have not been presented.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

17 Provisions (Contd.)**iii) Provident Fund**

All eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and employer (at a determined rate) contribute monthly. The Company also contributes as specified under the law, in case of certain class of employees, to a provident fund trust set up and to respective Regional Provident Fund Commissioner. The Company's contribution to the Provident Fund, where set up as a trust, is liable for future provident fund benefits to the extent of its annual contribution and any shortfall in fund assets based on government specified minimum rates of return relating to current period service and recognises such contributions and shortfall, if any as an expense in the year incurred. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest. Such contributions made into the fund and to the regional provident fund commissioner during the year are recognised as an expense in the statement of profit and loss.

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Principal actuarial assumptions used | | |
| Discount rate | 6.70% | 7.60% |
| Interest rate declared by EPFO | 8.25% | 8.65% |
| Remaining working lives (in years) | 7.58 | 7.61 |

iv) Compensated absences

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

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Recognised in statement of profit and loss: | | |
| Current service cost | 1.30 | 1.02 |
| Interest cost on benefit obligation | 0.61 | 0.53 |
| Net actuarial (gain) / loss recognised | (2.97) | 0.26 |
| | (1.06) | 1.81 |

Principal actuarial assumptions used:

| | As at March 31, 2020 | As at March 31, 2019 |
|------------------------|-------------------------|-------------------------|
| Discount rate | 6.70% | 7.60% |
| Salary escalation rate | 8.00%* | 8.00% |
| Attrition rate | 10.00% | 10.00% |

* Nil for the first year and 8% thereafter

b) Provision for others**Movement of Provisions for others as follows:**

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Balance at the beginning of the year | 11.98 | 10.94 |
| Provision (reversed) / made during the year, net | (0.01) | 1.04 |
| Balance at the end of the year | 11.97 | 11.98 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---------------------------------|---------------------------------|
| 18 Income Tax | | |
| A Amount recognised in statement of profit and loss | | |
| Current tax (a) | | |
| Current period | 93.96 | 159.74 |
| Deferred tax (b) | | |
| Attributable to - Origination and reversal of temporary differences | (31.60) | 23.76 |
| Tax expense (a) + (b) | 62.36 | 183.50 |

B Income tax recognised in other comprehensive income

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|--|----------------------|-------------------------------|----------------|----------------------|-------------------------------|---------------|
| | Amount | Tax (expense) / benefit | Net of tax | Amount | Tax (expense) / benefit | Net of tax |
| Fair value (loss) / gain on equity instruments | (28.04) | 5.87 | (22.17) | (2.78) | 2.49 | (0.29) |
| Re-measurement gain on defined benefit plans | (1.23) | - | (1.23) | 0.12 | - | 0.12 |
| Total | (29.27) | 5.87 | (23.40) | (2.66) | 2.49 | (0.17) |

C Reconciliation of effective tax rate

| Particulars | Year ended March 31, 2020 | | Year ended March 31, 2019 | |
|--|------------------------------|---------------|------------------------------|---------------|
| | % | Amount | % | Amount |
| Profit before tax | | 376.40 | | 619.69 |
| Tax using the Company's domestic tax rate | 25.17% | 94.73 | 34.94% | 216.55 |
| Effect of: | | | | |
| - Deduction under section 10AA of the Income tax Act, 1961 | - | - | (4.96%) | (30.75) |
| - CSR expenditure disallowance, net of deduction under section 80G of the Income Act, 1961 | 0.16% | 0.59 | 0.26% | 1.60 |
| - Income exempt from tax | (0.21%) | (0.81) | (0.52%) | (3.23) |
| - Expenditure on research and development | - | - | (0.48%) | (3.01) |
| - Impact arising on adoption of lower income-tax rates (refer note F below) | (10.03%) | (37.74) | - | - |
| - Others | 1.48% | 5.59 | 0.37% | 2.34 |
| Effective tax rate / tax expense | 16.57% | 62.36 | 29.61% | 183.50 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

18 Income Tax (Contd.)

D Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

| Particulars | Deferred tax assets | | Deferred tax liabilities | | Net deferred tax (assets) / liabilities | |
|--|----------------------|----------------------|--------------------------|----------------------|---|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Property, plant and equipment, intangible assets and investment property | - | - | 110.57 | 140.18 | 110.57 | 140.18 |
| Investments measured at fair value through OCI | - | - | 3.29 | 9.16 | 3.29 | 9.16 |
| Amortisation of borrowings under effective interest rate method | - | (0.02) | - | - | - | (0.02) |
| Provision for employee benefits | (1.73) | (3.27) | - | - | (1.73) | (3.27) |
| Loss allowance on trade receivables | (1.18) | (0.69) | - | - | (1.18) | (0.69) |
| Others | (4.35) | (1.29) | - | - | (4.35) | (1.29) |
| | (7.26) | (5.27) | 113.86 | 149.34 | 106.60 | 144.07 |

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

| Particulars | Balance as at April 1, 2019 | Recognised in profit and loss during 2019-20 | Recognised in OCI during 2019-20 | Other adjustments | Balance as at March 31, 2020 |
|--|-----------------------------|--|----------------------------------|-------------------|------------------------------|
| Property, plant and equipment, intangible assets and investment property | 140.18 | (29.61) | - | - | 110.57 |
| Investments measured at fair value through OCI | 9.16 | - | (5.87) | - | 3.29 |
| Amortisation of borrowings under effective interest rate method | (0.02) | 0.02 | - | - | - |
| Provision for employee benefits | (3.27) | 1.54 | - | - | (1.73) |
| Loss allowance on trade receivables | (0.69) | (0.49) | - | - | (1.18) |
| Others | (1.29) | (3.06) | - | - | (4.35) |
| | 144.07 | (31.60) | (5.87) | - | 106.60 |
| Minimum alternative tax | - | - | - | - | - |
| | 144.07 | (31.60) | (5.87) | - | 106.60 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

18 Income Tax (Contd.)

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

| Particulars | Balance as at April 1, 2018 | Recognised in profit and loss during 2018-19 | Recognised in OCI during 2018-19 | Other adjustments | Balance as at March 31, 2019 |
|---|-----------------------------|--|----------------------------------|-------------------|------------------------------|
| Property, plant and equipment and investment property | 116.45 | 23.73 | - | - | 140.18 |
| Investments measured at fair value through OCI | 11.65 | - | (2.49) | - | 9.16 |
| Amortisation of borrowings under effective interest rate method | 0.24 | (0.26) | - | - | (0.02) |
| Provision for employee benefits | (2.58) | (0.69) | - | - | (3.27) |
| Loss allowance on trade receivables | (0.62) | (0.07) | - | - | (0.69) |
| Others | (2.35) | 1.06 | - | - | (1.29) |
| | 122.79 | 23.77 | (2.49) | - | 144.07 |
| Minimum alternative tax | (2.06) | - | - | 2.06 | - |
| | 120.73 | 23.77 | (2.49) | 2.06 | 144.07 |

E Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future long term capital gain will be available against which the Company can use the benefits therefrom:

| | As at March 31, 2020 | | As at March 31, 2019 | |
|--------------------------|----------------------|-------------------------|----------------------|-------------------------|
| | Gross amount | Unrecognised tax effect | Gross amount | Unrecognised tax effect |
| Long term capital loss # | 5.76 | 1.45 | 5.76 | 2.01 |

The long term capital loss expires in Assessment Year 2026-27.

- F Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 notified on September 20, 2019, which is effective from April 1, 2019, domestic companies have an option to apply a lower income tax rate with effect from April 1, 2019, subject to certain conditions specified therein. The Company has exercised such option during the year and It has recognised provision for income tax for year and have also remeasured its deferred tax liability for the year ended March 31, 2020, based on the lower income tax rate.

19 Other tax liabilities, net

Provision for taxation, net of advance income tax

| | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|----------|----------------------|-------------|
| | Non-current | Current | Non-current | Current |
| | 7.88 | - | 7.88 | 0.75 |
| | 7.88 | - | 7.88 | 0.75 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| 20 Trade payables | | |
| Total outstanding dues of micro enterprises and small enterprises (refer note below) | 18.15 | 9.68 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 277.64 | 371.38 |
| Total | 295.79 | 381.06 |
| Of the above, trade payable to related parties (refer note 36) | 2.34 | 4.32 |
| Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development ('MSMED') Act, 2006 | | |
| i. the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year; | 18.15 | 9.68 |
| ii. the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | - | - |
| iii. the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | - | - |
| iv. the amount of interest accrued and remaining unpaid at the end of each accounting year and | - | - |
| v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |
| | 18.15 | 9.68 |

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

All Trade Payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 34.

21 Other financial liabilities

a. Financial liabilities at fair value through profit and loss

| | | |
|--------------------------------|------|------|
| Derivative liabilities * | 6.21 | - |
| Premium on financial guarantee | 2.21 | 2.74 |

b. Financial liabilities at amortised cost

| | | |
|---|--------------|---------------|
| Interest accrued but not due on borrowings | 1.92 | 3.06 |
| Liability towards supplier bills discounted | 9.42 | 18.81 |
| Unclaimed dividend | 4.45 | 3.69 |
| Employee benefits payable | 27.42 | 42.23 |
| Other payables | 12.23 | 48.25 |
| (Includes managerial commission of ₹ 5.62 (March 31, 2019: ₹ 39.73) (also refer note 36)) | | |
| | 63.86 | 118.78 |

* This represents fair value of forward contracts entered with banks for the purpose of hedging receivable balances from export customers.

The Company's exposure to currency risk and liquidity risk related to other financial liability are disclosed in note 34.

22 Other current liabilities

| | | |
|------------------------|-------------|-------------|
| Advance from customers | 2.17 | 1.36 |
| Statutory dues | 4.10 | 4.39 |
| | 6.27 | 5.75 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| 23 Revenue from operations | | |
| a) Revenue from sale of products | 3,018.13 | 3,839.73 |
| b) Rendering of services | 0.37 | 0.99 |
| c) Other operating revenues (refer note (i) below) | 106.07 | 149.50 |
| | 3,124.57 | 3,990.22 |
| Note: | | |
| (i) Other operating revenues | | |
| (i) Scrap sales | 54.66 | 90.82 |
| (ii) Export incentives | 40.27 | 58.41 |
| (iii) Others | 11.14 | 0.27 |
| | 106.07 | 149.50 |
| (ii) Disaggregation of revenue from contracts with customers | | |
| In the following disclosure, revenue from contract with customers have been disaggregated based on type of revenue and customers | | |
| a) Revenue from sale of products | | |
| (i) Domestic (including retail sales) | 1,900.97 | 2,456.74 |
| (ii) Exports | 1,117.16 | 1,382.99 |
| | 3,018.13 | 3,839.73 |
| b) Rendering of services | 0.37 | 0.99 |
| c) Scrap sales | 54.66 | 90.82 |
| d) Total revenue from contracts with customers (a+b+c) | 3,073.16 | 3,931.54 |
| e) Other operating revenues | | |
| - Export incentives | 40.27 | 58.41 |
| - Others | 11.14 | 0.27 |
| Total other operating revenue (e) | 51.41 | 58.68 |
| Total revenue from operations (d + e) | 3,124.57 | 3,990.22 |
| (iii) Contract assets | | |
| The following disclosure provides information about receivables, contract assets and liabilities from contracts with customers | | |
| Receivables which are included in trade receivables (refer note 12) | 539.64 | 762.44 |
| Advance from customer (refer note 22) | 2.17 | 1.36 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| 24 Other income | | |
| Interest income | | |
| - on bank deposit | 0.35 | - |
| - on others | 2.70 | 2.11 |
| Net foreign exchange gain | 8.63 | 18.19 |
| Dividend income from | | |
| - subsidiary companies | 2.58 | 6.15 |
| - other companies | 0.64 | 0.65 |
| Gain on sale of investments in mutual funds | 0.81 | 0.05 |
| Other non-operating income | 4.73 | 2.52 |
| | 20.44 | 29.67 |
| 25 Cost of materials consumed | | |
| Opening stock of raw materials and components | 161.38 | 151.30 |
| Add: Purchases made during the year | 1,227.00 | 1,750.83 |
| Less: Closing stock of raw materials and components | 143.59 | 161.38 |
| | 1,244.79 | 1,740.75 |
| 26 Changes in inventories of finished goods and work-in-progress | | |
| A) Opening stock: | | |
| Work-in-progress | 118.67 | 109.36 |
| Finished goods | 225.44 | 146.56 |
| | 344.11 | 255.92 |
| B) Closing stock: | | |
| Work-in-progress | 115.02 | 118.67 |
| Finished goods | 179.21 | 225.44 |
| | 294.23 | 344.11 |
| Total (A- B) | 49.88 | (88.19) |
| 27 Employee benefits expense | | |
| Salaries and wages | 265.82 | 307.77 |
| Expenses relating to post-employment benefit plans (refer note 17) | 4.21 | 3.81 |
| Contribution to provident and other funds (refer note below) | 11.25 | 11.84 |
| Staff welfare expenses | 21.19 | 29.12 |
| | 302.47 | 352.54 |

Note:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards post employee benefit and employee provident fund, which is partly defined benefit obligation and partly defined contribution plan. The same is charged to statement of profit and loss as and when it is accrued. The amount recognised as expense towards such provident fund contribution aggregated to ₹ 10.27 (March 31, 2019 ₹ 8.95).

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| 28 Finance costs | | |
| Interest expense | | |
| - on financial liabilities measured at amortised cost | 36.18 | 31.90 |
| - on lease liabilities (refer note 39) | 1.57 | - |
| Exchange differences regarded as an adjustment to borrowing cost | 10.89 | 7.94 |
| Less: Borrowing costs capitalised (also refer note below) | (4.78) | (0.88) |
| | 43.86 | 38.96 |
| Note: The capitalisation rate used to determine the amount of borrowing costs to be capitalised is weighted average interest rate applicable to the Company's borrowing being 6.11% (March 31, 2019: 7.36%) | | |
| 29 Depreciation and amortisation expense | | |
| Depreciation on property, plant and equipment (refer note 5(a)) | 130.32 | 110.15 |
| Amortisation on intangible assets (refer note 5(e)) | 0.73 | 0.13 |
| Depreciation on investment property (refer note 5(c)) | 0.03 | 0.02 |
| Amortisation of right of use assets (refer note 5(d) and note 39) | 5.43 | - |
| | 136.51 | 110.30 |
| 30 Other expenses | | |
| Consumption of stores, tools and spares | 304.88 | 393.55 |
| Power and fuel | 141.66 | 162.63 |
| Repairs and maintenance | | |
| - buildings | 23.60 | 29.03 |
| - plant and equipment | 38.33 | 46.30 |
| - other assets | 8.64 | 10.69 |
| Sub-contract expenses | 279.71 | 362.34 |
| Auditor's remuneration (refer note below) | 0.91 | 0.86 |
| Expenditure on corporate social responsibility (refer note 33) | 10.72 | 7.95 |
| Freight and cartage outward | 74.15 | 96.10 |
| Loss on sale of property, plant and equipment, net | 0.57 | 0.61 |
| Loss allowance on trade receivables | 4.67 | 1.81 |
| Miscellaneous expenses | 91.96 | 133.97 |
| (Under this head there are no expenditure which is in excess of 1% of revenue from operations or ₹ 0.10 whichever is higher) | | |
| | 979.80 | 1,245.84 |
| Note: | | |
| Auditor's remuneration | | |
| As auditor | 0.72 | 0.69 |
| Taxation matters | 0.03 | 0.03 |
| Other services | 0.08 | 0.08 |
| Reimbursement of expenses | 0.08 | 0.06 |
| | 0.91 | 0.86 |
| 31 Earnings per share (EPS) | | |
| Net profit attributable to equity shareholders (A) | 314.04 | 436.19 |
| Weighted average number of equity shares outstanding as at reporting date (B) | 21,01,28,370 | 21,01,28,370 |
| Basic earnings per equity share (in ₹) (A/B) | 14.95 | 20.76 |
| Diluted earnings per share | | |
| The Company does not have any potential equity shares. Accordingly, basic and diluted EPS are the same. | | |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| 32 Details of research and development expenditure | | |
| The nature wise research and development expenditure incurred by the Company is as follows:- | | |
| i) Capital expenditure | 3.73 | 1.21 |
| ii) Revenue expenditure | | |
| a) Cost of materials consumed | 1.01 | 0.95 |
| b) Salaries and wages | 8.36 | 8.71 |
| c) Staff welfare expenses | 0.63 | 0.08 |
| d) Consumption of stores, tools and spares | 3.61 | 2.39 |
| e) Repairs and maintenance | | |
| – building | 0.01 | 0.12 |
| – plant and equipment | 0.25 | 0.39 |
| – others | 0.01 | 0.01 |
| g) Freight and cartage outward* | 0.00 | 0.00 |
| h) Miscellaneous expenses | 0.29 | 0.92 |
| | 14.17 | 13.57 |
| Total research and development expenditures [(i) + (ii)] | 17.90 | 14.78 |
| * Amount less than ₹ 0.01 | | |
| Note: The research and development expenditure are incurred towards projects approved by DSIR (Department of Scientific and Industrial Research) | | |
| 33 Expenditure on corporate social responsibility (CSR) | | |
| a) Amount required to be spent by the Company during the year | 10.71 | 7.92 |
| b) Amount spent during the year (in cash): | | |
| (i) Construction / acquisition of asset | - | - |
| (ii) On purposes other than (i) above | | |
| a) Education | 4.25 | 4.89 |
| b) Healthcare | 5.06 | 2.06 |
| c) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art | 1.41 | 1.00 |
| | 10.72 | 7.95 |
| (A) | 10.72 | 7.95 |
| (B) | 10.72 | 7.95 |
| (A)+(B) | 10.72 | 7.95 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - Fair values and risk management

A Accounting classification and fair values

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

| Particulars | Note | March 31, 2020 | | | | March 31, 2019 | | | |
|--|------|----------------|--------------|-----------------|-----------------|----------------|--------------|-----------------|-----------------|
| | | FVTPL | FVOCI | Amortised cost | Total | FVTPL | FVOCI | Amortised cost | Total |
| Financial assets | | | | | | | | | |
| Investments (excluding investments in subsidiaries) | 6 | 8.15 | 27.02 | - | 35.17 | 9.53 | 55.06 | - | 64.59 |
| Loans | 7 | - | - | 13.49 | 13.49 | - | - | 14.15 | 14.15 |
| Security deposits | 8 | - | - | 32.19 | 32.19 | - | - | 22.92 | 22.92 |
| Advances recoverable | 8 | - | - | 3.67 | 3.67 | - | - | 4.12 | 4.12 |
| Interest receivable | 8 | - | - | 0.77 | 0.77 | - | - | 0.48 | 0.48 |
| Trade receivables | 12 | - | - | 539.64 | 539.64 | - | - | 762.44 | 762.44 |
| Cash and cash equivalents | 13 | - | - | 11.96 | 11.96 | - | - | 7.65 | 7.65 |
| Bank balance other than those mentioned in cash and cash equivalents | 13 | - | - | 4.45 | 4.45 | - | - | 3.69 | 3.69 |
| Total financial assets | | 8.15 | 27.02 | 606.17 | 641.34 | 9.53 | 55.06 | 815.45 | 880.04 |
| Financial liabilities | | | | | | | | | |
| Borrowings | 15 | - | - | 692.75 | 692.75 | - | - | 800.97 | 800.97 |
| Lease Liabilities | 16 | - | - | 13.41 | 13.41 | - | - | - | - |
| Trade payables | 20 | - | - | 295.79 | 295.79 | - | - | 381.06 | 381.06 |
| Derivative financial liabilities | 21 | 6.21 | - | - | 6.21 | - | - | - | - |
| Premium on financial guarantee | 21 | 2.21 | - | - | 2.21 | 2.74 | - | - | 2.74 |
| Interest accrued but not due on borrowings | 21 | - | - | 1.92 | 1.92 | - | - | 3.06 | 3.06 |
| Liability towards supplier bills discounted | 21 | - | - | 9.42 | 9.42 | - | - | 18.81 | 18.81 |
| Unclaimed dividend | 21 | - | - | 4.45 | 4.45 | - | - | 3.69 | 3.69 |
| Employee benefits payable | 21 | - | - | 27.42 | 27.42 | - | - | 42.23 | 42.23 |
| Other payables | 21 | - | - | 12.23 | 12.23 | - | - | 48.25 | 48.25 |
| Total financial liabilities | | 8.42 | - | 1,057.39 | 1,065.81 | 2.74 | - | 1,298.07 | 1,300.81 |

Fair value measurement hierarchy

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

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

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - Fair values and risk management (Contd.)

A Accounting classification and fair values (Contd.)

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

| Particulars | Note | March 31, 2020 | | | | March 31, 2019 | | | |
|--|------|-----------------|--------------|-------------|--------------|-----------------|--------------|-------------|--------------|
| | | Carrying amount | Fair Value | | | Carrying amount | Fair Value | | |
| | | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | | | | |
| Investments (excluding investments in subsidiaries) | 6 | 35.17 | 12.51 | - | 22.66 | 64.59 | 15.44 | - | 49.15 |
| Loans # | 7 | 13.49 | - | - | - | 14.15 | - | - | - |
| Security deposits # | 8 | 32.19 | - | - | - | 22.92 | - | - | - |
| Advances recoverable # | 8 | 3.67 | - | - | - | 4.12 | - | - | - |
| Interest receivable # | 8 | 0.77 | - | - | - | 0.48 | - | - | - |
| Trade receivables # | 12 | 539.64 | - | - | - | 762.44 | - | - | - |
| Cash and cash equivalents # | 13 | 11.96 | - | - | - | 7.65 | - | - | - |
| Bank balance other than those mentioned in cash and cash equivalents # | 13 | 4.45 | - | - | - | 3.69 | - | - | - |
| Total financial assets | | 641.34 | 12.50 | - | 22.66 | 880.04 | 15.44 | - | 49.15 |
| Financial liabilities | | | | | | | | | |
| Borrowings # | 15 | 692.75 | - | - | - | 800.97 | - | - | - |
| Lease Liabilities # | 16 | 13.41 | - | - | - | - | - | - | - |
| Trade payables # | 20 | 295.79 | - | - | - | 381.06 | - | - | - |
| Derivative financial liabilities | 21 | 6.21 | - | 6.21 | - | - | - | - | - |
| Premium on financial guarantee | 21 | 2.21 | - | 2.21 | - | 2.74 | - | 2.74 | - |
| Interest accrued but not due on borrowings # | 21 | 1.92 | - | - | - | 3.06 | - | - | - |
| Liability towards supplier bills discounted # | 21 | 9.42 | - | - | - | 18.81 | - | - | - |
| Unclaimed dividend # | 21 | 4.45 | - | - | - | 3.69 | - | - | - |
| Employee benefits payable # | 21 | 27.42 | - | - | - | 42.23 | - | - | - |
| Other payables # | 21 | 12.23 | - | - | - | 48.25 | - | - | - |
| Total financial liabilities | | 1,065.81 | - | 8.42 | - | 1,300.81 | - | 2.74 | - |

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

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - Fair values and risk management (Contd.)

B Measurement of fair values

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in balance sheet including the related valuation techniques used

| Type | Valuation technique used | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|-------------|---|--|--|
| Investments | Market comparison technique: The valuation model is based on market multiple derived from quoted prices of companies comparable to the investee and the expected EBITDA of the investee. The estimate is adjusted for the effect of non-marketability of the equity securities. | <ul style="list-style-type: none">- EBITDA margin- Adjusted market multiple- Adjustment for non-marketability of equity securities | <p>The estimated fair value would increase/ (decrease) if:</p> <ul style="list-style-type: none">- EBITDA margin were higher/ (lower)- Adjusted market multiple were higher/ (lower)- Adjustment for non-marketability of equity securities were lower/ (higher) |

C Financial risk management

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

- Market risk
- Credit risk
- Liquidity risk

Financial risk management framework

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

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

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support the operations of its group companies. The Company's principal financial assets include loans, trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The Company uses derivative financial instruments, such as foreign exchange forward contracts that are entered to hedge foreign currency risk exposure. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - Fair values and risk management (Contd.)

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

a) Market risk

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

i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials and spare parts, capital expenditure, export sales and the Company's net investments in foreign subsidiaries.

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

The Company manages its foreign currency risk by hedging transactions through forward contracts, for the repayment of short and long term borrowings and payables arising out of procurement of raw materials and other components. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

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

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

| | Short-term exposure | | | | Long-term exposure | | | |
|---------------------------|---------------------|-------------|----------------|---------------|--------------------|---------------|----------------|--------------|
| | USD | GBP | EUR and others | Total | USD | GBP | EUR and others | Total |
| March 31, 2020 | | | | | | | | |
| Trade receivables | 255.13 | 5.44 | 29.43 | 290.00 | - | - | - | - |
| Cash and cash equivalents | 0.12 | - | - | 0.12 | - | - | - | - |
| Investments | - | - | - | - | 1.92 | 238.70 | - | 240.62 |
| Trade payables | (10.57) | (1.88) | (14.85) | (27.30) | - | - | - | - |
| Borrowings | - | - | - | - | (226.17) | - | - | (226.17) |
| Others | (1.33) | - | (2.51) | (3.84) | 0.08 | 6.06 | - | 6.14 |
| | 243.35 | 3.56 | 12.07 | 258.98 | (224.17) | 244.76 | - | 20.59 |
| March 31, 2019 | | | | | | | | |
| Trade receivables | 320.99 | 6.56 | 43.33 | 370.88 | - | - | - | - |
| Cash and cash equivalents | 0.29 | - | - | 0.29 | - | - | - | - |
| Investments | - | - | - | - | 1.92 | 250.00 | - | 251.92 |
| Trade payables | (13.13) | (1.33) | (17.60) | (32.06) | - | - | - | - |
| Borrowings | - | - | - | - | (207.48) | - | - | (207.48) |
| Others | (1.63) | - | (2.76) | (4.39) | 0.07 | 5.67 | - | 5.74 |
| | 306.52 | 5.23 | 22.97 | 334.72 | (205.49) | 255.67 | - | 50.18 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - Fair values and risk management (Contd.)

Foreign currency sensitivity

The following table illustrates the sensitivity of profit and equity with respect to the Company's financial assets and financial liabilities and in relation to the fluctuation in the respective currencies 'all other things being equal'.

If the Indian Rupee had strengthened / weakened against the respective currency by 5% during the year ended March 31, 2020 (March 31, 2019: 5%), then this would have had the following impact on profit before tax and equity:

The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

| | Strengthening | | Weakening | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Increase / (decrease) in profit and equity | | | | |
| USD | (0.96) | (5.05) | 0.96 | 5.05 |
| GBP | (12.42) | (13.04) | 12.42 | 13.04 |
| EUR and others | (0.60) | (1.15) | 0.60 | 1.15 |
| | (13.98) | (19.24) | 13.98 | 19.24 |

Derivative instruments

The Company holds derivative financial instruments such as foreign currency forward to mitigate the risk of changes in exchange rates on foreign currency exposure arising from receipt of collections from export customers. The counterparties of these contracts are generally banks. These derivative financial instruments are determined using quoted forward exchange rates at the reporting dates based on information obtained from respective bankers.

| | Year ended March 31, 2020 | | Year ended March 31, 2019 | |
|--|---------------------------|--------------------|---------------------------|--------------------|
| | Less than 180 days | More than 180 days | Less than 180 days | More than 180 days |
| Forward exchange contracts maturing | | | | |
| Net exposure | 154.43 | - | - | - |
| Average ₹/ USD forward contract rate | 73.54 | - | - | - |

ii) Interest rate risk

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

The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings. The Company has approximately 29% (March 31, 2019: 24%) of its borrowings at a fixed rate of interest.

Interest rate exposure

| Particulars | Floating rate borrowings | Fixed rate borrowings | Total borrowings |
|-----------------------------|--------------------------|-----------------------|------------------|
| Rupee loans | 266.22 | 200.36 | 466.58 |
| USD loans | 226.17 | - | 226.17 |
| As at March 31, 2020 | 492.39 | 200.36 | 692.75 |
| Rupee loans | 398.49 | 195.00 | 593.49 |
| USD loans | 207.48 | - | 207.48 |
| As at March 31, 2019 | 605.97 | 195.00 | 800.97 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - Fair values and risk management (Contd.)

Interest rate sensitivity

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

| | | As at March 31, 2020 | As at March 31, 2019 |
|----------|-----|-------------------------|-------------------------|
| Increase | +1% | 4.92 | 6.06 |
| Decrease | -1% | (4.92) | (6.06) |

The Company does not expect any change in interest rates on fixed rate borrowings and accordingly have not presented any sensitivities on such borrowings. The Company also does not expect any significant impact of changes in the market interest rates on account of COVID-19.

Equity price risk

The Company has invested in listed and unlisted equity instruments. All investments in equity portfolio are reviewed and approved by the Board of Directors.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 12.50 (March 31, 2019: ₹ 15.44)

b) Credit risk

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

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Company's trade receivables, certain loans and advances and other financial assets. The Company enters into long term contracts with its customers whereby it mitigates the risk exposure on high risk customers. Further, none of the customers contributes to more than 10% of the Company's total revenues as continuous efforts are made in expanding its customer base. Outstanding customer receivables are regularly monitored and reviewed by the Audit committee periodically.

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

| Particulars | Reference | Carrying Amount | |
|---|-----------|-------------------------|-------------------------|
| | | As at March 31, 2020 | As at March 31, 2019 |
| Trade receivables | (i) | 539.64 | 762.44 |
| Investments | (ii) | 35.17 | 64.59 |
| Loans | (iii) | 13.49 | 14.15 |
| Cash and cash equivalents | (iv) | 11.96 | 7.65 |
| Bank balances other than mentioned in cash and cash equivalents | (iv) | 4.45 | 3.69 |
| Security deposits | (v) | 32.19 | 22.92 |
| Advances recoverable | (v) | 3.67 | 4.12 |
| Interest receivable | (v) | 0.77 | 0.48 |
| Total | | 641.34 | 880.04 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - Fair values and risk management (Contd.)

(i) Trade receivables

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

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

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

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Not more than 180 days | 539.79 | 753.21 |
| More than 180 days | 4.52 | 11.04 |
| Sub-total | 544.31 | 764.25 |
| Less: Loss allowance in accordance with expected credit loss model | (4.67) | (1.81) |
| Total | 539.64 | 762.44 |

(ii) Investments

Investments of surplus funds are made only with approval of Board of Directors. This primarily include investments in equity instruments of various listed entities, power generation companies, mutual funds and other trade investments. The Company does not expect significant credit risks arising from these investments after considering impact of COVID-19 pandemic.

(iii) Loans

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

| | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------|-------------------------|-------------------------|
| Loans to related parties | 11.66 | 11.49 |
| Loans to employees | 1.83 | 2.66 |
| Net carrying amount | 13.49 | 14.15 |

(iv) Cash and cash equivalents and Bank balances other than mentioned in cash and cash equivalents

The Company has its cash and bank balances deposited with credit worthy banks as at the reporting date. The Company does not expect any loss from non-performance by these counter-parties.

(v) Others

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - Fair values and risk management (Contd.)**c) Liquidity risk**

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

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

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

| As at March 31, 2020 | Carrying amount | Less than 180 days | More than 180 days |
|---|-----------------|--------------------|--------------------|
| Borrowings* | 692.75 | 426.58 | 266.17 |
| Derivative liabilities | 6.21 | 6.21 | - |
| Lease liabilities | 13.41 | 2.27 | 11.14 |
| Premium on financial guarantee | 2.21 | 0.44 | 1.77 |
| Interest accrued but not due on borrowings | 1.92 | 1.92 | - |
| Trade payables | 295.79 | 295.79 | - |
| Liability towards supplier bills discounted | 9.42 | 9.42 | - |
| Unclaimed dividend | 4.45 | 4.45 | - |
| Employee benefits payable | 27.42 | 20.23 | 7.19 |
| Other payables | 12.23 | 5.62 | 6.61 |
| Total | 1,065.81 | 772.93 | 292.88 |
| <hr/> | | | |
| As at March 31, 2019 | | | |
| Borrowings* | 800.97 | 333.49 | 467.48 |
| Premium on financial guarantee | 2.74 | 0.40 | 2.34 |
| Interest accrued but not due on borrowings | 3.06 | 3.06 | - |
| Trade payables | 381.06 | 381.06 | - |
| Liability towards supplier bills discounted | 18.81 | 18.81 | - |
| Unclaimed dividend | 3.69 | 3.69 | - |
| Employee benefits payable | 42.23 | 29.20 | 13.03 |
| Other payables | 48.25 | 40.40 | 7.85 |
| Total | 1,300.81 | 810.11 | 490.70 |

*excluding contractual interest payments

D Offsetting financial assets and financial liabilities

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

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| 35 Contingencies and commitments | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| a) Contingent liabilities | | |
| - Claims against the company not acknowledged as debt | | |
| Legal claims | | |
| - Sales Tax / entry Tax - under appeal | 22.55 | 29.18 |
| - Excise Duty / Customs Duty / Service Tax / GST - under appeal | 5.88 | 15.44 |
| - Income-tax - under appeal | 1.37 | 1.82 |
| - others | 1.00 | - |
| | 30.80 | 46.44 |
| (i) The Hon'ble Supreme Court in its ruling dated February 28, 2019 held that the allowances paid to employees are essentially a part of the basic wage, which are necessarily and ordinarily paid to all employees and are to be treated as wages for the purpose of ('PF') providend fund contribution, with fewer exception to the same. With respect to a demand of ₹ 1.63 pertaining to the period March 2011 to December 2013 raised earlier by PF authorities, a provision has been made, however writ petition / appeal has been filed by the Company challenging the same and pending before Madras High Court/ Tribunal. Based on legal advice, considering that the PF authorities has not commenced any proceedings claiming contribution on allowances for prior or subsequent periods and considering interpretative challenges surrounding the retrospective application of the judgment and absence of reliable measurement of provisions relating to earlier periods, this matter has been disclosed as a contingent liability. | | |
| (ii) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in this standalone financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial positions. | | |
| - Guarantees | | |
| Guarantees including financial guarantees issued to subsidiaries | 237.75 | 213.44 |
| - Other money for which the Company is contingently liable | | |
| On Letters of credit | 0.55 | 4.97 |
| On partly paid shares of The Adyar Property Holding Company Limited (aggregating to ₹ 1,225/-)* | 0.00 | 0.00 |
| * Amount less than ₹ 0.01 | | |
| b) Contingent assets | | |
| Claim of additional compensation against land acquisition | 0.23 | 0.23 |
| c) Capital commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 109.39 | 179.29 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

36 Related party disclosures

Related Parties:

(I) Where Control exists:

(A) Ultimate holding Company

- (1) TV Sundram Iyengar & Sons Private Limited, Madurai, India

(B) Subsidiary Companies

Indian Subsidiaries

- (1) Sundram Fasteners Investments Limited, Chennai,
- (2) TVS Upasana Limited, Chennai,
- (3) Sundram Non-Conventional Energy Systems Limited, Chennai,
- (4) TVS Next Limited, Chennai. (Formerly known as TVS Infotech Limited)
- (5) Sunfast TVS Limited
- (6) TVS Engineering Limited

Foreign Subsidiaries

- (1) Sundram International Limited, UK and
- (2) Sundram International Inc, Michigan, USA

(C) Step down subsidiary companies

Foreign Subsidiaries

- (1) Sundram Fasteners (Zhejiang) Limited, Zhejiang, Peoples Republic of China (Subsidiary of Sundram International Limited, UK);
- (2) Cramlington Precision Forge Limited, Northumberland, United Kingdom (Subsidiary of Sundram International Limited, UK); and
- (3) TVS Next Inc., Michigan, USA (Formerly known as TVS Infotech Inc) (Subsidiary of TVS Next Limited, Chennai, India)

(D) Others

Post Employment benefit plan

- (1) Sundram Fasteners Limited Gratuity Fund
- (2) Sundram Fasteners Limited Senior Staff Superannuation Fund
- (3) Sundram Fasteners Limited Staff Provident Fund

Enterprises over which KMP are able to exercise significant influence

- (1) Krishna Educational Society

(II) Other Related Parties:

(A) Key Management Personnel (KMP)

- (1) Mr Suresh Krishna
- (2) Ms Arathi Krishna
- (3) Ms Arundathi Krishna
- (4) Mr S Meenakshisundaram* and
- (5) Mr R Dilip Kumar*

Non-executive directors

- (1) Mr K Ramesh (Upto Jun 17, 2019)
- (2) Mr S Mahalingam
- (3) Mr Heramb R Hajarnavis
- (4) Mr B Muthuraman
- (5) Mr R Srinivasan
- (6) Ms Preethi Krishna
- (7) Dr. Nirmala Lakshman

(B) Relatives of KMP

- (1) Ms Usha Krishna
- (2) Ms Preethi Krishna and
- (3) Mr K Ramesh

*Key Managerial Personnel as per Companies Act, 2013

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

36 Related party disclosures (Contd.)

(III) Subsidiaries / joint ventures / associates of ultimate holding company:

- (1) Southern Roadways Private Limited, Madurai, India
- (2) The Associated Auto Parts Private Limited, Mumbai, India
- (3) Sundaram-Clayton Limited, Chennai, India
- (4) Madurai Trans Carrier Limited, Chennai, India
- (5) TVS Electronics Limited, Chennai, India
- (6) TVS Motor Company Limited, Chennai, India
- (7) Lucas TVS Limited, Chennai, India
- (8) TVS Training and Services Limited, Chennai, India
- (9) Lucas Indian Services Limited, Mumbai, India
- (10) India Motor Parts & Accessories Limited, Chennai, India
- (11) Delphi TVS Technologies Limited, Chennai, India (Formerly Delphi TVS Diesel Systems Limited)
- (12) Wheels India Limited, Chennai, India
- (13) Brakes India Private Limited, Chennai, India
- (14) TVS Supply Chain Solutions Limited, Madurai, India (Formerly TVS Logistics Services Limited)
- (15) India Nippon Electricals Limited, Chennai, India
- (16) TVS Automobile Solutions Private Limited, Madurai, India

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

| Nature of transaction | Subsidiary Companies | Ultimate holding company | Key Management Personnel | Relatives of Key Management Personnel | Others | Subsidiaries / joint ventures / Associates of ultimate holding company |
|---|----------------------|--------------------------|--------------------------|---------------------------------------|--------|--|
| Purchases | | | | | | |
| Goods and materials (including reimbursement of expenses) | 1.62 | - | - | - | - | 2.14 |
| | (12.66) | - | - | - | - | (1.28) |
| Shares | 0.37 | - | - | - | - | - |
| | (1.90) | - | - | - | - | - |
| Fixed assets | 0.62 | - | - | - | - | - |
| | (0.25) | - | - | - | - | - |
| Sales | | | | | | |
| Goods and materials | 0.85 | 71.57 | - | - | - | 160.62 |
| | (0.86) | (80.52) | - | - | - | (171.11) |
| Fixed assets | 0.10 | - | - | - | - | - |
| | - | - | - | - | - | - |
| Services | | | | | | |
| Rendered* | 0.02 | - | - | - | - | 0.12 |
| | (0.42) | - | - | - | - | (0.11) |
| Received | 8.89 | 3.81 | - | - | - | 5.78 |
| | (11.25) | (4.27) | - | - | - | (5.79) |
| Finance | | | | | | |
| Interest on Inter-corporate Loans | 0.62 | - | - | - | - | - |
| | (0.56) | - | - | - | - | - |
| Dividend received | 2.58 | - | - | - | - | - |
| | (6.15) | - | - | - | - | - |
| Dividend paid | - | 38.65 | 0.10 | 0.06 | - | 36.81 |
| | - | (25.06) | (0.06) | (0.04) | - | (23.86) |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

36 Related party disclosures (Contd.)

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

| Nature of transaction | Subsidiary Companies | Ultimate holding company | Key Management Personnel | Relatives of Key Management Personnel | Others | Subsidiaries / joint ventures / Associates of ultimate holding company |
|---|----------------------|--------------------------|--------------------------|---------------------------------------|--------|--|
| Others | | | | | | |
| Leasing inward or outward / hire purchase arrangements | 0.04 | - | 1.18 | 0.07 | - | 0.15 |
| | (0.15) | - | (0.93) | (0.07) | | (0.22) |
| Guarantees and collaterals furnished or availed | 2.80 | - | - | - | - | - |
| | (81.85) | - | - | - | - | - |
| Loans given | - | - | - | - | - | - |
| | (5.67) | - | - | - | - | - |
| Post Employee benefit contribution | - | - | - | - | 8.54 | - |
| | - | - | - | - | (7.33) | - |
| Donations | - | - | - | - | 6.08 | - |
| | - | - | - | - | (3.73) | - |
| Management contracts | - | - | 10.51 | 0.03 | - | - |
| | - | - | (44.36) | - | - | - |
| Outstanding balances | | | | | | |
| Outstanding loan (including interest), due to the Company | 11.80 | - | - | - | - | - |
| | (11.57) | - | - | - | - | - |
| Due to the Company | 0.56 | 2.62 | - | - | - | 22.53 |
| | (0.22) | (8.92) | - | - | - | (33.37) |
| Due by the Company | 0.43 | 0.99 | 5.62 | - | - | 0.92 |
| | (1.09) | (2.44) | (39.73) | - | - | (0.79) |
| Guarantees given outstanding | 237.75 | - | - | - | - | - |
| | (213.44) | - | - | - | - | - |

(Previous year figures are in brackets)

* Amount less than ₹ 0.01

(V) Terms and conditions of transactions with related parties

- Transactions with related parties are at arm's length and all the outstanding balances are unsecured. (also refer note 41).

37 Particulars of loans, guarantees and investments under Section 186 of the Companies Act, 2013 during the financial year ended March 31, 2020

| Name of the body corporate | Nature of transaction | Amount of transaction | Purpose for which the loan / security / acquisition / guarantee utilised by recipient |
|--|----------------------------|-----------------------|---|
| Sunfast TVS limited, Chennai. | Acquisition | 0.01 | Investment in equity shares |
| TVS Engineering Limited, Chennai. | Acquisition | 0.36 | Investment in equity shares |
| Clean switch India Private Limited, Chennai | Acquisition | 0.09 | Investment in equity shares for purchase of power under group captive basis |
| Sundaram Money Fund Scheme of Sundaram Asset Management Co Limited., Chennai | Investment in Mutual Funds | 1,192.50 | Treasury investments |
| Cramlington Precision Forge Limited, Northumberland, United Kingdom | Guarantee | 2.80 | For availing term loan and working capital facility from Bank |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

38 Amalgamation

- a) Sundram Precision Components Limited ("SPCL") was a Company engaged in manufacture and sale of valve guides, valve seats, shaft idler, spacer oil lock cover idler and pulley which has applications mainly in automobile industry. SPCL is a wholly owned subsidiary of the Company as at March 31, 2019.
- b) Pursuant to the order dated April 11, 2019 by National Company Law Tribunal, Chennai bench, SPCL (the "transferor") was merged with the Company with an appointed date with effect from April 11, 2019. The order has been made effective on May 6, 2019, upon complying with all the relevant requirements under the Companies Act, 2013.
- c) The amalgamation has been accounted for under the 'pooling of interests' method as prescribed by Ind AS 103 "Business Combination". Given that the merger is a common control transaction, the prior year figures have been restated as if the merger had occurred from the beginning of the preceding period. i.e., April 1, 2018. Accordingly, the assets, liabilities and reserves of the transferor company as at April 1, 2018 have been taken over and recorded at their respective book values and in the same form.
- d) Consequent to the scheme of amalgamation, the authorized share capital of the transferor company stands cancelled. Also since the merger is of the wholly owned subsidiary with its parent company, no shares were exchanged to effect the amalgamation.

e) **Summary of the assets, liabilities and reserves taken over as on April 01, 2018 as mentioned below:-**

| Particulars | Amount |
|---|---------------|
| Total assets taken over | 19.30 |
| Total liabilities taken over | (7.32) |
| Reserves taken over | (4.98) |
| Net assets taken over | 7.00 |
| Cancellation of investment made in Sundram Precision Components Limited | (10.60) |
| Difference between investment value and net assets (after reducing reserves) adjusted in retained earnings | (3.60) |

- f) The impact of the above merger on the previously reported balance sheet as at March 31, 2019 is as follows:

| Particulars | SFL | SPCL | Adjustments | Total |
|-------------------------------|-----------------|-------------|----------------|-----------------|
| Non current assets | | | | |
| Property, plant and equipment | 1,336.48 | 5.79 | - | 1,342.27 |
| Capital work-in-progress | 83.42 | - | - | 83.42 |
| Investment property | 0.44 | - | - | 0.44 |
| Intangible assets | 4.51 | - | - | 4.51 |
| Financial assets | | | | - |
| - Investments | 360.61 | 0.11 | (10.60) | 350.12 |
| - Loans | 7.34 | - | - | 7.34 |
| - Others | 22.58 | 0.34 | - | 22.92 |
| Other tax assets, net | 21.78 | 0.46 | - | 22.24 |
| Other non-current assets | 123.28 | - | - | 123.28 |
| | 1,960.44 | 6.70 | (10.60) | 1,956.54 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

38 Amalgamation (Contd.)

| Particulars | SFL | SPCL | Adjustments | Total |
|--|-----------------|--------------|--------------------|-----------------|
| Current assets | | | | |
| Inventories | 552.62 | 7.80 | - | 560.42 |
| Financial assets | | | | |
| - Trade receivables | 766.27 | 3.28 | (7.11) | 762.44 |
| - Cash and cash equivalents | 6.75 | 0.90 | - | 7.65 |
| - Bank balance other than those mentioned in cash and cash equivalents | 3.69 | - | - | 3.69 |
| - Loans | 6.81 | - | - | 6.81 |
| - Others | 4.60 | - | - | 4.60 |
| Other current assets | 93.59 | 0.61 | - | 94.20 |
| | 1,434.33 | 12.59 | (7.11) | 1,439.81 |
| Total assets | 3,394.77 | 19.29 | (17.71) | 3,396.35 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Equity share capital | 21.01 | 7.00 | (7.00) | 21.01 |
| Other equity | 1,886.04 | 4.98 | (3.60) | 1,887.42 |
| Total equity | 1,907.05 | 11.98 | (10.60) | 1,908.43 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| - Borrowings | 207.48 | - | - | 207.48 |
| Provisions | 8.78 | - | - | 8.78 |
| Deferred tax liabilities, net | 143.86 | 0.21 | - | 144.07 |
| Other tax liabilities, net | 7.88 | - | - | 7.88 |
| | 368.00 | 0.21 | - | 368.21 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| - Borrowings | 593.49 | - | - | 593.49 |
| - Trade payables | | | | |
| Total outstanding dues of micro enterprises and small enterprises; and | 9.68 | - | - | 9.68 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 372.90 | 5.59 | (7.11) | 371.38 |
| - Other financial liabilities | 118.33 | 0.45 | - | 118.78 |
| Other current liabilities | 4.75 | 1.00 | - | 5.75 |
| Provisions | 19.82 | 0.06 | - | 19.88 |
| Other tax liabilities, net | 0.75 | - | - | 0.75 |
| | 1,119.72 | 7.10 | (7.11) | 1,119.71 |
| Total liabilities | 1,487.72 | 7.31 | (7.11) | 1,487.92 |
| Total equity and liabilities | 3,394.77 | 19.29 | (17.71) | 3,396.35 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

38 Amalgamation (Contd.)

- g) The impact of the above merger on the previously reported statement of profit and loss for the year ended March 31, 2019 is as follows:

| Particulars | SFL | SPCL | Adjustments | Total |
|---|-----------------|--------------|----------------|-----------------|
| Income | | | | |
| Revenue from operations | 4,002.34 | 25.89 | (38.01) | 3,990.22 |
| Other income | 31.94 | 0.18 | (2.45) | 29.67 |
| Total income | 4,034.28 | 26.07 | (40.46) | 4,019.89 |
| Expenses | | | | |
| Cost of materials consumed | 1,764.94 | 13.82 | (38.01) | 1,740.75 |
| Changes in inventories of finished goods and work-in-progress | (87.29) | (0.90) | - | (88.19) |
| Employee benefits expense | 350.47 | 2.07 | - | 352.54 |
| Finance costs | 38.96 | - | - | 38.96 |
| Depreciation and amortisation expense | 109.85 | 0.45 | - | 110.30 |
| Other expenses | 1,237.33 | 8.51 | - | 1,245.84 |
| Total expenses | 3,414.26 | 23.95 | (38.01) | 3,400.20 |
| Profit before tax | 620.02 | 2.12 | (2.45) | 619.69 |
| Tax expense | | | | |
| - Current tax | 159.23 | 0.51 | - | 159.74 |
| - Deferred tax | 23.67 | 0.09 | - | 23.76 |
| Total tax expense | 182.90 | 0.60 | - | 183.50 |
| Profit for the year | 437.12 | 1.52 | (2.45) | 436.19 |
| Other comprehensive income | | | | |
| Items that will not be reclassified to statement of profit or loss | | | | |
| (i) Remeasurement gain/ (loss) of defined benefit liability | 0.12 | - | - | 0.12 |
| (ii) Fair value (loss)/gains on equity instruments | (2.78) | - | - | (2.78) |
| (iii) Income tax effect on above | 2.49 | - | - | 2.49 |
| | (0.17) | - | - | (0.17) |
| Total comprehensive income for the period | 436.95 | 1.52 | (2.45) | 436.02 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

38 Amalgamation (Contd.)

- h) **The impact of the above merger on the previously reported cash flow statement for the year ended March 31, 2019 is as follows:**

| Particulars | SFL | SPCL | Adjustments | Total |
|--|---------------|---------------|--------------------|---------------|
| Cash flows from operating activities | 408.07 | 0.38 | - | 408.45 |
| Cash flows used in investing activities | (491.34) | (0.33) | (2.45) | (494.12) |
| Cash flows from / (used in) financing activities | 82.24 | (2.45) | 2.45 | 82.24 |
| Net decrease in cash and cash equivalents | (1.03) | (2.40) | - | (3.43) |

39 Leases

The Company has taken various premises including godowns, offices, flats, machinery and other assets under lease for which lease agreements are generally cancellable in nature and are renewable by mutual consent on agreed upon terms.

- a) The Company has adopted Ind AS 116 on "Leases" with effect from April 1, 2019 using modified retrospective approach along with a transition option to recognise Right of use (ROU) asset at an amount equal to the lease liability. Accordingly, there is no impact of Ind AS 116 adoption to the retained earnings as at April 1, 2019 or for the year ended March 31, 2019. The Company has recognised ₹ 17.46 as ROU and corresponding lease liability for an equivalent amount on the date of transition. Further an amount of ₹ 34.92 towards prepaid operating lease rentals has been transferred from current / non-current assets to ROU as on the date of transition. Accordingly, the comparative figures have not been presented for the following disclosures. There is no material impact on profit after tax and earnings per share for the year ended March 31, 2020, on adoption of Ind AS 116.

The following are the disclosures that has been made pursuant to Ind AS 116 requirements

i) ROU asset

Refer note 5 (d) for detailed break-up of right of use assets and amortisation thereon.

ii) Lease liabilities

| | As at March 31, 2020 |
|---|--------------------------------------|
| Maturity analysis - contractual undiscounted cash flows | |
| Not later than one year | 5.75 |
| Later than one year and not later than five years | 10.23 |
| More than five years | - |
| Total undiscounted lease liabilities at March 31, 2020 | 15.98 |
| Lease liabilities as at March 31, 2020 | |
| Current | 4.55 |
| Non-current | 8.86 |
| (iii) Amounts recognised in profit or loss | Year ended March 31, 2020 |
| Interest on lease liabilities | 1.57 |
| Amortisation of right of use assets (Refer Note 5(d)) | 4.98 |
| Expenses relating to short-term leases | 5.77 |
| (iv) Amounts recognized in the statement of cash flows | |
| Total cash outflow towards lease payments (excluding short-term leases) | 5.62 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

39 Leases (Contd.)

b) Disclosure under the erstwhile Leases standard (Ind AS 17) with respect to the comparative periods.

| | Year ended March 31, 2019 |
|---|------------------------------|
| i) Future minimum lease payments towards non-cancellable leases | |
| Not later than one year | 0.36 |
| Later than one year and not later than five years | 0.31 |
| More than five years | - |
| ii) Lease payments recognised in the statement of profit and loss | 5.36 |

40 Segment Reporting

In accordance with Ind AS 108, segment information with respect to geographic segment has been provided in the consolidated financial statements of the Company and therefore no separate disclosures have been given in these standalone financial statements.

41 Transfer pricing

Management believes that the Company's international transactions with related parties continue to be at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.

42 Events after the reporting period

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

43 Prior year comparatives

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

The notes from 1 to 43 are an integral part of these standalone financial statements

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

S SETHURAMAN

Partner

Membership No.: 203491

Place : Chennai

Date : June 11, 2020

ARATHI KRISHNA

Managing Director

(DIN: 00517456)

S MEENAKSHISUNDARAM

Chief Financial Officer

(ACA Membership No.: 021555)

For and on behalf of the Board of Directors of

SUNDRAM FASTENERS LIMITED

(CIN: L35999TN1962PLC004943)

SURESH KRISHNA

Chairman

(DIN: 00046919)

ARUNDATHI KRISHNA

Joint Managing Director

(DIN: 00270935)

R DILIP KUMAR

Vice President - Finance & Company Secretary

(ACS Membership No.: A19802)

Independent Auditor’s Report

To the Members of Sundram Fasteners Limited

Report on the Audit of Consolidated Ind AS financial statements

Opinion

We have audited the Consolidated Ind AS financial statements of Sundram Fasteners Limited (hereinafter referred to as the “Holding Company”) and its subsidiaries (Holding Company and its subsidiaries together referred to as “the Group”), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the Consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Consolidated Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid Consolidated Ind AS financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor’s Responsibilities for the *Audit of the Consolidated Ind AS financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

| Taxation and contingent liability related matters | |
|---|---|
| The key audit matter | How the matter was addressed in our audit |
| <p>Determination of tax provisions and assessment of contingent liabilities involves judgment with respect to various tax positions on deductibility of transactions, tax incentives/ exemptions, interpretation of laws and regulations etc. Judgment is also required in assessing the range of possible outcomes for these matters.</p> <p>The Group makes an assessment to determine the outcome of these matters and records an accrual or discloses this as a contingent liability in accordance with applicable accounting standards.</p> <p>Further, the change in tax rates pursuant to the Taxation Laws (Amendment) Ordinance, 2019 has had significant current and deferred tax implications during the current year.</p> <p>Accordingly, taxation and contingent liability related matters are areas of focus in the audit.</p> <p>Refer Notes 3 and 35 to the consolidated Ind AS financial statements.</p> | <p>In view of the significance of the matter we applied the following key audit procedures:</p> <ul style="list-style-type: none"> Involved our tax specialists and evaluated and challenged the underlying judgements used in respect of estimation of provisions, exposures and contingencies including Group’s assessment of impact of Taxation Laws (Amendment) Ordinance, 2019 on current and deferred taxes. Considered third party advice received by the Group where applicable, status of recent and current tax assessments, outcome of previous claims, judgmental positions taken in tax returns and developments in tax environment. Evaluated the adequacy of disclosures on tax provisions and contingent liabilities made in the consolidated Ind AS financial statements. |

| Revenue recognition and trade receivables | |
|---|--|
| The key audit matter | How the matter was addressed in our audit |
| <p>The Group's revenue is derived primarily from sale of automobile spare parts and components ("goods"). Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer.</p> <p>The Group and its external stakeholders focus on revenue as a key performance metric and the Group uses various shipment terms across its operating markets.</p> <p>Revenue recognition has been identified as a key audit matter as there could be an incentive or external pressures to meet expectations resulting in revenue being overstated or recognized before control has been transferred.</p> <p>Further, the Group has significant trade receivables as at the year end. Considering the size of the balances and the risk of some of the trade receivables not being recoverable due to the current COVID-19 situation, judgement is required to evaluate the adequacy of allowance recorded to reflect the credit risk.</p> <p>Refer Notes 3 and 23 to the consolidated Ind AS financial statements.</p> | <p>In view of the significance of the matter we applied the following key audit procedures in this area:</p> <ul style="list-style-type: none"> Assessed the Group's accounting policy for revenue recognition as per applicable accounting standards. Tested the design, implementation and operating effectiveness of key controls relating to revenue recognition. Performed substantive testing of revenue transactions recorded during the year on a sample basis by verifying the underlying documents. Tested samples of revenue transactions recorded closer to the year-end by verifying underlying documents, to assess the accuracy of the period in which revenue was recognized. Tested manual journal entries posted to revenue. Circularised balance confirmations for the trade receivable balances on a sample basis and verified reconciliation / performed alternate procedures as applicable. Evaluated the Group's assessment of the recoverability of receivable balances and the judgements considered in the expected credit loss allowance, including for possible effects from the COVID-19 pandemic. |

Information Other than the Consolidated Ind AS financial statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the Consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Ind AS financial statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company, and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern,

disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the Consolidated Ind AS financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of Consolidated Ind AS financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the Consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

- (a) We did not audit the financial statements / financial information of six subsidiaries, whose financial statements / financial information reflect total assets of ₹ 644.79 crores as at March 31, 2020, total revenues of ₹ 417.03 crores and net cash inflows amounting to ₹ 14.48 crores for the year ended on that date, as considered in the Consolidated Ind AS financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.
- (b) We did not audit the financial statements / financial information of three subsidiaries (including one step down subsidiary), whose financial statements / financial information reflect total assets of ₹ 9.06 crores as at March 31, 2020, total revenues of ₹ 10.86 crores and net cash inflows amounting to Rs. 0.95 crores for the year ended on that date, as considered in the Consolidated Ind AS financial statements, have not been audited either by us or by other auditors. These unaudited financial statements / financial information have been furnished to us by the management and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the Consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 of the aforesaid Consolidated Ind AS financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS financial statements.
 - d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

-
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:
- i. The Consolidated Ind AS financial statements disclose the impact of pending litigations as at March 31, 2020 on the consolidated financial position of the Group. Refer note 35 to the Consolidated Ind AS financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2020.
 - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Group during the year ended March 31, 2020.
 - iv. The disclosures in the Consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended March 31, 2020.
- C. With respect to the matter to be included in the Auditor's report under section 197(16):
- In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for B S R & Co. LLP

Chartered Accountants

Firm's Registration number: 101248W/W-100022

S Sethuraman

Partner

Membership No.: 203491

ICAI UDIN: 20203491AAAABP7229

Place : Chennai

Date : June 11, 2020

Annexure A to the Independent Auditor's Report

To the Members of Sundram Fasteners Limited on the Consolidated Ind AS financial statements for the year ended March 31, 2020

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

(Referred to in paragraph A (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of Sundram Fasteners Limited ("the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of March 31, 2020 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

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

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated Ind AS financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note issued by ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively as at March 31, 2020 for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 consolidated Ind AS financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated Ind AS 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated Ind AS financial statements.

Meaning of Internal financial controls with reference to financial statements

A company's internal financial controls with reference to consolidated Ind AS financial statements is a process

designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

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

Other matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements insofar as it relates to three subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of the above matter.

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration number: 101248W/W-100022

S Sethuraman

Partner

Membership No.: 203491

ICAI UDIN: 20203491AAAABP7229

Place : Chennai

Date : June 11, 2020

Sundram Fasteners Limited

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

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

| | Note | As at March 31, 2020 | As at March 31, 2019 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 (a) | 1,787.88 | 1,603.82 |
| Capital work-in-progress | 5 (b) | 94.78 | 95.58 |
| Investment property | 5 (c) | 8.27 | 8.44 |
| Right of use assets | 5 (d) | 105.88 | - |
| Goodwill | 5 (e) | 3.34 | 3.34 |
| Other intangible assets | 5 (e) | 4.15 | 5.07 |
| Financial assets | | | |
| - Investments | 6 | 35.93 | 65.63 |
| - Loans | 7 | 1.63 | 3.77 |
| - Other financial assets | 8 | 36.66 | 27.33 |
| Deferred tax assets, net | 18 | 1.43 | 0.62 |
| Other tax assets, net | 9 | 36.55 | 28.68 |
| Other non-current assets | 10 | 78.35 | 161.50 |
| | | 2,194.85 | 2,003.78 |
| Current assets | | | |
| Inventories | 11 | 569.62 | 647.82 |
| Financial assets | | | |
| - Investments | 6 | 1.92 | 2.61 |
| - Trade receivables | 12 | 651.03 | 886.89 |
| - Cash and cash equivalents | 13 | 40.90 | 20.07 |
| - Bank balance other than those mentioned in cash and cash equivalents | 13 | 5.59 | 4.76 |
| - Loans | 7 | 0.44 | 1.15 |
| - Other financial assets | 8 | 11.99 | 5.14 |
| Other tax assets, net | 9 | 5.28 | 2.97 |
| Other current assets | 10 | 68.39 | 128.06 |
| | | 1,355.16 | 1,699.47 |
| | | 3,550.01 | 3,703.25 |
| Total assets | | | |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 14A | 21.01 | 21.01 |
| Other equity | | 1,974.91 | 1,848.96 |
| Total equity attributable to equity owners of the company | | 1,995.92 | 1,869.97 |
| Non-controlling interest | | 8.39 | 7.77 |
| Total equity | | 2,004.31 | 1,877.74 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 15 | 325.03 | 339.63 |
| - Lease liabilities | 16 | 25.62 | - |
| - Trade payables | | | |
| - Total outstanding dues of micro enterprises and small enterprises; and | 20 | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 21 | 0.70 | 1.38 |
| - Other financial liabilities | 21 | 0.45 | 0.64 |
| Provisions | 17 | 10.58 | 11.02 |
| Deferred tax liabilities, net | 18 | 113.32 | 151.89 |
| Other tax liabilities, net | 19 | 7.88 | 7.88 |
| | | 483.58 | 512.44 |
| Current Liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 15 | 519.39 | 639.05 |
| - Lease liabilities | 16 | 5.99 | - |
| - Trade payables | 20 | | |
| - Total outstanding dues of micro enterprises and small enterprises; and | | 19.46 | 9.68 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 21 | 365.62 | 477.32 |
| - Other financial liabilities | 21 | 117.13 | 152.43 |
| Other current liabilities | 22 | 8.96 | 8.71 |
| Provisions | 17 | 21.71 | 21.45 |
| Other tax liabilities, net | 19 | 3.86 | 4.43 |
| | | 1,062.12 | 1,313.07 |
| Total liabilities | | 1,545.70 | 1,825.51 |
| Total equity and liabilities | | 3,550.01 | 3,703.25 |

Significant accounting policies

3 and 4

The notes from 1 to 43 are an integral part of these consolidated financial statements

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

S SETHURAMAN

Partner

Membership No.: 203491

ARATHI KRISHNA

Managing Director

(DIN: 00517456)

S MEENAKSHISUNDARAM

Chief Financial Officer

(ACA Membership No.: 021555)

For and on behalf of the Board of Directors of

SUNDRAM FASTENERS LIMITED

(CIN: L35999TN1962PLC004943)

SURESH KRISHNA

Chairman

(DIN: 00046919)

ARUNDATHI KRISHNA

Joint Managing Director

(DIN: 00270935)

R DILIP KUMAR

Vice President - Finance & Company Secretary

(ACS Membership No.: A19802)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

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

| | Note | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------|------------------------------|------------------------------|
| Income | | | |
| Revenue from operations | 23 | 3,723.23 | 4,557.90 |
| Other income | 24 | 28.09 | 26.80 |
| Total income | | 3,751.32 | 4,584.70 |
| Expenses | | | |
| Cost of materials consumed | 25 | 1,468.53 | 1,954.03 |
| Changes in inventories of finished goods and work in progress | 26 | 57.03 | (97.19) |
| Employee benefits expense | 27 | 434.91 | 459.32 |
| Finance costs | 28 | 57.90 | 46.01 |
| Depreciation and amortisation expense | 29 | 169.92 | 128.77 |
| Other expenses | 30 | 1,169.86 | 1,441.32 |
| Total expenses | | 3,358.15 | 3,932.26 |
| Profit before tax | | 393.17 | 652.44 |
| Tax expense | | | |
| a) Current tax | 18 | 98.45 | 165.90 |
| b) Deferred tax | | (31.81) | 27.57 |
| Total tax expense | | 66.64 | 193.47 |
| Profit for the year | | 326.53 | 458.97 |
| Attributable to: | | | |
| Owners of the parent | | 324.89 | 457.49 |
| Non- controlling interest | | 1.64 | 1.48 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| (i) Re-measurement (loss) / gain on defined benefit plans | | (1.69) | 0.18 |
| (ii) Fair value loss on equity instruments | | (28.31) | (2.95) |
| (iii) Income tax effect on items that will not be reclassified to profit or loss | | 5.99 | 2.53 |
| | | (24.01) | (0.24) |
| Items that will be reclassified to profit or loss | | | |
| (i) Exchange difference on translation of foreign operations | | 7.34 | 3.40 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| | | 7.34 | 3.40 |
| Total comprehensive income for the year | | 309.86 | 462.13 |
| (Comprising profit and other comprehensive income for the year) | | | |
| Attributable to: | | | |
| Owners of the parent | | 308.19 | 460.61 |
| Non- controlling interest | | 1.67 | 1.52 |
| Earnings per equity share | | | |
| Basic (in ₹) | 31 | 15.46 | 21.77 |
| Diluted (in ₹) | | 15.46 | 21.77 |

Significant accounting policies

3 and 4

The notes from 1 to 43 are an integral part of these consolidated financial statements

As per our report of even date attached

For and on behalf of the Board of Directors of
SUNDRAM FASTENERS LIMITED
(CIN: L35999TN1962PLC004943)

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

SURESH KRISHNA

Chairman

(DIN: 00046919)

S SETHURAMAN

Partner

Membership No.: 203491

ARATHI KRISHNA

Managing Director

(DIN: 00517456)

ARUNDATHI KRISHNA

Joint Managing Director

(DIN: 00270935)

Place : Chennai

Date : June 11, 2020

S MEENAKSHISUNDARAM

Chief Financial Officer

(ACA Membership No.: 021555)

R DILIP KUMAR

Vice President - Finance & Company Secretary

(ACS Membership No.: A19802)

Sundram Fasteners Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

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

| A. Equity share capital | Note | Amount |
|---|------|--------|
| Balance as at April 1, 2018 | 14A | 21.01 |
| Changes in equity share capital during the year | | - |
| Balance as at March 31, 2019 | 14A | 21.01 |
| Changes in equity share capital during the year | | - |
| Balance as at March 31, 2020 | 14A | 21.01 |

B. Other equity

| Particulars | Attributable to owners of the company | | | | | | | Total other equity | Non-controlling interest | Total |
|---|---------------------------------------|--|-----------------|-------------------|--|--|--|--------------------|--------------------------|-----------------|
| | Reserves and surplus | | | | Items of other comprehensive income | | | | | |
| | General reserve | Special Economic Zone reinvestment reserve | Special reserve | Retained earnings | Items that will not be reclassified to profit and loss | | Items that will be reclassified to profit and loss | | | |
| | | | | | Fair valuation of equity instruments | Remeasurement of defined benefit obligations | | | | |
| Balances as at April 1, 2018 | 1,340.44 | 25.75 | 0.82 | 65.52 | 46.53 | (14.37) | 45.40 | 1,510.09 | 7.51 | 1,517.60 |
| Acquisition of subsidiary | - | - | - | (1.69) | - | - | - | (1.69) | (0.81) | (2.50) |
| Profit for the year | - | - | - | 457.49 | - | - | - | 457.49 | 1.48 | 458.97 |
| Other comprehensive income for the year | - | - | - | - | (0.46) | 0.18 | 3.40 | 3.12 | 0.04 | 3.16 |
| Utilisation of reserves (refer note 14B(c)) | - | (10.75) | - | 10.75 | - | - | - | - | - | - |
| Transfer (from) / to retained earnings | 279.27 | 20.73 | - | (314.19) | - | 14.19 | - | - | - | - |
| Dividends (refer note 14B(a)) | - | - | - | (98.76) | - | - | - | (98.76) | (0.71) | (99.47) |
| Dividend distribution tax (refer note 14B(a)) | - | - | - | (21.90) | - | - | - | (21.90) | (0.15) | (22.05) |
| Other adjustments | (0.06) | - | - | 0.67 | - | - | - | 0.61 | 0.41 | 1.02 |
| Balances as at March 31, 2019 | 1,619.65 | 35.73 | 0.82 | 97.89 | 46.07 | - | 48.80 | 1,848.96 | 7.77 | 1,856.73 |
| Profit for the year | - | - | - | 324.89 | - | - | - | 324.89 | 1.64 | 326.53 |
| Other comprehensive income for the year | - | - | - | - | (22.44) | (1.60) | 7.34 | (16.70) | 0.03 | (16.67) |
| Utilization of reserves (refer note 14B(c)) | - | (35.73) | - | 35.73 | - | - | - | - | - | - |
| Transfer (from) / to retained earnings | 200.00 | - | - | (201.60) | - | 1.60 | - | - | - | - |
| Dividends (refer note 14B(a)) | - | - | - | (152.34) | - | - | - | (152.34) | (0.71) | (153.05) |
| Dividend distribution tax (refer note 14B(a)) | - | - | - | (31.16) | - | - | - | (31.16) | (0.14) | (31.30) |
| Other adjustments | - | - | - | 1.26 | - | - | - | 1.26 | (0.20) | 1.06 |
| Balances as at March 31, 2020 | 1,819.65 | - | 0.82 | 74.67 | 23.63 | - | 56.14 | 1,974.91 | 8.39 | 1,983.30 |

Significant accounting policies

3 and 4

The notes from 1 to 43 are an integral part of these consolidated financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm's registration number: 101248W/W-100022

S SETHURAMAN

Partner

Membership No.: 203491

ARATHI KRISHNA

Managing Director

(DIN: 00517456)

S MEENAKSHISUNDARAM

Chief Financial Officer

(ACA Membership No.: 021555)

For and on behalf of the Board of Directors of
SUNDRAM FASTENERS LIMITED
(CIN: L35999TN1962PLC004943)

SURESH KRISHNA

Chairman

(DIN: 00046919)

ARUNDATHI KRISHNA

Joint Managing Director

(DIN: 00270935)

R DILIP KUMAR

Vice President - Finance & Company Secretary

(ACS Membership No.: A19802)

Place : Chennai

Date : June 11, 2020

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

| | Note | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------|------------------------------|------------------------------|
| A. Cash flow from operating activities | | | |
| Profit before tax | | 393.17 | 652.44 |
| Adjustments for: | | | |
| Depreciation and amortisation expense | 29 | 161.89 | 128.77 |
| Amortisation of right of use assets | 29 | 8.03 | - |
| Unrealised foreign exchange (gain) / loss, net | | (3.90) | 9.50 |
| Provision for diminution in value of investments | | 1.19 | - |
| Mark to market loss on derivative instruments | | 6.21 | - |
| Finance costs | 28 | 57.90 | 46.01 |
| Interest income | 24 | (3.26) | (2.23) |
| Dividend income | 24 | (0.66) | (0.67) |
| Loss on sale of property, plant and equipment, net | 30 | 0.77 | 1.18 |
| Amortisation of leasehold land | | - | 0.54 |
| Gain on sale of investments in mutual funds | 24 | (0.81) | (0.05) |
| Fair value loss on financial instruments at fair value through profit or loss | | 0.69 | 0.92 |
| Operating profit before working capital changes | | 621.22 | 836.41 |
| Adjustments for changes in working capital | | | |
| Decrease / (increase) in inventories | | 81.02 | (124.71) |
| Decrease / (increase) in financial assets | | 248.07 | (100.22) |
| Decrease / (increase) in other assets | | 48.32 | (42.56) |
| (Decrease) / increase in financial liabilities | | (167.88) | 60.83 |
| Decrease in other liabilities and provisions | | (6.04) | (1.57) |
| Cash generated from operating activities | | 824.71 | 628.18 |
| Income tax paid, net | | (106.99) | (170.73) |
| Net cash from operating activities | | 717.72 | 457.45 |
| B. Cash flow from investing activities | | | |
| Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances) | | (323.48) | (594.85) |
| Purchase of right of use assets | | (4.31) | - |
| Proceeds from sale of property, plant and equipment | | 1.36 | 0.94 |
| Acquisition of investments | | (1,190.97) | (128.94) |
| Proceeds from sale of investments | | 1,192.75 | 124.49 |
| Dividend received | 24 | 0.66 | 0.67 |
| Interest received | | 2.81 | 2.05 |
| Deposits with banks (maturity more than 3 months but less than 12 months) | | - | (0.25) |
| Net cash used in investing activities | | (321.18) | (595.89) |

Sundram Fasteners Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | Note | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------|------------------------------|------------------------------|
| C. Cash flow from financing activities | | | |
| Repayment of lease liabilities | | (8.46) | - |
| (Repayment) / proceeds from borrowings, net | | (120.62) | 387.48 |
| Repayment of long term borrowings, net | | (14.01) | (99.89) |
| Dividend paid (including dividend distribution tax) | | (184.35) | (121.52) |
| Interest paid | | (49.31) | (39.33) |
| Net cash (used in) / from financing activities | | (376.75) | 126.74 |
| D. Net cash flows during the year (A + B + C) | | | |
| E. Cash and cash equivalents at the beginning of the year | | 20.07 | 30.65 |
| F. Effect of exchange differences on cash and cash equivalents held in foreign currency | | 1.04 | 1.12 |
| G. Cash and cash equivalents at the end of the year (D+E+F) | | 40.90 | 20.07 |
| Reconciliation of the cash and cash equivalents as per the cash flow statement | | | |
| Balances with banks in current accounts | 13 | 38.96 | 18.45 |
| Balances with banks in deposit accounts (original maturity of 3 months or less) | 13 | 1.61 | 1.31 |
| Cash on hand | 13 | 0.33 | 0.31 |
| | | 40.90 | 20.07 |

Significant accounting policies

3 and 4

The notes from 1 to 43 are an integral part of these consolidated financial statements

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

S SETHURAMAN

Partner

Membership No.: 203491

ARATHI KRISHNA

Managing Director

(DIN: 00517456)

S MEENAKSHISUNDARAM

Chief Financial Officer

(ACA Membership No.: 021555)

For and on behalf of the Board of Directors of
SUNDRAM FASTENERS LIMITED
(CIN: L35999TN1962PLC004943)

SURESH KRISHNA

Chairman

(DIN: 00046919)

ARUNDATHI KRISHNA

Joint Managing Director

(DIN: 00270935)

R DILIP KUMAR

Vice President - Finance & Company Secretary

(ACS Membership No.: A19802)

Place : Chennai

Date : June 11, 2020

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

1. Corporate information

Sundram Fasteners Limited (the 'Company') is domiciled in India, with its registered office situated at No. 98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai 600004. The Company has been incorporated under the provisions of the Companies Act, 1956 and its equity shares are listed on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE') in India. These consolidated financial statements comprise the Company and its subsidiaries (referred to collectively as the 'Group'). The Group is primarily engaged in manufacture and sale of bolts and nuts, water and oil pumps, sintered products, cold extruded components, hot & warm forged parts, radiator caps and other parts which have applications mainly in automobile industry.

2. Basis of preparation

2.1 Statement of compliance

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

The consolidated financial statements for the year ended March 31, 2020 (including comparatives) are authorised by the Board on June 11, 2020.

Details of the Group's accounting policies are included in note 3 and 4 .

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

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

2.4 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and

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

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

Significant management judgment

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

- Note 3(7) and 39: Leases - whether an arrangement contains a lease;
- Note 3(8) and 34: Financial instruments: Classification and measurement

Assumptions and estimation uncertainty

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

- Note 3(3), 3(4) and 3(5): Useful lives of property, plant and equipment, intangible assets and investment property
- Note 3(6), 3(8) and 3(9): Impairment test on financial and non-financial assets; key assumptions underlying recoverable amounts;
- Note 3(10), 3(12), 17(b), 18 and 35: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources including provision for income taxes and related contingencies
- Note 17(a): measurement of defined benefit obligation; key actuarial assumptions;

2.5 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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

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

Management uses various valuation techniques to determine fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based on its assumptions on observable data as far as possible but where it not available, the management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (also refer note 34). The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.6. Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

3. Summary of accounting policies

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

1. Basis of consolidation

Business combinations

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition

method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in OCI and accumulated in equity as capital reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase; otherwise the gain is recognised directly in equity as capital reserve. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured subsequently and settlement is accounted for within equity. Other contingent consideration is re-measured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

iv. Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates and joint ventures.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

v. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Revenue recognition

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

2.1 Sale of products:

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third

parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

2.1 Revenue from rendering of services:

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

2.3 Interest and dividend income:

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

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

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

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

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

2.4 Rental income

The Group earns rental income from operating leases of its investment property (also refer note 5). Rental income from investment property is recognised in statement of profit and loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

3. Property, plant and equipment

3.1 Recognition and measurement

Free hold land is stated at historical cost. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

losses, if any. Cost of an item of property, plant and equipment comprises:

- purchase price, including import duties and non-refundable taxes on purchase (goods and service tax, value added tax), after deducting trade discounts and rebates.
- any directly attributable cost of bringing the item to its working condition for its intended use estimated costs of dismantling and removing the item and restoring the site on which it is located.
- The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

3.2 Subsequent expenditure

Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group.

3.3 Component accounting

The component of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of the respective asset, the life of the component in assets are determined based on technical assessment and past history of replacement of such components in the assets. The carrying amount of any component accounted for as separate asset is derecognised when replaced.

3.4 Depreciation:

- a. Depreciation is recognized on a straight-line basis, over useful life of buildings and other equipment as prescribed under Schedule II of Companies Act, 2013, except in respect of certain assets, where useful life is different from those prescribed under Schedule II.
- b. Depreciation on property, plant and equipment is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment and in accordance with Part A of Schedule II to the Companies Act, 2013 on a straight line basis.
- c. The estimated useful life of the property, plant and equipment on technical assessment followed by the Group is furnished below:

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

- d. The residual value for all the above assets are retained at 5% of the cost.
- e. Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period.
- f. On property, plant and equipment added/ disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.

4. Intangible assets and research and development expenditure

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

4.1 Subsequent expenditure

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

4.2 Amortisation

Intangible assets comprising of Computer softwares are amortised on a straight-line basis over the estimated useful life of 3 to 5 years. Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

4.3 Research and Development expenditure

Expenditure are mainly on research activities and the same is recognised in statement of profit or loss as incurred.

5. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment properties are stated

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

at cost less accumulated depreciation and impairment losses if any.

The Group has depreciated investment property as evaluated on technical assessment and in accordance with Part A of Schedule II to the Companies Act, 2013, on a straight line basis. Any gain or loss on disposal of an investment property is recognised in the statement of profit and loss.

6. Inventories

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

6.1 Raw materials

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

6.2 Work-in-progress and finished goods

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

6.3 Stores, spares and tools

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

7. Leases

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

Policy applicable from April 1, 2019

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

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

7.1 Assets held under leases

Assets taken on lease

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

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

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

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

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the

Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

Short-term leases

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

Assets leased out

At inception or at a modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease components on the basis of their standalone prices

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

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

Policy applicable before April 1, 2019

7.2 Determining whether an arrangement contains a lease

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

At inception or on reassessment of arrangement that contains a lease, payments and other consideration required by such an arrangement are separated into those for lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance

lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

7.3 Assets held under leases

Assets taken on lease

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

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

Assets leased out

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

7.4 Lease payments

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

8. Financial instruments

8.1 Recognition and initial measurement:

Trade receivables are initially recognised when they are originated.

All other financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

The 'trade payable' is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction and services availed value if the transaction do not contain significant financing component.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

8.2 Financial assets

8.2.1 Classification and subsequent measurement of financial assets:

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

- a. Those to be measured at Fair value through other comprehensive Income (FVTOCI)
- b. Those to be measured at Fair value through profit and loss (FVTPL) and;
- c. Those measured at amortised cost.

a. Financial assets at amortised cost

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

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

b. Financial assets at Fair Value Through Other Comprehensive Income

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

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

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

c. Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or FVTOCI. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. These are measured at fair value with gains or losses recognized in the statement of profit and loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance in respect of FVTPL at each reporting period is evaluated based on expected credit losses for next 12 months and credit risk exposure. The Group also measures loss allowance for financial instrument at an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The allowance shall be recognised in statement of profit or loss.

8.2.2 Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency. For the reporting periods under review, the Group has not designated any forward currency contracts as hedging instruments.

8.2.3 De-recognition of financial assets

A financial asset is derecognised only when;

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

Where entity has transferred an asset, the Group examines and assesses whether it has transferred substantially all risk and rewards of ownership of

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

financial asset. In such cases, financial asset is derecognised. Where entity has not transferred substantially all risks and rewards of ownership of financial asset, such financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risk and rewards of ownership of the financial asset, the financial asset is derecognised, if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset is continued to be recognised to the extent of continuing involvement in the financial asset.

8.3 Financial Liabilities

8.3.1 Classification of financial liabilities

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

8.3.2 Subsequent measurement

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

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because, the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

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

8.3.3 De recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

8.4 Offsetting

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

9. Impairment

a. Impairment of financial instruments

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

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

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

assumes that credit risk on a financial asset has increased significantly if it is past due.

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

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

9.1.1 Measurement of expected credit losses

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

9.1.2 Presentation of allowance for expected credit losses in the balance sheet

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

9.1.3 Write-off

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

9.2 Impairment of non-financial assets

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

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

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

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

10. Income Taxes

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

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

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

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

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

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

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

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

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

11. Post-employment benefits and short-term employee benefits

a. Short term employee benefit obligations:

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

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

b. Other long term employee benefit obligations:

These obligations represent liability towards compensated absences that are not expected to be settled wholly within a period of 12 months after end of the period in which the employees render the related service. They are, therefore, recognised and provided for at the present value of expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

The obligations are presented as current liabilities in balance sheet if entity does not have an unconditional right to defer settlement for at least 12 months after reporting period, regardless of when actual settlement is expected to occur.

c. Post-employment obligation:

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

i. Gratuity/ group terminal benefit obligation:

The liability or asset recognised in the balance sheet in respect of these defined benefit obligation is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an Independent actuary using projected unit credit method. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period on the government bonds

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in employee benefit expenses in the Statement of Profit and Loss. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in present value of the defined benefit obligation resulting from plan amendment or curtailment are recognised immediately in the statement of profit and loss.

ii. Provident Fund:

The eligible employees of the Group are entitled to receive benefits in respect of provident fund, partly a defined benefit obligation and partly a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employee's salary. The provident fund contributions are made partly to employee provident fund organisation and partly to an irrevocable trust set up by the Group. The Group is liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

12. Provisions and contingent liabilities

12.1.1 Provisions:

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

12.1.2 Provision for warranties

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

12.1.3 Onerous contract

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

12.2 Contingent liabilities:

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability.

12.3 Contingent assets:

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

13. Earnings per share

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

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

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

14. Cash and cash equivalents and cash flow statement

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within three months from the date of acquisition and which are readily convertible into cash and which are subject to only an insignificant risk of changes in value.

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

15. Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance.

The Group is primarily engaged in manufacture and sale of bolts and nuts, water pumps, sintered products, cold extruded components, hot and warm forged parts, radiator caps and other parts which largely have applications primarily in automobile industry and thus the Group has only one reportable segment in products and services.

The segment information with respect to geographic segments have been provided in these consolidated financial statements.

16. Government grants

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

17. Foreign currency transactions and foreign operations

Foreign currency transactions

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

Foreign operations

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements, branches) including goodwill and fair value adjustments arising on acquisition, are translated into Rs., the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Rs. at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency translation differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred under finance costs. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to interest costs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

4A. Changes in significant accounting policies

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

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and has applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has considered the right of use asset as an amount equivalent to the lease liability determined by the Group, on the date of initial application. The comparative figures as of and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under Ind AS 17. The disclosure requirements in Ind AS 116 have not been applied to comparative information.

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

(a) Definition of lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under Ind AS 17 Leases. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 3(7.1).

(b) As a lessee

As a lessee, the Group leases many assets that are in the nature of land and buildings and plant and machinery. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset of the Group. Under Ind AS 116, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Previously, the Group classified property leases as operating leases under Ind AS 17. On transition, the Group has elected the transition option to recognise Right of use (ROU) asset at an amount equivalent to the lease liability, with the lease liabilities measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at April 1, 2019 (refer notes 5(d), 16 and 39).

The Group has evaluated its right-to-use assets for impairment on the date of transition and has

concluded that there is no indication that the right-of-use assets are impaired.

(c) Impact on financial statements

The Group has adopted Ind AS 116 with effect from April 1, 2019 using modified retrospective approach along with a transition option to recognise Right of use (ROU) asset at an amount equal to the lease liability. The impact on transition is summarized below:-

| Particulars | Amount |
|--|---------|
| Right-of-use assets (land and buildings) # | 71.82 |
| Lease liabilities | 37.23 |
| Other current assets | (0.67) |
| Other non-current assets | (71.15) |

includes prepayments under operating leases reclassified from other current / non-current assets

For the impact of Ind AS 116, on profit or loss for the year, refer note 39. For details of accounting policies under Ind AS 116, and Ind AS 17, refer note 3(7).

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at April 1, 2019. The weighted-average rate applied ranged between 5% to 9% depending on the geography where the assets have been leased.

The reconciliation of lease liabilities recognised upon initial transition to Ind AS 116 with operating lease commitments disclosed under Ind AS 17 as at March 31, 2019 is as follows:-

| Particulars | Amount |
|--|--------|
| Operating lease commitments as at March 31, 2019 as disclosed under Ind AS 17 in the Group's standalone financial statements | 9.72 |
| Impact of discounting the above using incremental borrowing rate at April 1, 2019 | (2.53) |
| Continuance and extension options reasonably certain to be exercised | 30.04 |
| Lease liabilities recognised at April 1, 2019 | 37.23 |

4B. Recent Indian Accounting Standards

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

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

5 a) Property, plant and equipment

| Gross block | Freehold land | Buildings | Plant and equipment | Furniture and fixtures | Office equipments | Vehicles | Total |
|--|---------------|---------------|---------------------|------------------------|-------------------|-------------|-----------------|
| As at April 1, 2018 | 43.18 | 205.65 | 1,173.59 | 7.22 | 21.55 | 7.41 | 1,458.60 |
| Additions | - | 119.97 | 457.15 | 2.68 | 6.75 | 1.31 | 587.86 |
| Disposals | - | (1.03) | (5.55) | (0.07) | (0.15) | (0.07) | (6.87) |
| Other adjustments | - | (0.17) | (0.03) | 0.13 | - | 0.02 | (0.05) |
| Exchange difference on translation of foreign operations | - | 0.45 | 2.52 | 0.04 | 0.03 | 0.01 | 3.05 |
| As at March 31, 2019 | 43.18 | 324.87 | 1,627.68 | 10.00 | 28.18 | 8.68 | 2,042.59 |
| Additions | - | 54.04 | 281.15 | 1.12 | 3.23 | 0.82 | 340.36 |
| Disposals | - | - | (4.40) | (0.13) | (0.69) | (0.02) | (5.24) |
| Exchange difference on translation of foreign operations | - | 2.03 | 6.61 | 0.07 | 0.12 | 0.01 | 8.84 |
| As at March 31, 2020 | 43.18 | 380.94 | 1,911.04 | 11.06 | 30.84 | 9.49 | 2,386.55 |

Accumulated depreciation

| | | | | | | | |
|--|---|--------------|---------------|-------------|--------------|-------------|---------------|
| As at April 1, 2018 | - | 19.66 | 281.60 | 2.13 | 9.86 | 1.55 | 314.80 |
| For the year | - | 10.34 | 112.15 | 0.89 | 3.65 | 1.05 | 128.08 |
| Disposals | - | (1.01) | (3.57) | (0.04) | (0.09) | (0.04) | (4.75) |
| Other adjustments | - | - | (0.01) | - | - | 0.01 | - |
| Exchange difference on translation of foreign operations | - | 0.05 | 0.56 | - | 0.02 | 0.01 | 0.64 |
| As at March 31, 2019 | - | 29.04 | 390.73 | 2.98 | 13.44 | 2.58 | 438.77 |
| For the year | - | 13.79 | 140.78 | 0.98 | 3.89 | 1.08 | 160.52 |
| Disposals | - | - | (2.46) | (0.07) | (0.59) | (0.01) | (3.13) |
| Exchange difference on translation of foreign operations | - | 0.25 | 2.17 | 0.03 | 0.05 | 0.01 | 2.51 |
| As at March 31, 2020 | - | 43.08 | 531.22 | 3.92 | 16.79 | 3.66 | 598.67 |

Net block

| | | | | | | | |
|-----------------------------|--------------|---------------|-----------------|-------------|--------------|-------------|-----------------|
| As at March 31, 2019 | 43.18 | 295.83 | 1,236.95 | 7.02 | 14.74 | 6.10 | 1,603.82 |
| As at March 31, 2020 | 43.18 | 337.86 | 1,379.82 | 7.14 | 14.05 | 5.83 | 1,787.88 |

b) Capital work-in-progress

| | | | | | | | |
|-----------------------------|---|--------------|--------------|-------------|-------------|---|--------------|
| As at March 31, 2019 | - | 8.17 | 87.17 | - | 0.24 | - | 95.58 |
| As at March 31, 2020 | - | 18.98 | 75.76 | 0.01 | 0.03 | - | 94.78 |

a) Plant and equipment includes net block of assets leased out amounting to ₹ 7.94 (March 31, 2019 : ₹ 7.67).

b) Refer note 15 for assets pledged as securities for borrowings.

c) Refer note 35(c) for capital commitments.

d) Freehold land pending registration: ₹ 2.56 (March 31, 2019: ₹ 2.56)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

5 c) Investment property

| Gross block | Land | Building | Total |
|--|-------------|-----------------|--------------|
| As at April 1, 2018 | 2.72 | 6.80 | 9.52 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Exchange difference on translation of foreign operations | - | 0.22 | 0.22 |
| As at March 31, 2019 | 2.72 | 7.02 | 9.74 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Exchange difference on translation of foreign operations | - | 0.32 | 0.32 |
| As at March 31, 2020 | 2.72 | 7.34 | 10.06 |
| Accumulated depreciation | | | |
| As at April 1, 2018 | - | 0.95 | 0.95 |
| For the year | - | 0.33 | 0.33 |
| Disposals | - | - | - |
| Exchange difference on translation of foreign operations | - | 0.02 | 0.02 |
| As at March 31, 2019 | - | 1.30 | 1.30 |
| For the year | - | 0.42 | 0.42 |
| Disposals | - | - | - |
| Exchange difference on translation of foreign operations | - | 0.07 | 0.07 |
| As at March 31, 2020 | - | 1.79 | 1.79 |
| Net block | | | |
| As at March 31, 2019 | 2.72 | 5.72 | 8.44 |
| As at March 31, 2020 | 2.72 | 5.55 | 8.27 |

Notes:

1. Information regarding income and expenditure of investment property

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--------------------------------------|------------------------------|
| Rental income from the investment property | 1.56 | 0.87 |
| Less: Expenses that Contribute to the rental income (including repairs and maintenance) | (0.01) | (0.04) |
| Profit before depreciation | 1.55 | 0.83 |
| Less: Depreciation | (0.42) | (0.33) |
| Profit from investment property | 1.13 | 0.50 |

2. The fair value of investment property is not significant and accordingly related disclosures have not been made in these consolidated financial statements.

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

5 (d) Right of use assets

| Gross block | Land under long term lease | Buildings (including land) | Total |
|--|----------------------------|----------------------------|---------------|
| Recognised on April 1, 2019, consequent to transition to Ind AS 116 | 71.82 | 37.23 | 109.05 |
| Additions | 4.86 | - | 4.86 |
| Disposals | - | - | - |
| As at March 31, 2020 | 76.68 | 37.23 | 113.91 |
| Accumulated amortisation | | | |
| Recognised on April 1, 2019, consequent to transition to Ind AS 116 | - | - | - |
| For the year | 0.79 | 7.25 | 8.03 |
| Disposals | - | - | - |
| As at March 31, 2020 | 0.79 | 7.25 | 8.03 |
| Net block | | | |
| As at March 31, 2020 | 75.89 | 29.98 | 105.88 |

5 (e) Goodwill and Other Intangible assets

| Gross block | Goodwill | Other intangible assets - Software | Total |
|--|-------------|------------------------------------|-------------|
| As at April 1, 2018 | 3.34 | 1.36 | 4.70 |
| Additions | - | 4.92 | 4.92 |
| Disposals | - | (0.35) | (0.35) |
| Exchange difference on translation of foreign operations | - | 0.03 | 0.03 |
| As at March 31, 2019 | 3.34 | 5.96 | 9.30 |
| Additions | - | 0.02 | 0.02 |
| Disposals | - | - | - |
| Exchange difference on translation of foreign operations | - | 0.05 | 0.05 |
| As at March 31, 2020 | 3.34 | 6.03 | 9.37 |
| Accumulated amortisation | | | |
| As at April 1, 2018 | - | 0.86 | 0.86 |
| For the year | - | 0.36 | 0.36 |
| Disposals | - | (0.35) | (0.35) |
| Exchange difference on translation of foreign operations | - | 0.02 | 0.02 |
| As at March 31, 2019 | - | 0.89 | 0.89 |
| For the year | - | 0.95 | 0.95 |
| Disposals | - | - | - |
| Exchange difference on translation of foreign operations | - | 0.04 | 0.04 |
| As at March 31, 2020 | - | 1.88 | 1.88 |
| Net block | | | |
| As at March 31, 2019 | 3.34 | 5.07 | 8.41 |
| As at March 31, 2020 | 3.34 | 4.15 | 7.49 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| 6 Non-current Investments | | |
| I) Investments measured at fair value through other comprehensive income | | |
| Investments in equity instruments | | |
| (i) Quoted | | |
| a) 75,000 (March 31, 2019: 75,000) fully paid equity shares of ₹ 2/- each in Housing Development Finance Corporation Limited, Mumbai | 12.25 | 14.76 |
| b) 2,500 (March 31, 2019: 2,500) fully paid equity shares of ₹ 2/- each in HDFC Bank Limited, Mumbai | 0.22 | 0.58 |
| c) 20,439 (March 31, 2019: 20,439) fully paid equity shares of ₹ 10/- each in IDBI Bank Limited, Mumbai | 0.04 | 0.10 |
| d) 6,188 (March 31, 2019: 6,188) fully paid up equity shares of ₹ 5/- each in India Nippon Electricals Limited, Chennai | 0.12 | 0.26 |
| e) 7,800 (March 31, 2019: 7,800) fully paid equity shares of ₹ 10/- each in Sundaram Brake Linings Limited, Chennai | 0.12 | 0.25 |
| | 12.75 | 15.95 |
| (ii) Unquoted | | |
| a) 1,25,000 (March 31, 2019: 1,25,000) equity shares of ₹ 10/- each in Madras Engineering Industries Private Limited, Chennai | 14.51 | 39.62 |
| | 14.51 | 39.62 |
| Total of (I) | 27.26 | 55.57 |
| II) Investments measured at cost | | |
| (A) Investment in venture capital fund | | |
| a) 168 units (March 31, 2019: 168 units) of ₹ 100/- each in the ICICI Emerging Sectors Fund, Bengaluru ** | - | - |
| | - | - |
| (B) Other investments | | |
| a) Capital Contribution in PGSD engineering LLP, New Delhi (extent of holding - 19%)** | - | - |
| b) 35 (March 31, 2019: 35) equity shares of ₹ 100/- each (₹ 65/- paid-up) in The Adyar Property Holding Co. Limited aggregating to ₹ 2,275/- (extent of holding 1.09%) ** | - | - |
| | - | - |
| Total of (II) | - | - |
| III) Investments measured at fair value through statement of profit or loss | | |
| Investments in equity instruments | | |
| Unquoted | | |
| (i) Power generation companies* | | |
| a) 12,935 (March 31, 2019: 12,935) Class A equity shares of ₹ 10/- each and 2,84,169 (March 31, 2019: 2,84,169) Class B equity shares of ₹ 10/- each in PPS Enviro Power Private Limited., Hyderabad, less impairment loss of ₹ 1.19 (March 31, 2019 - ₹ Nil) | - | 1.19 |
| b) 23,85,762 (March 31, 2019: 23,85,762) equity shares of ₹ 10/- each in Clarion Wind Farm Private Limited, Chennai | 2.39 | 2.39 |
| c) 12,28,233 (March 31, 2019: 12,28,233) Class A equity shares of ₹ 10/- each in Beta Wind Farm Private Limited, Chennai | 2.33 | 2.33 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

6 Non-current Investments (Contd.)

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| d) 11,00,000 (March 31, 2019: 11,00,000) equity shares of ₹ 10/- each in Gayatri Green Power Limited, Chennai | 1.10 | 1.10 |
| e) 7,17,306 (March 31, 2019: 9,67,306) equity shares of ₹ 10/- each in Watsun Infra Build Private Limited, Ahmedabad | 0.71 | 0.97 |
| f) 1,70,000 (March 31, 2019: 1,88,550) equity shares of ₹ 10/- each in MMS Steel and Power Private Limited, Chennai | 0.17 | 0.19 |
| g) 2,13,100 (March 31, 2019: 2,13,100) equity shares of ₹ 10/- each in Nagai Power Private Limited, Hyderabad | 0.21 | 0.21 |
| h) 98,000 (March 31, 2019: 8,000) Class A equity shares of ₹ 10/- each fully paid in Clean Switch India Private Limited, Hyderabad | 0.09 | 0.01 |
| i) 42,000 (March 31, 2019: 42,000) Class B equity shares of ₹ 10/- each fully paid in Clean Switch India Private Limited, Hyderabad | 0.04 | 0.04 |
| j) 4,85,574 (March 31, 2019: 4,85,540) Class B equity shares of ₹ 10/- each fully paid of Gamma Green Power Private Limited, Chennai | 0.49 | 0.49 |
| *The right to sell/ transfer these shares are subject to terms and conditions of respective shareholder agreement. | | |
| (ii) Other investments | | |
| 3,51,00,000 (March 31, 2019: 3,51,00,000) equity shares of ₹ 1/- each in Madurai Trans Carrier Limited, Chennai (extent of holding -19.5%), less: impairment loss of ₹ 2.37/- (March 31, 2019: ₹ 2.37) | 1.14 | 1.14 |
| Total (III) | 8.67 | 10.06 |
| Total (I+II+III) | 35.93 | 65.63 |
| ** Amount less than ₹ 0.01 | | |
| Aggregate amount of quoted investments and market value thereof | 12.75 | 15.95 |
| Aggregate value of unquoted investments | 23.18 | 49.68 |
| Aggregate amount of impairment in value of investments | 3.56 | 2.37 |

6 Current Investments

Investments measured at fair value through statement of profit or loss

Investments in equity instruments

Quoted

| | | |
|---|------|------|
| a) 1,320 (March 31, 2019: 1,320) equity Shares of ₹ 1/- each (March 31, 2019: ₹ 1/-) fully paid up in State Bank of India | 0.03 | 0.04 |
| b) 1 (March 31, 2019: 1) equity Share of ₹ 5/- each fully paid up in Maruti Suzuki India Limited, New Delhi ** | - | - |
| c) 1,000 (March 31, 2019: 1,000) equity shares of ₹ 2/- each, fully paid up in Sterling Tools Limited | 0.01 | 0.03 |
| d) 83 (March 31, 2019: 83) equity shares of ₹ 10/- each, fully paid up in Lakshmi Precision Screws Limited ** | - | - |
| e) 500 (March 31, 2019: 500) equity shares of ₹ 2/- each, fully paid up in Simmonds-Marshall Limited ** | - | - |
| f) 50 (March 31, 2019: 50) equity shares of ₹ 2/- each, fully paid up in Bharat Forge Limited ** | - | - |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

6 Current Investments (Contd.)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| g) 13,900 (March 31, 2019: 13,900) equity shares of ₹ 10/- each, fully paid up in Sundaram Brake Linings Limited | 0.22 | 0.45 |
| h) 1,994 (March 31, 2019: 1,994) equity shares of ₹ 5/- each, fully paid up in Sundaram Clayton Limited | 0.30 | 0.58 |
| i) 1,994 (March 31, 2019: 1,994) equity shares of ₹ 5/- each, fully paid up in WABCO-INDIA Limited | 1.22 | 1.33 |
| j) 2,952 (March 31, 2019: 1,968) equity shares of ₹ 10/- each, fully paid up in India Motor Parts and Accessories Limited | 0.14 | 0.18 |
| | 1.92 | 2.61 |
| ** Amount less than ₹ 0.01 | | |
| Aggregate amount of quoted investments and market value thereof | 1.92 | 2.61 |
| Aggregate value of unquoted investments | - | - |
| Aggregate amount of impairment in value of investments | - | - |

7 Loans

(Unsecured considered good, unless otherwise stated)

Loans to employees

| | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|-------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| | 1.63 | 0.44 | 3.77 | 1.15 |
| | 1.63 | 0.44 | 3.77 | 1.15 |

The Group's exposure to credit risk and market risk are disclosed in note 34.

8 Other financial assets

(Unsecured considered good, unless otherwise stated)

Security deposits

Advances recoverable

Unbilled Revenue

Other receivables

| | | | |
|--------------|--------------|-------|------|
| 36.61 | 0.21 | 27.27 | - |
| 0.05 | - | - | - |
| - | 3.35 | - | - |
| 0.00 | 8.43 | 0.06 | 5.14 |
| 36.66 | 11.99 | 27.33 | 5.14 |

The Group's exposure to credit risk and market risk are disclosed in note 34.

9 Other tax assets, net

Advance income tax, net of provision

| | | | |
|--------------|-------------|-------|------|
| 36.55 | 5.28 | 28.68 | 2.97 |
| 36.55 | 5.28 | 28.68 | 2.97 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|--------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| 10 Other assets | | | | |
| (Unsecured considered good, unless otherwise stated) | | | | |
| Prepaid expenses | 1.31 | 11.99 | 0.88 | 12.67 |
| Capital advance | 42.12 | - | 39.28 | - |
| Balance with statutory/government authorities | 34.92 | 12.36 | 50.19 | 21.25 |
| Export incentives and other receivables | - | 34.32 | - | 53.92 |
| Advances to suppliers | - | 9.72 | - | 39.55 |
| Prepayments under operating leases (refer note 39) | - | - | 71.15 | 0.67 |
| | 78.35 | 68.39 | 161.50 | 128.06 |

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| 11 Inventories | | |
| (Valued at lower of cost and net realisable value) | | |
| Raw materials and components (includes goods in transit of ₹ 17.86 (March 31, 2019: ₹ 13.83)) | 160.42 | 182.98 |
| Work-in-progress | 136.94 | 142.83 |
| Finished goods (includes goods in transit of ₹ Nil (March 31, 2019 : ₹ 3.51)) | 210.77 | 259.44 |
| Stores and spares | 22.18 | 21.71 |
| Loose tools | 39.31 | 40.86 |
| | 569.62 | 647.82 |

For the carrying value of inventories pledged as securities for borrowings, refer note 15

| | | |
|--|---------------|---------------|
| 12 Trade receivables | | |
| Trade receivables considered good - unsecured | 656.44 | 891.75 |
| Less: Loss allowance | (5.41) | (4.86) |
| Net trade receivables | 651.03 | 886.89 |
| Of the above, trade receivables from related parties are as below: | | |
| Total trade receivables from related parties (refer note 36) | 26.61 | 46.12 |
| Loss allowance | - | - |
| | 26.61 | 46.12 |
| Movement in loss allowance of trade receivables | | |
| Opening balance | 4.86 | 5.71 |
| Amount written off | (4.86) | (2.98) |
| Loss allowance | 5.41 | 2.13 |
| Closing balance | 5.41 | 4.86 |

The Group's exposure to credit risks and loss allowances related to trade receivables are disclosed in note 34.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| 13 Cash and cash equivalents | | |
| Balance with banks in current accounts | 38.96 | 18.45 |
| Deposits with maturity less than 3 months | 1.61 | 1.31 |
| Cash on hand | 0.33 | 0.31 |
| Total cash and cash equivalents (A) | 40.90 | 20.07 |
| Other bank balances | | |
| Earmarked balances with banks - dividend warrant accounts | 4.45 | 3.69 |
| Deposits with banks (maturity more than 3 months but less than 12 months) | 1.14 | 1.07 |
| Total bank balance other than those mentioned in cash and cash equivalents (B) | 5.59 | 4.76 |
| Total (A) + (B) | 46.49 | 24.83 |

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

The Group's exposure to credit risk and market risk are disclosed in note 34.

14 Share capital and other equity

A Share capital

Authorised

25,00,00,000 (March 31, 2019: 25,00,00,000) equity shares of ₹ 1/- each 25.00 25.00

Issued, subscribed and fully paid-up

21,01,28,370 (March 31, 2019: 21,01,28,370) equity shares of ₹ 1/- each fully paid-up 21.01 21.01

21.01 21.01

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

| | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|--------|----------------------|--------|
| | No. of shares | Amount | No. of shares | Amount |
| Equity shares | | | | |
| At the commencement and end of the year | 21,01,28,370 | 21.01 | 21,01,28,370 | 21.01 |

b) Shares held by holding / ultimate holding company/associates

Equity shares

Equity shares of ₹ 1/- each fully paid-up held by T V Sundram Iyengar & Sons Private Limited, Madurai 5,33,12,000 5.33 5,33,12,000 5.33

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

| | Nos. | % holding | Nos. | % holding |
|---|---------------------|---------------|---------------------|---------------|
| Equity shares of ₹ 1/- each fully paidup held by | | | | |
| T V Sundram Iyengar & Sons Private Limited, Madurai | 5,33,12,000 | 25.37% | 5,33,12,000 | 25.37% |
| Southern Roadways Limited, Madurai | 5,07,73,280 | 24.16% | 5,07,73,280 | 24.16% |
| HDFC Trustee Company Limited, Mumbai | 1,47,49,755 | 7.02% | 1,49,27,755 | 7.10% |
| Amansa Holdings Private Limited | 1,14,35,834 | 5.44% | 91,38,671 | 4.35% |
| | 13,02,70,869 | 61.99% | 12,81,51,706 | 60.98% |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

14 Share capital and other equity (Contd.)

d) Rights, preferences, restrictions

Equity shares

The Company has only one class of equity shares having a par value of Re. 1/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

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.

- e) There are no bonus shares or buy-back of shares or shares issued for consideration other than cash during a period of five years immediately preceding financial year ended March 31, 2020

f) Capital management

The Group's capital management objectives is to ensure adequate return to the shareholder by maintaining the optimal capital structure. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. It sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Total debt (bank and other borrowings) (Refer Note 21 and 15) | 885.46 | 995.13 |
| Cash and cash equivalents (Refer Note 13) | (40.90) | (20.07) |
| Net debt | 844.56 | 975.06 |
| Equity attributable to equity holders of the parent | 1,995.92 | 1,869.97 |
| Total equity | 1,995.92 | 1,869.97 |
| Net debt to equity | 42.31% | 52.14% |

$$C = (A/B) * 100$$

B Other equity

a) Dividends

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

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Attributable to Owners of the Company | | |
| Second interim dividend of ₹ 3.10/- for the year 2018-19 (March 31, 2019: ₹ 2.70/-) for the year 2017-18) per equity share | 65.14 | 56.73 |
| Dividend distribution tax on above | 12.34 | 11.61 |
| First interim dividend of ₹ 1.35/- (March 31, 2019: ₹ 2.00/-) per equity share for the respective years | 28.37 | 42.03 |
| Dividend distribution tax on above | 5.89 | 10.30 |
| Second interim dividend of ₹ 2.80/- (March 31, 2019: ₹ Nil) per equity share for the respective years | 58.83 | - |
| Dividend distribution tax on above | 12.93 | - |
| | 183.50 | 120.67 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

14 Share capital and other equity (Contd.)

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Attributable to Non-controlling interests | | |
| Dividend of ₹ 30/- (March 31, 2019: ₹ 30/-) per equity share declared by subsidiary Sundram Non-Conventional Energy Systems Limited | 0.71 | 0.71 |
| Dividend distribution tax on above | 0.14 | 0.14 |
| | 0.85 | 0.85 |
| | 184.35 | 121.52 |

b) After the reporting dates the following interim dividend (excluding dividend distribution tax) was declared by the directors; this dividend has not been recognised as liabilities and would attract dividend distribution tax when paid.

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Second interim dividend of ₹ Nil (March 31, 2019: ₹ 3.10/-) per equity share | - | 65.14 |
| | - | 65.14 |

c Nature and purpose of reserves

(i) General reserve

General reserve is an accumulation of retained earnings of the Group, apart from the statement of profit and loss balance, which can be utilised for meeting future obligations.

(ii) Special Economic Zone reinvestment reserve

The Special Economic Zone (SEZ) re-investment reserve has been created out of the profit of eligible SEZ units in terms of the provisions of section 10AA(1)(ii) of the Income-tax Act, 1961. The reserve is utilised by the Group for acquiring new assets as per the terms of section 10AA(2) of Income-tax Act, 1961. The utilisation of reserves includes Rs. 1.25 (March 31, 2019: 2.49) representing balance which was reversed.

(iii) Special reserve

Special reserve has been created out of the profits of Sundram Fasteners Investments Limited, wholly owned subsidiary of the Company in order to comply with certain provisions of the Reserve Bank of India Act, 1934.

C Analysis of items of OCI (net of tax)

a) Fair valuation of equity instruments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the equity till the same is derecognised or disposed off.

b) Remeasurement of defined benefit liability

Remeasurement of defined benefit liability comprises of actuarial gain or losses and return on plan assets (excluding interest income).

c) Exchange difference on translation of foreign operations

These comprise of all exchange differences arising from translation of financial statements of foreign operations.

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| 15 Borrowings | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|---------------|----------------------|---------------|
| | Non-current | Current | Non-current | Current |
| Financial liabilities at amortised cost | | | | |
| a) Secured | | | | |
| Term loan (refer note (i) below) | | | | |
| From banks in local currency | 83.14 | - | 93.90 | - |
| Working capital loans (refer note (ii) below) | | | | |
| Working capital facility from bank | - | 107.37 | - | 112.34 |
| | 83.14 | 107.37 | 93.90 | 112.34 |
| Less: Current maturities of long term borrowings | (13.17) | - | (16.45) | - |
| | 69.97 | 107.37 | 77.45 | 112.34 |
| b) Unsecured | | | | |
| Term loan from banks (refer note (i) below) | 282.93 | - | 262.18 | - |
| Working capital facility from bank (refer note (ii) below) | - | 412.02 | - | 526.71 |
| Less: Current maturities of long term borrowings | (27.87) | - | - | - |
| | 255.06 | 412.02 | 262.18 | 526.71 |
| Total | 325.03 | 519.39 | 339.63 | 639.05 |

(i) Term loan from banks include

- (a) An outstanding term loan from a bank amounting to ₹ 56.00 (March 31, 2019: ₹ 58.00), repayable over 8 equal half yearly installments commencing from May 2019. The loan is secured by exclusive mortgage on the factory land and building at SIPCOT, Oragadam and first pari passu charge on moveable fixed assets. The interest rate is linked to MCLR + agreed spread.
- (b) An outstanding term loan from a bank amounting to March 31, 2020: GBP 0.13 million, equivalent to ₹ 1.18 (March 31, 2019: GBP 0.75 million, equivalent to ₹ 6.67), repayable in 8 equal quarterly installments. The agreement contains a negative pledge preventing the company from creating or allowing to subsist and security any of the assets relating to the business for which the loan was taken. The Company is also prevented from entering into any sale and leaseback or debt factoring arrangements as a method of raising financial indebtedness or of financing the acquisition of an asset. There is additional security in the form of fixed charges over all freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, both at the time of the agreement and in the future. There are also floating charges over all assets and undertakings at the time of the agreement and in the future. The interest rate is linked to Libor + agreed spread p.a.
- (c) An outstanding term loan from a bank amounting to RMB 24.43 million equivalent to ₹ 25.96 (March 31, 2019: RMB 28.79 million equivalent to ₹ 29.23) is secured by land use right, factory buildings, plant and equipments relating to the business for which the loan has been taken. The interest rate is linked to Base Rate + agreed spread p.a.
- (d) An outstanding term loan amounting to March 31, 2020: GBP 6.08 million equivalent to ₹ 56.76 (March 31, 2019: GBP 6.15 million equivalent to ₹ 54.70), repayable in two installments of 50% each, on August 19, 2020 and on July 19, 2021. These loans are unsecured, ranking pari passu with the claims of all other unsecured and unsubordinated creditors. The interest rate is linked to Libor + agreed spread p.a.
- (e) External Commercial Borrowing (ECB) loan from a bank amounting to USD 15 million, equivalent to INR 113.09 (March 31, 2019: USD 15 million, equivalent to INR 103.74 crores), repayable over 3 equal yearly instalments commencing from July 2021. The loan is unsecured and its interest rate is linked to Libor + agreed spread p.a.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

15 Borrowings (Contd.)

(f) Another ECB loan from the same bank amounting to USD 15 million, equivalent to ₹ 113.08 (March 31, 2019: USD 15 million, equivalent to INR 103.74 crores), repayable over 3 equal yearly instalments commencing from August 2022. The loan is unsecured and its interest rate is linked to Libor + agreed spread p.a.

(ii) Working capital loan from banks include

(a) The outstanding working capital facilities (including cash credit facilities) aggregating to ₹ 61.57 crores (March 31, 2019: INR 38.49 crores) carrying interest rates ranging between 6.95% - 8.5% p.a. These facilities are repayable on demand and are partly secured by pari-passu first charge on current assets viz., stocks of raw materials, work in progress and finished goods relating to the business for which the loan was taken.

(b) The outstanding working capital facility amounting to ₹ 14.90 (March 31, 2019: ₹ 23.08) carrying interest rate ranging between 5% to 10% p.a. These facilities are secured by hypothecation of current assets viz., of stocks of raw materials, work-in-progress, finished goods and receivables relating to the business for which the loan was taken.

(c) Export packing credit loan amounts to ₹ 13.00 (March 31, 2019: ₹ 7.00). These are secured by hypothecation of current assets consisting of stocks of raw materials, work-in-progress, finished goods and receivables relating to the business for which the loan was taken. Export packing credit is repayable within 360 days from the date of utilisation and carries interest of 4.5% p.a.

(d) Cash credit facilities of ₹ 2.93 (March 31, 2019: ₹ 2.58) from banks carrying interest rates ranging between 8.00% add 10.00% p.a. The facility is repayable on demand and is secured by hypothecation of current assets relating to the business for which the loan was taken.

(e) The outstanding working capital facilities of GBP 1.90 million equivalent to ₹ 17.73 (March 31, 2019: GBP 1.22 million equivalent to ₹ 10.88) carrying interest rate being base rate + agreed spread p.a.

(f) The outstanding working capital facilities of RMB 4 million equivalent to ₹ 4.25 (March 31, 2019: RMB 2 million equivalent to ₹ 2.02). The loan is secured by land use right and factory buildings relating to the business for which loan was taken. The interest rate is linked to base rate + agreed spread p.a.

(g) Preshipment packing credit loan amounting to ₹ 405.01 (March 31, 2019: ₹555.00). They are partly secured by pari-passu first charge on current assets viz., stocks of raw materials, work in process and finished goods relating to the business for which the loan was taken. Preshipment packing credit (secured & unsecured) is repayable within 360 days from the date of utilisation and carries interest rates ranging between 4.15% to 5.40% p.a.

The Group's exposure to liquidity, interest rate and currency risk related to borrowings are disclosed in note 34.

(iii) Reconciliation of cash flow from financing activities

| | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------|-------------------------|-------------------------|
| Cash and cash equivalents | (40.90) | (20.07) |
| Current borrowings | 519.39 | 639.05 |
| Non-current borrowings | 366.07 | 356.07 |
| Net debt | 844.56 | 975.05 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

15 Borrowings (Contd.)

| | Other assets | Liabilities from financing activities | | Total |
|--------------------------------------|---------------------------|---------------------------------------|------------------------|---------------|
| | Cash and cash equivalents | Current borrowings | Non-current borrowings | |
| Net debt as at April 1, 2019 | (20.07) | 639.05 | 356.07 | 975.05 |
| Net cash flows | (20.83) | - | - | (20.83) |
| Proceeds from borrowings | - | - | - | - |
| Repayment of borrowings, net | - | (120.62) | (14.01) | (134.63) |
| Foreign exchange adjustments | - | 0.96 | 24.01 | 24.97 |
| Other non-cash movements | - | - | - | - |
| Net debt as at March 31, 2020 | (40.90) | 519.39 | 366.07 | 844.56 |
| Net debt as at April 1, 2018 | (30.65) | 382.74 | 317.28 | 669.37 |
| Net cash flows | 10.58 | - | - | 10.58 |
| Proceeds from borrowings | - | 256.31 | 131.17 | 387.48 |
| Repayment of borrowings, net | - | - | (99.89) | (99.89) |
| Foreign exchange adjustments | - | - | 6.82 | 6.82 |
| Other non-cash movements | - | - | 0.69 | 0.69 |
| Net debt as at March 31, 2019 | (20.07) | 639.05 | 356.07 | 975.05 |

16 Lease liabilities

Lease liabilities (also refer note 39)

| | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|---------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| | 25.62 | 5.99 | - | - |
| | 25.62 | 5.99 | - | - |

17 Provisions

Provision for employee benefits

Provision for gratuity*

Provision for compensated absences

Provision for others

| | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|---------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| | 3.97 | 8.08 | 2.54 | 7.26 |
| | 6.61 | 1.66 | 8.48 | 1.69 |
| | - | 11.97 | - | 12.50 |
| | 10.58 | 21.71 | 11.02 | 21.45 |

* includes also provision towards group terminal benefits

a) Provision for employee benefits

Defined benefit plans:

The Group operates post-employment defined benefit plans comprising of gratuity plan, group terminal benefit plan and an exempted provident fund managed through trust. The post employment benefit in the form of gratuity is managed and administered by Life Insurance Corporation of India. The provident fund contributions to trust are managed through trust investments in addition to contribution of a portion of its provident fund liability to employees provident fund organisation. The group terminal benefit plan is made available to certain class of employees and the same is unfunded. The Group obtains, wherever applicable, an actuarial valuation from an independent actuary using projected unit credit method to determine the liability as at the reporting date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

17 Provisions (Contd.)

The post-employment defined benefit plans operated by the Group are as follows:

i) Gratuity

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

The Group, for its applicable Companies, has its defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefit provided depends on the employee's length of service and salary at retirement/ termination age. The gratuity plan is a funded plan and the Group makes its contributions to a recognised fund in India.

The Group's Gratuity plan valuation report includes employee benefits of the holding Company and its subsidiaries (i) TVS Upasana Limited, Chennai; (ii) Sundram Non-Conventional Energy Systems Limited, Chennai and (iii) TVS Next Limited, Chennai (formerly TVS Infotech Limited, Chennai). Based on an entity specific actuarial valuation obtained in this respect, the following table sets out the amounts recognised in the Group's financial statements in this regard as at balance sheet date:

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--------------------------------------|------------------------------|
| Amount recognised in statement of profit and loss | 4.25 | 4.15 |
| Amount recognised in other comprehensive income | 1.65 | (0.03) |
| Total expense | 5.90 | 4.12 |
| Net employee benefit expense | | |
| Recognised in statement of profit and loss | | |
| Current service cost | 3.79 | 3.68 |
| Interest cost on benefit obligation | 0.46 | 0.47 |
| Amount recognised in statement of profit and loss | 4.25 | 4.15 |
| Recognised in other comprehensive income | | |
| Actuarial (gain) / loss arising from change in financial assumptions | (0.11) | 0.15 |
| Actuarial loss / (gain) arising from experience adjustments | 1.76 | (0.18) |
| Amount recognised in other comprehensive income | 1.65 | (0.03) |

The following table sets out the defined obligation and funded status including that relating to its related entities

| | As at March 31, 2020 | As at March 31, 2019 |
|---|---------------------------------|-------------------------|
| Net defined obligation | | |
| Present value of defined benefit obligation | 55.45 | 50.95 |
| Fair value of plan assets | (45.39) | (42.87) |
| | 10.06 | 8.08 |
| Changes in present value of the defined benefit obligation are as follows: | | |
| Balance at the beginning of the year | 50.95 | 48.91 |
| Interest cost | 3.67 | 3.60 |
| Current service cost | 3.79 | 3.68 |
| Benefits paid | (4.72) | (5.06) |
| Actuarial loss / (gain) on obligation | 1.76 | (0.18) |
| Balance at the end of the year | 55.45 | 50.95 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

17 Provisions (Contd.)

| | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Changes in the fair value of plan assets are as follows: | | |
| Balance at the beginning of the year | 42.87 | 41.54 |
| Expected return on plan assets | 3.21 | 3.13 |
| Actuarial loss / (gain) on asset | 0.11 | (0.15) |
| Contribution made by the employer | 3.82 | 3.27 |
| Benefits paid | (4.62) | (4.92) |
| Balance at the end of the year | 45.39 | 42.87 |
| Plan assets comprises of : | | |
| % of Investment with insurer | 100.00 | 100.00 |
| Principal actuarial assumptions used | | |
| Discount rate | 6.70% | 7.60% |
| Salary escalation rate | 8.00%* | 8.00%* |
| Attrition rate | 10.00% | 10.00% |
| * immediate year is Nil and 8% thereafter | | |
| Classification | | |
| - Current | 7.51 | 6.71 |
| - Non-current | 2.55 | 1.37 |

Sensitivities

| | Year ended March 31, 2020 | | Year ended March 31, 2019 | |
|--|---------------------------|----------------|---------------------------|----------------|
| | Increase | Decrease | Increase | Decrease |
| A - Discount rate | | | | |
| > Sensitivity level | 0.50% to 1.00% | 0.50% to 1.00% | 0.50% to 1.00% | 0.50% to 1.00% |
| > Impact on defined benefit obligation | (2.83) | 3.17 | (2.58) | 2.88 |
| B - Salary escalation rate | | | | |
| > Sensitivity level | 0.50% to 1.00% | 0.50% to 1.00% | 0.50% to 1.00% | 0.50% to 1.00% |
| > Impact on defined benefit obligation | 2.63 | (2.41) | 2.37 | (2.18) |

ii) Group terminal benefit

Group terminal benefit relates to post employment benefit paid to certain class of employees upon their retirement/ death. The level of benefit provided depends on the employee's length of service at retirement/ termination age. The following table sets out the status of the group terminal benefit plan and the amounts recognised in the Company's financial statements as at balance sheet date:

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| Net employee benefit expense | | |
| Recognised in statement of profit and loss | | |
| Current service cost | 0.12 | 0.09 |
| Past service cost | 0.25 | - |
| Interest cost on benefit obligation | 0.11 | 0.13 |
| Amount recognised in statement of profit and loss | 0.48 | 0.22 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

17 Provisions (Contd.)

| Group terminal benefit (Contd.) | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--------------------------------------|------------------------------|
| Recognised in other comprehensive income | | |
| Actuarial loss arising from change in financial assumptions | 0.02 | 0.04 |
| Actuarial loss / (gain) arising from experience adjustments | 0.02 | (0.19) |
| Amount recognised in other comprehensive income | 0.04 | (0.15) |
| Changes in present value of the defined benefit obligation are as follows: | | |
| | As at March 31, 2020 | As at March 31, 2019 |
| Defined benefit obligation at the beginning of the year | 1.72 | 1.71 |
| Interest cost | 0.11 | 0.13 |
| Current service cost | 0.12 | 0.08 |
| Past service cost | 0.25 | - |
| Benefits paid | (0.25) | (0.05) |
| Actuarial loss on obligation | 0.04 | (0.15) |
| Defined benefit obligation at the year end | 1.99 | 1.72 |
| Principal actuarial assumptions used | | |
| Discount rate | 6.40% | 7.60% |
| Attrition rate | 10.00% | 10.00% |
| Remaining working lives for selected class of employees (in year) | 5.67 | 5.23 |
| Classification | | |
| - Current | 0.57 | 0.55 |
| - Non-current | 1.42 | 1.17 |

Note: The impact on defined benefit obligation, if any arising from change in underlying assumptions are not considered as significant and accordingly, sensitivities have not been presented.

All the above figures are aggregation of actuarial valuation report obtained with respect to the Company and applicable domestic subsidiaries.

iii) Provident fund

All eligible employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and employer (at a determined rate) contribute monthly. The Group also contributes as specified under the law, in case of certain class of employees, to a provident fund trust set up and to respective Regional Provident Fund Commissioner. The contribution to the Provident Fund, where set up as a trust, is liable for future provident fund benefits to the extent of its annual contribution and any shortfall in fund assets based on government specified minimum rates of return relating to current period service and recognizes such contributions and shortfall, if any as an expense in the year incurred. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest. Such contributions made into the fund and to the regional provident fund commissioner during the year are recognized as an expense in the statement of profit and loss.

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

17 Provisions (Contd.)

| Provident Fund (Contd.) | As at March 31, 2020 | As at March 31, 2019 |
|---|---------------------------------|-------------------------|
| Principal actuarial assumptions used | | |
| Discount rate | 6.70% | 7.60% |
| Interest rate declared by EPFO | 8.25% | 8.65% |
| Remaining working lives (in years) | 7.58 | 7.61 |

iv) Compensated absences

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

| Recognised in statement of profit and loss: | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--------------------------------------|------------------------------|
| Current Service cost | 1.63 | 1.22 |
| Past Service cost | 0.06 | - |
| Interest cost on benefit obligation | 0.69 | 0.58 |
| Net actuarial loss recognised | (3.00) | 0.41 |
| | (0.62) | 2.21 |

| Principal actuarial assumptions used: | As at March 31, 2020 | As at March 31, 2019 |
|--|---------------------------------|-------------------------|
| Discount rate | 6.10% - 6.80% | 6.70%-7.80% |
| Salary escalation rate | 8.00% - 10.00%* | 7.00%-8.00% |
| Attrition rate | 1.00% - 10.00% | 1.00%-49.00% |
| * Nil for the first year and 8.00%-10.00% thereafter | | |

b) Provision for others

| Movement of Provisions for others as follows: | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|--------------------------------------|------------------------------|
| Balance at the beginning of the year | 12.50 | 10.94 |
| Provision (reversed) / made during the year, net | (0.53) | 1.56 |
| Balance at the end of the year | 11.97 | 12.50 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| 18 Income tax | | |
| A Amounts recognised in statement of profit and loss | | |
| Current tax (a) | | |
| Current period | 98.45 | 165.90 |
| Deferred tax (b) | | |
| Attributable to - origination and reversal of temporary differences | (31.81) | 27.57 |
| Tax expense (a) + (b) | 66.64 | 193.47 |

B Income tax recognised in other comprehensive income

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|--|----------------------|-------------------------------|----------------|----------------------|-------------------------------|---------------|
| | Amount | Tax (expense) / benefit | Net of tax | Amount | Tax (expense) / benefit | Net of tax |
| Fair value (loss) / gain on equity instruments | (28.31) | 5.87 | (22.44) | (2.95) | 2.49 | (0.46) |
| Remeasurement gain on defined benefit plans | (1.69) | 0.12 | (1.57) | 0.18 | 0.04 | 0.22 |
| Total | (30.00) | 5.99 | (24.01) | (2.77) | 2.53 | (0.24) |

C Reconciliation of effective tax rate

| Particulars | Year ended March 31, 2020 | | Year ended March 31, 2019 | |
|---|---------------------------|---------------|---------------------------|---------------|
| | % | Amount | % | Amount |
| Profit before tax | | 393.17 | | 652.44 |
| Tax using the Company's domestic tax rate | 25.17% | 98.95 | 34.94% | 227.99 |
| Effect of: | | | | |
| - Deduction under section 10AA of the Income Tax Act, 1961 | - | - | (4.71%) | (30.75) |
| - Expenditure on research and development | - | - | (0.66%) | (4.27) |
| - Impact arising on adoption of lower income-tax rates (refer note F below) | (10.01%) | (39.35) | - | - |
| - Others | 1.79% | 7.04 | 0.08% | 0.50 |
| Effective tax rate / tax expense | 16.95% | 66.64 | 29.65% | 193.47 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

18 Income tax (Contd.)

D Recognised deferred tax assets and liabilities

(a) Deferred tax liabilities, net

Deferred tax assets and liabilities are attributable to the following

| Particulars | Deferred tax assets | | Deferred tax liabilities | | Net deferred tax (assets) / liabilities | |
|--|----------------------|----------------------|--------------------------|----------------------|---|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Property, plant and equipment, intangible assets and investment property | - | - | 117.28 | 145.73 | 117.28 | 145.73 |
| Investments measured at fair value through OCI | - | - | 3.10 | 9.16 | 3.09 | 9.16 |
| Amortisation of borrowings under effective interest rate method | - | - | - | - | - | - |
| Provision for employee benefits | (2.15) | (3.61) | - | - | (2.15) | (3.61) |
| Premium on financial guarantee | (0.54) | - | - | 0.14 | (0.54) | 0.14 |
| Others | (0.08) | - | - | 3.38 | (0.08) | 3.38 |
| | (2.77) | (3.61) | 120.37 | 158.41 | 117.60 | 154.80 |
| Minimum alternative tax | (4.28) | (2.91) | - | - | (4.28) | (2.91) |
| | (7.05) | (6.52) | 120.37 | 158.41 | 113.32 | 151.89 |

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

| Particulars | Balance as at April 1, 2019 | Recognised in profit and loss during 2019-20 | Recognised in OCI during 2019-20 | Other adjustments | Balance as at March 31, 2020 |
|--|-----------------------------|--|----------------------------------|-------------------|------------------------------|
| Property, plant and equipment, intangible assets and investment property | 145.73 | (28.45) | - | - | 117.28 |
| Investments measured at fair value through OCI | 9.16 | (0.20) | (5.87) | - | 3.09 |
| Amortisation of borrowings under effective interest rate method | - | - | - | - | - |
| Provision for employee benefits | (3.61) | 1.52 | (0.06) | - | (2.15) |
| Premium on financial guarantee | 0.14 | (0.68) | - | - | (0.54) |
| Others | 3.38 | (3.41) | - | (0.05) | (0.08) |
| | 154.80 | (31.22) | (5.93) | (0.05) | 117.60 |
| Minimum alternative tax | (2.91) | (1.37) | - | - | (4.28) |
| | 151.89 | (32.59) | (5.93) | (0.05) | 113.32 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

18 Income tax (Contd.)

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

| Particulars | Balance as at April 1, 2018 | Recognised in profit and loss during 2018-19 | Recognised in OCI during 2018-19 | Other adjustments | Balance as at March 31, 2019 |
|--|-----------------------------|--|----------------------------------|-------------------|------------------------------|
| Property, plant and equipment, intangible assets and investment property | 120.27 | 25.44 | - | 0.02 | 145.73 |
| Investments measured at fair value through OCI | 11.65 | - | (2.49) | - | 9.16 |
| Amortisation of borrowings under effective interest rate method | 0.25 | (0.25) | - | - | - |
| Provision for employee benefits | (2.92) | (0.68) | (0.01) | - | (3.61) |
| Premium on financial guarantee | (0.15) | 0.29 | - | - | 0.14 |
| Others | (3.18) | 6.54 | - | 0.02 | 3.38 |
| | 125.92 | 31.34 | (2.50) | 0.04 | 154.80 |
| Minimum alternative tax | (2.07) | (3.68) | - | 2.84 | (2.91) |
| | 123.85 | 27.66 | (2.50) | 2.88 | 151.89 |

(b) Deferred tax assets, net

Deferred tax assets and liabilities are attributable to the following:

| Particulars | Deferred tax assets | | Deferred tax liabilities | | Net deferred tax (assets) / liabilities | |
|--|----------------------|----------------------|--------------------------|----------------------|---|----------------------|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Property, plant and equipment, intangible assets and investment property | - | (0.26) | 0.10 | - | 0.10 | (0.26) |
| Provision for employee benefits | (0.32) | (0.23) | - | - | (0.32) | (0.23) |
| Others | (0.45) | - | - | - | (0.45) | - |
| | (0.77) | (0.49) | 0.10 | - | (0.66) | (0.49) |
| Minimum alternative tax | (0.76) | (0.13) | - | - | (0.76) | (0.13) |
| | (1.53) | (0.62) | 0.10 | - | (1.43) | (0.62) |

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

| Particulars | Balance as at April 1, 2019 | Recognised in profit and loss during 2019-20 | Recognised in OCI during 2019-20 | Other adjustments | Balance as at March 31, 2020 |
|--|-----------------------------|--|----------------------------------|-------------------|------------------------------|
| Property, plant and equipment, intangible assets and investment property | (0.26) | 0.36 | - | - | 0.10 |
| Provision for employee benefits | (0.23) | (0.03) | (0.06) | - | (0.32) |
| Others | - | 0.80 | - | (1.25) | (0.45) |
| | (0.49) | 1.13 | (0.06) | (1.25) | (0.66) |
| Minimum alternative tax | (0.13) | (0.36) | - | (0.27) | (0.76) |
| | (0.62) | 0.77 | (0.06) | (1.52) | (1.43) |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

18 Income tax (Contd.)

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

| Particulars | Balance as at April 1, 2018 | Recognised in profit and loss during 2018-19 | Recognised in OCI during 2018-19 | Other adjustments | Balance as at March 31, 2019 |
|--|-----------------------------|--|----------------------------------|-------------------|------------------------------|
| Property, plant and equipment, intangible assets and investment property | (0.30) | 0.04 | - | - | (0.26) |
| Provision for employee benefits | (0.07) | (0.13) | (0.03) | - | (0.23) |
| | (0.36) | (0.09) | (0.03) | - | (0.49) |
| Minimum alternative tax | - | - | - | (0.13) | (0.13) |
| | (0.36) | (0.09) | (0.03) | (0.13) | (0.62) |

E Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future long term capital gain will be available against which the company can use the benefits therefrom:

| | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|-------------------------|----------------------|-------------------------|
| | Gross amount | Unrecognised tax effect | Gross amount | Unrecognised tax effect |
| Long term capital loss * | 5.76 | 1.45 | 5.76 | 2.01 |
| Business loss other than speculative business loss # | 0.61 | 0.16 | 9.29 | 2.42 |

* The long term capital loss expires in Assessment year 2026-27

The business loss will expires in the Assessment year 2028-29

- F Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 notified on September 20, 2019, which is effective from April 1, 2019, domestic companies have an option to apply a lower income tax rate with effect from April 1, 2019, subject to certain conditions specified therein. The parent company along with certain subsidiaries have exercised such option during the year and It has recognised provision for income tax for year and has also remeasured its deferred tax liability for the year ended March 31, 2020, based on the lower income tax rate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|---------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| 19 Other tax liabilities, net | | | | |
| Provision for taxation, net of advance income tax | 7.88 | 3.86 | 7.88 | 4.43 |
| | 7.88 | 3.86 | 7.88 | 4.43 |
| 20 Trade payables | | | | |
| Total outstanding dues of micro enterprises and small enterprises (refer note below) | - | 19.46 | - | 9.68 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note 36) | 0.70 | 365.62 | 1.38 | 477.32 |
| | 0.70 | 385.08 | 1.38 | 487.00 |
| Of the above, trade payables to related parties (refer note 36) | | 1.91 | | 3.23 |

The Group's exposure to currency risk and liquidity risk related to other financial liabilities are disclosed in note 34.

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

| | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| i. The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year | 19.46 | 9.68 |
| ii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| iii. The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| iv. The amount of interest accrued and remaining unpaid at the end of each accounting year and | - | - |
| v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| | 19.46 | 9.68 |

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

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| 21 Other financial liabilities | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|---------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| a) Financial liabilities at fair value through profit or loss | | | | |
| Derivative liabilities* | - | 6.21 | - | - |
| b) Financial liabilities at amortised cost | | | | |
| Current maturities of term loans from banks (refer note 15) | - | 41.04 | - | 16.45 |
| Interest accrued but not due on borrowings | - | 3.25 | - | 4.65 |
| Liability towards supplier bills discounted | - | 9.42 | - | 18.81 |
| Unclaimed dividend (refer note 13) | - | 4.45 | - | 3.69 |
| Employee benefits payable | - | 33.77 | 0.64 | 49.01 |
| Other payables (includes managerial commission of ₹ 5.62 (March 31, 2019: ₹ 39.73)) (also refer note 36). | 0.45 | 18.99 | - | 59.82 |
| | 0.45 | 117.13 | 0.64 | 152.43 |

* This represents fair value of forward contracts entered with for the purpose of hedging receivable balances from export customers.

The Group's exposure to currency risk and liquidity risk related to other financial liabilities are disclosed in note 34.

| 22 Other current liabilities | As at | As at |
|------------------------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Advance from customers | 2.22 | 1.50 |
| Statutory dues | 6.74 | 7.21 |
| | 8.96 | 8.71 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| 23 Revenue from operations | | |
| (a) Revenue from sale of products | 3,574.56 | 4,357.37 |
| (b) Rendering of services | 30.65 | 38.69 |
| (c) Other operating revenue (refer note (i) below) | 118.02 | 161.84 |
| | 3,723.23 | 4,557.90 |
| Note: | | |
| (i) Other operating revenue | | |
| (i) Scrap sales | 62.90 | 100.04 |
| (ii) Export incentives | 42.30 | 60.57 |
| (iii) Others | 12.82 | 1.23 |
| | 118.02 | 161.84 |
| (ii) Disaggregation of revenue from contracts with customers | | |
| In the following disclosure, revenue from contract with customers have been disaggregated based on type of revenue and customer markets | | |
| a) Revenue from sale of products | | |
| (i) Domestic (including retail sales) | 2,259.45 | 2,786.90 |
| (ii) Exports | 1,315.11 | 1,570.47 |
| | 3,574.56 | 4,357.37 |
| b) Rendering of services | 30.65 | 38.69 |
| c) Scrap sales | 62.90 | 100.04 |
| d) Total revenue from contracts with customers (a+b+c) | 3,668.11 | 4,496.10 |
| e) Other operating revenues | | |
| - Export incentives | 42.30 | 60.57 |
| - Others | 12.82 | 1.23 |
| Total other operating revenue (e) | 55.12 | 61.80 |
| Total revenue from operations (d + e) | 3,723.23 | 4,557.90 |
| (iii) Contract assets | | |
| The following disclosure provide information about receivables, contract assets and liabilities from contract with customers | | |
| Receivables which are included in trade receivables (refer note 12) | 651.03 | 886.89 |
| Unbilled revenue (refer note 8) | 3.35 | - |
| Advance from customers (refer note 22) | 2.22 | 1.50 |
| 24 Other income | | |
| Interest income | | |
| - on bank deposits | 0.44 | - |
| - on others | 2.82 | 2.23 |
| Foreign exchange gain | 10.76 | 20.06 |
| Dividend income | 0.66 | 0.67 |
| Gain on sale of investment in mutual funds | 0.81 | 0.05 |
| Other non-operating income | 12.60 | 3.79 |
| | 28.09 | 26.80 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| 25 Cost of raw materials consumed | | |
| Opening stock of raw materials | 182.98 | 167.94 |
| Add : Purchases during the year | 1,445.97 | 1,969.07 |
| Less: Closing stock of raw materials | 160.42 | 182.98 |
| | 1,468.53 | 1,954.03 |
| 26 Changes in inventories of finished goods and work-in-progress | | |
| A) Opening stock: | | |
| Work-in-progress | 142.83 | 128.59 |
| Finished goods | 259.44 | 175.47 |
| Add: Exchange rate fluctuation on account of foreign currency translation | 0.45 | 1.81 |
| | 402.72 | 305.87 |
| B) Closing stock: | | |
| Work-in-progress | 136.94 | 142.83 |
| Finished goods | 210.77 | 259.44 |
| (Less) / add: Exchange rate fluctuation on account of foreign currency translation | (2.02) | 0.79 |
| | 345.69 | 403.06 |
| Total (A- B) | 57.03 | (97.19) |
| 27 Employee benefits expense | | |
| Salaries and wages | 379.41 | 398.50 |
| Expenses related to post-employment benefit plan (refer note 18) | 4.73 | 4.37 |
| Contribution to provident and other funds (refer note below) | 22.10 | 20.66 |
| Staff welfare expenses | 28.67 | 35.79 |
| | 434.91 | 459.32 |

Note:

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards post employee benefits and employee provident fund, which is partly defined benefit obligation and partly defined contribution plan. The same is charged to statement of profit and loss as and when it is accrued. The amount recognised as expense towards such provident fund contribution have been disclosed under "Contribution to provident and other funds.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| 28 Finance costs | | |
| Interest expense | | |
| - on financial liabilities measured at amortised cost | 48.89 | 41.48 |
| - on lease liabilities | 2.83 | - |
| Exchange differences regarded as an adjustment to borrowing cost | 10.89 | 7.94 |
| Other borrowing costs | 0.07 | 0.06 |
| Less: Borrowing costs capitalised (refer note below) | (4.78) | (3.47) |
| | 57.90 | 46.01 |
| Note: The Capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group being 6.11% (March 31, 2019 7.36%) | | |
| 29 Depreciation and amortisation expense | | |
| Depreciation on property, plant and equipment (refer note 5(a)) | 160.52 | 128.08 |
| Depreciation on investment property (refer note 5(c)) | 0.42 | 0.33 |
| Amortisation on right of use assets (refer note 5(d)) | 8.03 | - |
| Amortisation on intangible assets (refer note 5(e)) | 0.95 | 0.36 |
| | 169.92 | 128.77 |
| 30 Other expenses | | |
| Consumption of stores, tools and spares | 363.24 | 465.91 |
| Power and fuel | 166.65 | 183.25 |
| Rent | 8.04 | 3.78 |
| Rates and taxes | 14.58 | 4.12 |
| Repairs and maintenance | | |
| - buildings | 24.62 | 30.79 |
| - plant and equipment | 45.12 | 52.14 |
| - other assets | 9.32 | 11.48 |
| Sub-contract expenses | 324.32 | 411.28 |
| Auditor's remuneration (refer note below) | 1.51 | 1.14 |
| Foreign exchange loss | 1.23 | 0.08 |
| Expenditure on corporate social responsibility (refer note 33) | 11.14 | 8.30 |
| Freight and cartage outward | 78.89 | 106.26 |
| Loss on sale of property, plant and equipment | 0.77 | 1.18 |
| Loss allowance on trade receivables | 5.41 | 2.13 |
| Miscellaneous expenses | | |
| (Under this head there are no expenditure which is in excess of 1% of revenue from operations or ₹ 0.10 whichever is higher) | 115.02 | 159.48 |
| | 1,169.86 | 1,441.32 |
| Note: | | |
| Auditor's remuneration* | | |
| As auditor | 1.24 | 0.91 |
| Taxation matters | 0.06 | 0.05 |
| Other services | 0.12 | 0.11 |
| Reimbursement of expenses | 0.09 | 0.08 |
| | 1.51 | 1.14 |

* Comprise of payments made to auditors of subsidiaries

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|--------------|------------------------------|------------------------------|
| 31 Earnings per equity share (EPS) | | | |
| Net profit attributable to owners of the parent | (A) | 324.89 | 457.49 |
| Weighted average number of equity shares outstanding as at reporting date | (B) | 21,01,28,370 | 21,01,28,370 |
| Basic earnings per share (in ₹) | (A/B) | 15.46 | 21.77 |
| Diluted earnings per share | | | |

The Group does not have any potential equity shares. Accordingly, basic and diluted EPS are the same.

32 Details of research and development expenditure

The nature wise research and development expenditure incurred by the company is as follows:-

| | | | |
|--|--|--------------|--------------|
| i) Capital expenditure | | 3.73 | 1.21 |
| ii) Revenue expenditure | | | |
| a) Cost of materials consumed | | 1.01 | 0.95 |
| b) Salaries and wages | | 8.36 | 8.71 |
| c) Staff welfare expenses | | 0.63 | 0.08 |
| d) Consumption of stores, tools and spares | | 3.61 | 2.39 |
| e) Repairs and maintenance | | | |
| – building | | 0.01 | 0.12 |
| – plant and equipment | | 0.25 | 0.39 |
| – others | | 0.01 | 0.01 |
| f) Sub-contract expenses* | | 0.00 | 0.00 |
| g) Freight and cartage outward* | | 0.00 | 0.00 |
| h) Miscellaneous expenses | | 0.29 | 0.92 |
| | | 14.17 | 13.57 |
| Total research and development expenditures [(i) +(ii)] | | 17.90 | 14.78 |

* Amount less than ₹ 0.01.

Note: The research and development expenditure are incurred towards projects approved by DSIR (Department of Scientific and Industrial Research)

33 Expenditure on corporate social responsibility (CSR)

| | | | |
|--|------------------|--------------|-------------|
| a) Amount required to be spent by the Group during the year | | 11.13 | 8.28 |
| b) Amount spent during the year: | | | |
| i) Construction / acquisition of any asset | (A) | - | - |
| ii) On purposes other than (i) above | | | |
| a) Education | | 4.25 | 4.89 |
| b) Healthcare | | 5.06 | 2.06 |
| c) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art | | 1.41 | 1.00 |
| d) Others | | 0.42 | 0.35 |
| | (B) | 11.14 | 8.30 |
| | (A) + (B) | 11.14 | 8.30 |

The above aggregated CSR expenditure disclosed are relating to the Holding company and TVS Upasana Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - fair values and risk management

A Accounting classification and fair values

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

| Particulars | Note | March 31, 2020 | | | | March 31, 2019 | | | |
|--|------|----------------|--------------|-----------------|-----------------|----------------|--------------|-----------------|-----------------|
| | | FVTPL | FVOCI | Amortised cost | Total | FVTPL | FVOCI | Amortised cost | Total |
| Financial assets | | | | | | | | | |
| Investments | 6 | 10.59 | 27.26 | - | 37.85 | 12.67 | 55.57 | - | 68.24 |
| Loans | 7 | - | - | 2.07 | 2.07 | - | - | 4.92 | 4.92 |
| Security deposits | 8 | - | - | 36.82 | 36.82 | - | - | 27.27 | 27.27 |
| Advances recoverable | 8 | - | - | 0.05 | 0.05 | - | - | - | - |
| Unbilled Revenue | 8 | - | - | 3.35 | 3.35 | - | - | - | - |
| Other financial assets | 8 | - | - | 8.44 | 8.44 | - | - | 5.19 | 5.19 |
| Trade receivables | 12 | - | - | 651.03 | 651.03 | - | - | 886.89 | 886.89 |
| Cash and cash equivalents | 13 | - | - | 40.90 | 40.90 | - | - | 20.07 | 20.07 |
| Bank balance other than those mentioned in cash and cash equivalents | 13 | - | - | 5.59 | 5.59 | - | - | 4.76 | 4.76 |
| Total financial assets | | 10.59 | 27.26 | 748.25 | 786.10 | 12.67 | 55.57 | 949.10 | 1,017.34 |
| Financial liabilities | | | | | | | | | |
| Borrowings | 15 | - | - | 844.42 | 844.42 | - | - | 978.68 | 978.68 |
| Lease liabilities | 16 | - | - | 31.61 | 31.61 | - | - | - | - |
| Trade payables | 20 | - | - | 385.78 | 385.78 | - | - | 488.38 | 488.38 |
| Derivative financial liabilities | 21 | - | - | 6.21 | 6.21 | - | - | - | - |
| Current maturities of term loans from banks | 21 | - | - | 41.04 | 41.04 | - | - | 16.45 | 16.45 |
| Interest accrued but not due on borrowings | 21 | - | - | 3.25 | 3.25 | - | - | 4.65 | 4.65 |
| Liability towards supplier bills discounted | 21 | - | - | 9.42 | 9.42 | - | - | 18.81 | 18.81 |
| Unclaimed dividend | 21 | - | - | 4.45 | 4.45 | - | - | 3.69 | 3.69 |
| Employee benefits payable | 21 | - | - | 33.77 | 33.77 | - | - | 49.65 | 49.65 |
| Other payables | 21 | - | - | 19.44 | 19.44 | - | - | 59.82 | 59.82 |
| Total financial liabilities | | - | - | 1,379.39 | 1,379.39 | - | - | 1,620.13 | 1,620.13 |

Fair value measurement hierarchy

The Group 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

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - fair values and risk management (Contd.)

A Accounting classification and fair values (Contd.)

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

| Particulars | Note | March 31, 2020 | | | | March 31, 2019 | | | |
|--|------|-----------------|--------------|-------------|--------------|-----------------|--------------|----------|--------------|
| | | Carrying amount | Fair Value | | | Carrying amount | Fair Value | | |
| | | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | | | | |
| Investments | 6 | 37.85 | 14.67 | - | 23.18 | 68.24 | 18.56 | - | 49.68 |
| Loans # | 7 | 2.07 | - | - | - | 4.92 | - | - | - |
| Security deposits # | 8 | 36.82 | - | - | - | 27.27 | - | - | - |
| Advances recoverable # | 8 | 0.05 | - | - | - | - | - | - | - |
| Unbilled revenue | 8 | 3.35 | - | - | - | 5.19 | - | - | - |
| Other financial assets | 8 | 8.44 | - | - | - | 4.53 | - | - | - |
| Trade receivables # | 12 | 651.03 | - | - | - | 886.89 | - | - | - |
| Cash and cash equivalents # | 13 | 40.90 | - | - | - | 20.07 | - | - | - |
| Bank balance other than those mentioned in cash and cash equivalents # | 13 | 5.59 | - | - | - | 4.76 | - | - | - |
| Total financial assets | | 786.10 | 14.67 | - | 23.18 | 1,017.34 | 18.56 | - | 49.68 |
| Financial liabilities | | | | | | | | | |
| Borrowings | 15 | 844.42 | - | - | - | 978.68 | - | - | - |
| Lease liabilities | 16 | 31.61 | - | - | - | - | - | - | - |
| Trade payables # | 20 | 385.78 | - | - | - | 488.38 | - | - | - |
| Derivative liabilities | 21 | 6.21 | - | 6.21 | - | - | - | - | - |
| Current maturities of term loans from banks | 21 | 41.04 | - | - | - | 16.45 | - | - | - |
| Interest accrued but not due on borrowings # | 21 | 3.25 | - | - | - | 4.65 | - | - | - |
| Liability towards supplier bills discounted # | 21 | 9.42 | - | - | - | 18.81 | - | - | - |
| Unclaimed dividend # | 21 | 4.45 | - | - | - | 3.69 | - | - | - |
| Employee benefits payable # | 21 | 33.77 | - | - | - | 49.65 | - | - | - |
| Other payables # | 21 | 19.44 | - | - | - | 59.82 | - | - | - |
| Total financial liabilities | | 1,379.39 | - | 6.21 | - | 1,620.12 | - | - | - |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - fair values and risk management (Contd.)

B MEASUREMENT OF FAIR VALUES

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in balance sheet including the related valuation techniques used

| Type | Valuation technique used | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|-------------|--|--|--|
| Investments | Market comparison technique: The valuation model is based on market multiple derived from quoted prices of companies comparable to the investee and the expected EBITDA of the investee. The estimate is adjusted for the effect of non-marketability of the equity securities. | - EBITDA margin - Adjusted market multiple - Adjustment for non-marketability of equity securities | The estimated fair value would increase/ (decrease) if: - EBITDA margin were higher/ (lower) - Adjusted market multiple were higher/ (lower) - Adjustment for non-marketability of equity securities were lower/ (higher) |

C FINANCIAL RISK MANAGEMENT

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

- Market risk
- Credit risk
- Liquidity risk

Financial risk management framework

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

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

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support the operations of its group companies. The Group's principal financial assets include loans, trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, such as foreign exchange forward contracts to hedge foreign currency risk exposure. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - fair values and risk management (Contd.)

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

a) Market risk

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

i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials and spare parts, capital expenditure, export sales and the Group's net investments in foreign subsidiaries.

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

The Group manages its foreign currency risk by hedging transactions through forward contracts, for the repayment of short and long term borrowings and payables arising out of procurement of raw materials and other components. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure.

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

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

| | Short-term exposure | | | | Long-term exposure | | | |
|-----------------------|---------------------|-------------|----------------|---------------|--------------------|-----|----------------|-----------------|
| | USD | GBP | EUR and others | Total | USD | GBP | EUR and others | Total |
| March 31, 2020 | | | | | | | | |
| Financial assets | 274.15 | 5.44 | 32.38 | 311.97 | 1.69 | - | - | 1.69 |
| Financial liabilities | (14.87) | (1.88) | (18.19) | (34.94) | (226.17) | - | - | (226.17) |
| | 259.28 | 3.56 | 14.19 | 277.03 | (224.48) | - | - | (224.48) |
| March 31, 2019 | | | | | | | | |
| Financial assets | 333.63 | 6.56 | 46.12 | 386.31 | 1.69 | - | - | 1.69 |
| Financial liabilities | (15.77) | (1.33) | (21.31) | (38.41) | (207.41) | - | - | (207.41) |
| | 317.86 | 5.23 | 24.81 | 347.90 | (205.72) | - | - | (205.72) |

Foreign currency sensitivity

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - fair values and risk management (Contd.)

The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

| | Strengthening | | Weakening | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Increase / (decrease) in profit and equity | | | | |
| USD | (1.74) | (5.61) | 1.74 | 5.61 |
| GBP | (0.18) | (0.26) | 0.18 | 0.26 |
| EUR and others | (0.71) | (1.24) | 0.71 | 1.24 |
| | (2.63) | (7.11) | 2.63 | 7.11 |

Derivative instruments

The Group holds derivative financial instruments such as foreign currency forward to mitigate the risk of changes in exchange rates on foreign currency exposure arising from receipt of collections from export customers. The counterparties of these contracts are generally banks. These derivative financial instruments are determined using quoted forward exchange rates at the reporting dates based on information obtained from respective bankers.

| | Year ended March 31, 2020 | | Year ended March 31, 2019 | |
|--|---------------------------|-----------------------|---------------------------|-----------------------|
| | Less than 180 days | More than 180 days | Less than 180 days | More than 180 days |
| Forward exchange contracts maturing | | | | |
| Net exposure | 154.43 | - | - | - |
| Average ₹/ USD forward contract rate | 73.54 | - | - | - |

ii) Interest rate risk

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

The Group constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings. At March 31, 2020, approximately 25% (March 31, 2019: 21%) of the Group's borrowings are at a fixed rate of interest.

Interest rate exposure

| Particulars | Floating rate borrowings | Fixed rate borrowings | Total borrowings |
|-----------------------------|--------------------------|-----------------------|------------------|
| INR Loans | 334.23 | 219.17 | 553.40 |
| USD | 226.17 | - | 226.17 |
| GBP and others | 105.89 | - | 105.89 |
| As at March 31, 2020 | 666.29 | 219.17 | 885.46 |
| INR | 473.82 | 207.75 | 681.57 |
| USD | 207.48 | - | 207.48 |
| GBP and others | 106.08 | - | 106.08 |
| As at March 31, 2019 | 787.38 | 207.75 | 995.13 |

Interest rate sensitivity

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

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - fair values and risk management (Contd.)

| | | As at March 31, 2020 | As at March 31, 2019 |
|----------|-----|-------------------------|-------------------------|
| Increase | +1% | 6.66 | 7.87 |
| Decrease | -1% | (6.66) | (7.87) |

The Group does not expect any change in interest rates on fixed rate borrowings and accordingly have not presented any sensitivities on such borrowings. The Group does not expect any significant impact of changes in the market interest rates on account of COVID-19.

iii) Equity price risk

The Group invests in listed and unlisted equity instruments. All investments in equity portfolio are reviewed and approved by the board of directors.

As at the reporting date, the exposure to listed equity securities at fair value was ₹ 14.67 (March 31, 2019: ₹ 18.56)

b) Credit risk

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

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Group's trade receivables, certain loans and advances and other financial assets. The Group enters into long term contracts with its customers whereby it mitigates the risk exposure on high risk customers. Further, none of the customers contributes to more than 10% of the Group's total revenues as continuous efforts are made in expanding its customer base. Outstanding customer receivables are regularly monitored and reviewed by the Audit committee periodically.

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

| Particulars | Reference | Carrying amount | |
|---|-----------|-------------------------|-------------------------|
| | | As at March 31, 2020 | As at March 31, 2019 |
| Trade receivables | (i) | 651.03 | 886.89 |
| Investments | (ii) | 37.85 | 68.24 |
| Loans | (iii) | 2.07 | 4.92 |
| Cash and cash equivalents | (iv) | 40.90 | 20.07 |
| Bank balances other than mentioned in cash and cash equivalents | (iv) | 5.59 | 4.76 |
| Security deposits | (v) | 36.82 | 27.27 |
| Advances recoverable | (v) | 0.05 | - |
| Unbilled revenue | (v) | 3.35 | - |
| Other financial assets | | 8.44 | 5.19 |
| Total | | 786.10 | 1,017.34 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - fair values and risk management (Contd.)

(i) Trade receivables (including unbilled revenue)

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

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

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

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Not more than 180 days | 651.52 | 879.05 |
| More than 180 days | 8.27 | 12.70 |
| Sub-total | 659.79 | 891.75 |
| Less: Loss allowance in accordance with expected credit loss model | (5.41) | (4.86) |
| Total | 654.38 | 886.89 |

(ii) Investments

Investments of surplus funds are made only with the approval of Board of Directors. This primarily include investments in equity instruments of various listed entities, power generation companies, mutual funds and other trade investments. The Group does not expect significant credit risks arising from these investments after considering impact of COVID-19 pandemic.

(iii) Loans

| | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------|-------------------------|-------------------------|
| Loans to employees | 2.07 | 2.92 |
| Net carrying amount | 2.07 | 2.92 |

(iv) Cash and cash equivalents and bank balances other than mentioned in cash and cash equivalents

The Group has its cash and bank balances deposited with credit worthy banks as at the reporting date. The Group does not expect any loss from non-performance by these counter-parties.

(v) Others

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

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

34 Financial instruments - fair values and risk management (Contd.)

c) Liquidity risk

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

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

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

| As at March 31, 2020 | Carrying amount | Less than 180 days | More than 180 days |
|---|-----------------|--------------------|--------------------|
| Borrowings (including current maturities)* | 885.46 | 514.44 | 371.02 |
| Lease liabilities | 31.61 | 3.39 | 28.22 |
| Trade payables | 385.78 | 385.08 | 0.70 |
| Derivative liabilities | 6.21 | 6.21 | - |
| Interest accrued but not due on borrowings | 3.25 | 3.25 | - |
| Liability towards supplier bills discounted | 9.42 | 9.42 | - |
| Unclaimed dividend | 4.45 | 4.45 | - |
| Employee benefits payable | 33.77 | 26.39 | 7.38 |
| Other payables | 19.44 | 11.96 | 7.48 |
| Total | 1,379.39 | 964.59 | 404.80 |

| As at March 31, 2019 | Carrying amount | Less than 180 days | More than 180 days |
|---|-----------------|--------------------|--------------------|
| Borrowings (including current maturities)* | 995.13 | 389.50 | 605.63 |
| Trade payables | 488.38 | 486.82 | 1.56 |
| Interest accrued but not due on borrowings | 4.65 | 4.65 | - |
| Liability towards supplier bills discounted | 18.81 | 18.81 | - |
| Unclaimed dividend | 3.69 | 3.69 | - |
| Employee benefits payable | 49.65 | 35.75 | 13.90 |
| Other payables | 59.82 | 51.82 | 8.00 |
| Total | 1,620.13 | 991.04 | 629.09 |

* excluding contractual interest payment

D Offsetting financial assets and financial liabilities

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

35 Contingencies and commitments**a) Contingent liabilities****- Claims against the Group not acknowledged as debt**

- Sales tax / entry tax - under appeal
- Excise duty / Customs duty / Service tax - under appeal
- Income-tax - under appeal
- Others

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|--|------------------------------|------------------------------|
| | 28.86 | 35.49 |
| | 5.88 | 15.44 |
| | 1.77 | 3.16 |
| | 1.00 | - |
| | 37.51 | 54.09 |

(i) The Hon'ble Supreme Court in its ruling dated February 28, 2019 held that the allowances paid to employees are essentially a part of the basic wage, which are necessarily and ordinarily paid to all employees and are to be treated as wages for the purpose of ('PF') Provident Fund contribution, with fewer exception to the same. With respect to a demand of ₹ 1.63 pertaining to the period March 2011 to December 2013 raised earlier by PF authorities, a provision has been made, however writ petition/appeal has been filed by the Group challenging the same and pending before Madras High Court/Tribunal. Based on legal advice, considering that the PF authorities has not commenced any proceedings claiming contribution on allowances for prior or subsequent periods and considering interpretative challenges surrounding the retrospective application of the judgement and absence of reliable measurement of provisions relating to earlier periods, this matter has been disclosed by the Group as a contingent liability.

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

- Guarantees excluding financial guarantees for which impairment is not considered

- On Letters of guarantee

- Other money for which the Group is contingently liable

- On letters of credit
- On partly paid shares of The Adyar Property Holding Company Limited (aggregating to ₹ 1,225/-)*

* Amount less than ₹ 0.01

| | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| | 0.16 | - |
| | 0.55 | 5.36 |
| | 0.00 | 0.00 |
| | 0.23 | 0.23 |
| | 118.77 | 183.35 |

b) Contingent assets

Claim of additional compensation against land acquisition

c) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

36 RELATED PARTY DISCLOSURES

Related Parties :

(I) Where Control exists:

(A) Ultimate holding Company

- (1) TV Sundram Iyengar & Sons Private Limited, Madurai, India

(II) Other Related Parties:

(A) Key Management Personnel (KMP)

- (1) Mr Suresh Krishna
- (2) Ms Arathi Krishna
- (3) Ms Arundathi Krishna
- (4) Mr S Meenakshisundaram*
- (5) Mr R Dilip Kumar* and
- (6) Mr Vinod Krishnan#
- (7) Mr R Krishnan \$

(B) Non-executive directors

- (1) Mr K Ramesh (upto June 17, 2019)
- (2) Mr S Mahalingam
- (3) Mr Heramb R Hajarnavis
- (4) Mr B Muthuraman
- (5) Mr R Srinivasan
- (6) Ms Preethi Krishna and
- (7) Dr. Nirmala Lakhsman

(C) Relatives of KMP

- (1) Ms Usha Krishna
- (2) Ms Preethi Krishna and
- (3) Mr K Ramesh

(D) Others

Post Employment benefit plan

- (1) Sundram Fasteners Limited Gratuity Fund
- (2) Sundram Fasteners Limited Senior Staff Superannuation Fund
- (3) Sundram Fasteners Limited Staff Provident Fund

Enterprises over which KMP are able to exercise significant influence

- (1) Krishna Educational Society

* Key Managerial Personnel as per Companies Act, 2013

Key Management Personnel of TVS Next Limited (formerly known as TVS Infotech Limited)

\$ Key Management Personnel of TVS Upasana Limited w.e.f. March 10, 2020

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

36 RELATED PARTY DISCLOSURES (Contd.)

(III) Subsidiaries / joint ventures / associates of ultimate holding company:

- (1) Southern Roadways Private Limited, Madurai, India
- (2) The Associated Auto Parts Private Limited, Mumbai, India
- (3) Sundaram-Clayton Limited, Chennai, India
- (4) Madurai Trans Carrier Limited, Chennai, India
- (5) TVS Electronics Limited, Chennai, India
- (6) TVS Motor Company Limited, Chennai, India
- (7) Lucas TVS Limited, Chennai, India
- (8) TVS Training and Services Limited, Chennai, India
- (9) Lucas Indian Services Limited, Mumbai, India
- (10) India Motor Parts & Accessories Limited, Chennai, India
- (11) Delphi TVS Technologies Limited, Chennai, India (Formerly Delphi TVS Diesel Systems Limited)
- (12) Wheels India Limited, Chennai, India
- (13) Brakes India Private Limited, Chennai, India
- (14) TVS Supply Chain Solutions Limited, Madurai, India (Formerly TVS Logistics Services Limited)
- (15) India Nippon Electricals Limited, Chennai, India and
- (16) TVS Automobile solutions Private Limited, Madurai, India

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

36 RELATED PARTY DISCLOSURES (Contd.)

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

| Nature of transaction | Ultimate holding company | Key Management Personnel | Relatives of Key Management Personnel | Others | Subsidiaries / joint ventures / Associates of ultimate holding company |
|--|--------------------------|--------------------------|---------------------------------------|--------|--|
| Purchases | | | | | |
| Goods and materials | - | - | - | - | 2.14 |
| | - | - | - | - | (1.28) |
| Sales | | | | | |
| Goods and materials | 73.00 | - | - | - | 176.23 |
| | (81.89) | - | - | - | (189.66) |
| Services | | | | | |
| Rendered | - | - | - | - | 0.12 |
| | - | - | - | - | (0.12) |
| Received | 3.81 | - | - | - | 5.78 |
| | (4.27) | - | - | - | (5.79) |
| Finance | | | | | |
| Dividend received | - | - | - | - | 0.01 |
| | - | - | - | - | (0.01) |
| Dividend paid | 38.65 | 0.10 | 0.06 | - | 37.52 |
| | (25.06) | (0.06) | (0.04) | - | (24.57) |
| Others | | | | | |
| Leasing inward or outward/ hire purchase arrangements | - | 1.18 | 0.07 | - | 0.16 |
| | - | (0.93) | (0.07) | - | (0.22) |
| Management contracts, including deputation of employees and sitting fees | - | 11.32 | 0.03 | - | - |
| | - | (45.15) | - | - | - |
| Freight and cartage | - | - | - | - | 0.02 |
| | - | - | - | - | (0.06) |
| Post Employee benefit contribution | - | - | - | 8.54 | - |
| | - | - | - | (7.33) | - |
| Donations | - | - | - | 6.08 | - |
| | - | - | - | (3.73) | - |
| Outstanding balances | | | | | |
| Due to the Group | 2.96 | - | - | - | 24.87 |
| | (9.02) | - | - | - | (37.10) |
| Due by the Group | 0.99 | 5.62 | - | - | 0.92 |
| | (2.44) | (39.73) | - | - | (0.79) |

(Previous year figures are in brackets)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

36 RELATED PARTY DISCLOSURES (Contd.)**(V) Terms and conditions of transactions with related parties**

- Transactions with related parties are at arm's length and all the outstanding balances are unsecured. (refer note 41)

37 Particulars of loans, guarantees and investments under Section 186 of the Companies Act, 2013 during the financial year ended March 31, 2020

| Name of the body corporate | Nature of transaction | Amount of transaction | Purpose for which the loan/ security/ acquisition/ guarantee utilised by recipient |
|--|------------------------------|------------------------------|---|
| Clean Switch India Private Limited, Chennai | Acquisition | 0.09 | Investment in equity shares for purchase of power under group captive basis |
| Sundaram Money Fund Scheme of Sundaram Asset Management Company Limited, Chennai | Investment in Mutual Funds | 1,192.50 | Treasury investments |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

38 a) GROUP INFORMATION

Information about subsidiaries

The Group's subsidiaries as at March 31, 2020 and March 31, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

| Name of the Company | Principal activities | Country of incorporation | Ownership interest held by the Group | | Ownership interest held by non-controlling interests | |
|--|--|------------------------------|--------------------------------------|----------------|--|----------------|
| | | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Subsidiary companies | | | | | | |
| TVS Upasana Limited, Chennai, India | Manufacture of spokes and nipples, automobile kits, dowels and rollers small screws, tools and cold extruded parts | India | 100.00% | 100.00% | 0.00% | 0.00% |
| TVS Next Limited, Chennai, India (formerly TVS Infotech Limited) | Software services | India | 67.65% | 67.65% | 32.35% | 32.35% |
| TVS Next Inc. USA (formerly TVS Infotec Inc. USA) (wholly owned subsidiary of TVS Next Limited, Chennai) | Software services | The United States of America | 67.65% | 67.65% | 32.35% | 32.35% |
| Sundram Fasteners Investments Limited, Chennai, India | Financial services | India | 100.00% | 100.00% | 0.00% | 0.00% |
| Sundram Non-Conventional Energy Systems Limited, Chennai, India | Generation of power using other non-conventional sources | India | 52.94% | 52.94% | 47.06% | 47.06% |
| Sunfast TVS Limited, Chennai, India | Manufacture of parts for aerospace and defence. | India | 100.00% | 0.00% | 0.00% | 0.00% |
| TVS Engineering Limited, Chennai, India | Manufacture of parts for aerospace and defence. | India | 100.00% | 0.00% | 0.00% | 0.00% |
| Sundram International Limited, UK | Non-trading holding company that holds investments in Cramlington Precision Forge Limited and Sundram Fasteners (Zhejiang) Limited | The United Kingdom | 100.00% | 100.00% | 0.00% | 0.00% |
| Cramlington Precision Forge Limited, United Kingdom (wholly owned subsidiary of Sundram International Limited, UK) | Manufacture of precision forged (warm) components for application in heavy vehicles for on-highway and off-highway applications | The United Kingdom | 100.00% | 100.00% | 0.00% | 0.00% |
| Sundram Fasteners (Zhejiang) Limited, China (wholly owned subsidiary of Sundram International Limited, UK) | Manufacture of high tensile fasteners and bearing housings | China | 100.00% | 100.00% | 0.00% | 0.00% |
| Sundram International Inc, Michigan, USA | Supply of special fasteners to General Motors, USA | The United States of America | 100.00% | 100.00% | 0.00% | 0.00% |

Note: With effect from April 11, 2019, the wholly-owned subsidiary Sundram Precision Components Limited amalgamated with the Holding company, consequent to an order by National Company Law Tribunal dated April 11, 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

38 b) ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTITIES CONSOLIDATED AS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

| Sl. No. | Name of the entity in the Group | Net assets i.e. total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---------|--|--|-----------------|---|---------------|---|----------------|---|---------------|
| | | As a % of consolidated net assets | Amount | As a % of consolidated profit or (loss) | Amount* | As % of consolidated other comprehensive income | Amount* | As % of consolidated total comprehensive income | Amount* |
| | Parent Company | | | | | | | | |
| 1 | Sundram Fasteners Limited # | | | | | | | | |
| | Balance as at March, 31 2020 | 100.63% | 2,016.94 | 96.17% | 314.04 | 140.39% | (23.40) | 93.80% | 290.64 |
| | Balance as at March, 31 2019 | 101.63% | 1,908.43 | 95.00% | 436.02 | (5.39%) | (0.17) | 94.55% | 436.95 |
| | Indian subsidiaries | | | | | | | | |
| 2 | Sundram Fasteners Investments Limited, Chennai | | | | | | | | |
| | Balance as at March, 31 2020 | 0.31% | 6.21 | (0.00%) | (0.01) | 1.62% | (0.27) | (0.09%) | (0.28) |
| | Balance as at March, 31 2019 | 0.35% | 6.50 | 0.00% | (0.00) | (5.61%) | (0.18) | (0.04%) | (0.18) |
| 3 | TVS Upasana Limited, Chennai | | | | | | | | |
| | Balance as at March, 31 2020 | 4.03% | 80.83 | 2.67% | 8.72 | 0.96% | (0.16) | 2.76% | 8.56 |
| | Balance as at March, 31 2019 | 3.94% | 74.01 | 3.50% | 16.05 | (1.07%) | (0.03) | 3.47% | 16.02 |
| 4 | Sundram Non-Conventional Energy Systems Limited, Chennai | | | | | | | | |
| | Balance as at March, 31 2020 | 0.18% | 3.56 | 0.50% | 1.64 | - | - | 0.53% | 1.64 |
| | Balance as at March, 31 2019 | 0.20% | 3.73 | 0.35% | 1.63 | - | - | 0.35% | 1.63 |
| 5 | TVS Next Limited, Chennai (TVSN) (formerly TVS Infotech Limited) | | | | | | | | |
| | Balance as at March, 31 2020 | 0.88% | 17.66 | 0.50% | 1.62 | 1.07% | (0.18) | 0.31% | 1.44 |
| | Balance as at March, 31 2019 | 0.86% | 16.13 | 0.17% | 0.77 | (2.11%) | (0.07) | 0.17% | 0.70 |
| 6 | TVS Next Private Limited, Chennai (TNPL) | | | | | | | | |
| | Balance as at March, 31 2020 | - | - | - | - | - | - | - | - |
| | Balance as at March, 31 2019 | 0.09% | 1.73 | 0.18% | 0.83 | 6.22% | 0.20 | 0.22% | 1.03 |
| 7 | Sunfast TVS Limited, Chennai | | | | | | | | |
| | Balance as at March, 31 2020 | (0.00%) | (0.01) | (0.01%) | (0.02) | - | - | (0.01%) | (0.02) |
| | Balance as at March, 31 2019 | - | - | - | - | - | - | - | - |
| 8 | TVS Engineering Limited, Chennai | | | | | | | | |
| | Balance as at March, 31 2020 | 0.02% | 0.36 | - | - | - | - | - | - |
| | Balance as at March, 31 2019 | - | - | - | - | - | - | - | - |
| | Foreign subsidiaries | | | | | | | | |
| 9 | Sundram Fasteners (Zhejiang) Limited, China | | | | | | | | |
| | Balance as at March, 31 2020 | 10.82% | 216.92 | 2.83% | 9.23 | (3.06%) | 0.51 | 3.14% | 9.74 |
| | Balance as at March, 31 2019 | 10.70% | 200.87 | 3.93% | 18.04 | (15.57%) | (0.49) | 3.80% | 17.55 |
| 10 | Cramlington Precision Forge Limited, United Kingdom | | | | | | | | |
| | Balance as at March, 31 2020 | (0.20%) | (3.94) | (5.12%) | (16.72) | 3.96% | (0.66) | (5.61%) | (17.38) |
| | Balance as at March, 31 2019 | 0.66% | 12.42 | (1.52%) | (7.00) | 8.72% | 0.28 | (1.45%) | (6.72) |
| 11 | Sundram International Inc., USA | | | | | | | | |
| | Balance as at March, 31 2020 | (0.00%) | (0.07) | (0.00%) | (0.01) | 0.02% | (0.00) | (0.00%) | (0.01) |
| | Balance as at March, 31 2019 | (0.00%) | (0.06) | (0.00%) | (0.00) | 0.00% | 0.00 | (0.00%) | (0.00) |
| 12 | TVS Next Inc. USA (formerly TVS Infotec Inc. USA) | | | | | | | | |
| | Balance as at March, 31 2020 | 0.15% | 3.08 | (0.13%) | (0.42) | (0.26%) | 0.04 | (0.12%) | (0.38) |
| | Balance as at March, 31 2019 | 0.17% | 3.23 | 0.14% | 0.62 | (0.54%) | (0.02) | 0.13% | 0.60 |
| 13 | Sundram International Limited, UK (SIL) | | | | | | | | |
| | Balance as at March, 31 2020 | 10.28% | 206.10 | (11.05%) | (36.09) | 6.60% | (1.10) | (12.00%) | (37.19) |
| | Balance as at March, 31 2019 | 12.33% | 231.48 | (0.07%) | (0.34) | 0.80% | 0.03 | (0.07%) | (0.31) |
| 14 | Non-controlling interests in all subsidiaries | | | | | | | | |
| | Balance as at March, 31 2020 | 0.42% | 8.39 | 0.50% | 1.64 | (0.17%) | 0.03 | 0.54% | 1.67 |
| | Balance as at March, 31 2019 | 0.41% | 7.77 | 0.32% | 1.48 | 1.16% | 0.04 | 0.33% | 1.52 |
| 15 | Sub total | | | | | | | | |
| | Balance as at March, 31 2020 | 127.53% | 2,556.03 | 86.86% | 283.63 | 151.12% | (25.19) | 83.40% | 258.44 |
| | Balance as at March, 31 2019 | 131.98% | 2,478.22 | 102.32% | 469.62 | (13.11%) | (0.41) | 101.77% | 470.30 |
| 16 | Less : Effect of inter company adjustments / eliminations | | | | | | | | |
| | Balance as at March, 31 2020 | 27.53% | 551.72 | (13.14%) | (42.91) | 51.12% | (8.52) | (16.60%) | (51.43) |
| | Balance as at March, 31 2019 | 31.91% | 599.13 | 2.56% | 11.75 | (113.07%) | (3.57) | 1.77% | 8.18 |
| 17 | Total | | | | | | | | |
| | Balance as at March, 31 2020 | 100.00% | 2,004.31 | 100.00% | 326.53 | 100.00% | (16.67) | 100.00% | 309.85 |
| | Balance as at March, 31 2019 | 100.00% | 1,877.74 | 100.00% | 458.97 | 100.00% | 3.16 | 100.00% | 462.13 |

* Amount less than ₹ 0.01.

With effect from April 11, 2019, the wholly-owned subsidiary Sundram Precision Components Limited amalgamated with the Holding company, consequent to an order by National Company Law Tribunal dated April 11, 2019.

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

39 Leases

The Group has taken various premises including godowns, offices, flats, machinery and other assets under lease. These lease agreements are generally cancellable in nature and are renewable by mutual consent on agreed upon terms.

- a) The Group has adopted Ind AS 116 on "Leases" with effect from April 1, 2019 using modified retrospective approach along with a transition option to recognise Right of use (ROU) asset at an amount equal to the lease liability. Accordingly, there is no impact of Ind AS 116 adoption to the retained earnings as at April 1, 2019 or for the year ended March 31, 2019. The Group has recognised ₹ 37.43 as ROU and corresponding lease liability for an equivalent amount on the date of transition. Further an amount of ₹ 71.82 towards prepaid operating lease rentals has been transferred from current / non-current assets to ROU as on the date of transition. Accordingly, the comparative figures have not been presented for the following disclosures. There is no material impact on profit after tax and earnings per share for the year ended March 31, 2020, on adoption of Ind AS 116.

i) ROU asset

Refer note 5 (d) for detailed break-up of right of use assets and amortisation thereon.

ii) Lease liabilities

| Maturity analysis - contractual undiscounted cash flows | As at March 31, 2020 |
|---|--------------------------------------|
| Not later than one year | 8.35 |
| Later than one year and not later than five years | 22.96 |
| More than five years | 10.31 |
| Total undiscounted lease liabilities at March 31, 2020 | 41.62 |
| Lease liabilities as at March 31, 2020 | |
| Current | 5.99 |
| Non-current | 25.62 |
| (iii) Amounts recognised in profit or loss | |
| | Year ended March 31, 2020 |
| Interest on lease liabilities | 2.83 |
| Amortisation of right of use assets (Refer Note 5(d)) | 8.03 |
| Expenses relating to short-term leases | 8.04 |
| (iv) Amounts recognized in the statement of cash flows | |
| Total cash outflow towards lease payments (excluding short-term leases) | 8.46 |

b) Disclosure under the erstwhile Leases standard (Ind AS 17) with respect to the comparative periods.

| | As at March 31, 2019 |
|--|---------------------------------|
| i) Future minimum lease payments towards non-cancellable leases | |
| Not later than one year | 1.65 |
| Later than one year and not later than five years | 5.18 |
| More than five years | 2.89 |
| ii) Lease payments recognised in the statement of profit and loss | 7.73 |

40 Segment Reporting

The Group is primarily engaged in manufacture and sale of bolts and nuts, sintered products, cold extruded components, hot and warm forged parts, radiator caps and other parts which largely have applications primarily in automobile industry and thus has only one reportable segment. Other businesses do not meet the quantitative thresholds and hence have not been separately disclosed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

40 Segment Reporting (Contd.)

The Geographical segment information is as below

Information concerning principal geographic areas is as follows

| | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|------------------------------|------------------------------|
| Net sales to external customers by geographic area by location of customers | | |
| a) India | 2,140.93 | 2,741.34 |
| b) United States of America | 1,013.95 | 1,255.77 |
| c) United Kingdom | 161.75 | 148.96 |
| d) China | 274.17 | 258.02 |
| e) Rest of the World | 132.43 | 153.81 |
| Total | 3,723.23 | 4,557.90 |
| Non-current assets (Property, plant and equipment, intangible assets, other non-current assets and goodwill) by geographic areas | | |
| | As at March 31, 2020 | As at March 31, 2019 |
| a) India | 1,887.01 | 1,706.40 |
| b) United Kingdom | 31.61 | 21.52 |
| c) China | 163.98 | 149.79 |
| d) Rest of the World | 0.06 | 0.04 |
| Total | 2,082.66 | 1,877.75 |

41 Transfer pricing

Management believes that the Group's international transactions with related parties continue to be at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.

42 Alignment of financial year-end by subsidiaries

Three of the foreign subsidiaries of the Group have financial years ending on December 31, whereas the parent company along with its domestic subsidiaries have the year end of March 31. During the current year, such foreign subsidiaries have aligned their financial year end with that of the parent company for consolidation purposes, eliminating a 3 month time lag for incorporating the financial information of such foreign subsidiaries with the consolidated financial statements of the Group. As a result of this change, the consolidated financial statements for the year ended March 31, 2020 also includes the financial performance of such foreign subsidiaries for the period January 1, 2019 to March 31, 2019. This has resulted in increase in revenue from operations by ₹ 100.41 and reduction in profit after tax by ₹ 1.38. For corresponding year ended March 31, 2019, the consolidated financial statements comprised of financial performance for the period January 1, 2018 to December 31, 2018, for the aforesaid subsidiaries.

42A Events after the reporting period

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

43 Prior year comparatives

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

The notes from 1 to 43 are an integral part of these consolidated financial statements

As per our report of even date attached

for **B S R & Co. LLP**

Chartered Accountants

Firm's registration number: 101248W/W-100022

S SETHURAMAN

Partner

Membership No.: 203491

ARATHI KRISHNA

Managing Director

(DIN: 00517456)

S MEENAKSHISUNDARAM

Chief Financial Officer

(ACA Membership No.: 021555)

For and on behalf of the Board of Directors of
SUNDRAM FASTENERS LIMITED
(CIN: L35999TN1962PLC004943)

SURESH KRISHNA

Chairman

(DIN: 00046919)

ARUNDATHI KRISHNA

Joint Managing Director

(DIN: 00270935)

R DILIP KUMAR

Vice President - Finance & Company Secretary

(ACS Membership No.: A19802)

Place : Chennai

Date : June 11, 2020

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

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

Form - AOC-1
(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part 'A' - Subsidiaries (₹ in Crores)

| S. No. | Particulars | Domestic Subsidiaries | | | | | Foreign Subsidiaries | | | | |
|--------|---|--------------------------|---|---------------------------------------|--------------------------|--------------------------|---|-------------------------------------|--|--------------------------------------|---------------------------|
| | | TVS Upasana Limited | Sundram Conventional Energy Systems Limited | Sundram Fasteners Investments Limited | Sunfast TVS Limited | TVS Engineering Limited | TVS Next Limited (formerly known as TVS Infotech Limited) | Cramlington Precision Forge Limited | TVS Next Inc (formerly known as TVS Infotech Inc.) | Sundram Fasteners (Zhejiang) Limited | Sundram International Inc |
| 1 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 01/04/2019 to 31/03/2020 | 01/04/2019 to 31/03/2020 | 01/04/2019 to 31/03/2020 | 01/04/2019 to 31/03/2020 | 01/04/2019 to 31/03/2020 | 01/01/2019 to 31/03/2020 | 01/04/2019 to 31/03/2020 | 01/01/2019 to 31/03/2020 | 01/04/2019 to 31/03/2020 | 01/01/2019 to 31/03/2020 |
| 2 | Reporting currency | INR | INR | INR | INR | INR | GBP | USD | RMB | USD | GBP |
| 3 | Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | Refer Note 3 below | | | | | | | | | |
| 4 | Share capital | 11.90 | 0.50 | 2.49 | 0.01 | 0.36 | 13.08 | 2.78 | 170.31 | 1.37 | 0.03 |
| 5 | Reserves & surplus | 68.94 | 3.06 | 3.72 | (0.02) | - | (17.02) | 0.30 | 46.61 | (1.44) | 206.06 |
| 6 | Total assets | 201.22 | 4.03 | 6.22 | 0.01 | 0.36 | 55.81 | 8.70 | 309.29 | 0.01 | 269.43 |
| 7 | Total Liabilities | 120.38 | 0.47 | 0.01 | 0.03 | - | 59.75 | 5.62 | 92.37 | 0.08 | 63.33 |
| 8 | Investments | 2.44 | - | 3.59 | - | - | 263.35 | - | - | - | - |
| 9 | Turnover | 146.23 | 2.79 | 0.01 | 0.00 | - | 140.06 | 10.86 | 274.17 | - | - |
| 10 | Profit / (Loss) before taxation | 9.97 | 2.16 | (0.01) | (0.02) | - | (16.73) | (0.42) | 11.92 | (0.01) | (36.09) |
| 11 | Provision for taxation | 1.25 | 0.51 | - | - | - | (0.00) | - | 2.69 | - | - |
| 12 | Profit / (Loss) after taxation | 8.72 | 1.64 | (0.01) | (0.02) | - | (16.72) | (0.42) | 9.23 | (0.01) | (36.09) |
| 13 | Proposed dividend | - | - | - | - | - | - | - | - | - | - |
| 14 | % of shareholding | 100.00% | 52.94% | 100.00% | 100.00% | 100.00% | 100.00% | 67.65% | 100.00% | 100.00% | 100.00% |
| | Amount less than ₹ 0.01 | | | | | | | | | | |

Notes:

1. Names of subsidiaries which are yet to commence operations: TVS Engineering Limited

2. Names of subsidiaries which have been liquidated or sold during the year: Nil

| Currency | USD | GBP | RMB |
|--------------|-------|-------|-------|
| Closing Rate | 75.39 | 93.44 | 10.63 |

Part 'B' - Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1. There is no associate or joint venture which is yet to commence operations.

2. There is no associate or joint venture which have been liquidated or sold during the year.

ARUNDATHI KRISHNA
Joint Managing Director
(DIN: 00270935)

ARATHI KRISHNA
Managing Director
(DIN: 00517456)

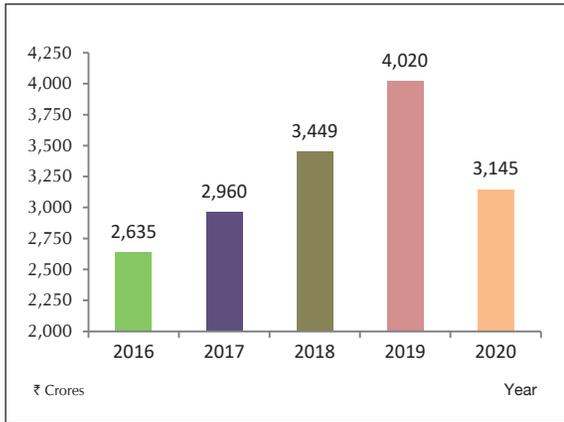
SURESH KRISHNA
Chairman
(DIN: 00046919)

S MEENAKSHISUNDARAM
Chief Financial Officer
(ACA Membership No.: 021555)

R DILIP KUMAR
Vice President - Finance & Company Secretary
(ACS Membership No.: A19802)

Place : Chennai
Date : June 11, 2020

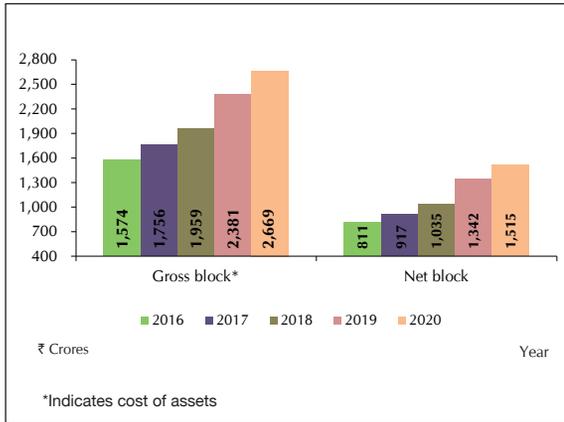
Total revenue*



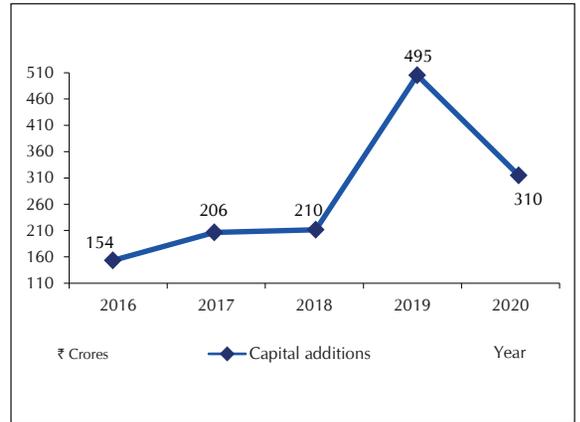
Export sales and revenue from operations*



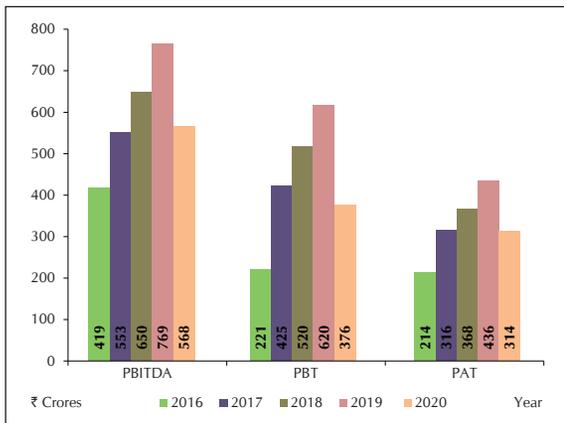
Gross and net block of property, plant and equipment



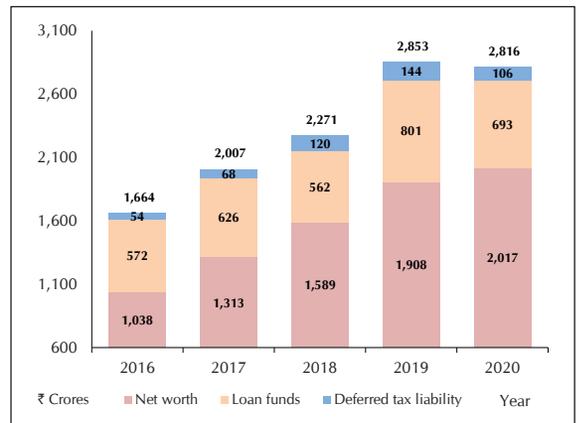
Capital expenditure



Profits



Funds employed



*Revenue from operations and Total revenue are net of excise duty