



Sundram Fasteners Limited

Email: investorshelpdesk@sfl.co.in

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

June 3, 2022

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 59th Annual General Meeting (AGM) scheduled on **Wednesday, June 29, 2022 at 10:00 a.m. IST** through Video Conference ('VC') / Other Audio Visual Means ('OAVM'); and
- ii. The Annual Report for the Financial Year 2021-2022.

The Notice of 59th AGM and the Annual Report for the year ended March 31, 2022 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

Executive Vice President - Finance & Company Secretary



Sundram Fasteners Limited

ANNUAL REPORT

**for the year ended
March 31, 2022**

Sundram Fasteners Limited

BOARD OF DIRECTORS

Sri SURESH KRISHNA

Chairman and Non-Executive Director

Ms ARATHI KRISHNA

Managing Director

Ms ARUNDATHI KRISHNA

Joint Managing Director

Ms PREETHI KRISHNA

Non-Executive Non-Independent Director

Independent Directors

Sri R SRINIVASAN (Upto September 21, 2021)

Sri B MUTHURAMAN

Sri HERAMB R HAJARNAVIS

Sri S MAHALINGAM

Dr NIRMALA LAKSHMAN

Dr V ANANTHA NAGESWARAN

(From September 16, 2021 to January 27, 2022)

CHIEF FINANCIAL OFFICER

Sri S MEENAKSHISUNDARAM

EXECUTIVE 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 Floors,

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

E-Mail : srirams@integratedindia.in

WEBSITE

www.sundram.com

REDRESSAL OF INVESTOR COMPLAINTS

E-mail: investorshelpdesk@sfl.co.in

Telephone: +91-44-28478500 Extn. 213

Sundram Fasteners Limited

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FINANCIAL HIGHLIGHTS

₹ crores

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16* | 2016-17* | 2017-18* | 2018-19* | 2019-20* | 2020-21* | 2021-22* |
|--|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|
| Operating results | | | | | | | | | | |
| Revenue from operations # | 2,069 | 2,022 | 2,386 | 2,601 | 2,947 | 3,420 | 3,990 | 3,125 | 3,065 | 4,173 |
| Total revenue # | 2,096 | 2,071 | 2,409 | 2,635 | 2,960 | 3,449 | 4,020 | 3,145 | 3,082 | 4,198 |
| EBITDA | 283 | 305 | 357 | 419 | 553 | 650 | 769 | 568 | 599 | 752 |
| Interest | 81 | 59 | 82 | 61 | 36 | 32 | 39 | 44 | 14 | 13 |
| EBDT | 202 | 246 | 275 | 358 | 517 | 618 | 730 | 524 | 585 | 739 |
| Depreciation | 72 | 76 | 88 | 92 | 90 | 98 | 110 | 137 | 147 | 153 |
| EBIT | 211 | 229 | 269 | 327 | 463 | 552 | 659 | 432 | 452 | 599 |
| Profit before tax | 131 | 160 | 177 | 221 | 425 | 520 | 620 | 376 | 438 | 556 ^ |
| Tax | 36 | 39 | 42 | 7 | 109 | 152 | 184 | 62 | 110 | 149 |
| Profit after tax | 95 | 121 | 135 | 214 | 316 | 368 | 436 | 314 " | 328 | 407 |
| Financial status | | | | | | | | | | |
| Net fixed assets | 729 | 803 | 810 | 865 | 967 | 1,066 | 1,431 | 1,658 | 1,669 | 1,658 |
| Investments | 132 | 123 | 117 | 309 | 320 | 359 | 350 | 310 | 337 | 323 |
| Net current assets | 719 | 592 | 769 | 490 | 720 | 846 | 1,072 | 848 | 898 | 1,144 |
| Share capital | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 |
| Reserves and surplus | 673 | 755 | 838 | 1,017 | 1,292 | 1,568 | 1,887 | 1,996 | 2,312 | 2,524 |
| Net worth | 694 | 776 | 859 | 1,038 | 1,313 | 1,589 | 1,908 | 2,017 | 2,333 | 2,545 |
| Loan funds | 795 | 651 | 751 | 572 | 626 | 562 | 801 | 693 | 456 | 461 |
| Deferred tax liability | 91 | 91 | 86 | 54 | 68 | 120 | 144 | 107 | 115 | 118 |
| Total capital employed | 1,580 | 1,518 | 1,696 | 1,664 | 2,007 | 2,271 | 2,853 | 2,830 | 2,914 | 3,130 |
| Performance parameters - % | | | | | | | | | | |
| EBITDA to revenue from operations | 13.7 | 15.1 | 15.0 | 16.1 | 18.8 | 19.1 | 19.3 | 18.2 | 19.5 | 18.0 |
| EBIT to revenue from operations | 10.2 | 11.3 | 11.3 | 12.6 | 15.7 | 16.3 | 16.5 | 13.8 | 14.7 | 14.4 |
| PBT to revenue from operations | 6.3 | 7.9 | 7.4 | 8.5 | 14.4 | 15.3 | 15.5 | 12.0 | 14.3 | 13.3 |
| EBITDA / average capital employed [ROCE] | 18.1 | 19.7 | 22.2 | 24.9 | 30.1 | 30.4 | 30.0 | 20.0 | 20.9 | 24.9 |
| EBIT / average capital employed | 13.5 | 14.8 | 16.7 | 19.5 | 25.2 | 25.8 | 25.7 | 15.2 | 15.7 | 19.8 |
| PAT / average net worth | 14.3 | 16.4 | 16.6 | 22.6 | 26.9 | 25.4 | 24.9 | 16.0 | 15.1 | 16.7 |
| EPS - ₹ | 4.52 | 5.75 | 6.44 | 10.18 | 15.01 | 17.49 | 20.76 | 14.95 | 15.62 | 19.39 |
| Dividend per share - ₹ | 1.40 | 1.70 | 1.75 | 2.15 ** | 4.50 ** | 4.60 ** | 5.10 ** | 4.15 ** | 4.70 ** | 6.45 ** |
| Dividend payout ratio | 30.95 | 29.55 | 27.17 | 21.11 | 29.92 | 26.26 | 24.57 | 27.77 | 30.09 | 33.26 |
| Book value per share - ₹ [®] | 33.04 | 36.91 | 40.88 | 49.40 | 62.50 | 75.67 | 90.83 | 95.99 | 111.04 | 121.13 |
| Market value per share - ₹ | 40.50 | 62.80 | 174.50 | 170.80 | 386.00 | 551.30 | 566.45 | 292.50 | 800.45 | 899.80 |

* Financials for these years are as per Ind AS

** Represents dividend declared for the relevant financial year

Revenue from operations and Total Revenue are net of excise duty

^ Profit before tax after considering an exceptional item of ₹ 30 Crores

" Includes deferred tax favourable impact of ₹ 31.60 Crores

® Book value per share = Net worth divided by total number of equity shares

Notice of the 59th Annual General Meeting to the Members

NOTICE is hereby given that the **Fifty Ninth** Annual General Meeting of the Members of the Company will be held on **Wednesday, June 29, 2022** 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, 2022 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, 2022 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 Preethi Krishna (DIN: 02037253), who retires by rotation, as a Director of the Company.

"RESOLVED THAT Ms Preethi Krishna (DIN: 02037253), who retires by rotation and being eligible for re-appointment is hereby re-appointed as a Director of the Company."

3. To re-appoint Ms/. BSR & Co. LLP, Chartered Accountants, Chennai as Statutory Auditors of the Company.

"RESOLVED THAT M/s. B S R & Co. LLP, Chartered Accountants, Chennai [(Registration No. 101248W/W-100022) with the Institute of Chartered Accountants of India], are hereby re-appointed as Statutory Auditors of the Company under Section 139 of the Companies Act, 2013, whose term expires at the conclusion of the 59th Annual General Meeting.

RESOLVED FURTHER THAT pursuant to Section 139 and other applicable provisions of the Companies Act, 2013, M/s. B S R & Co. LLP, Chartered Accountants, Chennai, will hold office as the Statutory Auditors of the Company, for the second term of five consecutive years, till the conclusion of the Annual General Meeting of the Company for the financial year 2026-2027, on such remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit."

SPECIAL BUSINESS

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

4. To ratify the remuneration payable to the Cost Auditor for the financial year ending March 31, 2023.

"RESOLVED THAT the remuneration of ₹ 4,00,000/- (Rupees Four Lakhs 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, 2023, 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 Rule 14 of the Companies (Audit and Auditors) Rules, 2014 is hereby ratified."

By Order of the Board

R DILIP KUMAR

Executive Vice President – Finance &
Company Secretary

Chennai
April 22, 2022

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

Agenda No 3

This explanatory statement is in terms of Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the same is strictly not required as per Section 102 of the Act.

The Members at the 54th Annual General Meeting (“AGM”) of the Company held on August 24, 2017, had approved the appointment of M/s. BSR & Co. LLP, Chartered Accountants (Firm Registration No.: 101248W/W-100022), as Statutory Auditors of the Company, to hold office till the conclusion of the 59th AGM.

After evaluating and considering various factors such as industry experience, competency of the audit team, efficiency in conduct of audit, independence, etc., pursuant to the recommendation by the Audit Committee, the Board of Directors of the Company at its meeting held on April 22, 2022, proposed the re-appointment of M/s. BSR & Co. LLP as the Statutory Auditors of the Company, for a term of five consecutive years from the conclusion of 59th AGM till the conclusion of 64th AGM of the Company to be held in the year 2027, at a remuneration as may be determined by the Board of Directors of the Company, in addition to reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit.

M/s. BSR & Co. LLP have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Companies Act, 2013.

M/s. B S R & Co. LLP is a member entity of B S R & Affiliates, a network registered with the Institute of Chartered Accountants of India. M/s. B S R & Co. LLP is having its Offices in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi. M/s. B S R & Co. LLP audits various companies listed on stock exchanges in India including companies in the manufacturing sector.

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

The Board recommends the resolution set forth in the notice (Agenda No 3) for approval by the members.

Agenda No 4

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, 2023.

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, 2022 for conducting the Cost Audit as mandated by the Act. Pursuant to the recommendation by 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, 2023 at a remuneration of ₹ 4,00,000 (Rupees Four Lakhs 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.

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

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

By Order of the Board

R DILIP KUMAR

Chennai
April 22, 2022

Executive Vice President – Finance &
Company Secretary

Sundram Fasteners Limited

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 Preethi Krishna | | | | | | | | | | | |
|--|--|----------------------|--|---------------------|--------------|----------------------|---------------|----------|---|----------------------------|----------|---|
| Age | 56 years | | | | | | | | | | | |
| DIN | 02037253 | | | | | | | | | | | |
| Qualification | B.Sc., (Physics), Stella Maris College, M.A. Public Management, University of Madras, M.B.A., Simon School of Business, University of Rochester, New York, USA. | | | | | | | | | | | |
| Experience | 1988-89- Sundram Fasteners Limited 1991-94- Whirlpool Corporation, Benton Harbor, USA | | | | | | | | | | | |
| Date of first appointment on the Board | July 05, 2017 | | | | | | | | | | | |
| Shareholding in the Company | Nil | | | | | | | | | | | |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company | Related to the Chairman / Managing Directors of the Company | | | | | | | | | | | |
| Number of meetings of the Board attended during the year | 1 (One) during the financial year 2022 - 2023 out of 1 meeting | | | | | | | | | | | |
| Other Directorships, Memberships / Chairmanship of Committees of other Boards | <table border="1"> <thead> <tr> <th>Name of the Company</th> <th>Directorship</th> <th>Committee Membership</th> </tr> </thead> <tbody> <tr> <td>TVS Next Inc.</td> <td>Director</td> <td>-</td> </tr> <tr> <td>Sundram International Inc.</td> <td>Director</td> <td>-</td> </tr> </tbody> </table> | | | Name of the Company | Directorship | Committee Membership | TVS Next Inc. | Director | - | Sundram International Inc. | Director | - |
| Name of the Company | Directorship | Committee Membership | | | | | | | | | | |
| TVS Next Inc. | Director | - | | | | | | | | | | |
| Sundram International Inc. | Director | - | | | | | | | | | | |
| Name of the listed entities from which the Director has resigned in the past three years | Nil | | | | | | | | | | | |
| Nature of expertise in specific functional area | Corporate Strategy and General Management | | | | | | | | | | | |

NOTES:

- In view of the impact of Coronavirus pandemic, the Ministry of Corporate Affairs ("MCA") vide its circular dated December 14, 2021 read with circulars dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") 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 and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
- 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 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.**
- A Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts in respect of special business in Agenda No 4 of the Notice is annexed hereto.
- Members desiring any information as regards financial statement are requested to write to the Company on or before June 24, 2022 through e-mail at investorshelpdesk@sfl.co.in.** The same will be replied by the management suitably.
- In the case of joint holders, the vote of the first holder who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders.

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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.
 - e) The Securities and Exchange Board of India (SEBI) had mandated that any requests for effecting transfer of securities, shall not be processed unless the securities are held in the dematerialized form with a depository. The members are therefore requested to initiate necessary steps to dematerialise your shares, which are held in physical form.
 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 from financial year 2014-2015 onwards are given below:

| Financial Year | Pay-out | Date of Declaration | Date of completion of seven years period | Due date for transfer to IEPF |
|----------------|-------------------------|---------------------|--|-------------------------------|
| 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 |
| 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 |
| 2020-2021 | 1 st Interim | 04-11-2020 | 11-12-2027 | 10-01-2028 |
| 2020-2021 | 2 nd Interim | 06-05-2021 | 12-06-2028 | 12-07-2028 |
| 2021-2022 | Interim | 10-02-2022 | 19-03-2029 | 18-04-2029 |

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 issued under 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 84,900 equity shares during the financial year 2021-2022 to the IEPF Authority.
 11. In compliance with the aforesaid MCA Circulars and the SEBI Circular, the Notice of the AGM along with the Annual Report for the financial year 2020-2021 *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.
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Sundram Fasteners Limited

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 2021-2022 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 June 24, 2022 (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-serve 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-serve 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, Regulation 44 of the 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 AGM 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, June 26, 2022 (9:00 a.m. – Indian Standard Time)** and ends on **Tuesday, June 28, 2022 (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:

Step 1: Access to NSDL e-Voting system

A. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility to be provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access the e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of shareholders | Login Method |
|---|--|
| <p>Individual Shareholders holding securities in demat mode with NSDL – Login through NSDL.</p> | <ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS (Internet based Demat Account Statement) facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS” Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. 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. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; align-items: center; gap: 20px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: center; align-items: center; gap: 20px; margin-top: 10px;">   </div> |
| <p>Individual Shareholders holding securities in demat mode with CDSL – Login through CDSL.</p> | <ol style="list-style-type: none"> 1. Existing users who have opted for Easi / Easiest can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest, the user will be also able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective E-Voting Service Provider (ESP) i.e. NSDL where the e-Voting is in progress. |

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| | |
|---|--|
| Individual Shareholders (holding securities in demat mode) - Login through their depository participants. | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once you login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. |
|---|--|

Important note : Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at above-mentioned websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no: 1800-1020-990 and 1800-22-44-30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43 |

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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 ‘Shareholder/ Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP 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 folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

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5. Password details for shareholders other than Individual shareholders 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 with your Depository Participant or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you by NSDL in your mailbox. Open the email and then open the attachment i.e. 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 the 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.

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

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

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is active.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period.
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.

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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 1020 990 and 1800 22 44 30 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), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investorshelpdesk@sfl.co.in / srirams@integratedindia.in.
2. In case, shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investorshelpdesk@sfl.co.in / srirams@integratedindia.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **Step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly with their Depository Participants in order to access e-Voting facility.

The instructions for members to cast their votes through e-Voting on the day of the Annual General Meeting 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. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

Instructions for members for attending the Annual General Meeting through VC / OAVM are given hereunder:

1. The members 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 shareholders / 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.

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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 and calls being received. 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 **June 21, 2022 (9:00 a.m. IST) to June 24, 2022 (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, **June 22, 2022 (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 AGM and the Annual Report through physical and electronic mode, and holding shares as of the cut-off date **June 22, 2022 (Wednesday)** may obtain the login ID and password by sending a request to evoting@nsdl.co.in / srirams@integratedindia.in.
- 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 AGM.
- 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 AGM first count the e-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. The Scrutiniser shall within two working days of conclusion of the meeting submit his report of the total votes cast in favor or against, if any, to the Chairman / Managing Director / Joint Managing Director / Chief Financial Officer / Executive 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., **June 29, 2022**. 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

Executive Vice President – Finance &
Company Secretary

Chennai
April 22, 2022

Sundram Fasteners Limited

REPORT OF THE BOARD OF DIRECTORS

The Directors are pleased to present the Fifty Ninth Annual Report together with the audited financial statements for the year ended March 31, 2022.

| FINANCIAL HIGHLIGHTS (STANDALONE) | ₹ in Crores | |
|---|-----------------|-----------------|
| | 2021 - 2022 | 2020 - 2021 |
| Revenue from Operations | 4,172.57 | 3,065.03 |
| Other Income | 25.61 | 16.57 |
| Total Revenue | 4,198.18 | 3,081.60 |
| Total Expenditure | 3,446.00 | 2,482.75 |
| Gross Profit before interest, depreciation and taxes | 752.18 | 598.85 |
| Less: Interest | 6.22 | 20.97 |
| Exchange Losses / (Gains) | 7.17 | (6.81) |
| Depreciation | 152.83 | 146.58 |
| Provision for impairment of investments in subsidiaries | 30.00 | - |
| Profit before Tax | 555.96 | 438.11 |
| Less: Provision for tax | 148.50 | 109.97 |
| Profit after Tax | 407.46 | 328.14 |
| Add: Balance brought forward | 155.70 | 154.44 |
| Balance available for appropriation | 563.16 | 482.58 |
| Appropriations | | |
| Interim / Final Dividends | 206.98 | 27.32 |
| Transfer to Reserves | 150.00 | 300.00 |
| Transfer from other comprehensive income to reserves | (1.41) | (0.44) |
| Balance carried forward | 207.59 | 155.70 |
| | 563.16 | 482.58 |

TRANSFER TO RESERVES

The Company has transferred ₹ 150 Crores to Reserves.

DIVIDEND

The Board had during the year, declared an interim dividend of ₹ 6.45/- per share (645%) for the financial year 2021-2022 absorbing a sum of ₹ 135.53 Crores and the same was paid to the shareholders on March 4, 2022. No final dividend has been recommended by the Board of Directors.

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 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 separate audited / unaudited financial statement in respect of each of its 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 auditors 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. 37 to 42).

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, 2022 is enclosed to this report (Please refer Page Nos. 43 to 51).

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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.

Sri R. Srinivasan (DIN: 00043658) Independent Director, retired from the Board effective, September 22, 2021. The Company has benefited immensely through his association and the Board of Directors place on record their sincere thanks for the services rendered by him as a Director.

Dr. V. Anantha Nageswaran (DIN: 00760377) was appointed as a Non-Executive Independent Director for a period of five years effective September 16, 2021. In the opinion of the Board of Directors, Dr. V. Anantha Nageswaran fulfilled the conditions with regard to integrity, expertise and experience (including the proficiency) specified in the Act and the Rules made there under and is independent of the management. He was exempted from passing the online self-assessment test having served as a Director / Key Managerial Personnel for a period of not less than 3 years in a listed company or in an unlisted public company having a paid up capital of not less than ₹ 10 Crores. However, Dr. V Anantha Nageswaran had stepped down from the Board of Sundram Fasteners Limited with effect from January 28, 2022, in view of his appointment as the Chief Economic Adviser to the Government of India.

Ms. Preethi Krishna, Non-Executive Director (DIN: 02037253) 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 recommends her re-appointment as a Director of the Company. A brief resume of Ms. Preethi Krishna and other relevant information have been furnished in the notice convening the AGM.

Sri S Meenakshisundaram (DIN: 00513901) whose appointment as the Whole-Time Director was approved by the shareholders at the Annual General Meeting held on June 11, 2020, has retired from the office of Whole-time

Director with effect from the closing hours of April 22, 2022. He will continue as the Chief Financial Officer of the Company upto the closing hours of June 30, 2022 to ensure smooth transition and will retire from the services of the Company effective July 1, 2022.

Sri R Dilip Kumar, presently holding the position in the Company as Executive Vice President-Finance & Company Secretary is appointed as the Chief Financial Officer of the Company effective July 1, 2022. In view of the foregoing, Sri R Dilip Kumar will relinquish the office of the Company Secretary effective July 1, 2022.

Sri G Anand Babu is appointed as the Company Secretary and the Compliance Officer of the Company effective July 1, 2022.

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).

ANNUAL RETURN

In terms of the requirement of Section 92(3) read with Section 134(3) of the Companies Act, 2013, the draft annual return of the Company as on March 31, 2022 is available on the Company's website, www.sundram.com.

BOARD MEETINGS

During the year, six meetings of the Board of Directors were held. The details of the meetings and the attendance 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 55).

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, 2022.
- 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.

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- 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.

DETAILS IN RESPECT OF FRAUD, IF ANY, REPORTED BY THE AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, Chennai, the Statutory Auditors of the Company have stated that during the course of their audit, there were no fraud by the Company or on the Company by its officers or employees, noticed or reported in the Independent Auditors' Report which forms part of this Report. Hence, there was no requirement to report the same to the Audit Committee or Board of Directors of the Company.

NOMINATION AND REMUNERATION POLICY

Salient features of the Policy:

The Policy is to ensure that the remuneration is in line with best comparable market practices, as well as competitive vis-à-vis that of comparable companies both in India and other international markets, which will have a motivating effect to act as a driving force to ensure long term availability of talent and also retention of the best talents. The Policy will have due regard to the situation 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 provided in the Annual Report Disclosures under Regulation 34 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Please refer Page No.56).

The Nomination and Remuneration Policy is available on the Company's website at:- <https://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 - I**.

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 - II** to this report.

MATERIAL CHANGES AND COMMITMENTS

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, 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 - III**.

RISK MANAGEMENT

Brief description of terms of reference:-

- i. To review and approve the risk management policy of the Company and to make amendments thereto from time to time.
- ii. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- iii. To periodically review the risk management policy, by considering the changing industry dynamics and evolving complexity.
- iv. To identify methodology, processes and systems to monitor and evaluate risk.
- v. To identify internal and external risks in particular including financial, operational, sectoral, department-wise risk, business sustainability particularly, Environmental, Social and Governance (ESG) related risks, information, cyber security risks. Cyber security risks cover ransomware, phishing, data leakage, hacking, insider threat etc.

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, two meetings of the Risk Management Committee were held. The details of the meeting are furnished in the Annual Report disclosures under Regulation 34 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which forms part of this Report (Please refer Page No 58).

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. drive 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 and the Annual report on CSR activities for the Financial Year 2021-2022 is enclosed vide **Annexure – IV** forming part of this report.

The CSR Policy, including the annual action plan is available on the Company's website at www.sundram.com/investors.php.

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 and 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 six Domestic Subsidiaries and five Overseas Subsidiaries. The financial performance of the subsidiaries during the financial year 2021-2022 is given hereunder:-

Sundram Fasteners (Zhejiang) Limited, China (SFZL, China), Cramlington Precision Forge Limited, United Kingdom (CPFL, UK) and TVS Next Inc., USA 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 was at ₹ 369.10 Crores as against ₹ 305.64 Crores in the previous year. The net profit was at ₹ 9.63 Crores as against ₹ 21.09 Crores in the previous year.

The total revenue from CPFL, UK during the year under review was at ₹ 156.18 Crores as against ₹ 104.78 Crores in the previous year. The net profit / (loss) was at ₹ (9.25) Crores as against net profit / (loss) at ₹ (5.08) Crores in the previous year.

The total revenue from TVS Next Inc., USA, a step-down overseas subsidiary during the year under review was at ₹ 15.93 Crores as against ₹ 5.02 Crores in the previous year. The net profit / (loss) was at ₹ 0.33 Crores as against ₹ (0.36) 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 ₹ 165.67 Crores as against ₹ 150.36 Crores in the previous year. The net profit was at ₹ 5.75 Crores as against ₹ 11.35 Crores in the previous year.

The total revenue from Sundram Non-Conventional Energy Systems Limited, a subsidiary during the year under review was at ₹ 2.79 Crores as against ₹ 2.75 Crores in the previous year. The net profit was at ₹ 2.00 Crores as against ₹ 1.57 Crores in the previous year.

The total revenue from Sundram Fasteners Investments Limited, a wholly-owned subsidiary during the year under review was at ₹ 0.36 Crores as against ₹ 0.02 Crores in the previous year. The net profit / (loss) was at ₹ 0.30 Crores as against ₹ 0.008 Crores in the previous year.

TVS Next Limited (TVSN), a subsidiary engaged in the 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 TVSN during the year under review was at ₹ 73.11 Crores as against ₹ 49.32 Crores in the previous year. The net profit was at ₹ 12.56 Crores as against ₹ 8.99 Crores in the previous year.

Sunfast TVS Limited (Sunfast), a *wholly-owned* subsidiary is engaged in the business of marketing of aerospace and defence components. The total revenue from Sunfast during the year under review was at ₹ 0.24 Crores as against ₹ 0.09 Crores in the previous year. The net profit / (loss) was at ₹ (0.01) Crores as against ₹ 0.004 Crores during the year under review.

TVS Engineering Limited (TEL), a *wholly-owned* subsidiary is engaged in the manufacture of aerospace and defence components. The total revenue from TEL during the year under review was at ₹ Nil Crores as against ₹ Nil Crores in the previous year. The net profit / (loss) were at ₹ (0.99) Crores as against ₹ (0.68) Crores during the year under review.

The total revenue from Sundram International Inc., USA, a wholly-owned subsidiary during the year under review was at ₹ Nil Crores as against ₹ Nil Crores in the previous year. The net profit / (loss) was at ₹ Nil Crores as against ₹ (0.004) Crores in the previous year.

Sundram International Limited, United Kingdom, a wholly-owned overseas subsidiary, was established as an intermediate holding company that holds investments in two operating subsidiaries viz., in China and United Kingdom. The total revenue from Sundram International Limited earned

Sundram Fasteners Limited

by way of dividend, during the year under review was at ₹ 32.04 Crores as against ₹ 31.19 Crores in the previous year. The net profit was at ₹ 31.19 Crores as against ₹ 4.19 Crores in the previous year.

The total revenue from all the subsidiaries of the Company in aggregate during the year under review was at ₹ 815.84 Crores resulting in an overall contribution of 16.51% of the consolidated revenue as against ₹ 648.77 Crores which resulted in an overall contribution of 17.67% of the consolidated revenue in the previous year.

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 statement 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 220.

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

No Company has become or ceased to be Company's subsidiary, joint venture or associate company during the financial year 2021-2022.

The Hon'ble National Company Law Tribunal, Chennai bench, vide its order dated December 6, 2021 had approved the composite scheme of amalgamation and arrangement (demerger) inter alia amongst T V Sundram Iyengar & Sons Private Limited ("TVSS"), Sundaram Industries Private Limited ("SIPL"), Southern Roadways Private Limited ("SRPL") and TVS Sundram Fasteners Private Limited ("TPL") ("Composite Scheme") in accordance with Sections 230 to 232 and other applicable provisions under the Companies Act, 2013 read with the rules made thereunder and other applicable laws. The Composite Scheme was made effective on January 6, 2022 ("Effective Date").

As per the Composite Scheme, on the Effective Date, SIPL and SRPL were amalgamated with TVSS and have been dissolved without the process of winding up. As a result of this, the shareholding of SRPL in Sundram Fasteners Limited (SFL) consisting of 5,07,73,280 equity shares was vested in / transferred to TVSS. This had resulted in the increase of the direct shareholding of TVSS in SFL from 5,33,12,000 equity shares to 10,40,85,280 equity shares (representing 49.53% of its paid-up equity share capital).

As a subsequent step to the above, in terms of the Composite Scheme, on February 4, 2022, TVSS demerged a business undertaking which included shareholding of 49.53% (10,40,85,280 equity shares) held in the Company to TPL. Consequent to the above, TPL has become the Promoter of SFL.

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.

PROCEEDINGS PENDING, IF ANY, UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

The Company has neither filed an application during the year under review nor are any proceedings pending under the Insolvency and Bankruptcy Code, 2016 as at March 31, 2022.

THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

No such event has occurred during the year under review.

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 V** 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 Remuneration) 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, M/s. 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), whose term expires upon the conclusion of this Annual General Meeting.

The Board of Directors have recommended the re-appointment of M/s. B S R & Co. LLP, Chartered Accountants, Chennai as the statutory auditors of the Company, for the second term of five consecutive years, till the conclusion of the Annual General Meeting of the Company for the financial year 2026-2027. The Company has received consent from M/s. B S R & Co. LLP, Chartered Accountants, Chennai to serve as statutory auditors of the Company, if they are so appointed. They have also furnished necessary certificate required under the Companies Act, 2013 conveying their eligibility for appointment. M/s. B S R & Co. LLP, Chartered Accountants, Chennai holds Peer Review Certificate No. 011748 dated July 2, 2019, issued by the Institute of Chartered Accountants of India, which is valid for a period of three years from the date of issue.

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 2021-2022. 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 VI** 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 2022-2023. Necessary consent has been received from them to act as Secretarial Auditors. M/s. S. Krishnamurthy & Co, Company Secretaries holds Peer Review Certificate No. 739/2020 dated May 28, 2020, issued by the Institute of Company Secretaries of India, which is valid for a period of five years from the date of issue.

COST AUDITOR

In terms of Section 148 of the Companies Act, 2013 (the Act) read with Rule 14 of the 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 the Cost Auditor for the financial year 2022-2023. 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 made and 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 & Redressal) Act, 2013. In compliance with the provisions under Section 4 of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & 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 2021.

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 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 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 One North East, the Regional Development Authority for Cramlington Precision Forge Limited, United Kingdom for the continued support extended to the 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

SURESH KRISHNA
Chairman
DIN: 00046919

April 22, 2022
Chennai

Sundram Fasteners Limited

Annexure - I

Particulars of loans, guarantees and investments under Section 186 of the Companies Act, 2013 during the financial year ended March 31, 2022

₹ in crores

| Name of the Body Corporate | Nature of relationship | Nature of transaction | Amount of transaction | Purpose for which the loan / security / acquisition / guarantee utilized by the recipient |
|--|-------------------------|-----------------------------|-----------------------|---|
| Sundram Fasteners (Zhejiang) Limited, China | Step-down subsidiary | Guarantee | 124.68 | For availing working capital facility from Bank |
| TVS Upasana Limited | Wholly-owned subsidiary | Guarantee | 15.00 | For availing term loan facility |
| Sundaram Asset Management Co. Limited, Chennai, India:- (i) Sundaram Liquid Fund – Direct Plan Growth | NA | Investment in Mutual Funds* | 20.00 | Treasury investments |
| (ii) Sundaram Overnight Direct Growth Fund Scheme | | | 2,210.50 | |
| (iii) Sundaram Ultra Short Term Fund Direct Growth Scheme | | | 35.00 | |
| TVS Engineering Limited | Wholly-owned subsidiary | Investment in equity shares | 0.75 | |
| | | Loans | 1.99 | For working capital and general corporate purposes |
| Sundram International Limited, United Kingdom | Wholly-owned subsidiary | Loans | 1.53 | For working capital and general corporate purposes |

* 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 ₹ 100 Crores fixed by the Board.

Annexure - II

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

SURESH KRISHNA
Chairman
DIN: 00046919

April 22, 2022
Chennai

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

Conservation of Electrical Power:

The Company has taken specific initiatives towards conservation of electrical energy through usage of Energy efficient equipment, substitution of Electrical power for applications such as heating and usage of alternate / renewable energy.

The total renewable power consumption aggregates to 1086.80 lakh units during the financial year 2021-2022 (1016.14 lakh units during the financial year 2020-21) which represents 42.79% of total power consumption. The higher use of renewable power sources has resulted in reduction of emission of Green House Gases equivalent to 89,127.58 MT CO₂.

All manufacturing units continue to maintain power factor towards unity.

a. The steps taken or impact on conservation of energy

Your company also focused on energy savings at its manufacturing units through implementation of energy conservation initiatives/projects as follows:-

1. Heat treatment furnace rebricking with low heat transfer co-efficient refractory ceramic bricks.
2. Usage of Brushless Direct Current (DC) motors in fans / man cooler which operate at lower power consumption providing same level of ventilation.
3. Usage of higher efficiency IE4 (Premium Efficiency) motor in fume exhaust system.
4. Onsite roof top solar power generation through PV modules ensure utilisation of all plant spaces for generation of renewable power.
5. Idle running prevention in lub motor and conveyor motor in forging machines.
6. Effective operation air compressor optimising compressed air pressure settings and switching low capacity compressor during low demand.
7. Heat treatment furnace washing tanks electrical heaters were replaced with hot water heating.
8. Energy efficient Light Emitting Diode (LED) lighting installation replacing Metal Halide lamps.
9. Usage of asymmetric beam reflector in area lighting instead of flood lighting maintains illumination levels whilst providing Energy saving.
10. Usage of Energy efficient induction light in High bay area replacing metal halide lamps.
11. Reduced power consumption in presses and Computer Numerical Controller (CNC) cutting machine through stoppage of main motor idle running through current transformer (CT) controller.
12. Usage of Variable Frequency Drive (VFD) in forging machines.
13. Arresting leakage of Compressed air and optimal utilization of Air compressor based on demand.
14. Usage of Cooling water as utility instead of chilled water leveraging the higher heat transfer area in Heat exchangers.

b. The steps taken by the Company for utilizing alternate sources of energy:

During the year under review, the installation of rooftop solar of 0.630 MWp capacity has been initiated and is in progress at the Company's Sricity Unit, to be added to the existing capacity of 2.697 MWp taking the total installed roof top solar power plant of capacity to 3.327 MWp. The total generation from onsite RT Solar generated 35.54 lakh units of solar power during the Financial Year 2021-2022 (30.78 lakhs units during the the Financial Year 2020-2021).

Sundram Fasteners Limited

TECHNOLOGY ABSORPTION

| | | | | | | | | |
|---|---|---|-----------------------|---------------|-----------------------|----------------|---|----------------|
| (i) | The efforts made towards technology absorption | <p>i. Installation of 1,200 KVA Uninterrupted Power Supply (UPS) thereby reducing the usage of diesel consumption during atomization process.</p> <p>ii. Adoption of technologies such as laser beam welding, electron beam welding, soft and hard skiving, gear honing and gear grinding to the existing processes in line with requirements of Original Equipment Manufacturers (OEMs).</p> | | | | | | |
| (ii) | The benefits like product improvement, cost reduction, product development or import substitution; | <p>The efforts made towards technology absorption has led to:-</p> <p>i. Development of high green strength water atomized powder replacing hot water for automotive applications.</p> <p>ii. Development of high compressible water atomised pre-alloyed steel powder and sponge iron powder for automotive applications.</p> <p>iii. Preheated forming technology has been developed for manufacturing high strength stainless steel nuts for automotive applications</p> | | | | | | |
| (iii) | <p>Imported Technology</p> <p>a) Details of technology imported</p> <p>b) The year of import</p> <p>c) Whether the technology has been fully absorbed</p> <p>d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and</p> | Not Applicable | | | | | | |
| (iv) | Expenditure on Research and Development | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Capital Expenditure :</td> <td style="text-align: right;">₹ 0.17 crores</td> </tr> <tr> <td>Revenue Expenditure :</td> <td style="text-align: right;">₹ 12.56 crores</td> </tr> <tr> <td>Total Research & Development Expenditure: (Net of revenue)</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">₹ 12.73 crores</td> </tr> </table> | Capital Expenditure : | ₹ 0.17 crores | Revenue Expenditure : | ₹ 12.56 crores | Total Research & Development Expenditure: (Net of revenue) | ₹ 12.73 crores |
| Capital Expenditure : | ₹ 0.17 crores | | | | | | | |
| Revenue Expenditure : | ₹ 12.56 crores | | | | | | | |
| Total Research & Development Expenditure: (Net of revenue) | ₹ 12.73 crores | | | | | | | |

FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earned and used are as under:

| | |
|---------------------------------------|-------------------|
| Foreign exchange earned (₹ in crores) | ₹ 1,270.37 crores |
| Foreign exchange used (₹ in crores) | ₹ 335.73 crores |

The Company continues to be a net foreign exchange earner.

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES
FOR THE FINANCIAL YEAR 2021-2022**

1. Brief Outline of the Company's CSR Policy

The Company has framed the CSR Policy pursuant to the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended by the Companies (CSR Policy) Amendment Rules, 2021.

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 value system the Company beholds. 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 27 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 473 students from 8 villages, including 231 girl students, near Krishnapuram plant through Sundram Matriculation Higher Secondary School.

Primary education and higher education - Collaborating for positive impact

In addition to deploying our 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. With a view of supporting the higher education of indigent students, through Sugun Thomas Foundation, the Company extended support to 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.

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 to help them avail all the privileges that are available to the able bodied.

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. Apart from actively conducting 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, in the 8 batches of the post graduate program 337 students have graduated and in 10 batches, 298 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 students applying the values they have learnt at the Centre in day-to-day practice, as changemakers in the sector.

SFL has also supported the creation of a Mental Health Resource hub that would be a repository of case studies from the Global South for care co-ordinators working in a range of mental health settings. This will include content creation through teaching and research, creating policies based on the findings etc.

Healthcare

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. The Company has also sponsored construction of a restroom for girls in a government school to ensure everyone has access to clean and hygienic toilets.

In addition to the above, the Company sponsors the treatment cost of women diagnosed with breast cancer, children diagnosed with cancer, needy children suffering from congenital and rheumatic heart disease, children requiring emergency trauma care. These women and children hail from poor socio-economic backgrounds and without financial aid, they would not have been able to access treatment.

Mental health has always been a focus area for the Company. Towards this, the Company has sponsored to address the lack of availability of positive, preventive, and protective mental health services in a low-income school through in-class instruction in social and emotional skills for students', teachers' and parents' and well-being programs and policy-making at the school level. Apart from this, the Company also sponsors a program designed to make conversations around mental health accessible, available and inviting to those who may need it including the queer community and those who have faced gender-based violence.

Environment & Wildlife

The Company also extends its commitment towards environment and preservation of environment through projects like water conservation through the construction of a sidewall to the water channels connecting the wells in the Arignar Anna Zoological Park (AAZP) with the lake situated inside the zoo, which is their only water resource and supported development of a green belt in a dry wasteland. Further, the Company supports conservation and biodiversity research through activities such as study of bird migration on a large scale through ringing/banding of 30,000 birds at critical sites in India.

The Company has been making 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 key environmental issues of our times including examples where people continue to share space and co-exist with wildlife.

Relief measures to combat Coronavirus (Covid-19) Pandemic

The Company had taken various measures and initiatives to support the nation's fight against the Coronavirus Pandemic. The Company had contributed a sum of ₹ 2.25 Crores to Tamil Nadu State Disaster Management Authority towards relief measures to combat Covid-19.

Apart from the above, the Company has donated critical medical care equipments, oxygen concentrators to hospitals / healthcare facilities. The Company also extended support to various Non-Governmental Organisations by supplying food kits such as rice, grains, water, other necessary provisions and hygiene kits like face masks, disinfectant, sanitizers to provide relief to the vulnerable and most needy sections of the society.

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. Overcoming the covid related challenges to volunteer, employees participated for various volunteering activities through virtual platforms.

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

2. Composition of CSR Committee

| S. No. | Name of the Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of Meetings of CSR Committee attended during the year |
|--------|---|---|--|--|
| 1 | Sri Suresh Krishna* Chairman | Chairman of the Committee | 1 | 1 |
| 2 | Ms Arathi Krishna** Managing Director | Chairperson of the Committee | 1 | 1 |
| 3 | Ms Arundathi Krishna Joint Managing Director | Member of the Committee | 1 | 1 |
| 4 | Sri R Srinivasan*** Independent and Non-Executive Director | Former Non-Executive Independent Director | - | - |
| 5 | Dr. Nirmala Lakshman® Independent and Non-Executive Director | Member of the Committee | 1 | 1 |

* Retired from the Committee effective April 1, 2022.

** Ms Arathi Krishna was nominated as the Chairperson of the Committee effective April 1, 2022

*** Sri R Srinivasan retired from the Board and the CSR Committee effective September 22, 2021

® Dr Nirmala Lakshman was nominated as a member of the CSR Committee effective September 22, 2021

3. The Web-Link

The Company has framed a CSR Policy pursuant to the Companies Act, 2013. Our Corporate Social Responsibility Policy, composition of CSR Committee and the CSR projects approved by the Board can be accessed at <http://www.sundram.com/investors.php>

4. Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules 2014, if applicable: **Not Applicable**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules 2014 and amount required to set off for the financial year, if any: ₹ **0.90 lakhs**
6. Average Net Profit of the Company as per Section 135(5): ₹ **48,980.27 Lakhs**
7. (a) Two percent of average net profit of the Company as per Section 135 (5): ₹ **979.61 lakhs**
(b) Surplus arising out of the CSR projects/programmes of the previous financial year: ₹ **0.90 lakhs**
(c) Amount required to be set off for the financial year, if any: ₹ **0.90 lakhs**
(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ **978.71 lakhs**

8. (a) CSR amount spent or unspent for the Financial Year

| Total Amount Spent for the Financial Year (₹ in lakhs) | | Amount unspent (₹ in lakhs) | |
|---|------------------|---|------------------|
| Amount | Date of Transfer | Name of the Fund | Date of Transfer |
| 914.40 | 70.00 | April 19, 2022 | NIL |
| Total Amount transferred to Unspent CSR Account as per Section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) | |

(b) Details of CSR amount spent against ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
|------------|---------------------|--|---------------------|-------------------------|------------------|---|---|--|--|--|
| S No | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/No) | Location of the Project | Project duration | Amount allocated for the project (₹ in Lakhs) | Amount spent in the current Financial Year (₹ in Lakhs) | Amount transferred to Unspent CSR Account as per Section 135(6) (in ₹) | Mode of Implementation – Direct (Yes/No) | Mode of Implementation - Through Implementing Agency |
| | | | | | | | | | | |
| NIL | | | | | | | | | | |
| | | | | State | District | | | | | Name CSR Registration No. |

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|------|--|--|---------------------|------------|----------|---|--|---|---------------------|
| S No | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Local Area (Yes/No) | State | District | Amount spent for the Project (₹ in Lakhs) | Mode of Implementation Direct (Yes/No) | Name | CSR Registration No |
| 1 | Supply of OxyNeo 5L Oxygen Concentrators | Healthcare | Yes | Tamil Nadu | Chennai | 25.00 | No | In association with United Way of Chennai | CSR00000572 |
| 2 | Financial support to meet their expenses towards operating cost, purchase of critical care equipments and to take care of the Covid-19 patients in their newly constructed Covid-19 Healthcare facility. | Healthcare | Yes | Tamil Nadu | Chennai | 25.00 | No | In association with Vijayganga Trust | CSR00004806 |

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|------|---|--|---------------------|---------------------|--|---|---------------------------------|--|---------------------------------|
| | | | | Local Area (Yes/No) | Location of the project State District | | | Amount spent for the Project (₹ in Lakhs) | Mode of Implementation (Yes/No) |
| S No | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Local Area (Yes/No) | State | District | Amount spent for the Project (₹ in Lakhs) | Mode of Implementation (Yes/No) | Name | CSR Registration No |
| 3 | Supply of Oxygen Concentrators to Hospitals / Covid-19 Healthcare Facilities | Healthcare | Yes | Tamil Nadu | Chennai | 27.57 | Yes | - | NA |
| 4 | Supply of 10 ventilators to Hospitals / Covid-19 Healthcare Facilities | Healthcare | Yes | Tamil Nadu | Chennai | 10.45 | Yes | - | NA |
| 5 | Distribution of Masks, Shields and Sanitizers | Healthcare | Yes | Puducherry | Puducherry | 0.62 | Yes | - | NA |
| 6 | Supply of 20 Cryogenic cylinders to Hospitals / Covid-19 Healthcare Facilities | Healthcare | Yes | Tamil Nadu | Chennai | 34.00 | Yes | - | NA |
| 7 | Contribution to Tamil Nadu State Disaster Management Authority – Covid-19 relief measures | Healthcare | Yes | Tamil Nadu | Chennai | 225.00 | Yes | - | NA |
| 8 | Supply of 3000 Nos of Adult Oxygen masks, Haematology analyser and electro cardiograph equipments, cryogenic storage tank, UPS and battery to Krishnagiri Government Hospital | Healthcare | Yes | Tamil Nadu | Krishnagiri | 19.16 | Yes | - | NA |
| 9 | Purchase of 50 Nos of Oxygen masks and Oxygen Flow meters and supply of 12 Nos of Beds and Mattress | Healthcare | Yes | Tamil Nadu | Tuticorin | 4.07 | Yes | - | NA |
| 10 | Part child sponsorship and supply of dry ration kits | Healthcare | Yes | Tamil Nadu | Chennai | 4.30 | No | In association with SOS Children's Villages of India | CSR000000692 |
| 11 | Medical Welfare Project | Healthcare | Yes | Tamil Nadu | Nagapattinam | 25.00 | No | In association with Vaastu Foundation | CSR00001202 |
| 12 | Free heart surgeries for needy children suffering from congenital and rheumatic heart disease | Healthcare | Yes | Tamil Nadu | Chennai | 30.00 | No | In association with Children's Heart Internationale MIOT (CHIME) | CSR00005376 |
| 13 | Funding for emergency and trauma care | Healthcare | Yes | Tamil Nadu | Chennai | 20.00 | No | In association with MIOT Hospitals | CSR00005376 |

Sundram Fasteners Limited

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|------|--|--|---------------------|---------------------|--|---|---------------------------------|---|---------------------------------|
| | | | | Local Area (Yes/No) | Location of the project State District | | | Amount spent for the Project (₹ in Lakhs) | Mode of Implementation (Yes/No) |
| S No | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Local Area (Yes/No) | State | District | Amount spent for the Project (₹ in Lakhs) | Mode of Implementation (Yes/No) | Name | CSR Registration No |
| 14 | Holistic treatment of Paediatric cancer | Healthcare | Yes | Tamil Nadu | Chennai | 25.00 | No | In association with Ray of Light Foundation through Krishna Educational Society (KES) | CSR00000593 |
| 15 | Centre for Research and Social Action in Mental Health | Healthcare | Yes | Tamil Nadu | Chennai | 140.40 | No | In association with BALM-Banyan Academy of Leadership in Mental Health | CSR00001557 |
| 16 | Distribution of food packets, dry ration and blankets to the people in and around the flood affected areas in Chennai | Healthcare | Yes | Tamil Nadu | Chennai | 2.00 | No | In association with ZRII Trust | CSR00001787 |
| 17 | Sundram Matriculation Higher Secondary School. | Education | Yes | Tamil Nadu | Virudhunagar | 130.00 | No | Through Krishna Educational Society, the CSR arm of the Company | CSR00000593 |
| 18 | Conceptual Framework and actionable tools for an individual to work through their feelings during emotional distress – Extended its programs to two communities – queer community and gender-based violence. | Education | Yes | Tamil Nadu | Chennai | 10.00 | No | In association with Mithra Trust through Krishna Educational Society (KES) | CSR00000593 |
| 19 | Mentoring for economically challenged students | Education | Yes | Tamil Nadu | Chennai | 25.08 | No | In association with Sugun Thomas Foundation | CSR00010966 |
| 20 | Support in operation of a school for the deaf and mentally retarded | Education | Yes | Tamil Nadu | Chennai | 37.78 | No | In association with Clarke School through Krishna Educational Society (KES) | CSR00000593 |

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|--------------|--|--|-----|---------------------|--|---------------|-----|---|--|
| | | | | Local Area (Yes/No) | Location of the project State District | | | Amount spent for the Project (₹ in Lakhs) | Mode of Implementation Direct (Yes/No) |
| S No | Name of the Project | Item from the list of activities in Schedule VII to the Act. | Yes | Tamil Nadu | Chennai | 3.00 | No | In association with Thrive Foundation | CSR00007345 |
| 21 | Support to middle school students' social, emotional and academic development through weekly Social and Emotional Learning (SEL) classes, counselling support to students facing various problems during the pandemic. | Education | Yes | Tamil Nadu | Tuticorin | 11.00 | No | In association with the Hindu School, Alwarthirunagar through Krishna Educational Society (KES) | CSR0000593 |
| 22 | Financial support towards construction of toilet for girls | Education | Yes | Tamil Nadu | Krishnapuram | 9.97 | Yes | - | NA |
| 23 | Development of Green belt – laying fence for the entire 14 acres of land to protect the saplings from cattle | Environmental Sustainability | Yes | Tamil Nadu | Chennai | 25.00 | Yes | - | NA |
| 24 | Water reservation project – Vandalur Zoo, Chennai - Construction of retaining walls for the channels to carry rain water to Otteri lake, which is the main resource for water for the Zoo. | Environmental Sustainability | Yes | Tamil Nadu | Chennai | 25.00 | Yes | - | NA |
| 25 | Conservation of migratory species through bird ringing to safeguard the species from decline and also to strengthen the bird migration studies in India | Environmental Sustainability | Yes | Maharashtra | | 20.00 | No | In association with Bombay Natural History Society | CSR00005463 |
| 26 | Livelihood enhancement project- Children's Home, Health clinic etc. | Livelihood Enhancement | Yes | Tamil Nadu | Chennai | 5.00 | No | In association with East West Foundation | CSR00012745 |
| 27 | Armed Forces Flag Day Fund | Armed Forces Fund | Yes | Tamil Nadu | Chennai | 20.00 | No | In association with Armed Forces Flag Day Fund | NA (Government Organisation) |
| Total | | | | | | 914.40 | | | |

- (d) Amount spent in Administrative Overheads: **Nil**
- (e) Amount spent on Impact Assessment, if applicable: **Nil**
- (f) Total Amount spent for the Financial Year (8b + 8c+8d +8e): ₹ **914.40 Lakhs**
- (g) Excess amount for set off, if any

| S No | Particulars | Amount (₹ in Lakhs) |
|-------|---|---------------------|
| (i) | Two percent of average net profit of the Company as per Section 135(5) | 978.71 |
| (ii) | Total Amount spent for the Financial Year | 914.40 |
| (iii) | Excess amount spent for the Financial Year [(ii) – (i)] | Nil |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial year, if any. | Nil |
| (v) | Amount available for set off in succeeding years [(iii) – (iv)] | Nil |

9. (a) Details of Unspent CSR amount for the preceding three financial years:

| S No | Preceding Financial Year | Amount transferred to unspent CSR Account under Section 135(6) (₹ in Lakhs) | Amount spent in the reporting Financial Year (₹ in Lakhs) | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any. | | | Amount remaining to be spent in succeeding financial year (in ₹) |
|------------|--------------------------|---|---|--|---------------------|------------------|--|
| | | | | Name of the Fund | Amount (₹ in Lakhs) | Date of transfer | |
| NIL | | | | | | | |

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)

| S No | Project ID | Name of the Project | Financial Year in which the project was commenced | Project Duration | Total Amount allocated for the Project (₹ in Lakhs) | Total Amount spent on the project in the reporting Financial Year (₹ in Lakhs) | Cumulative amount spent at the end of reporting Financial Year (₹ in Lakhs) | Status of the Project – Completed / Ongoing |
|------------|------------|---------------------|---|------------------|---|--|---|---|
| NIL | | | | | | | | |

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year (Asset wise details): **Not Applicable**
- (a) Details of creation or acquisition of the capital asset: **Not Applicable**
 - (b) Amount of CSR spent for creation or acquisition of capital asset: **Nil**
 - (c) Details of the entity or public authority or beneficiary under whose name such capital Asset is registered, their address if any: **Not Applicable**
 - (d) Provide details of the capital assets created or acquired (including complete address and location of the capital asset): **Not Applicable**

11. Specify the reasons, if the company has failed to spend two per cent of the average net profit as per Section 135(5)

The total amount required to be spent by the Company towards CSR Projects for the Financial Year 2021-2022 is ₹ 978.71 lakhs. As against the required sum, the Company had spent an amount of ₹ 914.40 lakhs in aggregate towards various CSR Projects during the said financial year. The CSR funds amounting to ₹ 70 lakhs which was allocated towards the Project on Wildlife Tamil Nadu (Production of a Documentary) for the Financial Year 2021-2022 was not disbursed by the Company, since its implementation partner, Nature InFocus Media Private Limited was not able to complete the shooting schedules in view of the impact of Covid-19 Pandemic, which was originally planned to be completed by January 2022. Pursuant to the approval by the Board of Directors at their meeting held on March 30, 2022, the said project was classified as an 'Ongoing Project from the Financial Year 2021-2022 and the above-mentioned sum of ₹ 70 lakhs was transferred by the Company to Sundram Fasteners Limited Unspent CSR A/c opened with a scheduled Bank within the stipulated timeline prescribed under the Companies Act, 2013. The said sum will be spent towards the 'Ongoing Project' within a period of three years from the date of transfer of unspent amount to the said account.

| | | | |
|---------------------------|--|--|--|
| Chennai April 22, 2022 | Nirmala Lakshman Independent Non-Executive Director Member of the CSR Committee | Arathi Krishna Managing Director Chairperson of the CSR Committee | Arundathi Krishna Joint Managing Director Member of the CSR Committee |
|---------------------------|--|--|--|

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 | 68.76 | 606.16% [§] |
| 2 | Ms Arathi Krishna | Managing Director | 80.35 | 243.73% [§] |
| 3 | Ms Arundathi Krishna | Joint Managing Director | 82.42 | 260.55% [§] |
| 4 | Ms Preethi Krishna* | Director | 0.61 | 13.33% |
| 5 | Sri R Srinivasan** | Director | 0.36 | (58.33%) |
| 6 | Sri B Muthuraman* | Director | 0.71 | 25.00% |
| 7 | Sri Heramb R. Hajarnavis* | Director | 0.89 | 8.70% |
| 8 | Sri S Mahalingam* | Director | 0.82 | 31.43% |
| 9 | Dr Nirmala Lakshman* | Director | 0.46 | (18.75%) |
| 10 | Dr V Anantha Nageswaran* [@] | Director | 0.09 | - |
| 11 | Sri S Meenakshisundaram | Whole-Time Director and Chief Financial Officer | 21.64 | 14.54% |
| 12 | Sri R Dilip Kumar | Executive Vice President – Finance & Company Secretary | 13.23 | 11.47% |

[§] In view of the impact of Covid-19 Pandemic, the Chairman, Managing Director and the Joint Managing Director had voluntarily waived the payment of commission for the Financial Year 2020-2021. Hence, there is a higher percentage increase in remuneration for the Financial Year 2021-2022.

* Sitting fees were paid for attending Board / Committee meetings / meeting of the Independent Directors.

Retired from the Board, effective, September 22, 2021

[@] Appointed as Non-Executive Independent Director effective September 16, 2021. However, Dr. V Anantha Nageswaran had stepped down from the Board of Sundram Fasteners Limited with effect from January 28, 2022, in view of his appointment as the Chief Economic Advisor to the Government of India.

- (ii) The percentage increase in the median remuneration of employees in the financial year: 3.91%
- (iii) The number of permanent employees on the rolls of Company as on March 31, 2022: 2,937
- (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. 2021-2022 was 8.50% whereas the increase in the managerial remuneration for the same financial year was 313.65%.
- (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 31st March, 2022

[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, 2021 to March 31, 2022** (*"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/ State Government imposed lock-down restrictions, forms/ returns filed and compliance related action taken by the Company during the financial year as well as after March 31, 2022 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; 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, 2022** 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, 2022 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*);
 The Company has transferred Unspent Corporate Social Responsibility contribution of Rs.70 lakhs to a separate account with a scheduled bank on April 19, 2022 as required under Section 135(6) of 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; and
 - (v) 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) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (*LODR*);
 - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (iii) 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.
 - (iv) 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)
 - (v) 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 58th Annual General Meeting and the 11th Postal Ballot.
 - (vi) 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, which was replaced by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 with effect from August 16, 2021;
 - (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, which was replaced by the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 with effect from June 10, 2021; and
 - (vii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, which was replaced by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from August 13, 2021).
- 2. Board processes:**
- We further report that:**
- 2.1 The Company had 5 (five) Non-Independent Directors and 5 (five) Independent Directors upto January 27, 2022.
- 1 (one) Independent Director resigned with effect from January 28, 2022 and the Company has time upto April 27, 2022 to fill up the said vacancy.
- In the meanwhile, 1 (one) non-Independent Director (Whole-time Director) has ceased to be a Director after the close of office hours on April 22, 2022. Hence, from April 23, 2022 the Board will have 4 (four) Non-Independent Directors and 4 (four) Independent Directors, which will be in compliance with the Act and LODR.
- Consequently, the need to fill up the vacancy in the position of the Independent Director who resigned with effect from January 28, 2022 will not be mandatory.
- 2.2 As per the SEBI Circular dated May 5, 2021, the composition of the Risk Management Committee (RMC) should include an Independent Director. As per the Frequently Asked Questions (FAQ) released by the NSE and the BSE respectively on June 28, 2021 and June 29, 2021, the modified composition had to be in place by August 4, 2021. The Annual General Meeting (AGM) of the Company was held on August 20, 2021. The Company re-constituted the RMC by inducting Mr. S Mahalingam, an Independent Director, as a member with effect from September 22, 2021. Meetings of the RMC during the financial year were held, with a properly constituted Committee, which included an Independent Director, on December 23, 2021 and March 4, 2022.
- 2.3 As on March 31, 2022 the Board has **nine directors**, out of whom there are:
- (i) **Three Executive** Directors. This will get **reduced to two** on the cessation of Mr. S Meenakshisundaram, Whole-time Director (non-independent) consequent to his cessation, which will take effect after the close of office hours on April 22, 2022;
 - (ii) **Two** Non-Executive Non-Independent Directors; and
 - (iii) **Four Independent** Directors.
- 2.4 As on March 31, 2022, the Board has **four women directors** out of whom there are:
- (i) Two Executive Directors;
 - (ii) One Non-Executive Non-Independent director; and
 - (iii) One Independent Director.

-
- 2.5 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 Ms. Arathi Krishna, the Director who retired by rotation at the 58th Annual General Meeting held on August 20, 2021;
 - (ii) Appointment of Dr. V Anantha Nageswaran as an Independent Director for 5 (five) years from September 16, 2021 and approval of his appointment through the 11th Postal Ballot on October 21, 2021;
 - (iii) Cessation of Mr. R Srinivasan, Independent Director, on September 22, 2021 on completion of his second term; and
 - (iv) Cessation of Dr. V Anantha Nageswaran, Independent Director, with effect from January 28, 2022 due to his resignation in view of his appointment as the Chief Economic Advisor to the Government of India.
- 2.6 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.
- 2.7 Notice of Board meetings were sent at least 7 (seven) days in advance.
- 2.8 Agenda and detailed notes on agenda were sent to the directors at least 7 (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/ presenting 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.
- 2.9 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.
- 2.10 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 T V Sundram Iyengar & Sons Private Limited ("TVSS") and its subsidiary Southern Roadways Private Limited ("SRPL"), the erstwhile Promoters of the Company, held an aggregate of 49.53% of the Company's equity share capital. The National Company Law Tribunal, Chennai Bench, vide its order dated December 6, 2021, approved a composite scheme of amalgamation and arrangement involving, besides other entities, TVSS, SRPL and TVS Sundram Fasteners Private Limited ("TPL"), under Sections 230 to 232 of the Act and the rules made thereunder ("Composite Scheme"). In terms of the said Composite Scheme, the said 49.53% of the Company's equity share capital earlier held by TVSS and SRPL has been transferred to and vested in TPL on February 4, 2022. Consequently, TPL who now hold 49.53% of the Company's equity share capital **have become the Promoters** in place of TVSS and SRPL **with effect from February 4, 2022.**
- 4.2 The Company and its Managing Directors have, during the year, compounded (in terms of Section 441 of the Act) five items respectively under Sections 211 of the Companies Act, 1956 (3 numbers), Section 123(3) and Section 203(1) of the Act, for which The Regional Director, Southern Region, Ministry of Corporate Affairs, Chennai, had issued show cause notices during the financial year ended March 31, 2019, based on an inspection conducted by his Office in July 2017 pursuant to Section 207 of the Act.

For S Krishnamurthy & Co.,
Company Secretaries,
(Peer Review Certificate No 739/2020)

K Sriram,
Partner.
Membership No: F6312
Certificate of Practice No: 2215
UDIN: F006312D000190265

Date: April 22, 2022
Place: Chennai

Sundram Fasteners Limited

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, 2022 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records, making the statutory / regulatory disclosures / filings 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, 2022 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 statements, 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,
(Peer Review Certificate No 739/2020)

K Sriram,
Partner.
Membership No: F6312
Certificate of Practice No: 2215
UDIN: F006312D000190265

Date: April 22, 2022
Place: Chennai

Management Discussion and Analysis – FY: 2021-2022

Industry structure and developments

The past two years had been a very challenging period owing to the impact of the Coronavirus pandemic. As a result, the pandemic has made us stronger mentally, flexible in our approach and agile in our execution. With the opportunity thus provided, the Company has taken a giant leap forward and recorded the highest turnover since its inception with the support of all the stakeholders. Although the second and third waves of the Coronavirus pandemic again influenced normal life but globally things have started settling to a new normal and optimistically for better tomorrow. The visibility of Coronavirus entering endemic stages increased as the year 2021 had witnessed the stunning efforts of the governments from various countries and the speed at which Coronavirus vaccines were developed. The Coronavirus vaccines were created in less than a year. Just as important, the leading Coronavirus vaccines worked stunningly well. More than 7.4 billion vaccine doses were administered in 184 countries in the first eleven months of 2021, with seventy countries making donations. However, what remains worth noting was that the economic impact in this period was much smaller than that during the full lockdown phase in 2020-21, though the health impact was more severe.

For decades, businesses believed that outsourcing production was the key to success. The Companies that honed their supply chains saw their costs drop and profits rise. The Coronavirus exposed the downside of supply chains. The shortages and stoppages far away create shortages and stoppages at home. When the pandemic first hit, factories closed and many companies let inventories dwindle to avoid being stuck with unsold goods. But when consumer demand surged in 2021 as vaccines became available, many companies found themselves short on parts and supplies. Shortages of shipping containers and backups at ports around the world further complicated matters. The shortage that got the most attention was in computer chips, particularly those used in gaming consoles and car production. The supply chain disruptions caused by Coronavirus have contributed a worldwide surge in inflation, could linger for years. During the fiscal year, the industry continued to face the pressure of mounting steel prices which had an effect on the margins. The trend is expected to continue in the first half of FY 2022-23.

Despite the above constraints, the automotive sector posted good growth with the majority of the segments growing in double digits. The Medium & Heavy Commercial Vehicles (M&HC) segment has seen a good pick up due to the economic growth momentum and also due to the increasing impetus from the Government for augmenting the infrastructure in the country. The M&HC segment posted double-digit growth. The commercial vehicle segment which is the indicator of the state of the economy made a significant comeback mainly steered by the infra and construction segments. The Passenger car segment also picked up, but the growth was tempered by the shortage of semiconductor chips, which impacted outputs of all the leading players. There has been a slight improvement in the situation from Q3 onwards, though the shortage situation continues to impact some customers. Based on projections, the chip shortage situation is expected to linger till the end of calendar 2022 and should start improving from January 2023 onwards. The Light Commercial Vehicles (LCV) posted a growth of 15% over the previous year and cars and multi-utility vehicles posted a growth of 13%. The tractors on the back of a good monsoon registered a growth of 8% whereas the engine segment grew at 20%. Demand for farm equipment has been robust due to the copious rainfall all over the country and also due to farmer-friendly policy initiatives from the Government.

The Government of India has introduced initiatives to support auto sector whose prime objectives include overcoming cost disabilities, creating economies of scale and building a robust supply chain in areas of Advanced Automotive Technology products. This scheme will facilitate the Automobile Industry to move up the value chain into higher value added products. The introduction of Production Linked Incentive (PLI) scheme is a major boost provided to infrastructure-both physical as well as digital, along with measures to reduce transaction costs and improve ease of doing business, that would support the pace of recovery. The PLI is thus expected to trigger faster growth. The PLI scheme for auto and auto component industry provides for 13% to 18% incentives to manufacture Electric Vehicles (EVs) and Fuel Cell Electric Vehicles (FCEVs), to help India leapfrog in global supply chain and promote employment opportunities. The EV segment has seen spectacular increase this year. In addition, support by public investment; the PLI scheme is also expected to generate private capex.

The year ahead is poised for a pickup in private sector investment with the financial system in a good position to provide support for the economy's revival. Agriculture and allied sectors are expected to grow by 3.9 percent; industry by 11.8 percent and the services sector by 8.2 percent in 2021-22. Allied agriculture sectors including animal husbandry, dairying and fisheries are steadily emerging to be high growth sectors and major drivers of overall growth in agriculture sector. On demand side, consumption is estimated to grow by 7.0 percent, Gross Fixed Capital Formation (GFCF) by 15 percent, exports by 16.5 percent and imports by 29.4 percent in 2021-22. A combination of high foreign exchange reserves, sustained foreign direct investment, and rising export earnings will provide an adequate buffer against possible global liquidity tapering in 2022-23.

India's GDP which grew at a negative (6.6%) in FY 2020, is estimated to grow at 8.9% in FY 2022 and at 7.9% in FY 2023. The growth numbers are predicated upon broad-basing of economic activity. With nature favoring, there is a hope of another normal monsoon for the fourth year in a row. The said growth factors may however be curtailed due to slowing global economies and headwinds from the Russia-Ukraine war; higher commodity prices, especially crude oil.

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The 10-year G-sec yield is expected to rise to 7.1% by March 2023 (with risks tilted to the upside) compared with an expected 6.9% in March 2022. While the repo rate has been unchanged in the past two years at the lowest point seen in the past decade, the 10-year G-sec yield did not ease as much, as fundamental pressures from a wide fiscal deficit and high inflation were factored in by investors. This was accentuated by the Russia-Ukraine war, the direct impact of which could be visible in higher commodity prices and the rise in insurance costs along with global shipping rates. However, the indirect impacts are a cause of concern as the exports to Europe is likely to be affected due to growth slowdowns and supply chain disruptions as India's major trading partners have high import dependency on Russia and Ukraine.

The CPI inflation is expected to average around 5.4% next fiscal with food grain inflation being contained on the expectation of a normal monsoon. Brent crude oil is expected to average around \$85-90/barrel against \$79/barrel in the current fiscal. Companies are expected to pass on increased cost pressures to retail prices to a greater extent next fiscal, as demand strengthens and becomes more broad-based.

Segment-wise or Product Wise Performance

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

| Category | Production | | |
|---|--------------------|--------------------|----------------|
| | April-March | | |
| Segment/Sub-segment | 2021-22 | 2020-21 | % Change |
| I Passenger Vehicles (PVs) | | | |
| Passenger Cars | 14,67,056 | 15,41,866 | (4.85) |
| Utility Vehicles (UVs) | 14,89,178 | 10,60,750 | 40.39 |
| Vans | 1,13,265 | 1,08,841 | 4.06 |
| Total Passenger Vehicles (PVs) | 30,69,499 | 27,11,457 | 13.20 |
| II Commercial Vehicles (CVs) | | | |
| M&HCVs | | | |
| Passenger Carrier | 11,804 | 7,322 | 61.21 |
| Goods Carrier | 2,28,773 | 1,53,366 | 49.17 |
| Total M & HCVs | 2,40,577 | 1,60,688 | 49.72 |
| LCVs | | | |
| Passenger Carrier | 19,957 | 12,088 | 65.10 |
| Goods Carrier | 4,56,032 | 3,95,783 | 15.22 |
| Total LCVs | 4,75,989 | 4,07,871 | 16.70 |
| Total Commercial Vehicles (CVs) | 7,16,566 | 5,68,559 | 26.03 |
| III Three Wheelers | | | |
| Passenger Carrier | 1,83,607 | 1,35,414 | 35.59 |
| Goods Carrier | 77,388 | 84,032 | (7.91) |
| Total Three Wheelers | 2,60,995 | 2,19,446 | 18.93 |
| IV Two Wheelers | | | |
| Scooter | 40,09,076 | 44,82,305 | (10.56) |
| Motor Cycles | 89,84,186 | 1,00,21,231 | (10.35) |
| Mopeds | 4,73,150 | 6,17,247 | (23.35) |
| Total Two Wheelers | 1,34,66,412 | 1,51,20,783 | (10.94) |
| Grand Total of All Categories | 1,75,13,472 | 1,86,20,245 | (5.94) |

Source: Society of Indian Automobile Manufacturers

Revenues

Domestic Sales:

Domestic sales of the Company increased by 34% from ₹ 1,966.90 Crores to ₹ 2,631.22 Crores. The increase in domestic sales is attributable to strong domestic OEMs demand during the fiscal year 2022.

The frequent raw material price increases affected the material flow both for the vehicle manufacturers and the component makers. In the aftermarket (Retail) the Company witnessed good surge in the order inflow for the industrial and the auto segment for most part of the year. This despite the frequent price increases happening due to the raw material prices going up. This demand trend is likely to continue in the coming year as well.

During the year, the Company also preferred an application under the PLI scheme of the Government of India. The investments made in this direction are expected to provide a major thrust to the Company's exports in the years to come.

Export Sales:

Export sales increased by 41% from ₹ 1,009.71 crores to ₹ 1,421.09 Crores. The Company's continued investments towards the development and manufacture of new products are expected to result in improvement in performance in the years ahead.

Operating Revenues:

The operating revenue of the Company was at ₹ 4,172.57 Crores (PY: ₹ 3,065.03 Crores).

Financial Performance:

Steel is one of the principal raw materials used by the company. The rise in commodity prices and domestic demand led to a sharp increase in steel prices during the year. The impact of increase in steel price has been mitigated through price increase from customers and improvement in operational efficiency. The Company's contracts with major OEMs provides for passing on to them, the increase in raw material costs.

The Company, through procuring from cost-effective alternative sources, has managed to keep the cost of power under control. The Company has been continuing its efforts to increase the share of renewable sources of power to support its manufacturing processes. The manpower cost has been kept under control by optimising the deployment of manpower.

During the financial year 2021-2022, PBIDT (Profit before interest, foreign exchange fluctuation, depreciation, exceptional income and tax) was at ₹ 752.18 crores as against ₹ 598.85 Crores in the previous year, an increase of 26%.

Financing costs amounted to ₹ 13.39 Crores (₹ 14.16 Crores). The finance costs were kept at minimum due to a combination of reduction in average borrowings on account of efficient working capital management during the year under review. There has been an adverse exchange rate movement resulting in exchange loss in respect of the foreign currency borrowings.

Profit before tax was higher at ₹ 555.96 Crores (₹ 438.11 Crores). After providing for taxes, the Profit after Tax amounted to ₹ 407.46 Crores (₹ 328.14 Crores).

Summary of Operating Results:

₹ in Crores

| Particulars | 2021-22 | 2020-21 |
|---|----------|----------|
| Net Revenue From Operations | 4,172.57 | 3,065.03 |
| Other Income | 25.61 | 16.57 |
| Total Income | 4,198.18 | 3,081.60 |
| Total Expenditure | 3,446.00 | 2,482.75 |
| Profit Before Interest, Depreciation And Tax (PBIDT) | 752.18 | 598.85 |
| Finance Cost | 13.39 | 14.16 |
| Depreciation/Amortization | 152.83 | 146.58 |
| Provision for impairment of investments in subsidiaries | 30.00 | - |
| Profit Before Tax (PBT) | 555.96 | 438.11 |
| Current Tax | 148.11 | 104.64 |
| Deferred Tax | 0.39 | 5.33 |
| Profit After Tax (PAT) | 407.46 | 328.14 |

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Details of significant changes in key financial ratios:

| Sr. No. | Key Ratios | Unit of measurement | Current year 2021-22 | Previous year 2020-21 | Significant change compared with previous year i.e. 25% or more | Detailed explanation for significant change |
|---------|--|---------------------|----------------------|-----------------------|---|---|
| 1 | Debtors Turnover | Days | 66 | 76 | N.A. | N.A. |
| 2 | Inventory Turnover | Days | 62 | 70 | N.A. | N.A. |
| 3 | Interest Coverage Ratio | Times | 90.38 | 21.89 | * | * |
| 4 | Current Ratio | Times | 1.69 | 1.60 | N.A. | N.A. |
| 5 | Debt Equity Ratio | Times | 0.18 | 0.20 | N.A. | N.A. |
| 6 | Operating Profit Margin (%) (PBT before exceptional item/ Revenue from operations) | % | 14.04% | 14.29% | N.A. | N.A. |
| 7 | Operating Profit Margin (%) (EBITDA / Revenue from operations) | % | 18.0% | 19.50% | N.A. | N.A. |
| 8 | Net Profit Margin (%) | % | 9.77% | 10.71% | N.A. | N.A. |

* During the year, there was a reduction in average borrowings due to efficient working capital management, which resulted in lower interest cost. This coupled with improved performance has resulted in improvement in interest coverage ratio.

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

| Particulars | 2021-22 | 2020-21 |
|---------------------|---------|---------|
| Return on Net worth | 16.7% | 15.1% |

The Company registered strong performance owing to increase in demand from domestic OEMs supported by festive sales uptick and growing preference for personal mobility, which resulted in better activity and turnover ratios.

Consolidated Performance:

The total revenue from operations of the Company and its subsidiaries on a consolidated basis during the year under review was at ₹ 4,941.40 Crores as against ₹ 3,671.69 Crores.

Capacities and Capital Expenditure:

During the year, the company incurred ₹ 146.65 Crores towards capital expenditure on existing and new projects. The capital investments were incurred in tandem with the production plans of key customers.

Awards:

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

- The Company's Metal Forms Division located in Hosur, Tamil Nadu received the "Perfect Quality 2021" Award from Nexteer Automotive.
- The Company's Powertrain Components Division located in SEZ has won the "Supplier of the Year' Award and the "Certificate of Excellence – Platinum Supplier Status" Award from General Motors for the year 2021.
- The Company's Radiator Caps Division located in Hosur, Tamil Nadu received the "Supplier Quality Excellence" Award for the year 2020 from General Motors and the "Quality Zero PPM" Award for the year 2020 from Denso Kirloskar Industries.

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

The Company continues its focus on the principles of Total Quality Management (TQM). During the Financial Year 2021-2022, the Company has focused intensive training on TQM systems and procedures for new joiners and initiated a zero-defect process to improve their internal quality besides sustaining its existing Total Quality Management (TQM) activities. This has helped the organization to ensure the elimination of customer complaints and also a reduction in internal rejections.

The Company considers employees as its vital and most valuable assets. Human Resource Development (HRD) is aligned to business needs to enhance business performance and results. Human Resources Development is practiced through an overall HRD framework with its constituents as resourcing, competency development, performance management and employee engagement. Each of these constituents has a structured approach and the process to deliver.

Competency-based recruitment has helped us to bring the right person for the right job. As a part of the long term strategy of the Company, Succession Planning has been the focus. Periodic assessments are conducted to identify high potential employees. Development interventions such as mentoring, job enlargement through additional responsibility, training, shadowing, etc. are provided to these employees to take up higher positions.

Through our Learning and Development initiatives, we continue to upskill and reskill our employees for their jobs. Our subject matter expert employees, who as internal trainers have trained employees on technical as well as non-technical competencies thereby imparting their experiences and providing employees access to real-life scenarios for learning. Apart from our permanent employees, even our temporary employees undergo induction training which includes training on SOPs before they are assigned a job and customer-specific training.

Total Employee Involvement continues to be a strong pillar in our house of TQM. 100% of our employees continue to participate in suggestion schemes and quality improvement projects.

Health, Safety and Environment:

The safety of all employees and associates has always been an area of priority for our Company. The vaccination drive conducted early helped to control the spread of covid among our employees. Safety audits are regularly carried out and systems have been strengthened wherever possible. During the year, no employee of the Company has met with a fatal accident.

To ensure the health and mental well-being of its employees, the company initiated an employee mental wellness assistance program that focuses on creating awareness through continuous communication to seek support and also reducing stigma in seeking support for mental health.

Along with the Payroll Giving Program, for the 4th year in a row, 100% of our employees have contributed to the society through various avenues in health, education and environment-related areas. Deserving children of our employees continue to receive rewards for their achievement in academics. Our employees continue to be our strength. Our management strategy of building trust and partnerships with all our associates has stood the test of time, reflecting well with high employee retention.

Internal Control Systems:

The entire transactions covering the operational and business requirements are handled through the SAP system. At the time of configuring the process flow and activities in the various modules i.e. sourcing & procurement, manufacturing, finance, costing despatch and sales in the SAP system, checks and controls have been built in to ensure seamless flow of activities.

Continuous monitoring with regard to the adequacy and effectiveness of the checks and controls is done on an on-going basis. Based on business requirement, new initiatives have been taken to improve / enhance the effectiveness of the checks and controls policies, Standard Operating Procedures of the Company ensure accuracy and consistency in handling all business related transactions.

Relevance and adequacy of the Policies, Standard Operating Procedures, checks & controls covering all major processes are evaluated and reported by Internal audit Management and the Audit Committee reviews the internal controls relating to operations, inventory, fixed assets, financial records and compliance to requirements under various statutes on an on-going basis. Internal controls are bench marked with the industry standards. The existing internal controls in the company provide adequate assurance to the management.

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Prospects, Risks and Concerns:

After two years of sluggishness, India's automobile sector posted double-digit growth, supported by improving economic growth and personal incomes. Consumption data such as FMCG and auto sales, and Goods and Services Tax Act (GST) collections indicated demand recovery. During the financial year 2022-23, all segments in the automotive sector are expected to grow by 10% and tractors are expected to register a high single digit growth.

The roll-out of financial subsidies under the Production-Linked Incentive (PLI) Scheme augurs well for the automotive sector. The new rules are likely to favour the creation of large manufacturing capacities by following the global standards in the Country. The Government of India has also increased the allocation for FAME II for the year 2022-23 for provision of EV charging stations.

India, which is the 4th largest automotive market in the world, is set to see a growth of 10% in 2022 on strong underlying demand reflecting the general economic recovery and consumers' preference for personal vehicles over public transportation. This would reflect on auto component sector, which according to ICRA, is expected to clock 8-10 per cent growth in FY23, supported by the easing of supply-chain issues and commodity inflation in the second half of the year.

The continued focus on building rural and agricultural infrastructure and prioritising agriculture credit growth will have a long-term positive impact on the rural demand for passenger, small and light commercial vehicles. The enhanced outlay for infrastructure – railways, metro rail, rural – development projects will benefit the commercial vehicle, construction equipment and tractor segment.

Despite easy monetary policies from the Reserve Bank of India (RBI) and other central banks, the stress persists because of weak bank credit growth, high term premium and wider spreads on lower-rated corporate bonds. It is anticipated that 2022 could see tighter conditions owing to higher government borrowing leading to firmer government bond yields, moderation of excess liquidity by the RBI, adverse global factors like rising commodity prices, US treasury yields, and inflation.

The Government of India has announced a USD 10 Bn incentive plan to attract semiconductor fabricators and display manufacturers. The Government has also approved a DLI (Design linked incentives) scheme to promote 100 local companies to design Integrated Circuits (ICs) and chips.

The continuing increase in steel prices also needs continuous monitoring as it may hamper the margins going forward and would need stringent control on other cost elements for companies to survive in this competitive environment. With the Electricity Boards not having raised their tariffs for some time, there could be a case for witnessing the increase in cost of power which could have bearing on the functioning of power intensive companies like the automotive sectors.

The Company has initiated several measures to mitigate the adverse trends due to the recent upsurge in geo-political factors like the Russia-Ukraine war which may have an adverse impact on global economic development. This might put the supply chain at a serious threat leading to a drop in volumes.

In India, the aerospace industry is growing significantly with the rising activities from both the defence and civil aviation sector. Defence and aerospace continue to be a strong pillar for India and key Government initiatives such as 'Make in India' to succeed. Government policies to promote self-reliance in defence and aerospace manufacturing have centred on the implementation of advanced technologies, thus improving the potential of domestic manufacturing and provide 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 the continuing impact of COVID-19 pandemic, 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 2021-22

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 : 2021-2022
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. Powertrain components, Powder metal parts and cold extruded parts
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 31-03-2022)

1. Paid-up capital : ₹ 21.01 Crores
2. Total turnover : ₹ 4,172.57 Crores
3. Total profit after taxes: ₹ 407.46 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)
The Company's total spending on CSR for Financial Year 2021-2022 is 2% of the average profit after taxes in the preceding three financial years amounting to ₹ 978.71 lakhs. However, for the Financial Year 2021-2022, the Company has spent less than 2% amounting to ₹ 914.40 lakhs. Against the unspent CSR amount of ₹ 64.31 lakhs, the Company has allocated ₹ 70 lakhs towards an 'Ongoing Project' and the said sum has been transferred to an Unspent CSR Account in compliance with the provisions of the Companies (Corporate Social Responsibility) Rules, 2014 as amended.
5. List of activities in which expenditure in 4 above has been incurred:-
 - i. Healthcare
 - ii. Education
 - iii. Environmental sustainability
 - iv. Art and Culture
 - v. Livelihood Enhancement

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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, 2022.

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 / Director responsible for implementation of the BR policy / policies

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

(b) Details of the BR Head

| S. No. | Particulars | Details |
|--------|------------------|--------------------|
| 1 | DIN | 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? | ** | ** | ** | ** | ** | ** | - | ** | ** |

| 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 is in line with international standards and practices such as ISO/TS 16949 – 2009 and ISO 14001:2004 standards. The policies 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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[#] 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 forming part of the Annual Report 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

- 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.
- 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 2021-2022 | Resolved during the year 2021-2022 |
|--------------|------------------------------------|------------------------------------|
| Shareholders | 1 | 1 |

One of the Shareholders of the Company had lodged a complaint with the Securities and Exchange Board of India (SEBI) and the National Stock Exchange of India Limited (NSE) with respect to non-transfer of share transfer request lodged with the Company.

The Company had clarified through its Registrar and Transfer Agent (RTA) that the address of the transferor registered in the Register of Members and the address provided for transferee is same. It was further clarified to SEBI and NSE that the complainant had neither lodged the said securities for transfer with RTA / Company nor sent any communication to RTA/Company about the holding of said securities in the custody of the complainant till November 6, 2018 (i.e. SEBI Circular date). The dividend warrants issued in favour of the original shareholder till the year 2018 were deposited in the Bank account of the transferor and paid. Hence the complainant was requested to take up the matter with the transferor and resolve. The complainant was further advised that if the transferor fails to co-operate, the complainant can take up the matter to competent court by impleading.

The reply thus submitted on the SEBI Scores portal was accepted by SEBI and the complainant was advised to take up the matter with the transferor as advised by the Company.

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

- 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:-

- Drive Pulley
- Output Shaft Assembly & Hub Assembly - BEVT
- Integrated Front Cover, Water Pumps and Oil Pumps
- Sprocket [Variable Valve Timing (VVT) – Application]
- Backing Plate for Automotive Transmission

- 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:

- Drive Pulley

The two wheelers are powered by a small utility internal combustion engine or, in case of e-scooter, by a small electric motor directly built in the front or the rear wheel (HUB Motor) or through belt drive. The Drive Pulley forming part of the electric motor reduces the carbon emissions and brings down the toxicity in the air. The reduction in carbon emissions will subsequently provide air enriched with oxygen which will also contribute to the improvement of the overall health.

b. Output Shaft Assembly & Hub Assembly – BEVT (Battery Electric Vehicle Truck)

The functionality of the product aims to transmit torque, speed and loads in the transmission. The product will perform these functions for the lifetime of the vehicle under typical vehicle usage including, but not limited to, temperature extremes, torque spikes, high speed, and vibration.

c. Integrated Front Cover, Water Pumps and Oil Pumps

Development of Integrated Front Cover, water pumps and oil pumps in order to be compliant to Bharat Stage (BS) VI norms. The above-mentioned products have been developed by which power consumption/friction is reduced in Internal Combustion (IC) Engine.

d. Sprocket [Variable Valve Timing (VVT) Application]

Sprocket Variable Valve Timing Application adjusts the opening and closing of the intake and exhaust valves and enables the engine to run more efficiently at different speeds. VVT always boosts the power of engines. In order to meet the growing demand for low-emission, high-economy diesel units, all vehicle manufacturers offer a Lean NOx Trap (LNT) to further minimize emissions and fulfil the Euro 6 / BS VI emission targets.

e. Backing Plate for Automotive Transmission

The backing plate used in Automotive Transmission which was earlier manufactured through forging route is now being manufactured through sintered route / powder metallurgy route, resulting in minimum noise and elimination of wastage.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

- i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Being the TS 16949 and EMS certified company, the policies and procedures of the Company support sustainable sourcing. Some of the initiatives are:

- a. Constantly encourages the use of biodegradable / reusable materials for packing and storing of materials.
- b. Materials like oils, lubes, steel etc. are conserved and mainly focused to reduce loss and wastage and to maximize utilisation of materials.
- c. Vehicles are permitted inside the factory, only if they comply with the pollution control norms.
- d. Specifically focussed on the storage, handling and disposal of hazardous chemicals.
- e. Specialised agencies are employed to treat the chemical wastes.

- ii. 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:

- Indigenizations/localization plans are given top priorities.
- A strong sub-contractors base has been created at various locations to support the manufacturing plants.
- Top priority of buying is given to the domestic sources for raw materials and consumables.
- Indigenization achieved in raw materials and consumables buying.
- Suppliers / Vendor meets and surveys are conducted, to receive or provide feedback and to improve their processes and output and they are also motivated with awards/certificates.
- Total Quality Management (TQM) training was extended to sub-contractors to support them to manufacture and supply good high quality products.
- Vendors contributing for the indigenization are awarded and encouraged.
- Extend technical and financial support to the local small vendors and sub-contractors.

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4. 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
2,937
- Please indicate the Total number of employees hired on temporary / contractual / casual basis.
6,960
- Please indicate the number of permanent women employees.
117
- Please indicate the number of permanent employees with disabilities
4
- Do you have an employee association that is recognized by management.
Yes
- What percentage of your permanent employees is members of this recognized employee association?
1,112 (38%)
- Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment 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 | |

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

- 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. 23 to 31 (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' and, 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: Businesses 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 to all 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.

Yes. 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 forefront of utilising renewable energy for its units situated in Tamil Nadu, consuming green power and feeding to its units through grid. In addition, wind energy is sourced through Group Captive arrangements. During the financial year 2021-2022, the share of renewable wind energy amounted to 41.39% 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 1.40%, thus the total renewable energy consumption amounts to 42.79% of total energy consumed. This has resulted in a reduction equivalent to 89,127.58 MT of CO₂ during 2021-2022. Further addition to solar power roof top capacity is planned in the financial year 2022-2023.

Sundram Fasteners Limited

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, energy conservation projects like:

- i. Heat treatment furnace rebricking with low heat transfer coefficient refractory ceramic bricks
 - ii. Usage of Brushless Direct Current (DC) motors in Fans / Man cooler which operate at Lower power consumption providing same level of ventilation
 - iii. Usage of higher efficiency IE4 (Premium Efficiency) motor in fume exhaust system
 - iv. Onsite roof top solar power generation through PV modules ensure utilisation of all plant spaces for generation of renewable power
 - v. Idle running prevention in lub motor and conveyor motor in forging machines
 - vi. Effective operation Air compressor optimising Compressed air pressure settings and switching low capacity compressor during low demand
 - vii. Heat treatment furnace washing tanks electrical heaters were replaced with hot water heating
 - viii. Energy efficient Light-emitting Diode (LED) lighting installation replacing Metal Halide lamps
 - ix. Usage of Asymmetric beam reflector in Area lighting instead of flood lighting maintains illumination levels whilst providing Energy saving
 - x. Usage of Energy efficient Induction light in High bay area replacing metal halide lamps
 - xi. Reduced power consumption in presses and Computer Numerical Control (CNC) cutting machine through stoppage of Main motor idle running through CT controller
 - xii. Usage of Variable Frequency Drive (VFD) in forging machines
 - xiii. Arresting leakage of Compressed air and optimal utilization of Air compressor based on demand
 - xiv. Usage of Cooling water as utility instead of Chilled water leveraging the higher heat transfer area in Heat exchangers.
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. 23 to 31 (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. 23 to 31 (Annual Report on CSR Activities).

3. Have you done any impact assessment of your initiative?

Yes, we do review the projects through field visits. Our 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. 23 to 31 (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. 23 to 31 (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 other 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.

Sundram Fasteners Limited

B S R & Co. LLP
Chartered Accountants

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

INDEPENDENT AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (Listing Obligations and Disclosure Requirements) REGULATIONS, 2015

To the Members of Sundram Fasteners Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated March 28, 2019 and addendum to the engagement letter dated October 7, 2019.
2. We have examined the compliance of conditions of Corporate Governance by **Sundram Fasteners Limited** ("the Company"), for the year ended March 31, 2022, as stipulated in regulations 17 to 27, clauses (b) to (i) and (t) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

3. The Company's management is responsible for compliance of conditions of Corporate Governance 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 the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

4. Pursuant to the requirements of the above mentioned Listing Regulations, our examination was limited to the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. 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 the Chartered Accountants of India (the "ICAI") and the Standard 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.
6. 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

7. 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 per regulations 17 to 27, clause (b) to (i) of regulation 46(2) and paragraph C, D and E of Schedule V of the Listing Regulations, as applicable.
8. 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.

Restriction on use

9. The Certificate has been solely issued for the purpose of enabling the Company to be complying with the aforesaid 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: 22203491AHQCOX7952

Place: Chennai

Date: April 22, 2022

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.

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* | TVS Sundram Fasteners Private Limited** |
| Services received | 0.05 | 4.01 | - |
| Sale of Goods | 29.74 | - | 18.81 |
| Dividend paid | 18.13 | 17.26 | 67.14 |
| Due to the Company | - | - | 23.28 |
| Due by the Company | - | - | - |

* Upto February 3, 2022

** Effective February 4, 2022

B. Management Discussion And Analysis

Management Discussion and Analysis is provided in the Annual Report in Page Nos. 37 to 42.

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

C. Corporate Governance Report

1. Company's Philosophy on Code of Governance

The Company 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, Joint Managing Director and the Whole-Time Director hold Executive positions. There are six Non-Executive Directors, of whom four 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.

Sundram Fasteners Limited

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 | 6 | Yes | 5 | 1 | - | Sundram Fasteners Limited Chairman and Non-Executive Director / Promoter Group |
| Ms Arathi Krishna Managing Director | 00517456 | 6 | Yes | 3 | - | 1 | Sundram Fasteners Limited Managing Director / Promoter Group |
| Ms Arundathi Krishna Joint Managing Director | 00270935 | 6 | Yes | 4 | - | 1 | Sundram Fasteners Limited Joint Managing Director / Promoter Group |
| Ms Preethi Krishna Non-Executive Non-Independent Director | 02037253 | 6 | Yes | 1 | - | - | Sundram Fasteners Limited Non-Executive Non-Independent Director / Promoter Group |
| Sri R Srinivasan* Independent Non-Executive Director | 00043658 | 2 | 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 | 6 | Yes | 3 | 2 | 1 | (i) Sundram Fasteners Limited (ii) Narayana Hrudayalaya Limited Independent Non-Executive Director |
| Sri Heramb R Hajarnavis Independent Non-Executive Director | 01680435 | 6 | No | 1 | - | 1 | Sundram Fasteners Limited Independent Non-Executive Director |
| Sri S Mahalingam Independent Non-Executive Director | 00121727 | 6 | Yes | 8 | 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 | 1 | - | 1 | Sundram Fasteners Limited Independent Non-Executive Director |
| S Meenakshisundaram** Whole-Time Director and Chief Financial Officer | 00513901 | 6 | Yes | 4 | - | - | Sundram Fasteners Limited Whole-Time Director and Chief Financial Officer |
| Dr Anantha V Nageswaran*** Independent Non-Executive Director | 00760377 | 1 | N.A. | 2 | - | - | (i) Sundram Fasteners Limited (ii) TVS Srichakra Limited Independent Non-Executive Director |

[@] 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.

* Retired from the Board effective September 22, 2021.

** Retired from the Board effective April 23, 2022

*** Appointed as a Non-Executive Independent Director effective from September 16, 2021. He resigned from the Board on January 28, 2022, in view of his appointment as the Chief Economic Advisor to the Government of India.

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 six Board Meetings during the year ended March 31, 2022 which were held on May 06, 2021, August 12, 2021, November 11, 2021, January 27, 2022, February 10, 2022 and March 30, 2022. The maximum interval between any two meetings was not more than 120 days.

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, 2022

| Name of the Director | Number of Equity Shares | % holding |
|----------------------------|-------------------------|-----------|
| Sri Suresh Krishna | 42,440 | 0.02 |
| Ms Preethi Krishna | - | - |
| Sri R Srinivasan* | 9,200 | 0.0044 |
| Sri B Muthuraman | - | - |
| Sri Heramb R Hajarnavis | - | - |
| Sri S Mahalingam | - | - |
| Dr Nirmala Lakshman | - | - |
| Dr. Anantha V Nageswaran** | - | - |

* Retired from the Board effective September 22, 2021

** Appointed as a Non-Executive Independent Director effective from September 16, 2021. He resigned from the Board on January 28, 2022.

The Company has not issued any convertible instruments.

Familiarisation programme

Details about the familiarization programme for the financial year 2021-2022 can be accessed under the web link: <http://sundram.com/pdf/SFLFamiliarisationprogramme202122.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/ Foreign Exchange |
| Sri B Muthuraman | | |
| Sri Heramb R Hajarnavis | | |
| Sri S Mahalingam | | |
| Dr Nirmala Lakshman | | |
| Dr. V Anantha Nageswaran | | |
| Sri S Meenakshisundaram* | Whole-Time Director and Chief Financial Officer | Finance, Accounting, Taxation, Secretarial, Legal, Risk Management, General Management and Administration |

- (i) In the opinion of the Board, the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.
- (ii) During the financial year 2021-2022, Sri R. Srinivasan retired from the Board as a Non-Executive Independent Director of the Company effective September 22, 2021. Dr V Anantha Nageswaran was appointed as a Non-Executive Independent Director of the Company effective September 16, 2021. He resigned from the Board on January 28, 2022 owing to his appointment as the Chief Economic Advisor to Government of India. It was further stated by Dr V Anantha Nageswaran in his resignation letter that there are no other material reasons other than the reason as mentioned above.

* Retired from the Board effective April 23, 2022.

Sundram Fasteners Limited

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 read with 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 five times during the year on May 05, 2021, August 11, 2021, November 10, 2021, January 27, 2022 and February 9, 2022.

| Name of the Committee Member | Category | No. of meetings attended |
|------------------------------|------------------------------|--------------------------|
| Sri R Srinivasan* | Chairperson of the Committee | 2 |
| Sri B Muthuraman** | Chairperson of the Committee | 3 |
| Sri Heramb R Hajarnavis | Independent Director | 5 |
| Sri S Mahalingam | Independent Director | 5 |

* Retired from the Board effective from September 22, 2021

** Consequent to the retirement of Sri R. Srinivasan, Sri B. Muthuraman, Non-Executive Independent Director was nominated as the Chairperson of the Committee effective September 22, 2021.

Sri R Dilip Kumar, Executive Vice President – Finance & Company Secretary acted as Secretary of the Committee. Sri S Meenakshisundaram, Whole-time Director and Chief Financial Officer, 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, former Chairperson of the Audit Committee was present at the 58th Annual General Meeting (AGM) held on August 20, 2021 through Video Conference (VC) / Other Audio Visual Means ('OAVM').

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 four times during the financial year on May 05, 2021, August 11, 2021, September 06, 2021 and November 10, 2021.

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 | 3 |
| Sri B Muthuraman* | Chairperson of the Committee | 1 |
| Sri Heramb R. Hajarnavis | Independent Director | 4 |
| Sri Suresh Krishna** | Chairman | 4 |
| Ms. Preethi Krishna*** | Non-Executive Non-Independent Director | *** |

* Consequent to the retirement of Sri R. Srinivasan, Sri B. Muthuraman, Non-Executive Independent Director was nominated as the Chairperson of the Committee effective September 22, 2021.

** Retired from the Committee effective April 1, 2022.

*** Ms. Preethi Krishna, Non-Executive Non-Independent Director was nominated as a member of the Committee effective April 1, 2022. Hence, the requirement of attending the meetings during the financial year 2021-2022 did not apply.

Sri R Srinivasan, former Chairperson of the Committee was present at the 58th AGM held on August 20, 2021 through VC / OAVM.

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, member 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, 2022

₹ in Lakhs

| Name of the Director | Sitting Fee | Salaries and Allowances | Perquisite | Company's Contribution to Provident Fund and Superannuation Fund | Commission and Performance Linked Incentive | Total |
|----------------------------|-------------|-------------------------|------------|--|---|--------|
| Sri Suresh Krishna | N.A. | 100.00 | 4.76 | - | 280.44 | 385.20 |
| Ms Arathi Krishna | N.A. | 94.80 | 56.92 | 17.92 | 280.44 | 450.08 |
| Ms Arundathi Krishna | N.A. | 95.16 | 71.41 | 14.72 | 280.44 | 461.73 |
| Ms Preethi Krishna | 3.40 | N.A. | N.A. | N.A. | N.A. | 3.40 |
| Sri R Srinivasan* | 2.00 | N.A. | N.A. | N.A. | N.A. | 2.00 |
| Sri B Muthuraman | 4.00 | N.A. | N.A. | N.A. | N.A. | 4.00 |
| Sri Heramb R Hajarnavis | 5.00 | N.A. | N.A. | N.A. | N.A. | 5.00 |
| Sri S Mahalingam | 4.60 | N.A. | N.A. | N.A. | N.A. | 4.60 |
| Dr Nirmala Lakshman | 2.60 | N.A. | N.A. | N.A. | N.A. | 2.60 |
| Dr. Anantha V Nageswaran** | 0.50 | N.A. | N.A. | N.A. | N.A. | 0.50 |
| Sri S Meenakshisundaram*** | N.A. | 121.00 | 0.27 | Nil | N.A. | 121.27 |

* Retired from the Board effective September 22, 2021.

** Appointed as a Non-Executive Independent Director effective from September 16, 2021. He resigned from the Board on January 28, 2022.

*** Retired from the Board effective April 23, 2022.

The tenure of office of Managing Directors / Whole-Time Director is for a period of five years / two 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. There is no separate provision for payment of severance fees. The notice period is mutually agreed between the Directors and the Board. The Company does not have any stock option scheme. Other than above mentioned fees, no other remuneration was 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>.

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6. Stakeholders' Relationship Committee

The Committee met two times during the year on August 12, 2021 and February 10, 2022.

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) | 2 |
| Ms Arathi Krishna | Managing Director | 2 |
| Dr. Nirmala Lakshman** | Chairperson of the Committee (Independent Director) | 2 |
| Ms. Arundathi Krishna*** | Joint Managing Director | * |

* Retired from the Committee effective April 1, 2022.

** Dr Nirmala Lakshman was nominated as the Chairperson of the Committee effective April 1, 2022.

*** Ms Arundathi Krishna was nominated as a member of the Committee effective April 1, 2022.

Sri R Dilip Kumar, Executive Vice President-Finance & Company Secretary is the Compliance Officer.

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 a shareholder / investor through SEBI Scores platform, which have been disposed-off by SEBI based on submission by the Company. There are no pending complaints as at March 31, 2022.

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:-

- To review and approve the risk management policy of the Company and to make amendments thereto from time to time.
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- To periodically review the risk management policy, by considering the changing industry dynamics and evolving complexity.
- To identify methodology, processes and systems to monitor and evaluate risk.
- To identify internal and external risks in particular including financial, operational, sectoral, department-wise risk, business sustainability particularly, ESG (Environmental, Social and Governance) related risks, information, cyber security risks.

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

The Risk Management Committee met twice during the year on December 23, 2021 and March 04, 2022.

| Name of the Committee Member | Category | No. of meetings attended |
|------------------------------|--|--------------------------|
| Sri Suresh Krishna* | Chairman (Chairperson of the Committee) | 2 |
| Ms Arathi Krishna** | Managing Director (Chairperson of the Committee) | 2 |
| Ms Arundathi Krishna | Joint Managing Director | 2 |
| Sri S Mahalingam# | Independent Director | 2 |
| Ms. Preethi Krishna® | Non-Executive Non-Independent Director | 2 |

* Retired from the Committee effective April 1, 2022.

** Ms Arathi Krishna was nominated as the Chairperson of the Committee effective April 1, 2022

Pursuant to the amendments to the SEBI Listing Regulations, dated May 05, 2021, the Risk Management Committee of the Company was re-constituted by nominating Sri. S. Mahalingam, Non-Executive Independent Director as a member of the Committee effective, September 22, 2021.

® Ms. Preethi Krishna, Non-Executive Non-Independent Director was nominated as a member of the Committee effective September 25, 2021.

Sri R Dilip Kumar, Executive 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 Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on February 10, 2022, to review the frequency and procedures for conducting the separate meetings of the Independent Directors, to review the performance of Non-independent Directors (including the Chairman) and the Board as 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 B Muthuraman, Sri Heramb R Hajarnavis, Sri S Mahalingam and Dr. Nirmala Lakshman are the Independent Directors of the Company as on March 31, 2022. All the Independent Directors attended the meeting.

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 |
|------|---|------------|----------|
| 2021 | AGM held through Video Conference ('VC') / Other Audio Visual Means ('OAVM') | 20-08-2021 | 10.00 am |
| 2020 | | 16-09-2020 | 10.00 am |
| 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 |

No special resolution was passed during the Annual General Meeting held on September 16, 2020 and August 20, 2021.

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

| 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 through postal ballot during the financial year 2021-2022.

The details of Ordinary Resolution which was passed through postal ballot during the year under review and voting pattern thereon are given hereunder:-

| Postal Ballot No. | Particulars of Special Resolution | Date of Passing of the Resolution | Voting Pattern | |
|-------------------|---|-----------------------------------|----------------------------|--------------------|
| | | | Votes cast in favour | Votes cast against |
| 11 | Approval of the appointment of Dr V Anantha Nageswaran (DIN: 00760377) as a Non-Executive Independent Director for a period of 5 (five) years effective September 16, 2021. | October 21, 2021 | 15,71,77,027 (99.9957%) | 6,805 (0.0043%) |

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.

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As on date of this report, there is a proposal to pass special resolutions through Postal Ballot with respect to the following subjects:-

- i. Approval of remuneration payable to Sri Suresh Krishna, Chairman and Non-Executive Director (DIN: 00046919) for the financial year ending March 31, 2023 which exceeds 50% (fifty percent) of the total annual remuneration payable to all the Non-Executive Directors for the said year, pursuant to Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- ii. Approval of re-appointment of Sri Heramb R Hajarnavis (DIN: 01680435) as a Non-Executive Independent Director of the Company for the second term of five consecutive years commencing from September 20, 2022 to September 19, 2027.

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 were provided the remote e-voting facility pursuant to Regulation 44 of the SEBI Listing Regulations, 2015 and the said rules read with the circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

10. Means of Communication

- The quarterly, half yearly and annual results are published in widely circulating national and local dailies such as Business Line, The Hindu (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.

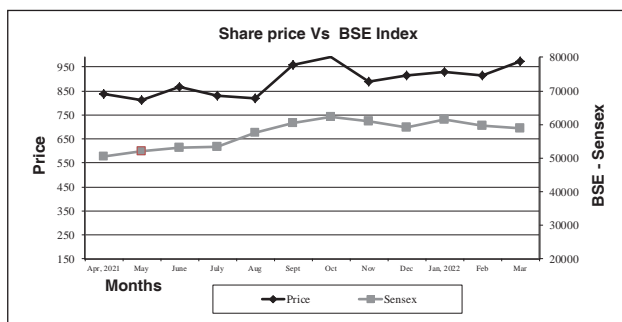
11. General Shareholder Information

| | | |
|---|--|--|
| a | Annual General Meeting Date, Time and Venue | Day and Date: Wednesday, June 29, 2022 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 2022 to March 2023 <ul style="list-style-type: none">• First Quarter Results – on or before August 14, 2022• Second Quarter/Half-yearly Results – on or before November 14, 2022• Third Quarter Results – on or before February 14, 2023• Annual Results for the year ending March 31, 2023 - on or before May 30, 2023 The timelines are subject to any extension of time that may be granted by the Regulators. |
| c | Dividend Payment date for dividends declared during the Financial Year 2021-2022 | Interim Dividend for the Financial year 2021-2022 was declared by the Board of Directors at its meeting held on February 10, 2022 and paid on March 04, 2022. |
| 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: BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001 National Stock Exchange of India Limited (NSE) 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 2022-2023. |
| e | Stock Code | Code: 500 403 – BSE Ltd (BSE) SUNDRMFAST – National Stock Exchange of India Ltd |

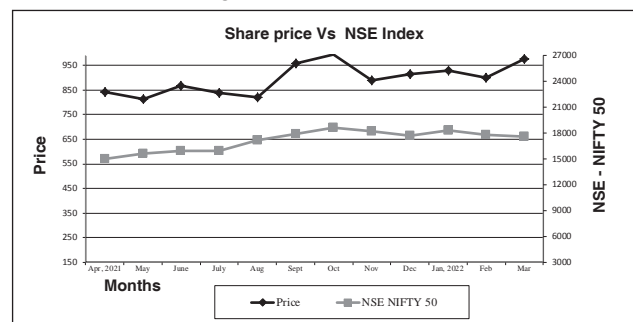
| Month | BSE Limited | | | | National Stock Exchange of India Ltd. | | | |
|------------|-------------|--------|---------------|-----------|---------------------------------------|--------|--------------|-----------|
| | Price - ₹ | | Index- Sensex | | Price - ₹ | | Index- Nifty | |
| | High | Low | High | Low | High | Low | High | Low |
| Apr, 2021 | 839.00 | 654.65 | 50,375.77 | 47,204.50 | 839.90 | 659.00 | 15,044.35 | 14,151.40 |
| May, 2021 | 810.05 | 676.00 | 52,013.22 | 48,028.07 | 812.70 | 676.00 | 15,606.35 | 14,416.25 |
| June, 2021 | 867.05 | 755.00 | 53,126.73 | 51,450.58 | 867.70 | 771.45 | 15,915.65 | 15,450.90 |
| July, 2021 | 831.45 | 720.65 | 53,290.81 | 51,802.73 | 839.00 | 720.10 | 15,962.25 | 15,513.45 |
| Aug, 2021 | 818.35 | 730.80 | 57,625.26 | 52,804.08 | 819.00 | 735.50 | 17,153.50 | 15,834.65 |
| Sep, 2021 | 958.90 | 785.00 | 60,412.32 | 57,263.90 | 959.00 | 785.00 | 17,947.65 | 17,055.05 |
| Oct, 2021 | 993.00 | 789.05 | 62,245.43 | 58,551.14 | 993.70 | 775.25 | 18,604.45 | 17,452.90 |
| Nov, 2021 | 890.00 | 769.00 | 61,036.56 | 56,382.93 | 890.00 | 767.55 | 18,210.15 | 16,782.40 |
| Dec, 2021 | 915.00 | 803.00 | 59,203.37 | 55,132.68 | 915.00 | 801.10 | 17,639.50 | 16,410.20 |
| Jan, 2022 | 929.00 | 807.00 | 61,475.15 | 56,409.63 | 929.90 | 805.75 | 18,350.95 | 16,836.80 |
| Feb, 2022 | 913.90 | 781.65 | 59,618.51 | 54,383.20 | 900.00 | 781.00 | 17,794.60 | 16,203.25 |
| Mar, 2022 | 973.35 | 777.50 | 58,890.92 | 52,260.82 | 974.80 | 778.40 | 17,559.80 | 15,671.45 |

| | |
|---|--|
| 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, 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 E-Mail : srirams@integratedindia.in</p> <p><i>Investor Contacts:</i> Sri. K Suresh Babu, Director Sri. S Sriram, General Manager</p> |
| j | Share Transfer System | <p>The share transfer requests are processed within the timelines stipulated under the SEBI Regulations.</p> <p>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> |

Sundram Fasteners Limited

| k Distribution of shareholding | | | | | |
|--------------------------------|---------------|---------------|---------------------|---------------|--|
| Number of Shares | Shareholders | | No. of Shares | | |
| | Number | % | Number | % | |
| Up to 100 | 45,852 | 67.31 | 11,12,809 | 0.53 | |
| 101 - 250 | 6,705 | 9.84 | 11,67,776 | 0.56 | |
| 251 - 500 | 5,044 | 7.41 | 19,49,177 | 0.93 | |
| 501 - 1000 | 3,402 | 4.99 | 26,80,111 | 1.28 | |
| 1001 - 5000 | 5,887 | 8.64 | 1,39,84,897 | 6.66 | |
| 5001 - 10000 | 710 | 1.04 | 51,23,339 | 2.43 | |
| 10,001 and above | 524 | 0.77 | 18,41,10,261 | 87.61 | |
| Total | 68,124 | 100.00 | 21,01,28,370 | 100.00 | |
| Physical Mode | 1,903 | 2.79 | 21,93,324 | 1.04 | |
| Demat Mode | 66,221 | 97.21 | 20,79,35,046 | 98.96 | |
| Total | 68,124 | 100.00 | 21,01,28,370 | 100.00 | |

| Categories of Shareholding as on March 31, 2022 | | | | | | | | | | | | | | |
|---|---|---|--|---------------|--|----------------|---------------------|------------------------|-----|-----------|-------------|-----|-------------|--------------|
| Category | | Shares | | % holding | | | | | | | | | | |
| Promoter | | 10,40,85,280 | | 49.53 | | | | | | | | | | |
| Promoter Group | | 3,25,763 | | 0.16 | | | | | | | | | | |
| Mutual Funds | | 2,35,85,849 | | 11.22 | | | | | | | | | | |
| Insurance Companies, Financial Institutions & Banks | | 1,33,21,358 | | 6.34 | | | | | | | | | | |
| Foreign Portfolio Investors (FPIs) | | 2,45,76,131 | | 11.70 | | | | | | | | | | |
| Public / Private Limited Companies | | 22,14,347 | | 1.05 | | | | | | | | | | |
| Resident Individuals | | 3,78,13,758 | | 18.00 | | | | | | | | | | |
| Others | | 42,05,884 | | 2.00 | | | | | | | | | | |
| 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>98.96% of total equity capital (including holding of promoter companies) is held in dematerialised form with NSDL and CDSL as on March 31, 2022.</p> <p>The volume of shares traded during FY 2021-2022:-</p> <table border="1"> <thead> <tr> <th>Stock Exchange</th> <th>During FY 2021-2022</th> <th>Monthly Average Volume</th> </tr> </thead> <tbody> <tr> <td>BSE</td> <td>27,74,703</td> <td>2,31,225.25</td> </tr> <tr> <td>NSE</td> <td>2,76,02,635</td> <td>23,00,219.58</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 2021-2022 | Monthly Average Volume | BSE | 27,74,703 | 2,31,225.25 | NSE | 2,76,02,635 | 23,00,219.58 |
| Stock Exchange | During FY 2021-2022 | Monthly Average Volume | | | | | | | | | | | | |
| BSE | 27,74,703 | 2,31,225.25 | | | | | | | | | | | | |
| NSE | 2,76,02,635 | 23,00,219.58 | | | | | | | | | | | | |
| 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. Also, the contracts with customers provide for pricing on the increase in price of raw materials.</p> <p>Total exposure of the Company to various commodities: ₹ 1,806.48 Crores.</p> <table border="1" data-bbox="746 482 1422 1406"> <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> </tr> </thead> <tbody> <tr> <td>Steel</td> <td>1,003.14</td> <td>1,26,999 Metric Ton</td> <td>Nil</td> </tr> <tr> <td>M S Scrap & other components</td> <td>101.09</td> <td>20,721.62 Metric Ton</td> <td>Nil</td> </tr> <tr> <td>Ferrous, Non-Ferrous and Powders</td> <td>168.02</td> <td>9,596.57 Metric Ton</td> <td>Nil</td> </tr> <tr> <td>Aluminium Ingots</td> <td>80.83</td> <td>4,662.10 Metric Ton</td> <td>Nil</td> </tr> <tr> <td>Blank alloy steel slug (tappet), child parts for assembly, other components</td> <td>66.82</td> <td>97,67,000 Nos.</td> <td>Nil</td> </tr> <tr> <td>Other Components</td> <td>633.17</td> <td>NA</td> <td>Nil</td> </tr> <tr> <td>Total</td> <td>2,053.07</td> <td></td> <td></td> </tr> <tr> <td>Changes in inventory, work in progress and stock in trade</td> <td>97.97</td> <td></td> <td></td> </tr> <tr> <td>Less: Inter Plant transfers</td> <td>148.62</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>1,806.48</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 | Steel | 1,003.14 | 1,26,999 Metric Ton | Nil | M S Scrap & other components | 101.09 | 20,721.62 Metric Ton | Nil | Ferrous, Non-Ferrous and Powders | 168.02 | 9,596.57 Metric Ton | Nil | Aluminium Ingots | 80.83 | 4,662.10 Metric Ton | Nil | Blank alloy steel slug (tappet), child parts for assembly, other components | 66.82 | 97,67,000 Nos. | Nil | Other Components | 633.17 | NA | Nil | Total | 2,053.07 | | | Changes in inventory, work in progress and stock in trade | 97.97 | | | Less: Inter Plant transfers | 148.62 | | | Total | 1,806.48 | | |
|---|--|--|--|--|---|--|-------|----------|---------------------|-----|------------------------------|--------|----------------------|-----|----------------------------------|--------|---------------------|-----|------------------|-------|---------------------|-----|---|-------|----------------|-----|------------------|--------|----|-----|-------|----------|--|--|---|-------|--|--|-----------------------------|--------|--|--|-------|----------|--|--|
| 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Steel | 1,003.14 | 1,26,999 Metric Ton | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| M S Scrap & other components | 101.09 | 20,721.62 Metric Ton | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ferrous, Non-Ferrous and Powders | 168.02 | 9,596.57 Metric Ton | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aluminium Ingots | 80.83 | 4,662.10 Metric Ton | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Blank alloy steel slug (tappet), child parts for assembly, other components | 66.82 | 97,67,000 Nos. | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other Components | 633.17 | NA | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 2,053.07 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Changes in inventory, work in progress and stock in trade | 97.97 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less: Inter Plant transfers | 148.62 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 1,806.48 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 <p><u>Telangana</u></p> <ol style="list-style-type: none"> 9) Bonthapally Village 502 313, Medak District | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Sundram Fasteners Limited

| | | |
|---|---|--|
| | | <p><u>Andhra Pradesh</u> 10) SEZ Unit, Sri City, Satyavedu Mandal, Chittoor, Andhra Pradesh</p> <p><u>Uttarakhand</u> 11) Pantnagar, Integrated Industrial Estate Rudrapur, Dist. Udam Singh Nagar Uttarakhand 263 153</p> |
| p | Address for Correspondence | <p>Sri R Dilip Kumar Executive Vice President - Finance & Company Secretary Sundram Fasteners Limited 98A, 7th Floor, Dr Radhakrishnan Salai Mylapore, Chennai 600 004 Telephone: +91-44-28478500 Extn: 213 Fax: +91-44-28478510</p> <p>Exclusive E-mail id for redressal of investor complaints E-mail: investorshelpdesk@sfl.co.in</p> <p>Website - www.sundram.com</p> <p>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).</p> |
| 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. | <p>CRISIL Limited has issued `CRISIL A1+` (pronounced `CRISIL A one Plus`) rating to the Company for the ₹ 100 Crores Commercial Paper and ₹ 25 Crores short term debt programme and during the financial year 2021-2022 and there has been no revision thereto during the said financial year.</p> |

12. OTHER DISCLOSURES

Materially significant related party transactions during the year ended March 31, 2022:

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>

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 Obligations and Disclosure Requirements) 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 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. Also, the contracts with customers provide for pricing on the increase in price of raw materials.

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 2021-2022.

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, 2022**, 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 |
|---------|------------------------------|--|--------------------------------|
| 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. | Muthuraman Balasubramanian | Non-Executive, Independent | 00004757 |
| 6. | Heramb Ravindra Hajarnavis | | 01680435 |
| 7. | Mahalingam Seturaman | | 00121727 |
| 8. | Nirmala Lakshman | | 00141632 |
| 9. | Meenakshisundaram Srinivasan | Whole-time Director | 00513901 |

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 Directors to the Company; and other relevant Information, explanation and representations provided by the Company, its officers/ 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
Certificate of Practice No.:2215
UDIN: F006312D000190386

Place: Chennai
Date: April 22, 2022

Sundram Fasteners Limited

Recommendation by the Committees to the Board of Directors

The Board has accepted the recommendations made by its Committees during the financial year 2021-2022.

Audit fee:

Total fees for all services paid by the Companies 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 and all entities in the network of Statutory Auditor / network entity of which the Statutory Auditor is a part during the financial year 2021-2022 is ₹ 1,10,10,000/- (Rupees One Crore Ten Lakhs and Ten Thousand Only).

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 |

Disclosure by the Company and its subsidiaries of loans and advances in the nature of loans to firms/companies in which Directors are interested:

Necessary disclosures relating to loans and advances in the nature of loans to firms/companies in which Directors are interested are provided in the financial statements in Note No 37.

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 postal ballot on March 16, 2021, 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 published in Business Line, The Hindu (English) and Makkal Kural (Tamil) newspapers.

Audit Qualification

There is no audit qualification / reservation / adverse remark / disclaimer with regard to financial statement by the Statutory Auditors in the Auditors' Report or by the Company Secretary in Practice in the Secretarial Audit Report for the financial year 2021-2022.

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 Obligations And Disclosure Requirements) 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 2021-2022.

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 :

April 22, 2022

To

The members of Sundram Fasteners Limited

DECLARATION TO THE MEMBERS PURSUANT TO SCHEDULE V OF THE 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, 2022.

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. | 820 | 8,06,702 |
| 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. | 25 | 34,170 |
| Aggregate number of shareholders and the shares transferred to Investor Education and Protection Fund Authority from the Unclaimed Suspense Account during the year. | 36 | 36,159 |
| 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. | 759 | 7,36,373 |

Sundram Fasteners Limited

B S R & Co. LLP
Chartered Accountants

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

Independent Auditors' 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, 2022, 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, 2022, and its 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, 2022. 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 Ind AS 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 Ind AS 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, 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>Accordingly, taxation and contingent liability related matters are areas of focus in the audit.</p> <p>Refer Notes 3,18 and 36 to the standalone 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 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 Ind AS financial statements. |

| Revenue recognition | |
|--|---|
| 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>Refer Notes 3 and 23 to the standalone 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 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. |

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

Sundram Fasteners Limited

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 the 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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:
 - a) The Company has disclosed the impact of pending litigations as at March 31, 2022 on its financial position in its standalone Ind AS financial statements - Refer Note 36 to the standalone Ind AS financial statements;
 - b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

Sundram Fasteners Limited

- d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d)(i) and (d)(ii) contain any material mis-statement.
- e) The dividend declared or paid during the year by the Company is in compliance with section 123 of the Companies Act, 2013;

(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: 22203491AHQDBN3113

Place : Chennai

Date : April 22, 2022

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, 2022

(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 Property, plant and equipment.
 - (b) The Company has maintained proper records showing full particulars of intangible 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 Company has a regular programme of physical verification of its Property, plant and equipment by which all Property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain Property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all the title deeds of immovable properties (other than properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
 - (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right of use assets) or intangible assets or both during the year.
 - (f) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records, wherever applicable. In our opinion, the frequency of such verification is reasonable and the coverage and procedures as followed by management were appropriate. In the case of one class of inventory the discrepancies noticed on verification between the physical stocks and the book records were more than 10% in the aggregate and these have been properly dealt with in the books of account.
 - (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits during the year in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, there are no material discrepancies between the quarterly returns or statements filed by the Company with such banks or financial institutions and the books of account of the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security, granted loans or advances in the nature of loans, secured or unsecured to firms, to limited liability partnership or any other parties during the year. The Company has not given any secured loans or secured or unsecured advances in the nature of loans to any company during the year. The Company has made investments, provided guarantee or security, and granted unsecured loans to companies during the year.
 - (a) Based on the audit procedures performed by us and as per the information and explanations given to us, the Company has provided loans or stood guarantee or provided security to any other entity during the year as follows:

Sundram Fasteners Limited

| Particulars | Guarantees | Loans |
|--|------------|-------|
| Aggregate amount during the year | | |
| - Subsidiaries* | 139.68 | 9.86 |
| - Joint ventures* | - | - |
| - Associates* | - | - |
| - Others | - | 3.77 |
| Balance outstanding as at balance sheet date | | |
| - Subsidiaries* | 229.20 | 15.52 |
| - Joint ventures* | - | - |
| - Associates* | - | - |
| - Others | - | 1.59 |

* As per Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular except for the loans given to TVS Upasana Limited amounting to INR 5.75 crores and Sundram International Inc., USA amounting to Rs. 0.07 crores which along with the related interest are repayable on demand. As informed to us, the Company has not demanded repayment of these loans and related interest during the year. Thus, there has been no default on the part of the parties to whom the money has been lent. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) Accordingly to the information and explanation provided to us and on the basis of our examination of the records of the Company, no loans or advances in the nature of loan granted has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties, other than a loan amounting to INR 6.30

crores given to Sundram International Limited which was renewed during the year representing 46% of the total loans or advances in the nature of loans granted during the year.

- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of section 185 and 186 of the Companies Act have been complied with.
- (v) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (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 goods and services tax, provident fund, employees state insurance, income 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.

According to the information and explanations given to us, no undisputed amounts payable in respect of goods and services tax, provident fund, employees state insurance, income tax, duty of customs and other material statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

-
- (b) According to the information and explanations given to us, statutory dues set out in Appendix I in respect of goods and services tax, provident fund, employees state insurance, income tax, duty of customs and other material statutory dues have not been deposited by the Company on account of disputes.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowings or in the payment of interest thereon to any other lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under Companies Act. The Company does not hold any investment in any associate or joint venture as defined under the Companies Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under Companies Act. The Company does not hold any investment in any associate or joint venture as defined under Companies Act.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence,
-

provisions of Section 192 of the Companies Act are not applicable to the Company.

- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi) (c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have more than one CIC.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention,

which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Companies Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx) (a) of the Order is not applicable.
- (b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Sec.135(6) of the said Act.

for B S R & Co. LLP

Chartered Accountants

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

S Sethuraman

Partner

Membership No.: 203491

ICAI UDIN: 22203491AHQDBN3113

Place : Chennai

Date : April 22, 2022

**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, 2022**

| 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 |
| Income Tax Act, 1961 | Income-tax dues | 0.64 | AY 2007-08 | The Income tax Appellate Tribunal |
| | | 3.90 | AY 2015-16 | The Income tax Appellate Tribunal |
| | | 0.02 | AY 2016-17 | The Income tax Appellate Tribunal |
| | | 0.46 | AY 2017-18 | Commissioner of Income tax (Appeals) |
| | | 0.25 | AY 2018-19 | Commissioner of Income tax (Appeals) |
| | | 0.04 | AY 2019-20 | The Income tax Appellate Tribunal |
| Tamil Nadu Value Added Tax Act, 2006, Telangana Value Added Tax Act, 2005, Central Sales Tax Act, 1956 | Sales tax | 0.60 | FY 2006-17 | Joint / Deputy / Assistant / Additional Commissioner |
| | | 0.01 | FY 2017-18 | 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 |
| Goods and Services Tax, 2017 | GST | 0.22 | FY 2017-18 | Joint / Deputy / Assistant / Additional Commissioner |

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, 2022

Report on the internal financial controls with reference to the aforesaid standalone Ind AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(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, 2022 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, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2022, 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 criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "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, 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 were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial controls 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 include 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 Standalone Ind AS 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 Standalone Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone Ind AS 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: 22203491AHQDBN3113

Place : Chennai

Date : April 22, 2022

Sundram Fasteners Limited

STANDALONE BALANCE SHEET AS AT MARCH 31, 2022

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

| | Note | As at March 31, 2022 | As at March 31, 2021 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 (a) | 1,511.85 | 1,513.75 |
| Capital work-in-progress | 5 (b) | 100.22 | 104.82 |
| Investment property | 5 (c) | 0.19 | 0.39 |
| Right of use assets | 5 (d) | 42.93 | 46.81 |
| Intangible assets | 5 (e) | 2.67 | 3.05 |
| Financial assets | | | |
| - Investments | 6 | 322.71 | 337.16 |
| - Loans | 7 | 11.01 | 7.78 |
| - Other financial assets | 8 | 24.30 | 30.82 |
| Other tax assets, net | 9 | 62.52 | 59.01 |
| Other non-current assets | 10 | 49.87 | 42.22 |
| | | 2,128.27 | 2,145.81 |
| Current assets | | | |
| Inventories | 11 | 691.39 | 558.80 |
| Financial assets | | | |
| - Trade receivables | 12 | 838.71 | 715.06 |
| - Cash and cash equivalents | 13 | 14.01 | 12.85 |
| - Bank balance other than cash and cash equivalents | 13 | 17.75 | 4.04 |
| - Loans | 7 | 6.10 | 6.11 |
| - Other financial assets | 8 | 5.19 | 3.51 |
| Other current assets | 10 | 55.47 | 43.98 |
| | | 1,628.62 | 1,344.35 |
| | | 3,756.89 | 3,490.16 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 14 | 21.01 | 21.01 |
| Other equity | | 2,524.26 | 2,312.03 |
| Total equity | | 2,545.27 | 2,333.04 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 15 | 113.70 | 182.80 |
| - Lease liabilities | 16 | 2.04 | 4.16 |
| Provisions | 17 | 6.66 | 6.90 |
| Deferred tax liabilities, net | 18 | 118.01 | 115.02 |
| Other tax liabilities, net | 19 | 6.97 | 7.84 |
| | | 247.38 | 316.72 |
| Current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 15 | 347.34 | 273.23 |
| - Lease liabilities | 16 | 3.37 | 5.49 |
| - Trade payables | 20 | | |
| Total outstanding dues of micro enterprises and small enterprises; and Total outstanding dues of creditors other than micro enterprises and small enterprises | | 66.09 | 35.94 |
| - Other financial liabilities | 21 | 68.35 | 54.00 |
| Other current liabilities | 22 | 26.56 | 6.27 |
| Provisions | 17 | 20.58 | 21.68 |
| Other tax liabilities, net | 19 | 25.71 | 26.19 |
| | | 964.24 | 840.40 |
| Total liabilities | | 1,211.62 | 1,157.12 |
| Total Equity and Liabilities | | 3,756.89 | 3,490.16 |

Significant accounting policies

3 and 4

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

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

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

Whole Time Director & Chief Financial Officer

(DIN: 00513901)

SURESH KRISHNA

Chairman

(DIN: 00046919)

ARUNDATHI KRISHNA

Joint Managing Director

(DIN: 00270935)

R DILIP KUMAR

Executive Vice President - Finance & Company Secretary

(ACS Membership No: A19802)

Place : Chennai

Date : April 22, 2022

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

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

| | Note | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------|------------------------------|------------------------------|
| Income | | | |
| Revenue from operations | 23 | 4,172.57 | 3,065.03 |
| Other income | 24 | 25.61 | 16.57 |
| Total income | | 4,198.18 | 3,081.60 |
| Expenses | | | |
| Cost of materials consumed | 25 | 1,904.45 | 1,267.70 |
| Changes in inventories of finished goods and work-in-progress | 26 | (97.97) | (23.91) |
| Employee benefits expense | 27 | 311.73 | 271.44 |
| Finance costs | 28 | 13.39 | 14.16 |
| Depreciation and amortisation expense | 29 | 152.83 | 146.58 |
| Other expenses | 30 | 1,327.79 | 967.52 |
| Total expenses | | 3,612.22 | 2,643.49 |
| Profit before exceptional item and tax | | 585.96 | 438.11 |
| Exceptional item | 6 | 30.00 | - |
| Profit before tax | | 555.96 | 438.11 |
| Tax expense | 18 | | |
| a) Current tax | | 148.11 | 104.64 |
| b) Deferred tax | | 0.39 | 5.33 |
| Total tax expense | | 148.50 | 109.97 |
| Profit for the year | | 407.46 | 328.14 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| (i) Re-measurement gains on defined benefit plans | | 1.89 | 0.44 |
| (ii) Fair value gains on equity instruments | | 12.46 | 17.92 |
| (iii) Income tax effect on above | | (2.60) | (3.08) |
| Total other comprehensive income | | 11.75 | 15.28 |
| Total comprehensive income for the year | | 419.21 | 343.42 |
| <i>(Comprising profit and other comprehensive income for the year)</i> | | | |
| Earnings per equity share | | | |
| | 31 | | |
| Basic (in ₹) | | 19.39 | 15.62 |
| Diluted (in ₹) | | 19.39 | 15.62 |

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 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)

S MEENAKSHISUNDARAM

Whole Time Director & Chief Financial Officer

(DIN: 00513901)

R DILIP KUMAR

Executive Vice President - Finance & Company Secretary

(ACS Membership No: A19802)

Place : Chennai

Date : April 22, 2022

Sundram Fasteners Limited

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

(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, 2020 | 14A | 21.01 |
| Changes in equity share capital due to prior period errors | | - |
| Restated balance as at April 1, 2020 | | 21.01 |
| Changes in equity share capital during the year | | - |
| Balance as at March 31, 2021 | 14A | 21.01 |
| Balance as at April 1, 2021 | 14A | 21.01 |
| Changes in equity share capital due to prior period errors | | - |
| Restated balance as at March 31, 2021 | | 21.01 |
| Changes in equity share capital during the period | | - |
| Balance as at March 31, 2022 | 14A | 21.01 |

B. Other equity

| Particulars | Reserves and Surplus | | Items of other comprehensive income | | Total |
|---|----------------------|-------------------|--|--|-----------------|
| | General 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, 2020 | 1,817.99 | 154.44 | 23.50 | - | 1,995.93 |
| Changes in accounting policy or prior period errors | - | - | - | - | - |
| Restated balance as at April 1, 2020 | 1,817.99 | 154.44 | 23.50 | - | 1,995.93 |
| Profit for the year | - | 328.14 | - | - | 328.14 |
| Other comprehensive income | - | - | 14.84 | 0.44 | 15.28 |
| Dividend (refer note 14B(a)) | - | (27.32) | - | - | (27.32) |
| Transfer from retained earnings | 300.00 | (299.56) | - | (0.44) | - |
| Balances as at March 31, 2021 | 2,117.99 | 155.70 | 38.34 | - | 2,312.03 |
| Balances as at April 1, 2021 | 2,117.99 | 155.70 | 38.34 | - | 2,312.03 |
| Changes in accounting policy or prior period errors | - | - | - | - | - |
| Restated balance as at April 1, 2021 | 2,117.99 | 155.70 | 38.34 | - | 2,312.03 |
| Profit for the year | - | 407.46 | - | - | 407.46 |
| Other comprehensive income | - | - | 10.34 | 1.41 | 11.75 |
| Dividend (refer note 14B(a)) | - | (206.98) | - | - | (206.98) |
| Transfer to retained earnings | 150.00 | (148.59) | - | (1.41) | - |
| Balances as at March 31, 2022 | 2,267.99 | 207.59 | 48.68 | - | 2,524.26 |

Significant accounting policies

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

Whole Time Director & Chief Financial Officer

(DIN: 00513901)

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

Executive Vice President - Finance & Company Secretary

(ACS Membership No: A19802)

Place : Chennai

Date : April 22, 2022

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

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

| | Note | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------|------------------------------|------------------------------|
| A. Cash flows from operating activities | | | |
| Profit before tax | | 555.96 | 438.11 |
| Adjustments for: | | | |
| Depreciation and amortisation expense | 29 | 146.86 | 141.44 |
| Amortisation of right of use assets | 29 | 5.97 | 5.14 |
| Unrealised foreign exchange (gain) / loss, net | | (1.41) | 2.50 |
| Mark to market gain on derivative instruments | | (0.26) | (0.09) |
| Finance costs | 28 | 13.39 | 14.16 |
| Interest income | 24 | (1.43) | (6.10) |
| Dividend income | 24 | (2.88) | (1.20) |
| Loss / (Profit) on sale of property, plant and equipment, net | | 1.01 | (0.03) |
| Financial guarantee income | | (1.79) | (1.06) |
| Gain on sale of investment in mutual funds, net | 24 | (0.74) | (0.97) |
| Provision for diminution in value of investment | 6 | 30.00 | - |
| Loss allowance on trade receivables | | 6.66 | - |
| Operating profit before working capital changes | | 751.37 | 591.90 |
| Adjustments for changes in working capital: | | | |
| Increase in inventories | | (132.59) | (65.88) |
| Increase in financial assets | | (127.33) | (176.26) |
| (Increase) / decrease in other assets | | (11.69) | 19.73 |
| Increase in financial liabilities | | 31.98 | 150.30 |
| Increase in other liabilities and provisions | | 7.65 | 1.00 |
| Cash generated from operating activities | | 519.39 | 520.79 |
| Income taxes paid, net | | (152.97) | (106.86) |
| Net cash from operating activities | | 366.42 | 413.93 |
| B. Cash flows from investing activities | | | |
| Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances) | | (146.65) | (128.15) |
| Purchase of right of use assets | | - | (1.36) |
| Proceeds from sale of property, plant and equipment | | 0.90 | 0.77 |
| Acquisition of investments | | (2,266.18) | (689.86) |
| Proceeds from sale of investments | | 2,266.24 | 682.58 |
| Dividend received | | 2.88 | 1.20 |
| Interest received | 24 | 1.70 | 5.78 |
| Net cash used in investing activities | | (141.11) | (129.04) |

Sundram Fasteners Limited

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | Note | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------|------------------------------|------------------------------|
| C. Cash flows from financing activities | | | |
| Repayment of long term borrowings | | (37.03) | - |
| Proceeds from / (repayment of) short term borrowings | | 34.87 | (229.91) |
| Repayment of lease liabilities | | (7.35) | (5.10) |
| Dividend paid | | (206.98) | (27.32) |
| Interest paid | | (7.63) | (21.67) |
| Net cash used in financing activities | | (224.15) | (284.00) |
| D. Net cash flows during the year (A+B+C) | | 1.16 | 0.89 |
| E. Cash and cash equivalents at the beginning | | 12.85 | 11.96 |
| F. Cash and cash equivalents at the end (D + E) | | 14.01 | 12.85 |
| Reconciliation of the cash and cash equivalents as per the cash flow statement | | | |
| Balances with banks in current accounts | 13 | 12.12 | 12.59 |
| Cash on hand | 13 | 1.84 | 0.21 |
| Deposits with maturity less than 3 months | 13 | 0.05 | 0.05 |
| | | 14.01 | 12.85 |

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 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)

S MEENAKSHISUNDARAM

Whole Time Director & Chief Financial Officer

(DIN: 00513901)

R DILIP KUMAR

Executive Vice President - Finance & Company Secretary

(ACS Membership No: A19802)

Place : Chennai

Date : April 22, 2022

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(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 pumps, sintered products, cold extruded components, hot and 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 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.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The standalone financial statements for the year ended March 31, 2022 (including comparatives) are authorised by the Board on April 22, 2022.

Details of the Company’s accounting policies are included in notes 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 (₹), 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.

Judgements

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 35: 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 36: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

magnitude of an outflow of resources including provision for income taxes and related contingencies;

- Note 17: measurement of defined benefit obligation; key actuarial assumptions.

2.5 Measurement of fair values

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

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

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

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. The inputs used to measure the fair value of assets or liabilities 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 35). 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 goods and services 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 and 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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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.

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.

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 statement of profit and 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/discharged off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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 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 5 years. Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if necessary, for each reporting period.

3.3 Research and development expenditure

Expenditure are mainly on research activities and the same is recognised in statement of profit and 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

Investments in subsidiaries 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, 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

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 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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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 the statement of profit and 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'.

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 and 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)

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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 the statement of profit and 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 the statement of profit and 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 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.

c. Financial assets at Fair Value Through Profit and 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 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 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 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 the statement of 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. For the reporting periods under review, the Company 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 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, the same is continued to be recognised to the extent of continuing involvement in the financial asset.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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 the statement of profit and 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 the statement of profit and 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 derecognition 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 and 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 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.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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 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 the statement of profit and 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:

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

- 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 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 such tax liabilities and assets on a net basis or its tax assets and liabilities will be realised simultaneously.

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 such as gratuity and group terminal benefit plan, provident fund contributions for its eligible employees.

11.3.1 Gratuity / group terminal benefit plan:

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.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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 weighing of all possible outcomes by their associated probabilities.

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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 the statement of profit and 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 statement of profit and loss.

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.

4. Recent pronouncements

On March 23, 2022, the Ministry of Corporate Affairs ("MCA") through notifications, amended the existing Ind AS. The same shall come into force from annual reporting period beginning on or after April 01, 2022. Key Amendments relating to the financial statements which are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Ind AS 16 Property, Plant and Equipment (PPE) – For items produced during testing/trial phase, clarification added that revenue generated out of the same shall not be recognised in Statement of profit and loss and considered as part of cost of PPE.
- Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets – Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.
- Ind AS 103 – Business Combination – Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.
- Ind AS 109 Financial Instruments – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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, 2020 | 40.29 | 284.41 | 1,658.90 | 8.48 | 24.84 | 9.25 | 2,026.17 |
| Additions | - | 8.49 | 128.98 | 0.17 | 0.61 | 1.59 | 139.84 |
| Disposals | (0.01) | (0.02) | (0.96) | - | (0.01) | (1.05) | (2.05) |
| As at March 31, 2021 | 40.28 | 292.88 | 1,786.92 | 8.65 | 25.44 | 9.79 | 2,163.96 |
| Additions | - | 6.78 | 135.81 | 0.17 | 1.36 | 1.98 | 146.10 |
| Disposals | - | (0.00)* | (6.38) | (0.09) | (0.54) | (0.13) | (7.14) |
| As at March 31, 2022 | 40.28 | 299.66 | 1,916.35 | 8.73 | 26.26 | 11.64 | 2,302.92 |
| Accumulated depreciation | | | | | | | |
| As at April 1, 2020 | - | 33.85 | 455.58 | 3.07 | 14.81 | 3.54 | 510.85 |
| For the year | - | 10.67 | 125.27 | 0.78 | 2.89 | 1.08 | 140.69 |
| Disposals | - | (0.01) | (0.68) | - | (0.01) | (0.63) | (1.33) |
| As at March 31, 2021 | - | 44.51 | 580.17 | 3.85 | 17.69 | 3.99 | 650.21 |
| For the year | - | 10.62 | 131.11 | 0.75 | 2.40 | 1.21 | 146.09 |
| Disposals | - | (0.00)* | (4.69) | (0.07) | (0.36) | (0.11) | (5.23) |
| As at March 31, 2022 | - | 55.13 | 706.59 | 4.53 | 19.73 | 5.09 | 791.07 |
| Net block | | | | | | | |
| As at March 31, 2021 | 40.28 | 248.37 | 1,206.75 | 4.80 | 7.75 | 5.80 | 1,513.75 |
| As at March 31, 2022 | 40.28 | 244.53 | 1,209.76 | 4.20 | 6.53 | 6.55 | 1,511.85 |

* Amount less than 0.01

a) Plant and equipment includes net block of assets held by third parties amounting to ₹ 5.48 (March 31, 2021 : ₹ 6.13).

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

c) Refer note 36(c) for capital commitments.

d) All the title deeds of immovable properties are held in the name of the Company.

5 b) Capital work-in-progress (CWIP)

| | | | | | | | |
|-----------------------------|---|--------------|--------------|---|---|---|---------------|
| As at March 31, 2021 | - | 26.06 | 78.76 | - | - | - | 104.82 |
| As at March 31, 2022 | - | 47.82 | 52.40 | - | - | - | 100.22 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

5 (b)(i) Ageing details

As at March 31, 2022

| CWIP | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|--------------|--------------|-------------------|---------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 50.10 | 37.35 | 11.68 | 1.09 | 100.22 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 50.10 | 37.35 | 11.68 | 1.09 | 100.22 |

As at March 31, 2021

| CWIP | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|--------------|-------------|-------------------|---------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 81.06 | 19.37 | 4.24 | 0.15 | 104.82 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 81.06 | 19.37 | 4.24 | 0.15 | 104.82 |

5 (b)(ii) Capital work in progress includes certain projects whose completion is overdue. Expected completion schedule of such projects are as follows :

| CWIP | To be completed in | | | | Total |
|--|--------------------|-----------|-----------|-------------------|--------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| March 31, 2022 | | | | | |
| Projects in progress | | | | | |
| Press line project in Hot Forging Division | 30.50 | - | - | - | 30.50 |
| Sricity project | 10.91 | - | - | - | 10.91 |
| Building at Padi plant | 28.82 | - | - | - | 28.82 |
| Others | 1.81 | - | - | - | 1.81 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 72.04 | - | - | - | 72.04 |
| March 31, 2021 | | | | | |
| Projects in progress | | | | | |
| Press line project in Hot Forging Division | 30.03 | - | - | - | 30.03 |
| Phosphating plant at Padi | 3.73 | - | - | - | 3.73 |
| Shell moulding machine | 6.19 | - | - | - | 6.19 |
| Others | 5.88 | - | - | - | 5.88 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 45.83 | - | - | - | 45.83 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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, 2020 | 0.21 | 0.30 | 0.51 |
| Additions | - | - | - |
| Disposals | - | - | - |
| As at March 31, 2021 | 0.21 | 0.30 | 0.51 |
| Additions | - | - | - |
| Disposals | (0.04) | (0.27) | (0.31) |
| As at March 31, 2022 | 0.17 | 0.03 | 0.20 |
| Accumulated depreciation | | | |
| As at April 1, 2020 | - | 0.10 | 0.10 |
| For the year | - | 0.02 | 0.02 |
| Disposals | - | - | - |
| As at March 31, 2021 | - | 0.12 | 0.12 |
| For the year | - | 0.02 | 0.02 |
| Disposals | - | (0.13) | (0.13) |
| As at March 31, 2022 | - | 0.01 | 0.01 |
| Net block | | | |
| As at March 31, 2021 | 0.21 | 0.18 | 0.39 |
| As at March 31, 2022 | 0.17 | 0.02 | 0.19 |

Notes

1. Information regarding income and expenditure of investment property

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|--------------------------------------|------------------------------|
| Rental income from investment property | 0.12 | 0.13 |
| Less: Expenses that Contribute to the rental income (including repairs and maintenance) | (0.01) | (0.01) |
| Profit before depreciation | 0.11 | 0.12 |
| Less: Depreciation | (0.02) | (0.02) |
| Profit | 0.09 | 0.10 |

2. Fair value hierarchy and valuation technique

The fair value of investment properties is ₹ 8.84 Crores as at March 31, 2022 and March 31, 2021. These disclosures are based on external information available with the company including valuations reports obtained by the company from an independent valuer specialised in valuing these types of investment properties and registered as a valuer as defined under Rule 2 of Companies (registered valuers and valuation) Rules, 2017.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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 |
|---|-----------------------------------|-----------------------------------|---------------|
| As at April 1, 2020 | 39.23 | 17.46 | 56.69 |
| Additions | 0.50 | 0.86 | 1.36 |
| Disposals (including lease modifications) | - | (0.67) | (0.67) |
| As at March 31, 2021 | 39.73 | 17.65 | 57.38 |
| Additions | - | 2.09 | 2.09 |
| Disposals | - | - | - |
| As at March 31, 2022 | 39.73 | 19.74 | 59.47 |
| Accumulated amortisation | | | |
| As at April 1, 2020 | 0.45 | 4.98 | 5.43 |
| For the year | 0.45 | 4.69 | 5.14 |
| Disposals | - | - | - |
| As at March 31, 2021 | 0.90 | 9.67 | 10.57 |
| For the year | 0.45 | 5.52 | 5.97 |
| Disposals | - | - | - |
| As at March 31, 2022 | 1.35 | 15.19 | 16.54 |
| Net block | | | |
| As at March 31, 2021 | 38.83 | 7.98 | 46.81 |
| As at March 31, 2022 | 38.38 | 4.55 | 42.93 |

5 e) Intangible assets

| Gross block | Software | Total |
|---------------------------------|-----------------|--------------|
| As at April 1, 2020 | 4.64 | 4.64 |
| Additions | - | - |
| Disposals | - | - |
| As at March 31, 2021 | 4.64 | 4.64 |
| Additions | 0.37 | 0.37 |
| Disposals | - | - |
| As at March 31, 2022 | 5.01 | 5.01 |
| Accumulated amortisation | | |
| As at April 1, 2020 | 0.86 | 0.86 |
| For the year | 0.73 | 0.73 |
| Disposals | - | - |
| As at March 31, 2021 | 1.59 | 1.59 |
| For the year | 0.75 | 0.75 |
| Disposals | - | - |
| As at March 31, 2022 | 2.34 | 2.34 |
| Net block | | |
| As at March 31, 2021 | 3.05 | 3.05 |
| As at March 31, 2022 | 2.67 | 2.67 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | As at March 31, 2022 | As at March 31, 2021 |
|--|-------------------------|-------------------------|
| 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, 2021: 75,000) fully paid equity shares of ₹ 2/- each in Housing Development Finance Corporation Limited, Mumbai | 17.93 | 18.74 |
| b) 5,000 (March 31, 2021: 5,000) fully paid equity shares of ₹ 1/- (March 31, 2021: ₹ 1/-) each in HDFC Bank Limited, Mumbai | 0.74 | 0.37 |
| c) 20,439 (March 31, 2021: 20,439) fully paid equity shares of ₹ 10/- each in IDBI Bank Limited, Mumbai | 0.09 | 0.08 |
| | 18.76 | 19.19 |
| (ii) Unquoted | | |
| 1,25,000 (March 31, 2021: 1,25,000) equity shares of ₹ 10/- each in Madras Engineering Industries Private Limited, Chennai | 38.65 | 25.75 |
| 2,777 (March 31, 2021: Nil) equity shares of ₹ 10/- each in Ki Mobility Solutions Private Limited, Chennai | 7.50 | - |
| | 46.15 | 25.75 |
| Total of (I) | 64.91 | 44.94 |
| II) Investments measured at cost | | |
| (A) Investment in venture capital fund | | |
| a) 168 units (March 31, 2021: 168 units) of ₹ 100/- each in the ICICI Emerging Sectors Fund, Bengaluru ** | 0.00 | 0.00 |
| | - | - |
| (B) Investment in subsidiaries | | |
| Indian: | | |
| a) 1,18,99,674 (March 31, 2021: 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) | 2.20 | 1.60 |
| b) 2,64,691 (March 31, 2021: 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, 2021: 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, 2021: 1,67,37,339) equity shares of ₹ 10/- each fully paid up in TVS Next Limited, Chennai (extent of holding - 56.43 %) | 17.45 | 17.45 |
| e) 10,000 (March 31, 2021: 10,000) equity shares of ₹ 10/- each fully paid up in Sunfast TVS limited, Chennai (extent of holding - 100 %) | 0.01 | 0.01 |
| f) 20,00,000 (March 31, 2021: 12,55,000) equity shares of ₹ 10/- each fully paid up in TVS Engineering Limited, Chennai (extent of holding - 100 %) | 2.01 | 1.26 |
| Foreign: | | |
| g) 1,000 (March 31, 2021: 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 (March 31, 2021: 2,500) equity shares of £ 1 each allotted in Sundram International Limited, UK 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 ₹ 41.30 (March 31, 2021: ₹ 11.30) (refer note B below)) | 208.69 | 238.69 |
| Deemed equity in Sundram Fasteners (Zhejiang) Limited, Zhejiang, People's Republic of China ₹ 3.49 (March 31, 2021: ₹ 1.69) and Cramlington Precision Forge Limited, UK ₹ 0.67 (March 31, 2021: ₹ 0.67) (refer note A below) | 4.16 | 2.36 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| 6 Non-current investments (Contd.) | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| h) 18,215 (March 31, 2021: 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, 2021: ₹ 0.81) | - | - |
| | 249.87 | 276.72 |
| (C) Other investments | | |
| a) 35 (March 31, 2021: 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%) ** | 0.00 | 0.00 |
| b) Capital Contribution in PGSD engineering LLP, New Delhi (extent of holding - 19%) ** | 0.00 | 0.00 |
| | 0.00 | 0.00 |
| Total of (II) | 249.87 | 276.72 |
| III) Investments measured at fair value through profit or loss | | |
| Investments in equity instruments | | |
| Unquoted | | |
| (i) Power generation companies* | | |
| a) 12,935 (March 31, 2021: 12,935) Class A equity shares of ₹ 10/- each and 2,84,169 (March 31, 2021: 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, 2021: ₹ 1.19) | - | - |
| b) 23,85,762 (March 31, 2021: 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, 2021: 12,28,233) equity shares of ₹ 10/- each in Beta Wind Farm Private Limited, Chennai | 2.33 | 2.33 |
| d) 11,00,000 (March 31, 2021: 11,00,000) equity shares of ₹ 10/- each in Gayatri Green Power Private Limited, Chennai | 1.10 | 1.10 |
| e) 6,42,306 (March 31, 2021: 6,42,306) equity shares of ₹ 10/- each in Watsun Infra Build Private Limited, Ahmedabad | 0.63 | 0.63 |
| f) 1,70,000 (March 31, 2021: 1,70,000) equity shares of ₹ 10/- each in MMS Steel and Power Private Limited, Chennai | 0.17 | 0.17 |
| g) 31,000 (March 31, 2021: 31,000) equity shares of ₹ 10/- each in Clean Switch India Private Limited, Hyderabad | 0.03 | 0.03 |
| h) 1,41,230 (March 31, 2021: 2,13,100) equity shares of ₹ 10/- each in Nagai power Private Limited, Hyderabad | 0.14 | 0.21 |
| | 6.79 | 6.86 |
| * The right to sell / transfer these shares are subject to terms and conditions of respective shareholder agreement. | | |
| (ii) 3,51,00,000 (March 31, 2021: 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, 2021: ₹ 2.37) | 1.14 | 1.14 |
| (iii) Investments in preference shares (Unquoted) | | |
| Nil (March 31, 2021: 2,17,391) Series A compulsorily convertible preference shares of ₹ 345/- each in Ki Mobility Solutions Private Limited, Chennai | - | 7.50 |
| Total of (III) | 7.93 | 15.50 |
| Total of (I+II+III) | 322.71 | 337.16 |
| ** Amount less than ₹ 0.01 | | |
| Aggregate amount of quoted investments and market value thereof | 18.76 | 19.19 |
| Aggregate value of unquoted investments | 303.95 | 317.97 |
| Aggregate amount of impairment in value of investments (included in the above) | 45.67 | 15.67 |

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

The Company performed its annual 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 ₹ 30.00 in the current year. Such provision has been presented as an exceptional item in the statement of profit and loss for the year ended March 31, 2022.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | As at March 31, 2022 | | As at March 31, 2021 | |
|---|----------------------|-------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| 7 Loans | | | | |
| (Unsecured considered good, unless otherwise stated) | | | | |
| Loans to related parties (refer note below and note 37) | 9.77 | 5.75 | 6.37 | 5.75 |
| Loans to employees | 1.24 | 0.35 | 1.41 | 0.36 |
| | 11.01 | 6.10 | 7.78 | 6.11 |

The Company's exposure to credit risk and market risk are disclosed in note 35.
Also refer note 32.

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 | | Percentage to total loans | | Maximum balance outstanding during the year ended | | Investment by subsidiary in shares of the Company (No. of shares) | |
|--|--------------------|----------------|---------------------------|----------------|---|----------------|---|----------------|
| | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| TVS Upasana Limited, Chennai (for working capital purposes - repayable on demand) | 5.75 | 5.75 | 33.6% | 41.4% | 5.75 | 5.75 | - | - |
| TVS Engineering Limited, Chennai (for working capital purposes) | 1.99 | - | 11.6% | 0.0% | 1.99 | - | - | - |
| Sundram International Inc. USA (for working capital purposes - repayable on demand) | 0.07 | 0.07 | 0.4% | 0.5% | 0.07 | 0.08 | - | - |
| Sundram International Limited, UK (for working capital purposes) | 7.71 | 6.30 | 45.0% | 45.3% | 7.82 | 6.30 | - | - |

| | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|-------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| 8 Other financial assets | | | | |
| (Unsecured considered good, unless otherwise stated) | | | | |
| Security deposits | 24.30 | - | 30.82 | - |
| Derivative assets * | - | 0.35 | - | 0.09 |
| Interest receivable (includes interest receivable from related party of ₹ 0.58 (March 31, 2021: 0.40)) (refer note 37) | - | 0.82 | - | 1.09 |
| Other receivables | - | 4.02 | - | 2.33 |
| | 24.30 | 5.19 | 30.82 | 3.51 |

* 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 credit risk and market risk are disclosed in note 35.

| | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|--------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| 9 Other tax assets, net | | | | |
| Advance income tax, net of provision | 62.52 | - | 59.01 | - |
| | 62.52 | - | 59.01 | - |
| 10 Other assets | | | | |
| (Unsecured considered good, unless otherwise stated) | | | | |
| Prepaid expenses | - | 10.18 | - | 8.20 |
| Capital advances | 16.25 | - | 8.79 | - |
| Balance with statutory/government authorities | 33.62 | 4.89 | 33.43 | 6.81 |
| Export incentives and other receivables | - | 27.55 | - | 20.04 |
| Advances to suppliers | - | 12.85 | - | 8.93 |
| | 49.87 | 55.47 | 42.22 | 43.98 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | As at March 31, 2022 | As at March 31, 2021 |
|--|-------------------------|-------------------------|
| 11 Inventories | | |
| (Valued at lower of cost and net realisable value) | | |
| Raw materials and components (includes goods in transit of ₹ 23.98 (March 31, 2021: ₹ 12.05)) | 211.04 | 186.94 |
| Work-in-progress | 158.95 | 129.41 |
| Finished goods | 257.16 | 188.73 |
| Stores and spares | 25.10 | 21.18 |
| Loose tools | 39.14 | 32.54 |
| | 691.39 | 558.80 |
| For the carrying value of inventories pledged as securities for borrowings, refer note 15. | | |
| 12 Trade receivables | | |
| Trade receivables considered good - Secured | - | - |
| Trade receivables considered good - Unsecured | 843.38 | 719.73 |
| Trade receivables which have significant increase in credit risk | 6.66 | - |
| Trade receivables credit impaired | - | - |
| | 850.04 | 719.73 |
| Loss allowance | | |
| Less: Loss allowance | (11.33) | (4.67) |
| Net trade receivables | 838.71 | 715.06 |
| Of the above, trade receivables from related parties are as below: | | |
| Total trade receivables from related parties (refer note 37) | 43.90 | 54.49 |
| Less: Loss allowance | (6.66) | - |
| | 37.24 | 54.49 |
| Movement in loss allowance on trade receivables | | |
| Opening balance | 4.67 | 4.67 |
| Amount written off | - | - |
| Loss allowance | 6.66 | - |
| Closing balance | 11.33 | 4.67 |

The Company's exposure to credit risks and loss allowances related to trade receivables are disclosed in note 35.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

12(a) Ageing schedule

As at March 31, 2022

| Particulars | Outstanding for following periods from the due date of payment | | | | | | Total |
|---|--|--------------------|--------------|--------------|-------------------|-------------|---------------|
| | Not due | Less than 6 months | 1-2 years | 2-3 years | More than 3 years | | |
| Undisputed Trade receivables | | | | | | | |
| (i) Considered good | 656.98 | 158.91 | 20.87 | 5.50 | 0.80 | 0.32 | 843.38 |
| (ii) Which have significant increase in credit risk | - | - | 1.00 | 5.66 | - | - | 6.66 |
| (iii) Credit impaired | - | - | - | - | - | - | - |
| Disputed Trade receivables | | | | | | | |
| (i) Considered good | - | - | - | - | - | - | - |
| (ii) Which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Credit impaired | - | - | - | - | - | - | - |
| Total | 656.98 | 158.91 | 21.87 | 11.16 | 0.80 | 0.32 | 850.04 |
| Less: Loss allowance | | | | | | | (11.33) |
| Total trade receivable | | | | | | | 838.71 |

As at March 31, 2021

| Particulars | Outstanding for following periods from the due date of payment | | | | | | Total |
|---|--|--------------------|-------------|-------------|-------------------|-------------|---------------|
| | Not due | Less than 6 months | 1-2 years | 2-3 years | More than 3 years | | |
| Undisputed Trade receivables | | | | | | | |
| (i) Considered good | 383.94 | 328.12 | 4.33 | 1.52 | 0.40 | 1.42 | 719.73 |
| (ii) Which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Credit impaired | - | - | - | - | - | - | - |
| Disputed Trade receivables | | | | | | | |
| (i) Considered good | - | - | - | - | - | - | - |
| (ii) Which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Credit impaired | - | - | - | - | - | - | - |
| Total | 383.94 | 328.12 | 4.33 | 1.52 | 0.40 | 1.42 | 719.73 |
| Less: Loss allowance | | | | | | | (4.67) |
| Total trade receivable | | | | | | | 715.06 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | | As at March 31, 2022 | As at March 31, 2021 |
|--|------------------|-------------------------|-------------------------|
| 13 Cash and cash equivalents | | | |
| Balances with banks in current accounts | | 12.12 | 12.59 |
| Cash on hand | | 1.84 | 0.21 |
| Deposits with maturity less than 3 months | | 0.05 | 0.05 |
| Total cash and cash equivalents | (A) | 14.01 | 12.85 |
| Other bank balances | | | |
| Earmarked balances with banks - dividend warrant accounts | | 17.75 | 4.04 |
| Total bank balance other than cash and cash equivalents | (B) | 17.75 | 4.04 |
| Total | (A) + (B) | 31.76 | 16.89 |

Note :

The company's exposure to credit risk and material risk are disclosed in note 35.

14 Share capital and other equity

A Share capital

Authorised

25,00,00,000 (March 31, 2021: 25,00,00,000) equity shares of ₹ 1/- each

25.00 25.00

Issued, subscribed and paid-up

21,01,28,370 (March 31, 2021: 21,01,28,370) equity shares of ₹ 1/- each fully paid-up

21.01 21.01

21.01 21.01

| | As at March 31, 2022 | | As at March 31, 2021 | |
|---|----------------------|--------|----------------------|--------|
| | No. of shares | Amount | No. of shares | Amount |
| a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period | | | | |
| 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 | | | | |
| Equity shares | | | | |
| Equity shares of ₹ 1/- each fully paid up held by TVS Sundram Fasteners Private Limited, Chennai (refer note to section (d) below) | 10,40,85,280 | 10.41 | - | - |
| Equity shares of ₹ 1/- each fully paid up held by T V Sundram Iyengar & Sons Private Limited, Madurai (refer note to section (d) below) | - | - | 5,33,12,000 | 5.33 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

14 Share capital and other equity (Contd.)

| | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|---------------|----------------------|---------------|
| | No. of shares | % holding | No. of shares | % holding |
| c) Shareholders holding more than 5% of the aggregate shares in the Company | | | | |
| Equity shares of ₹ 1/- each fully paid up held by | | | | |
| TVS Sundram Fasteners Private Limited, Chennai | 10,40,85,280 | 49.53% | - | - |
| T V Sundram Iyengar & Sons Private Limited, Madurai | - | - | 5,33,12,000 | 25.37% |
| Southern Roadways Private Limited, Madurai | - | - | 5,07,73,280 | 24.16% |
| HDFC Trustee Company Limited, Mumbai | 1,32,86,677 | 6.32% | 1,42,59,000 | 6.79% |
| Amansa Holdings Private Limited | 1,23,13,603 | 5.86% | 1,18,13,069 | 5.62% |
| | 12,96,85,560 | 61.71% | 13,01,57,349 | 61.94% |

d) Shares held by promoters / promoer group at the end of the year

As at March 31, 2022

| Name of the shareholder | No. of shares held | % of total shares | % of change during the year |
|--|--------------------|-------------------|-----------------------------|
| TVS Sundram Fasteners Private Limited, Chennai | 10,40,85,280 | 49.53% | 100% |
| Suresh Krishna | 36,040 | 0.02% | 0% |
| Usha Krishna | 74,613 | 0.04% | 0% |
| Arathi Krishna | 47,040 | 0.02% | 0% |
| Arundathi Krishna | 51,840 | 0.02% | 0% |
| Suresh Krishna HUF | 6,400 | 0.00% | 0% |
| UFL Properties Private Limited | 100,174 | 0.05% | 0% |
| Lakshminarayana Ancillaries Private Limited | 9,656 | 0.00% | 0% |

As at March 31, 2021

| Name of the shareholder | No. of shares held | % of total shares | % of change during the year |
|---|--------------------|-------------------|-----------------------------|
| T V Sundram Iyengar & Sons Private Limited, Madurai | 5,33,12,000 | 25.37% | 0% |
| Southern Roadways Private Limited, Madurai | 5,07,73,280 | 24.16% | 0% |
| Suresh Krishna* | 36,040 | 0.02% | 0% |
| Usha Krishna* | 74,613 | 0.04% | 0% |
| Arathi Krishna* | 47,040 | 0.02% | 0% |
| Arundathi Krishna* | 51,840 | 0.02% | 0% |
| Suresh Krishna HUF | 6,400 | 0.00% | 0% |
| UFL Properties Private Limited | 1,00,174 | 0.05% | 0% |
| Lakshminarayana Ancillaries Private Limited | 9,656 | 0.00% | 0% |

* Consequent to the Composite Scheme of amalgamation and arrangement, the aforesaid shareholders are part of the promoter group of the company. Their share holding under this clause for the year ended March 31, 2021 has been made for comparative purposes.

Note

The Honourable National Company Law Tribunal, Chennai bench, vide its order dated December 6, 2021, approved the composite scheme of amalgamation and arrangement (demerger) inter-alia amongst T V Sundram Iyengar & Sons Private Limited ("TVSS"), Sundaram Industries Private Limited ("SIPL"), Southern Roadways

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

14 Share capital and other equity (Contd.)

Private Limited ("SRPL") and TVS Sundram Fasteners Private Limited ("TPL") ("Composite Scheme") in accordance with Sections 230 to 232 and other applicable provisions under the Companies Act, 2013 and rules made thereunder and other applicable laws. The Composite Scheme was made effective on January 6, 2022 ("Effective Date").

Pursuant to the Composite Scheme, SRPL and SIPL merged into TVSS on the Effective date, thereby holding 49.53% of the paid up share capital of the Company. Further, in terms of the Scheme, the Fasteners business undertaking of TVSS, including 49.53% shareholding in the Company was demerged from TVSS and has been vested in / transferred to TPL on February 4, 2022. Consequently, effective February 4, 2022, TPL is the Promoter of the Company.

e) Rights, preferences and restrictions

Equity shares

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

- f) 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, 2022.

g) 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, 2022 | As at March 31, 2021 |
|--|---------------|-------------------------|-------------------------|
| Total debt (bank and other borrowings) | | 461.04 | 456.03 |
| Cash and cash equivalents | | (14.01) | (12.85) |
| Net debt | A | 447.03 | 443.18 |
| Total equity | | 2,545.27 | 2,333.04 |
| Equity | B | 2,545.27 | 2,333.04 |
| Net debt to equity | C = (A/B)*100 | 17.56% | 19.00% |

B Other equity

(a) Dividends

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

First interim dividend of ₹ 6.45/- (March 31, 2021: ₹ 1.30/-) per equity share for the respective years

Second interim dividend of ₹ 3.40/- for the year 2020-21 per equity share

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| | 135.54 | 27.32 |
| | 71.44 | - |
| | 206.98 | 27.32 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

14 Share capital and other equity (Contd.)

(b) After the reporting dates the following interim dividend was declared by the directors; this dividend has not been recognised as liability.

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Second interim dividend of ₹ Nil (March 31, 2020: ₹ 3.40/-) per equity share | - | 71.44 |
| | - | 71.44 |

(c) Nature and purpose of reserves

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.

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).

15 Borrowings

| | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|---------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| Financial liabilities at amortised cost | | | | |
| a) Secured | | | | |
| Working Capital Loans | | | | |
| Working capital facility from banks (refer note (i) below) | - | 21.54 | - | 11.67 |
| | - | 21.54 | - | 11.67 |
| b) Unsecured | | | | |
| Term loan from banks (refer note (ii) below) | 189.50 | | 219.36 | - |
| Working capital facility from bank (refer note (i) below) | | 250.00 | - | 225.00 |
| | 189.50 | 250.00 | 219.36 | 225.00 |
| c) Current maturities of long term borrowings | (75.80) | 75.80 | (36.56) | 36.56 |
| Total | 113.70 | 347.34 | 182.80 | 273.23 |

Note:

(i) Working capital loan from banks

The Company has various working capital facilities with an aggregate outstanding of ₹ 21.54 (March 31, 2021: ₹ 11.67) carrying interest rate of 9.75% per annum (March 31, 2021: 7.05% to 8.50%) per annum. These facilities are repayable on demand, partly secured by pari-passu first charge on current assets viz., stocks of raw materials, work in progress and finished goods.

Preshipment packing credit loan is availed in ₹ amounting to ₹ 250.00 (March 31, 2021: ₹ 225.00). The loan is unsecured and is repayable within 360 days and carries interest in the range of 2.10% to 2.75% per annum (March 31, 2021: 1.50% to 5.04%) per annum.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

15 Borrowings (Contd.)**(ii) Term loan from banks**

External Commercial Borrowing (ECB) loan from a bank amounting to USD 10 million, equivalent to ₹ 75.80 (March 31, 2021 - USD 15 million, equivalent to ₹ 109.68), repayable over 3 equal yearly instalments commencing from July 2021. The loan is unsecured and its interest rate is linked to Libor + agreed spread per annum.

Another ECB loan from the same bank amounting to USD 15 million, equivalent to ₹ 113.70 (March 31, 2021 - USD 15 million, equivalent to ₹ 109.68), repayable over 3 equal yearly instalments commencing from August 2022. The loan is unsecured and its interest rate is linked to Libor + agreed spread per annum.

The company's exposure to liquidity, interest rate and currency risk related to borrowings are disclosed in note 35.

(iii) Reconciliation of cashflows from financing activities

| | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------|-------------------------|-------------------------|
| Cash and cash equivalents | (14.01) | (12.85) |
| Current borrowings | 347.34 | 273.23 |
| Non-current borrowings | 113.70 | 182.80 |
| Net debt | 447.03 | 443.18 |

| Particulars | Other assets | Liabilities from financing activities | | Total |
|--------------------------------------|---------------------------|---------------------------------------|------------------------|---------------|
| | Cash and cash equivalents | Current borrowings | Non-current borrowings | |
| Net debt as at April 1, 2021 | (12.85) | 273.23 | 182.80 | 443.18 |
| Net cash flows | (1.16) | - | - | (1.16) |
| Proceeds from borrowings | - | 74.11 | - | 74.11 |
| Repayment of borrowings, net | - | - | (76.27) | (76.27) |
| Foreign exchange adjustments | - | - | 7.17 | 7.17 |
| Net debt as at March 31, 2022 | (14.01) | 347.34 | 113.70 | 447.03 |
| Net debt as at April 1, 2020 | (11.96) | 466.58 | 226.17 | 680.79 |
| Net cash flows | (0.89) | - | - | (0.89) |
| Repayment of borrowings, net | - | (193.35) | - | (193.35) |
| Foreign exchange adjustments | - | - | (43.37) | (43.37) |
| Net debt as at March 31, 2021 | (12.85) | 273.23 | 182.80 | 443.18 |

(iv) Other notes

- Term loans were applied for the purpose they were obtained. Further, short term loans availed have not been utilised for long term purposes by the Company.
- Quarterly returns or statements of current assets filed by the Company for the sanction of working capital loans with banks or financial institutions are not materially different with that of books of accounts.
- The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.

16 Lease liabilities

| | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|-------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| Lease liabilities (also refer note 39) | 2.04 | 3.37 | 4.16 | 5.49 |
| | 2.04 | 3.37 | 4.16 | 5.49 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | As at March 31, 2022 | | As at March 31, 2021 | |
|------------------------------------|----------------------|--------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| 17 Provisions | | | | |
| Provision for employee benefits | | | | |
| Provision for gratuity * | 1.17 | 5.77 | 1.47 | 7.50 |
| Provision for compensated absences | 5.49 | 1.36 | 5.43 | 1.02 |
| Provision for others | - | 13.45 | - | 13.16 |
| | 6.66 | 20.58 | 6.90 | 21.68 |

* also includes 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, its subsidiaries of (i) TVS Upasana Limited, Chennai; and (ii) TVS Next Limited, Chennai and its Holding company TVS Sundram Fasteners Private 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 March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Amount recognised in statement of profit and loss | 3.83 | 3.87 |
| Amount recognised in other comprehensive income | (1.63) | (0.27) |
| Total expense | 2.20 | 3.60 |
| Net employee benefit expense | | |
| Recognised in statement of profit and loss | | |
| Current service cost | 3.56 | 3.60 |
| Interest cost on benefit obligation | 0.38 | 0.40 |
| Sub - total | 3.94 | 4.00 |
| Amount allocated to related entities | (0.11) | (0.13) |
| Amount recognised in statement of profit and loss | 3.83 | 3.87 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

17 Provisions (Contd.)

Gratuity (Contd.)

Particulars

Recognised in other comprehensive income

Actuarial gain arising from change in financial assumptions

(0.31) (0.06)

Actuarial gain arising from experience adjustments

(1.35) (0.21)

Sub - total

(1.66) (0.27)

Amount allocated to related entities

0.03 -

Amount recognised in other comprehensive income

(1.63) (0.27)

The following table sets out the defined obligation and funded status including its related entities

As at As at
March 31, 2022 March 31, 2021

Net defined obligation

Present value of defined benefit obligation

54.60 53.15

Fair value of plan assets

(49.35) (46.08)

5.25 7.07

Changes in present value of the defined benefit obligation are as follows:

Year ended Year ended
March 31, 2022 March 31, 2021

Balance at the beginning of the year

53.15 52.61

Interest cost

3.37 3.32

Current service cost

3.56 3.60

Benefits paid

(4.13) (6.17)

Actuarial gain on obligation

(1.35) (0.21)

Balance at the end of the year

54.60 53.15

Changes in the fair value of plan assets are as follows:

Balance at the beginning of the year

46.08 45.34

Expected return on plan assets

2.99 2.92

Actuarial gain on plan assets

0.31 0.06

Contribution made by the employer

4.10 3.93

Benefits paid

(4.13) (6.17)

Balance at the end of the year

49.35 46.08

Plan assets comprises of :

% of Investment with insurer

100.00 100.00

Principal actuarial assumptions used

Discount rate

6.80% 6.60%

Salary escalation rate

7.00% 7.00%

Attrition rate

12.00% 10.00%

Classification

- Current

5.25 7.07

- Non-current

- -

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

17 Provisions (Contd.)

Gratuity (Contd.)

| Sensitivities | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|--|---------------------------|----------|---------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| A. Discount rate | | | | |
| > Sensitivity level | 1.00% | 1.00% | 1.00% | 1.00% |
| Defined benefit obligation | 52.06 | 57.38 | 50.39 | 56.20 |
| > Impact on defined benefit obligation | (2.54) | 2.78 | (2.76) | 3.05 |
| B. Salary escalation rate | | | | |
| > Sensitivity level | 1.00% | 1.00% | 1.00% | 1.00% |
| Defined benefit obligation | 56.84 | 52.51 | 55.66 | 50.83 |
| > Impact on defined benefit obligation | 2.24 | (2.09) | 2.51 | (2.32) |

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, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| Net employee benefit expense | | |
| Recognised in statement of profit and loss | | |
| Current service cost | 0.12 | 0.11 |
| Interest cost on benefit obligation | 0.11 | 0.12 |
| Amount recognised in statement of profit and loss | 0.23 | 0.23 |
| Recognised in other comprehensive income | | |
| Actuarial (gain) / loss arising from financial assumptions | (0.01) | 0.02 |
| Actuarial gain arising from demographic assumptions | (0.12) | - |
| Actuarial gain arising from experience adjustments | (0.13) | (0.19) |
| Amount recognised in other comprehensive income | (0.26) | (0.17) |
| Changes in present value of the defined benefit obligation are as follows: | | |
| Defined benefit obligation at the beginning of the year | 1.90 | 1.99 |
| Interest cost | 0.11 | 0.12 |
| Current service cost | 0.12 | 0.11 |
| Benefits paid | (0.18) | (0.15) |
| Actuarial gain on obligation | (0.26) | (0.17) |
| Defined benefit obligation at the end of the year | 1.69 | 1.90 |
| Principal actuarial assumptions used | | |
| Discount rate | 6.40% | 6.20% |
| Attrition rate | 12.00% | 10.00% |
| Remaining working lives for selected class of employees (in year) | 4.86 | 5.55 |
| Classification | | |
| - Current | 0.52 | 0.43 |
| - Non-current | 1.17 | 1.47 |

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, 2022 (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, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| Principal actuarial assumptions used | | |
| Discount rate | 6.80% | 6.60% |
| Interest rate declared by EPFO | 8.10% | 8.50% |
| Remaining working lives (in years) | 6.62 | 7.57 |

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, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Recognised in statement of profit and loss: | | |
| Current service cost | 0.68 | 0.78 |
| Interest cost on benefit obligation | 0.41 | 0.45 |
| Net actuarial gain recognised | (0.09) | (1.08) |
| | 1.00 | 0.15 |

Principal actuarial assumptions used:

| | As at March 31, 2022 | As at March 31, 2021 |
|------------------------|-------------------------|-------------------------|
| Discount rate | 6.80% | 6.60% |
| Salary escalation rate | 7.00% | 7.00% |
| Attrition rate | 12.00% | 10.00% |

b) Provision for others (refer note below)

Movement of Provisions for others as follows:

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---------------------------------------|------------------------------|------------------------------|
| Balance at the beginning of the year | 13.16 | 11.97 |
| Provision made during the year, net | 0.29 | 1.19 |
| Balance at the end of the year | 13.45 | 13.16 |

Note:

Provision for others primarily includes provision made towards statutory liabilities.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---------------------------------|---------------------------------|
| 18 Income Tax | | |
| A Amount recognised in statement of profit and loss | | |
| Current tax (a) | | |
| Current period | 148.11 | 104.64 |
| Deferred tax (b) | | |
| Attributable to - Origination and reversal of temporary differences | 0.39 | 5.33 |
| Tax expense (a) + (b) | 148.50 | 109.97 |

B Income tax recognised in other comprehensive income

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|--|----------------------|-------------------------------|--------------|----------------------|-------------------------------|--------------|
| | Amount | Tax (expense) / benefit | Net of tax | Amount | Tax (expense) / benefit | Net of tax |
| Fair value gain on equity instruments | 12.46 | (2.12) | 10.34 | 17.92 | (3.04) | 14.88 |
| Re-measurement gain on defined benefit plans | 1.89 | (0.48) | 1.41 | 0.44 | (0.04) | 0.40 |
| Total | 14.35 | (2.60) | 11.75 | 18.36 | (3.08) | 15.28 |

C Reconciliation of effective tax rate

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|--|------------------------------|---------------|------------------------------|---------------|
| | % | Amount | % | Amount |
| Profit before tax | | 555.96 | | 438.11 |
| Tax using the Company's domestic tax rate | 25.17% | 139.92 | 25.17% | 110.26 |
| Effect of: | | | | |
| - CSR expenditure disallowance, net of deduction under section 80G of the Income Act, 1961 | 0.45% | 2.48 | 0.63% | 2.75 |
| - Income exempt from tax | - | - | (0.07%) | (0.30) |
| - Impairment loss on investments disclosed under exceptional item | 1.35% | 7.55 | - | - |
| - Others | (0.26%) | (1.45) | (0.63%) | (2.74) |
| Effective tax rate / tax expense | 26.71% | 148.50 | 25.10% | 109.97 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| Property, plant and equipment, intangible assets and investment property | - | - | 117.28 | 114.57 | 117.28 | 114.57 |
| Investments measured at fair value through OCI | - | - | 8.45 | 6.33 | 8.45 | 6.33 |
| Provision for employee benefits | (1.23) | (1.61) | - | - | (1.23) | (1.61) |
| Loss allowance on trade receivables | (2.86) | (1.18) | - | - | (2.86) | (1.18) |
| Others | (3.63) | (3.09) | - | - | (3.63) | (3.09) |
| | (7.72) | (5.88) | 125.73 | 120.90 | 118.01 | 115.02 |

Movement in temporary differences for the year ended March 31, 2022

| Particulars | Balance as at April 1, 2021 | Recognised in profit and loss during 2021-22 | Recognised in OCI during 2021-22 | Other adjustments | Balance as at March 31, 2022 |
|--|-----------------------------|--|----------------------------------|-------------------|------------------------------|
| Property, plant and equipment, intangible assets and investment property | 114.57 | 2.71 | - | - | 117.28 |
| Investments measured at fair value through OCI | 6.33 | - | 2.12 | - | 8.45 |
| Provision for employee benefits | (1.61) | (0.10) | 0.48 | - | (1.23) |
| Loss allowance on trade receivables | (1.18) | (1.68) | - | - | (2.86) |
| Others | (3.09) | (0.54) | - | - | (3.63) |
| | 115.02 | 0.39 | 2.60 | - | 118.01 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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, 2021

| Particulars | Balance as at April 1, 2020 | Recognised in profit and loss during 2020-21 | Recognised in OCI during 2020-21 | Other adjustments | Balance as at March 31, 2021 |
|--|-----------------------------|--|----------------------------------|-------------------|------------------------------|
| Property, plant and equipment, intangible assets and investment property | 110.57 | 4.00 | - | - | 114.57 |
| Investments measured at fair value through OCI | 3.29 | - | 3.04 | - | 6.33 |
| Provision for employee benefits | (1.73) | 0.08 | 0.04 | - | (1.61) |
| Loss allowance on trade receivables | (1.18) | - | - | - | (1.18) |
| Others | (4.35) | 1.25 | - | 0.01 | (3.09) |
| | 106.60 | 5.33 | 3.08 | 0.01 | 115.02 |

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:

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|--------------------------|----------------------|-------------------------|----------------------|-------------------------|
| | Gross amount | Unrecognised tax effect | Gross amount | Unrecognised tax effect |
| Long term capital loss # | 5.81 | 1.46 | 6.10 | 1.54 |

The long term capital loss expires in Assessment Year 2028-29.

19 Other tax liabilities, net

Provision for taxation, net of advance income tax

| | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|---------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| | 6.97 | 25.71 | 7.84 | 26.19 |
| | 6.97 | 25.71 | 7.84 | 26.19 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| 20 Trade payables | | |
| Total outstanding dues of micro enterprises and small enterprises (refer note below) | 66.09 | 35.94 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 406.24 | 417.60 |
| | 472.33 | 453.54 |
| Of the above, trade payable to related parties (refer note 37) | 0.81 | 3.40 |
| Disclosure required under Section 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; | 66.09 | 35.94 |
| 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.. | - | - |
| Total | 66.09 | 35.94 |

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 35.

20(a) Ageing schedule

As at March 31, 2022

| Particulars | Outstanding for following periods from the due date of payment | | | | | Total |
|------------------------|--|---------------------|-------------|-------------|----------------------|---------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed dues | | | | | | |
| (i) MSME | 53.62 | 12.31 | - | - | - | 65.93 |
| (ii) Others | 267.63 | 106.95 | 2.54 | 1.86 | 1.45 | 380.43 |
| Disputed dues | | | | | | |
| (i) MSME | - | - | 0.01 | - | 0.15 | 0.16 |
| (ii) Others | - | - | 0.05 | - | 0.11 | 0.16 |
| Unbilled dues | 25.65 | - | - | - | - | 25.65 |
| Total | 346.90 | 119.26 | 2.60 | 1.86 | 1.71 | 472.33 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

20(a) Ageing schedule (Contd.)

As at March 31, 2021

| Particulars | Outstanding for following periods from the due date of payment | | | | | Total |
|------------------------|--|------------------|-------------|-------------|-------------------|---------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed dues | | | | | | |
| (i) MSME | 25.41 | 8.98 | - | - | - | 34.39 |
| (ii) Others | 229.73 | 146.92 | 6.73 | 2.90 | 3.11 | 389.39 |
| Disputed dues | | | | | | |
| (i) MSME | - | 0.33 | 1.16 | - | 0.06 | 1.55 |
| (ii) Others | - | - | 0.14 | 0.11 | 0.11 | 0.36 |
| Unbilled dues | 27.85 | - | - | - | - | 27.85 |
| Total | 282.99 | 156.23 | 8.03 | 3.01 | 3.28 | 453.54 |

21 Other financial liabilities

a. Financial liabilities at fair value through profit or loss

Premium on financial guarantee

| | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| Premium on financial guarantee | 2.56 | 1.94 |
| Interest accrued but not due on borrowings | 0.91 | 0.86 |
| Liability towards supplier bills discounted | 9.93 | 11.27 |
| Unclaimed dividend (refer note 13) | 4.55 | 4.04 |
| Employee benefits payable | 35.39 | 29.28 |
| Other payables* | 15.01 | 6.61 |
| | 68.35 | 54.00 |

b. Financial liabilities at amortised cost

Interest accrued but not due on borrowings

Liability towards supplier bills discounted

Unclaimed dividend (refer note 13)

Employee benefits payable

Other payables*

* includes managerial commission of ₹ 8.41 (March 31, 2021: ₹ Nil) (also refer note 37).

The Company's exposure to currency risk and liquidity risk related to other financial liability are disclosed in note 35.

22 Other current liabilities

Advance from customers

Statutory dues

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| 23 Revenue from operations | | |
| a) Revenue from sale of products | 4,052.31 | 2,976.61 |
| b) Rendering of services | 0.65 | 0.28 |
| c) Other operating revenues (refer note (i) below) | 119.61 | 88.14 |
| | 4,172.57 | 3,065.03 |
| Note: | | |
| (i) Other operating revenues | | |
| (i) Scrap sales | 94.64 | 54.45 |
| (ii) Export incentives | 21.72 | 22.46 |
| (iii) Others | 3.25 | 11.23 |
| | 119.61 | 88.14 |
| (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) | 2,631.22 | 1,966.90 |
| (ii) Exports | 1,421.09 | 1,009.71 |
| | 4,052.31 | 2,976.61 |
| b) Rendering of services | 0.65 | 0.28 |
| c) Scrap sales | 94.64 | 54.45 |
| d) Total revenue from contracts with customers (a+b+c) | 4,147.60 | 3,031.34 |
| e) Other operating revenues | | |
| - Export incentives | 21.72 | 22.46 |
| - Others | 3.25 | 11.23 |
| Total other operating revenue (e) | 24.97 | 33.69 |
| Total revenue from operations (d + e) | 4,172.57 | 3,065.03 |
| (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) | 838.71 | 715.06 |
| Advance from customer (refer note 22) | 10.05 | 2.87 |
| 24 Other income | | |
| Interest income | | |
| - on bank deposit | 0.06 | 1.78 |
| - on others | 1.37 | 4.32 |
| Net foreign exchange gain | 16.78 | 3.94 |
| Dividend income from | | |
| - subsidiary companies | 2.20 | 0.79 |
| - other companies | 0.68 | 0.41 |
| Profit on sale of assets, net | - | 0.03 |
| Gain on sale of investments in mutual funds | 0.74 | 0.97 |
| Other non-operating income | 3.78 | 4.33 |
| | 25.61 | 16.57 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| 25 Cost of materials consumed | | |
| Opening stock of raw materials and components | 186.94 | 143.59 |
| Add: Purchases made during the year | 1,928.55 | 1,311.05 |
| Less: Closing stock of raw materials and components | 211.04 | 186.94 |
| | 1,904.45 | 1,267.70 |
| 26 Changes in inventories of finished goods and work-in-progress | | |
| A) Opening stock: | | |
| Work-in-progress | 129.41 | 115.02 |
| Finished goods | 188.73 | 179.21 |
| | 318.14 | 294.23 |
| B) Closing stock: | | |
| Work-in-progress | 158.95 | 129.41 |
| Finished goods | 257.16 | 188.73 |
| | 416.11 | 318.14 |
| Total (A- B) | (97.97) | (23.91) |
| 27 Employee benefits expense | | |
| Salaries and wages | 271.21 | 236.82 |
| Expenses relating to post-employment benefit plans (refer note 17) | 4.06 | 4.10 |
| Contribution to provident and other funds (refer note below) | 10.44 | 11.35 |
| Staff welfare expenses | 26.02 | 19.17 |
| | 311.73 | 271.44 |
| 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 ₹ 9.51 (March 31, 2021: ₹ 10.20). | | |
| 28 Finance costs | | |
| Interest expense | | |
| - on financial liabilities measured at amortised cost | 7.68 | 20.61 |
| - on lease liabilities (refer note 39) | 1.02 | 1.34 |
| Exchange differences regarded as an adjustment to borrowing costs | 7.17 | (6.81) |
| Less: Borrowing costs capitalised (also refer note below) | (2.48) | (0.98) |
| | 13.39 | 14.16 |
| 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 3.39% per annum (March 31, 2021: 2.07%) per annum. | | |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| 29 Depreciation and amortisation expense | | |
| Depreciation on property, plant and equipment (refer note 5(a)) | 146.09 | 140.69 |
| Depreciation on investment property (refer note 5(c)) | 0.02 | 0.02 |
| Amortisation of right of use assets (refer note 5(d) and note 39) | 5.97 | 5.14 |
| Amortisation of intangible assets (refer note 5(e)) | 0.75 | 0.73 |
| | 152.83 | 146.58 |
| 30 Other expenses | | |
| Consumption of stores, tools and spares | 409.06 | 300.55 |
| Power and fuel | 178.47 | 138.78 |
| Repairs and maintenance | | |
| - buildings | 36.54 | 25.57 |
| - plant and equipment | 56.49 | 40.29 |
| - other assets | 6.81 | 6.43 |
| Sub-contract expenses | 391.87 | 286.88 |
| Auditor's remuneration (refer note below) | 0.96 | 1.17 |
| Expenditure on corporate social responsibility (refer note 33) | 9.78 | 10.92 |
| Freight and cartage outward | 147.87 | 85.38 |
| Loss on sale of property, plant and equipment, net | 1.01 | - |
| Loss allowance on trade receivables | 6.66 | - |
| Miscellaneous expenses (Under this head there are no expenditure which is in excess of 1% of revenue from operations) | 82.27 | 71.55 |
| | 1,327.79 | 967.52 |
| Note: | | |
| Auditor's remuneration | | |
| As auditor | 0.85 | 0.82 |
| Taxation matters | 0.03 | 0.13 |
| Other services | 0.05 | 0.18 |
| Reimbursement of expenses | 0.03 | 0.04 |
| | 0.96 | 1.17 |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|--------------|------------------------------|------------------------------|
| 31 Earnings per share (EPS) | | | |
| Net profit attributable to equity shareholders | (A) | 407.46 | 328.14 |
| 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) | 19.39 | 15.62 |

Diluted earnings per share

The Company does not have any potential equity shares. Accordingly, basic and diluted EPS are the same.

32 Other statutory information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company has not traded or invested in Crypto currency or virtual currency during the financial year.
- (iii) A) The Company loaned ₹ 7.82 (including extension of existing loan) during the year to Sundram International Limited (wholly owned subsidiary of the Company), an intermediary, which has inturn loaned such amount to Cramlington Precision Forge Limited ('CPFL') (wholly owned subsidiary of Sundram International Limited), the ultimate beneficiary of such loan. This loan was made in the ordinary course of business to facilitate the working capital requirements of CPFL.
B) The Company has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - 1) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - 2) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (iv) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (v) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vi) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond statutory period except the following:

| Chargeholder Name | Registrar location | As at March 31, 2022 | As at March 31, 2021 |
|---|--------------------|-------------------------|-------------------------|
| The Hongkong And Shanghai Banking Corporation Limited | Chennai | 50.00 | 50.00 |
| Government of Tamilnadu | Chennai | 2.80 | 2.80 |
| Canara Bank | Chennai | 37.00 | 37.00 |
| ANZ Grindlays Bank | Chennai | 1.10 | 1.10 |

* The Company is awaiting for No-objection certificate from concerned chargeholders for filing the requisite satisfaction of charges with ROC.

- (vii) Transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 are as follows:-

| Name of the struck off Company | Nature of transaction | As at March 31, 2022 | As at March 31, 2021 | Relationship with the Struck off Company |
|--|------------------------------------|-------------------------|-------------------------|--|
| Resems Instruments Private Limited | Payable for purchase of equipments | 180,000 | 180,000 | Third party supplier |
| Rvee Business Solution Private Limited | Payable for purchase of goods | 118,185 | 118,185 | Third party supplier |
| Sha Hydraulics Private Limited | Payable for purchase of goods | 82,500 | 82,500 | Third party supplier |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| 33 Expenditure on corporate social responsibility (CSR) | | |
| a) Amount required to be spent by the Company during the year | 9.78 | 10.92 |
| b) Amount spent during the year (in cash): | | |
| (i) Construction / acquisition of asset | - | - |
| (ii) On purposes other than (i) above | | |
| a) Education | 1.96 | 4.30 |
| b) Healthcare | 4.82 | 6.00 |
| c) Mental health education | 1.50 | - |
| d) Others | 0.86 | 0.62 |
| | 9.14 | 10.92 |
| c) Shortfall at the end of the year | 0.64 | - |
| d) Total of previous years shortfall | - | - |
| e) Reason for shortfall | Refer note 1 below | NA |
| f) Details of related party transactions | Refer note 2 below | Refer note 2 below |
| g) The movements in the provision for unspent CSR (relating to ongoing project) is as follows: | | NA |
| Opening balance | - | - |
| Amount required to be spent during the year | 9.78 | - |
| Amount spent during the year | 9.14 | - |
| Closing balance | 0.64 | - |

Note 1: In view of the impact of Covid-19 Pandemic, certain activities to complete the shooting schedules relating to wildlife photography project were postponed which were originally planned to be completed by January 2022, resulting in postponement of planned spend.

Note 2 : The above expenditure includes contribution to Krishna Educational Society, over which the Company has significant influence (also refer note 37).

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

34 Ratios as per the schedule III requirements:

a) Current ratio = Current assets divided by Current liabilities

| Particulars | March 31, 2022 | March 31, 2021 |
|------------------------------------|----------------|----------------|
| Current assets | 1,628.62 | 1,344.35 |
| Current liabilities | 964.24 | 840.40 |
| Ratio | 1.69 | 1.60 |
| % change from previous year | 5.6% | |

Reason for change more than 25% : Not applicable

b) Debt-Equity Ratio = Total debt divided by total equity where total debt represents aggregate of current and non-current borrowings

| Particulars | March 31, 2022 | March 31, 2021 |
|------------------------------------|----------------|----------------|
| Total debt | 461.04 | 456.03 |
| Total equity | 2,545.27 | 2,333.04 |
| Ratio | 0.18 | 0.20 |
| % change from previous year | (7.3%) | |

Reason for change more than 25% : Not applicable

c) Debt Service Coverage Ratio = Earnings available for debt services divided by total interest and principal repayments

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Profit after tax | 407.46 | 328.14 |
| Add: | | |
| Depreciation and amortisation expense | 152.83 | 146.58 |
| Finance cost | 13.39 | 14.16 |
| Earnings available for debt services | 573.68 | 488.88 |
| Interest payment on borrowings | 7.68 | 20.61 |
| Lease payments | 7.35 | 5.10 |
| Principal repayments | 37.03 | - |
| Total interest and principal repayments | 52.06 | 25.71 |
| Ratio | 11.02 | 19.02 |
| % change from previous year | (42.1%) | |

Reason for change more than 25% : There was no repayment of long term borrowings in the previous year (which was in accordance with the schedule of repayments). Further average funds borrowed for working capital purposes was higher in the previous year.

d) Return on Equity ratio / Return on investment ratio = Profit after tax divided by average total equity

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| Profit after tax | 407.46 | 328.14 |
| Average total equity (refer note below) | 2,439.16 | 2,174.99 |
| Ratio | 16.71% | 15.09% |
| % change from previous year | 10.7% | |

Note: Average shareholders equity = (Total equity as at beginning of respective year + total equity as at end of respective year) divided by 2

Reason for change more than 25% : Not applicable

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

34 Ratios as per the schedule III requirements: (Contd.)**e) Inventory turnover ratio = Cost of goods sold divided by average inventory**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|-----------------------|-----------------------|
| Cost of goods sold (refer note 1 below) | 2,607.41 | 1,831.22 |
| Average inventory (refer note 2 below) | 625.10 | 525.86 |
| Ratio | 4.17 | 3.48 |
| % change from previous year | 19.8% | |

Note:

1. Cost of goods sold includes cost of materials consumed and changes in inventories of finished goods and work-in-progress, consumption of stores, tools and spares and sub-contract expenses.
2. Average inventory = (Total inventory as at beginning of respective year + total inventory as at end of respective year) divided by 2.

Reason for change more than 25% : Not applicable

f) Trade receivables turnover ratio = Sales divided by average trade receivables

| Particulars | March 31, 2022 | March 31, 2021 |
|--|-----------------------|-----------------------|
| Turnover (refer note 1 below) | 4,150.85 | 3,042.57 |
| Average trade receivables (refer note 2 below) | 776.89 | 627.35 |
| Ratio | 5.34 | 4.85 |
| % change from previous year | 10.2% | |

Note:

1. Turnover represents revenue from operations excluding export incentives
2. Average trade receivables = (Total trade receivables as at beginning of respective year + total trade receivables as at end of respective year) divided by 2.

Reason for change more than 25% : Not applicable

g) Trade payables turnover ratio = Purchases divided by average trade payables

| Particulars | March 31, 2022 | March 31, 2021 |
|---|-----------------------|-----------------------|
| Purchases (refer note 1 below) | 2,729.48 | 1,898.48 |
| Average trade payables (refer note 2 below) | 462.94 | 374.66 |
| Ratio | 5.90 | 5.07 |
| % change from previous year | 16.4% | |

Note:

1. Purchases includes purchases made during the year, consumption of stores, tools and spares and sub-contract expenses.
2. Average trade payables = (Total Trade Payables as at beginning of respective year + Total Trade Payables as at end of respective year) divided by 2

Reason for change more than 25% : Not applicable

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

34 Ratios as per the schedule III requirements: (Contd.)

h) Net capital turnover ratio = Revenue from operations divided by working capital

| Particulars | March 31, 2022 | March 31, 2021 |
|-------------------------------------|----------------|----------------|
| Revenue from operations | 4,172.57 | 3,065.03 |
| Workings capital (refer note below) | 664.38 | 503.95 |
| Ratio | 6.28 | 6.08 |
| % change from previous year | 3.3% | |

Note: Working capital = Current assets - Current liabilities

Reason for change more than 25% : Not applicable

i) Net profit ratio = Net profit after tax divided by Revenue from operations

| Particulars | March 31, 2022 | March 31, 2021 |
|------------------------------------|----------------|----------------|
| Net profit after tax | 407.46 | 328.14 |
| Revenue from operations | 4,172.57 | 3,065.03 |
| Ratio | 9.77% | 10.71% |
| % change from previous year | (8.8%) | |

Reason for change more than 25% : Not applicable

j) Return on Capital employed = Earnings before interest and taxes (EBIT) divided by capital employed

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| Earnings before interest and taxes (refer note 1 below) | 569.35 | 452.27 |
| Capital employed (refer note 2 below) | 3,129.74 | 2,913.74 |
| Ratio | 18.19% | 15.52% |
| % change from previous year | 17.2% | |

Note:

1. EBIT = Profit before taxes + finance cost

2. Capital employed = Total equity + total debt + deferred tax liabilities + lease liabilities

Reason for change more than 25% : Not applicable

k) Return on investments = Income generated from invested funds divided by Average invested funds in treasury investments

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Income generated from invested funds | 0.74 | 0.97 |
| Invested funds in treasury investments | 25.55 | 32.95 |
| Ratio | 2.90% | 2.94% |
| % change from previous year | (1.6%) | |

Reason for change more than 25% : Not applicable

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 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, 2022 | | | | March 31, 2021 | | | |
|---|------|----------------|--------------|-----------------|-----------------|----------------|--------------|----------------|---------------|
| | | FVTPL | FVOCI | Amortised cost | Total | FVTPL | FVOCI | Amortised cost | Total |
| Financial assets | | | | | | | | | |
| Investments (excluding investments in subsidiaries) | 6 | 7.93 | 64.91 | - | 72.84 | 15.50 | 44.94 | - | 60.44 |
| Loans | 7 | - | - | 17.11 | 17.11 | - | - | 13.89 | 13.89 |
| Security deposits | 8 | - | - | 24.30 | 24.30 | - | - | 30.82 | 30.82 |
| Derivative assets | 8 | 0.35 | - | - | 0.35 | 0.09 | - | - | 0.09 |
| Advances recoverable | 8 | - | - | 4.02 | 4.02 | - | - | 2.33 | 2.33 |
| Interest receivable | 8 | - | - | 0.82 | 0.82 | - | - | 1.09 | 1.09 |
| Trade receivables | 12 | - | - | 838.71 | 838.71 | - | - | 715.06 | 715.06 |
| Cash and cash equivalents | 13 | - | - | 14.01 | 14.01 | - | - | 12.85 | 12.85 |
| Bank balance other than cash and cash equivalents | 13 | - | - | 17.75 | 17.75 | - | - | 4.04 | 4.04 |
| Total financial assets | | 8.28 | 64.91 | 916.72 | 989.91 | 15.59 | 44.94 | 780.08 | 840.61 |
| Financial liabilities | | | | | | | | | |
| Borrowings | 15 | - | - | 461.04 | 461.04 | - | - | 456.03 | 456.03 |
| Lease liabilities | 16 | - | - | 5.41 | 5.41 | - | - | 9.65 | 9.65 |
| Trade payables | 20 | - | - | 472.33 | 472.33 | - | - | 453.54 | 453.54 |
| Premium on financial guarantee | 21 | 2.56 | - | - | 2.56 | 1.94 | - | - | 1.94 |
| Interest accrued but not due on borrowings | 21 | - | - | 0.91 | 0.91 | - | - | 0.86 | 0.86 |
| Liability towards supplier bills discounted | 21 | - | - | 9.93 | 9.93 | - | - | 11.27 | 11.27 |
| Unclaimed dividend | 21 | - | - | 4.55 | 4.55 | - | - | 4.04 | 4.04 |
| Employee benefits payable | 21 | - | - | 35.39 | 35.39 | - | - | 29.28 | 29.28 |
| Other payables | 21 | - | - | 15.01 | 15.01 | - | - | 6.61 | 6.61 |
| Total financial liabilities | | 2.56 | - | 1,004.57 | 1,007.13 | 1.94 | - | 971.28 | 973.22 |

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

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 Financial instruments - Fair values and risk management (Contd.)

B 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, 2022 | | | | March 31, 2021 | | | |
|---|------|-----------------|--------------|-------------|--------------|-----------------|--------------|-------------|--------------|
| | | 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 | 72.84 | 18.76 | - | 54.08 | 60.44 | 19.19 | - | 41.25 |
| Loans # | 7 | 17.11 | - | - | - | 13.89 | - | - | - |
| Security deposits # | 8 | 24.30 | - | - | - | 30.82 | - | - | - |
| Derivative assets | 8 | 0.35 | - | 0.35 | - | 0.09 | - | 0.09 | - |
| Advances recoverable # | 8 | 4.02 | - | - | - | 2.33 | - | - | - |
| Interest receivable # | 8 | 0.82 | - | - | - | 1.09 | - | - | - |
| Trade receivables # | 12 | 838.71 | - | - | - | 715.06 | - | - | - |
| Cash and cash equivalents # | 13 | 14.01 | - | - | - | 12.85 | - | - | - |
| Bank balance other than cash and cash equivalents # | 13 | 17.75 | - | - | - | 4.04 | - | - | - |
| Total financial assets | | 989.91 | 18.76 | 0.35 | 54.08 | 840.61 | 19.19 | 0.09 | 41.25 |
| Financial liabilities | | | | | | | | | |
| Borrowings # | 15 | 461.04 | - | - | - | 456.03 | - | - | - |
| Lease liabilities # | 16 | 5.41 | - | - | - | 9.65 | - | - | - |
| Trade payables # | 20 | 472.33 | - | - | - | 453.54 | - | - | - |
| Premium on financial guarantee | 21 | 2.56 | - | 2.56 | - | 1.94 | - | 1.94 | - |
| Interest accrued but not due on borrowings # | 21 | 0.91 | - | - | - | 0.86 | - | - | - |
| Liability towards supplier bills discounted # | 21 | 9.93 | - | - | - | 11.27 | - | - | - |
| Unclaimed dividend # | 21 | 4.55 | - | - | - | 4.04 | - | - | - |
| Employee benefits payable # | 21 | 35.39 | - | - | - | 29.28 | - | - | - |
| Other payables # | 21 | 15.01 | - | - | - | 6.61 | - | - | - |
| Total financial liabilities | | 1,007.13 | - | 2.56 | - | 973.22 | - | 1.94 | - |

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 STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 Financial instruments - Fair values and risk management (Contd.)

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 | The estimated fair value would increase / (decrease) if: <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.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 Financial instruments - Fair values and risk management (Contd.)

Financial 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 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 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, 2022 | | | | | | | | |
| Trade receivables | 287.87 | 31.51 | 59.46 | 378.84 | - | - | - | - |
| Cash and cash equivalents | 0.31 | - | - | 0.31 | - | - | - | - |
| Investments | - | - | - | - | 1.73 | 209.37 | 1.75 | 212.85 |
| Trade payables | (11.08) | (1.15) | (6.03) | (18.26) | - | - | - | - |
| Borrowings | (75.80) | - | - | (75.80) | (113.70) | - | - | (113.70) |
| Others | (0.59) | 0.58 | - | (0.01) | 0.07 | 7.71 | - | 7.78 |
| | 200.71 | 30.94 | 53.43 | 285.08 | (111.90) | 217.08 | 1.75 | 106.93 |
| March 31, 2021 | | | | | | | | |
| Trade receivables | 269.14 | 16.54 | 46.90 | 332.58 | - | - | - | - |
| Cash and cash equivalents | 0.31 | - | - | 0.31 | - | - | - | - |
| Investments | - | - | - | - | 2.36 | 238.70 | - | 241.06 |
| Trade payables | (18.91) | (1.49) | (14.80) | (35.20) | - | - | - | - |
| Borrowings | (36.56) | - | - | (36.56) | (182.80) | - | - | (182.80) |
| Others | (0.60) | 0.40 | (0.64) | (0.84) | 0.07 | 6.30 | - | 6.37 |
| | 213.38 | 15.45 | 31.46 | 260.29 | (180.37) | 245.00 | - | 64.63 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 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, 2022 (March 31, 2021: 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, 2022 | Year ended March 31, 2021 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Increase / (decrease) in profit and equity | | | | |
| USD | (4.44) | (1.65) | 4.44 | 1.65 |
| GBP | (12.40) | (13.02) | 12.40 | 13.02 |
| EUR and others | (2.76) | (1.57) | 2.76 | 1.57 |
| | (19.60) | (16.24) | 19.60 | 16.24 |

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 and repayment of External commercial borrowings to a foreign bank. 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, 2022 | | Year ended March 31, 2021 | |
|--|---------------------------|--------------------|---------------------------|--------------------|
| | Less than 180 days | More than 180 days | Less than 180 days | More than 180 days |
| <i>Receivables</i> | | | | |
| Forward exchange contracts maturing | | | | |
| Net exposure | 34.59 | - | 103.10 | - |
| Average ₹/ USD forward contract rate | 76.86 | - | 73.65 | - |
| <i>External Commercial Borrowings</i> | | | | |
| Forward exchange contracts maturing | | | | |
| Net exposure | 5.68 | - | - | - |
| Average ₹/ USD forward contract rate | 75.74 | - | - | - |

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 15% (March 31, 2021: 4%) of its borrowings at a fixed rate of interest.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 Financial instruments - Fair values and risk management (Contd.)

Interest rate exposure

| Particulars | Floating rate borrowings | Fixed rate borrowings | Total borrowings |
|-----------------------------|--------------------------|-----------------------|------------------|
| Rupee loans | 201.54 | 70.00 | 271.54 |
| USD loans | 189.50 | - | 189.50 |
| As at March 31, 2022 | 391.04 | 70.00 | 461.04 |
| Rupee loans | 216.67 | 20.00 | 236.67 |
| USD loans | 219.36 | - | 219.36 |
| As at March 31, 2021 | 436.03 | 20.00 | 456.03 |

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, 2022 and March 31, 2021. 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, 2022 | As at March 31, 2021 |
|----------|-----|-------------------------|-------------------------|
| Increase | +1% | (3.91) | (4.36) |
| Decrease | -1% | 3.91 | 4.36 |

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 ₹ 18.76 (March 31, 2021: ₹ 19.19).

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 Financial instruments - Fair values and risk management (Contd.)**b) Credit risk (Contd.)**

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

| Particulars | Reference | Carrying Amount | |
|--|-----------|-------------------------|-------------------------|
| | | As at March 31, 2022 | As at March 31, 2021 |
| Trade receivables | (i) | 838.71 | 715.06 |
| Investments | (ii) | 72.84 | 60.44 |
| Loans | (iii) | 17.11 | 13.89 |
| Cash and cash equivalents | (iv) | 14.01 | 12.85 |
| Bank balances other than cash and cash equivalents | (iv) | 17.75 | 4.04 |
| Security deposits | (v) | 24.30 | 30.82 |
| Derivative assets | (v) | 0.35 | 0.09 |
| Advances recoverable | (v) | 4.02 | 2.33 |
| Interest receivable | (v) | 0.82 | 1.09 |
| Total | | 989.91 | 840.61 |

(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. 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, 2022 | As at March 31, 2021 |
|--|-------------------------|-------------------------|
| Not more than 180 days | 815.89 | 712.06 |
| More than 180 days | 34.15 | 7.67 |
| Sub-total | 850.04 | 719.73 |
| Less: Loss allowance in accordance with expected credit loss model | (11.33) | (4.67) |
| Total | 838.71 | 715.06 |

(ii) Investments

Investments of surplus funds are made only with approval of Board of Directors. Investments primarily include investments in equity instruments of various listed entities, power generation companies, compulsorily convertible preference shares and other trade investments. The Company does not expect significant credit risks arising from these investments after considering impact of COVID-19 pandemic.

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 Financial instruments - Fair values and risk management (Contd.)

b) Credit risk (Contd.)

(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, 2022 | As at March 31, 2021 |
|----------------------------|-------------------------|-------------------------|
| Loans to related parties | 15.52 | 12.12 |
| Loans to employees | 1.59 | 1.77 |
| Net carrying amount | 17.11 | 13.89 |

(iv) Cash and cash equivalents and Bank balances other than 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, derivative assets, 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.

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, 2022 | Carrying amount | Less than 180 days | More than 180 days |
|---|--------------------|-----------------------|-----------------------|
| Borrowings* | 461.04 | 347.34 | 113.70 |
| Lease liabilities | 5.41 | 1.69 | 3.72 |
| Premium on financial guarantee | 2.56 | 0.63 | 1.93 |
| Interest accrued but not due on borrowings | 0.91 | 0.91 | - |
| Trade payables | 472.33 | 466.16 | 6.17 |
| Liability towards supplier bills discounted | 9.93 | 9.93 | - |
| Unclaimed dividend | 4.55 | 0.45 | 4.10 |
| Employee benefits payable | 35.39 | 27.28 | 8.12 |
| Other payables | 15.01 | 8.43 | 6.58 |
| Total | 1,007.13 | 862.82 | 144.32 |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 Financial instruments - Fair values and risk management (Contd.)**c) Liquidity risk (Contd.)**

| As at March 31, 2021 | Carrying amount | Less than 180 days | More than 180 days |
|---|-----------------|--------------------|--------------------|
| Borrowings* | 456.03 | 273.23 | 182.80 |
| Lease liabilities | 9.65 | 2.75 | 6.90 |
| Premium on financial guarantee | 1.94 | 0.44 | 1.50 |
| Interest accrued but not due on borrowings | 0.86 | 0.86 | - |
| Trade payables | 453.54 | 439.22 | 14.32 |
| Liability towards supplier bills discounted | 11.27 | 11.27 | - |
| Unclaimed dividend | 4.04 | 4.04 | - |
| Employee benefits payable | 29.28 | 13.44 | 15.84 |
| Other payables | 6.61 | - | 6.61 |
| Total | 973.22 | 745.25 | 227.97 |

*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.

36 Contingencies and commitments**a) Contingent liabilities****- Claims against the company not acknowledged as debt**

Legal claims

- Sales tax / Entry tax - under appeal

- Excise duty / Customs duty / Service tax / GST - under appeal

- Income-tax - under appeal

- Others

| | As at March 31, 2022 | As at March 31, 2021 |
|--|-------------------------|-------------------------|
| | 12.54 | 12.81 |
| | 4.36 | 3.20 |
| | 1.74 | 3.20 |
| | 1.00 | 1.00 |
| | 19.64 | 20.21 |

(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 Company challenging the same and pending before 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 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.

Including the matters disclosed above, the Company is involved in taxation matters that arise from time to time in the ordinary course of business. Judgement is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matters progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, where the management considered necessary, the Company believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters.

Management is of the view that above matters will not have any material adverse effect on the Company's financial position and results of operations.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

37 Related party disclosures (Contd.)

(C) Step down subsidiary companies

Foreign subsidiaries

- (1) Sundram Fasteners (Zhejiang) Limited, Zhejiang, People's 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 (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 (Employees)

Enterprises over which KMP are able to exercise significant influence

- (1) Krishna Educational Society
- (2) Suresh Krishna HUF

(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*

(B) Non-executive directors

- (1) Mr S Mahalingam
- (2) Mr Heramb R Hajarnavis
- (3) Mr B Muthuraman
- (4) Ms Preethi Krishna
- (5) Dr. Nirmala Lakshman and
- (6) Mr R Srinivasan (upto 21.09.2021)

(C) 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, 2022 (Contd.)

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

37 Related party disclosures (Contd.)

(III) Subsidiaries / joint ventures / associates of ultimate holding company:

- (1) Southern Roadways Private Limited, Madurai, India (upto January 6, 2022)
- (2) The Associated Auto Parts Private Limited, Mumbai, India (upto February 3, 2022)
- (3) Sundaram-Clayton Limited, Chennai, India (upto February 3, 2022)
- (4) Madurai Trans Carrier Limited, Chennai, India (upto February 3, 2022)
- (5) TVS Electronics Limited, Chennai, India (upto February 3, 2022)
- (6) TVS Motor Company Limited, Chennai, India (upto February 3, 2022)
- (7) Lucas TVS Limited, Chennai, India (upto February 3, 2022)
- (8) TVS Training and Services Limited, Chennai, India (upto February 3, 2022)
- (9) Lucas Indian Services Limited, Mumbai, India (upto February 3, 2022)
- (10) India Motor Parts & Accessories Limited, Chennai, India (upto February 3, 2022)
- (11) Delphi TVS Technologies Limited, Chennai, India (upto February 3, 2022)
- (12) Wheels India Limited, Chennai, India (upto February 3, 2022)
- (13) Brakes India Private Limited, Chennai, India (upto February 3, 2022)
- (14) TVS Supply Chain Solutions Limited, Madurai, India (upto February 3, 2022)
- (15) India Nippon Electricals Limited, Chennai, India (upto February 3, 2022)
- (16) TVS Automobile Solutions Private Limited, Madurai, India (upto February 3, 2022)
- (17) TVS Argomm Private Limited, Madurai, India (upto February 3, 2022)
- (18) Sundaram Industries Private Limited, Madurai, India (upto February 3, 2022) and
- (19) Ki Mobility Solutions Private Limited, Madurai, India (upto February 3, 2022)

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

37 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 | 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) | 3.88 | - | - | - | - | 2.22 |
| Shares | (0.20) | - | - | - | - | (6.28) |
| Fixed assets | 0.75 | - | - | - | - | - |
| | (0.90) | - | - | - | - | (7.50) |
| | - | 1.09 | - | - | - | - |
| | - | (0.81) | - | - | - | - |
| Sales | | | | | | |
| Goods and materials | 14.54 | 87.81 | - | - | - | 141.76 |
| Fixed assets | (14.36) | (76.40) | - | - | - | (139.69) |
| | - | - | - | - | - | - |
| | - | (0.30) | - | - | - | - |
| Services | | | | | | |
| Rendered | 0.55 | - | - | - | - | - |
| Received | (0.03) | - | - | - | - | - |
| | 8.04 | 0.06 | - | - | - | 9.73 |
| | (9.00) | (1.78) | - | - | - | (5.42) |
| Finance | | | | | | |
| Interest on inter-corporate loans | 0.69 | - | - | - | - | - |
| Dividend received | (0.63) | - | - | - | - | - |
| Dividend paid | 2.20 | - | - | - | - | - |
| | (0.79) | - | - | - | - | - |
| | - | 85.26 | 0.13 | 0.08 | - | 17.26 |
| | - | (6.93) | (0.02) | (0.01) | - | (6.60) |
| Others | | | | | | |
| Leasing inward or outward / hire purchase arrangements | 0.01 | 0.03 | 1.14 | 0.06 | 0.01 | - |
| Guarantees and collaterals furnished or availed | (0.01) | - | (1.17) | (0.07) | - | (0.08) |
| Post employee benefit contribution | 139.68 | - | - | - | - | - |
| Donations | (91.23) | - | - | - | - | - |
| | - | - | - | - | 8.10 | - |
| | - | - | - | - | (8.03) | - |
| | - | - | - | - | 2.14 | - |
| | - | - | - | - | (3.85) | - |
| Impairment of investments | 30.00 | - | - | - | - | - |
| Loans given (including renewal of loan of ₹ 6.3 crores) | - | - | - | - | - | - |
| | 9.82 | - | - | - | - | - |
| | - | - | - | - | - | - |

Sundram Fasteners Limited

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

37 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 |
|---|----------------------|--------------------------|--------------------------|---------------------------------------|--------|--|
| Loss allowance on trade receivable | 6.66 | - | - | - | - | - |
| | - | - | - | - | - | - |
| Management contracts | - | - | 15.12 | 0.03 | - | - |
| | - | - | (4.18) | (0.03) | - | - |
| Outstanding balances | | | | | | |
| Investments | 249.87 | - | - | - | - | - |
| | (276.72) | - | - | - | - | - |
| Outstanding loan (including interest and renewal of loan), due to the Company | 16.10 | - | - | - | - | - |
| | (12.52) | - | - | - | - | - |
| Due to the Company | 20.62 | 23.28 | - | - | - | - |
| | (9.97) | (12.28) | - | - | - | (32.24) |
| Due by the Company | 0.81 | - | - | - | - | - |
| | (0.25) | (0.47) | - | - | - | (2.68) |
| Guarantees given outstanding | 210.99 | - | - | - | - | - |
| | (211.76) | - | - | - | - | - |

(Previous year figures are in brackets)

(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).

38 Particulars of loans, guarantees and investments under Section 186 of the Companies Act, 2013 during the financial year ended March 31, 2022

| Name of the body corporate | Nature of transaction | Amount of transaction | Purpose for which the loan / security / acquisition of shares / guarantee utilised by recipient |
|--|----------------------------|-----------------------|---|
| TVS Engineering Limited, Chennai | Acquisition | 0.75 | Investment in equity shares |
| TVS Engineering Limited, Chennai | Loan given | 1.99 | For working capital purpose |
| Sundram International Limited, United Kingdom | Loan given | 1.53 | For working capital purpose |
| TVS Upasana Limited, Chennai | Guarantee | 15.00 | For availing Term loan facility from bank |
| Sundram Fasteners (Zhejiang) Limited | Guarantee | 124.68 | For availing Term loan and working capital facility from bank |
| Sundaram Overnight Fund Direct Growth Scheme of Sundaram Asset Management Co Limited, Chennai | Investment in mutual funds | 2,210.50 | Treasury investments |
| Sundaram Liquid Fund Direct Growth Scheme of Sundaram Asset Management Co Limited, Chennai | Investment in mutual funds | 20.00 | Treasury investments |
| Sundaram Ultra Short Term Fund Direct Growth Scheme of Sundaram Asset Management Co Limited, Chennai | Investment in mutual funds | 35.00 | Treasury investments |

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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.

The following are the disclosures that has been made pursuant to Ind AS 116 requirements:

(i) **Right of use assets**

Refer note 5 (d) for detailed break-up of right of use assets and amortisation thereon.

(ii) **Lease liabilities**

| | As at March 31, 2022 | As at March 31, 2021 |
|--|-------------------------|-------------------------|
| Maturity analysis - contractual undiscounted cash flows | | |
| Not later than one year | 3.79 | 6.35 |
| Later than one year and not later than five years | 2.38 | 4.78 |
| More than five years | - | - |
| Total undiscounted lease liabilities | 6.17 | 11.13 |
| Lease liabilities | | |
| Current | 3.37 | 5.49 |
| Non-current | 2.04 | 4.16 |

(iii) **Amounts recognised in profit or loss**

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| Interest on lease liabilities | 1.02 | 1.34 |
| Amortisation of right of use assets (refer note 5(d)) | 5.97 | 5.14 |
| Expenses relating to short-term leases | 4.25 | 5.50 |

(iv) **Amounts recognized in the statement of cash flows**

| | | |
|---|------|------|
| Total cash outflow towards lease payments (excluding short-term leases) | 7.35 | 5.10 |
|---|------|------|

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

ARATHI KRISHNA

Managing Director

(DIN: 00517456)

S MEENAKSHISUNDARAM

Whole Time Director & Chief Financial Officer

(DIN: 00513901)

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

Executive Vice President - Finance & Company Secretary

(ACS Membership No: A19802)

Place : Chennai

Date : April 22, 2022

**Consolidated Financial Statements
2021 - 2022**

Independent Auditors' 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, 2022, 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, 2022, 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 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 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>Accordingly, taxation and contingent liability related matters are areas of focus in the audit.</p> <p>Refer Notes 3,18 and 36 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 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. |

Sundram Fasteners Limited

| Revenue recognition | |
|--|---|
| 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>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. |

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 the 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

Sundram Fasteners Limited

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 seven subsidiaries, whose financial statements reflect total assets of ₹ 805.99 crores as at March 31, 2022, total revenues of ₹ 517.59 crores and net cash inflows amounting to ₹ 12.69 crores for the year ended on that date, as considered in the Consolidated Ind AS financial statements. These financial statements 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 of two subsidiaries (including one step down subsidiary), whose financial statements reflect total assets of ₹ 9.56 crores as at March 31, 2022, total revenues of ₹ 15.93 crores and net cash outflows amounting to ₹ 1.24 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 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. In our opinion and according to the information and explanations given to us by the Management, these financial statements 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 certified by the Management.

Report on Other Legal and Regulatory Requirements

- A. As required by the Companies (Auditors' Report) Order, 2020 ("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.
- B. 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, 2022 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, 2022 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 B".

C. 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:

- a) The Consolidated Ind AS financial statements disclose the impact of pending litigations as at March 31, 2022 on the consolidated financial position of the Group. Refer note 35 to the Consolidated Ind AS financial statements.
- b) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2022.
- c) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Group during the year ended March 31, 2022.
- d)
 - i. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies incorporated in India or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
 - (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
 - (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
- e) The dividend declared or paid during the year by the Holding Company and its subsidiary companies incorporated in India is in compliance with Section 123 of the Act;

D. 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/W100022

S Sethuraman

Partner

Membership No.: 203491

ICAI UDIN: 22203491AHQDHB7469

Place : Chennai

Date : April 22, 2022

Sundram Fasteners Limited

B S R & Co. LLP
Chartered Accountants

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

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, 2022

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

Claude (xxi) of Companies (Auditor's Report) Order (CARO) reports

In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks, qualifications or adverse remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

| Sr. No. | Name of the entities | CIN | Holding Company / Subsidiary / JV / Associate |
|---------|---------------------------|-----------------------|---|
| 1 | Sundram Fasteners Limited | L35999TN1962PLC004943 | Holding Company |

Clause number and extract of the standalone CARO report which is unfavourable or qualified or adverse

"(ii)(a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records, wherever applicable. In our opinion, the frequency of such verification is reasonable and the coverage and procedures as followed by management were appropriate. In the case of one class of inventory the discrepancies noticed on verification between the physical stocks and the book records were more than 10% in the aggregate and these have been properly dealt with in the books of account."

| | | | |
|---|---------------------|-----------------------|------------|
| 2 | TVS Upasana Limited | U65991TN1992PLC022619 | Subsidiary |
|---|---------------------|-----------------------|------------|

Clause number and extract of the standalone CARO report which is unfavourable or qualified or adverse

"(i)(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 (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

| Description of property | Gross carrying value | Held in the name of | Whether promoter, director or their relative or employee | Period held- indicate range, where appropriate | Reason for not being held in the name of the company Also indicate if in dispute |
|-------------------------|----------------------|---------------------|--|--|--|
| Free hold land | INR 5.13 lakhs | J Ashwini Kumar | No | From 2004 | The registration of the aforementioned land is pending on account of procedural delays and the title deeds are in the name the seller. However, full consideration has been paid to the seller and possession of the land is with the company. |

| Sr. No. | Name of the entities | CIN | Holding Company / Subsidiary / JV / Associate |
|---------|----------------------|-----------------------|---|
| 3 | TVS Upasana Limited | U65991TN1992PLC022619 | Subsidiary |

Clause number and extract of the standalone CARO report which is unfavourable or qualified or adverse

"(ii)(a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records, wherever applicable. In our opinion, the frequency of such verification is reasonable and the coverage and procedures as followed by management were appropriate. In the case of one class of inventory the discrepancies noticed on verification between the physical stocks and the book records were more than 10% in the aggregate and these have been properly dealt with in the books of account."

| 4 | Sundram Fasteners Investment Limited | U65991TN1992PLC022618 | Subsidiary | | |
|--|--------------------------------------|--------------------------------|--|--|---|
| Clause number and extract of the standalone CARO report which is unfavourable or qualified or adverse "(i)(c) Details of title deeds of immovable properties of the Company are not held in the name of the company. | | | | | |
| Description of property | Gross carrying value in thousands | Held in the name of | Whether promoter, director or their relative or employee | Period held- indicate range, where appropriate | Reason for not being held in the name of the company Also indicate if in dispute |
| Free hold land | 25,120 | UFL Properties Limited Chennai | No | Since 13.02.2002 | The title deeds are held in the name of the seller and the registration in the name of the company is Still pending. However, full consideration has been paid to the seller and possession and enjoyment is with the Company |

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

Chartered Accountants

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

S Sethuraman

Partner

Membership No.: 203491

ICAI UDIN: 22203491AHQDHB7469

Place : Chennai

Date : April 22, 2022

Annexure B 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, 2022

Report on the Internal Financial Controls with reference to financial statements under clause (j) 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, 2022, 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, 2022.

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, 2022, 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, 2022 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 consolidated Ind AS 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 consolidated Ind AS 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 four 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: 22203491AHQDHB7469

Place : Chennai

Date : April 22, 2022

Sundram Fasteners Limited

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022

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

| | Note | As at March 31, 2022 | As at March 31, 2021 |
|--|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 (a) | 1,840.94 | 1,807.02 |
| Capital work-in-progress | 5 (b) | 116.70 | 118.84 |
| Investment property | 5 (c) | 7.98 | 8.16 |
| Right of use assets | 5 (d) | 91.29 | 99.06 |
| Goodwill | 5 (e) | 3.34 | 3.34 |
| Other intangible assets | 5 (e) | 4.32 | 3.40 |
| Intangible assets under development | 5 (f) | - | 0.47 |
| Financial assets | | | |
| - Investments | 6 | 73.92 | 61.49 |
| - Loans | 7 | 1.34 | 1.51 |
| - Other financial assets | 8 | 29.10 | 35.44 |
| Deferred tax assets, net | 18 | 0.44 | 0.71 |
| Other tax assets, net | 9 | 67.27 | 63.85 |
| Other non-current assets | 10 | 65.39 | 60.39 |
| | | 2,302.03 | 2,263.68 |
| Current assets | | | |
| Inventories | 11 | 820.08 | 674.35 |
| Financial assets | | | |
| - Investments | 6 | 3.01 | 2.69 |
| - Trade receivables | 12 | 1,005.04 | 885.63 |
| - Cash and cash equivalents | 13 | 36.47 | 24.96 |
| - Bank balance other than cash and cash equivalents | 13 | 34.84 | 14.34 |
| - Loans | 7 | 0.47 | 0.45 |
| - Other financial assets | 8 | 11.50 | 8.00 |
| Other tax assets, net | 9 | 5.50 | 3.96 |
| Other current assets | 10 | 65.23 | 51.86 |
| | | 1,982.14 | 1,666.24 |
| Total assets | | 4,284.17 | 3,929.92 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 14A | 21.01 | 21.01 |
| Other equity | | 2,600.27 | 2,326.09 |
| Total equity attributable to equity owners of the company | | 2,621.28 | 2,347.10 |
| Non-controlling interest | | 14.92 | 11.26 |
| Total equity | | 2,636.20 | 2,358.36 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 15 | 236.55 | 265.24 |
| - Lease liabilities | 16 | 12.48 | 19.28 |
| - Trade payables | 20 | - | - |
| - Total outstanding dues of micro enterprises and small enterprises; and | | 1.18 | 0.11 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | 1.66 | 0.30 |
| - Other financial liabilities | 21 | 11.13 | 10.80 |
| Provisions | 17 | 127.01 | 122.95 |
| Deferred tax liabilities, net | 18 | 6.97 | 7.84 |
| Other tax liabilities, net | 19 | 396.98 | 426.52 |
| | | 396.98 | 426.52 |
| Current Liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | 15 | 517.46 | 418.61 |
| - Lease liabilities | 16 | 5.19 | 7.07 |
| - Trade payables | 20 | - | - |
| - Total outstanding dues of micro enterprises and small enterprises; and | | 67.71 | 38.79 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | 504.48 | 551.73 |
| - Other financial liabilities | 21 | 73.31 | 63.56 |
| Other current liabilities | 22 | 30.50 | 10.06 |
| Provisions | 17 | 21.31 | 22.27 |
| Other tax liabilities, net | 19 | 31.03 | 32.95 |
| | | 1,250.99 | 1,145.04 |
| Total liabilities | | 1,647.97 | 1,571.56 |
| Total equity and liabilities | | 4,284.17 | 3,929.92 |

Significant accounting policies

3 and 4

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

For and on behalf of the Board of Directors of

SUNDRAM FASTENERS LIMITED
(CIN: L35999TN1962PLC004943)

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

Whole Time Director & Chief Financial Officer

(DIN: 00513901)

SURESH KRISHNA

Chairman

(DIN: 00046919)

ARUNDATHI KRISHNA

Joint Managing Director

(DIN: 00270935)

R DILIP KUMAR

Executive Vice President - Finance & Company Secretary

(ACS Membership No: A19802)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

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

| | Note | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------|------------------------------|------------------------------|
| Income | | | |
| Revenue from operations | 23 | 4,902.06 | 3,644.29 |
| Other income | 24 | 39.34 | 27.40 |
| Total income | | 4,941.40 | 3,671.69 |
| Expenses | | | |
| Cost of materials consumed | 25 | 2,172.08 | 1,471.20 |
| Changes in inventories of finished goods and work-in-progress | 26 | (110.89) | (44.17) |
| Employee benefits expense | 27 | 486.16 | 400.03 |
| Finance costs | 28 | 28.72 | 26.13 |
| Depreciation and amortisation expense | 29 | 190.79 | 179.69 |
| Other expenses | 30 | 1,553.32 | 1,153.11 |
| Total expenses | | 4,320.18 | 3,185.99 |
| Profit before tax | | 621.22 | 485.70 |
| Tax expense | | | |
| | 18 | | |
| a) Current tax | | 157.35 | 116.96 |
| b) Deferred tax | | 2.04 | 6.03 |
| Total tax expense | | 159.39 | 122.99 |
| Profit for the year | | 461.83 | 362.71 |
| Attributable to: | | | |
| Owners of the parent | | 456.72 | 359.18 |
| Non- controlling interest | | 5.11 | 3.53 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| (i) Re-measurement gains on defined benefit plans | | 1.80 | 0.66 |
| (ii) Fair value gains on equity instruments | | 12.49 | 18.18 |
| (iii) Income tax effect on above | | (2.57) | (3.13) |
| | | 11.72 | 15.71 |
| Items that will be reclassified to profit or loss | | | |
| (i) Exchange difference on translation of foreign operations | | 12.79 | 3.66 |
| (ii) Income tax effect on above | | - | - |
| | | 12.79 | 3.66 |
| Total comprehensive income for the year | | 486.34 | 382.08 |
| <i>(Comprising profit and other comprehensive income for the year)</i> | | | |
| Attributable to: | | | |
| Owners of the parent | | 481.16 | 378.50 |
| Non- controlling interest | | 5.18 | 3.58 |
| Earnings per equity share | | | |
| | 31 | | |
| Basic (in ₹) | | 21.74 | 17.10 |
| Diluted (in ₹) | | 21.74 | 17.10 |

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)

S MEENAKSHISUNDARAM

Whole Time Director & Chief Financial Officer

(DIN: 00513901)

R DILIP KUMAR

Executive Vice President - Finance & Company Secretary

(ACS Membership No: A19802)

Place : Chennai

Date : April 22, 2022

Sundram Fasteners Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

(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, 2020 | 14A | 21.01 |
| Changes in equity share capital due to prior period errors | | - |
| Restated balance as at April 1, 2020 | | 21.01 |
| Changes in equity share capital during the year | | - |
| Balance as at March 31, 2021 | 14A | 21.01 |
| Balance as at April 1, 2021 | 14A | 21.01 |
| Changes in equity share capital due to prior period errors | | - |
| Restated balance as at March 31, 2021 | | 21.01 |
| Changes in equity share capital during the period | | - |
| Balance as at March 31, 2022 | 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 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, 2020 | 1,819.65 | 0.82 | 74.67 | 23.63 | - | 56.14 | 1,974.91 | 8.39 | 1,983.30 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | - | - |
| Restated balance as at April 1, 2020 | 1,819.65 | 0.82 | 74.67 | 23.63 | - | 56.14 | 1,974.91 | 8.39 | 1,983.30 |
| Profit for the year | - | - | 359.18 | - | - | - | 359.18 | 3.53 | 362.71 |
| Other comprehensive income for the year | - | - | - | 15.05 | 0.66 | 3.61 | 19.32 | 0.05 | 19.37 |
| Dividends (refer note 14B(a)) | - | - | (27.32) | - | - | - | (27.32) | (0.71) | (28.03) |
| Transfer from retained earnings | 300.00 | - | (299.34) | - | (0.66) | - | - | - | - |
| Balances as at March 31, 2021 | 2,119.65 | 0.82 | 107.19 | 38.68 | - | 59.75 | 2,326.09 | 11.26 | 2,337.35 |
| Balances as at April 1, 2021 | 2,119.65 | 0.82 | 107.19 | 38.68 | - | 59.75 | 2,326.09 | 11.26 | 2,337.35 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | - | - |
| Restated balance as at April 1, 2021 | 2,119.65 | 0.82 | 107.19 | 38.68 | - | 59.75 | 2,326.09 | 11.26 | 2,337.35 |
| Profit for the year | - | - | 456.72 | - | - | - | 456.72 | 5.11 | 461.83 |
| Other comprehensive income for the year | - | - | - | 10.38 | 1.34 | 12.72 | 24.44 | 0.07 | 24.51 |
| Dividends (refer note 14B(a)) | - | - | (206.98) | - | - | - | (206.98) | (1.52) | (208.50) |
| Transfer from retained earnings | 150.00 | 0.06 | (148.72) | - | (1.34) | - | - | - | - |
| Balances as at March 31, 2022 | 2,269.65 | 0.88 | 208.21 | 49.06 | - | 72.47 | 2,600.27 | 14.92 | 2,615.19 |

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

Whole Time Director & Chief Financial Officer

(DIN: 00513901)

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

Executive Vice President - Finance & Company Secretary

(ACS Membership No: A19802)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

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

| | Note | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------|------------------------------|------------------------------|
| A. Cash flows from operating activities | | | |
| Profit before tax | | 621.22 | 485.70 |
| Adjustments for: | | | |
| Depreciation and amortisation expense | 29 | 182.08 | 171.68 |
| Amortisation of right of use assets | 29 | 8.71 | 8.01 |
| Unrealised foreign exchange (gain) / loss, net | | (1.05) | 2.36 |
| Mark to market gain on derivative instruments | | (0.26) | (0.09) |
| Finance costs | 28 | 28.72 | 26.13 |
| Interest income | 24 | (2.27) | (6.17) |
| Dividend income | 24 | (0.69) | (0.41) |
| Profit on sale of property plant and equipment, net | | (2.04) | (3.87) |
| Reversal of provision no longer required | | (2.62) | (0.22) |
| Gain on sale of investments in mutual funds, net | 24 | (0.74) | (0.97) |
| Fair value gain on financial instruments at fair value through profit or loss | | (0.33) | (0.77) |
| Loss allowance on trade receivables | | 2.74 | - |
| Operating profit before working capital changes | | 833.47 | 681.38 |
| Adjustments for changes in working capital: | | | |
| Increase in inventories | | (140.43) | (101.05) |
| Increase in financial assets | | (108.00) | (226.02) |
| (Increase) / decrease in other assets | | (15.43) | 17.90 |
| (Decrease) / increase in financial liabilities | | (13.67) | 192.10 |
| Increase in other liabilities and provisions | | 10.55 | 2.39 |
| Cash generated from operating activities | | 566.49 | 566.70 |
| Income taxes paid, net | | (165.31) | (112.66) |
| Net cash from operating activities | | 401.18 | 454.04 |
| B. Cash flows from investing activities | | | |
| Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances) | | (203.73) | (193.57) |
| Purchase of right of use assets | | - | (1.36) |
| Proceeds from sale of property, plant and equipment, net | | 4.74 | 6.65 |
| Acquisition of investments | | (2,265.44) | (688.97) |
| Proceeds from sale of investments | | 2,266.24 | 682.58 |
| Bank deposits with maturity more than 3 months but less than 12 months | | (6.79) | (9.16) |
| Dividend received | 24 | 0.69 | 0.41 |
| Interest received | | 2.11 | 5.56 |
| Net cash used in investing activities | | (202.19) | (197.86) |

Sundram Fasteners Limited

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | Note | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------|------------------------------|------------------------------|
| C. Cash flows from financing activities | | | |
| Repayment of lease liabilities | | (9.83) | (7.53) |
| Proceeds from / (repayment of) short - term borrowings, net | | 84.31 | (188.20) |
| Repayment of long term borrowings, net | | (30.92) | (14.13) |
| Dividend paid | | (208.42) | (28.03) |
| Interest paid | | (21.52) | (32.35) |
| Net cash used in financing activities | | (186.38) | (270.24) |
| D. Net cash flows during the year (A+B+C) | | 12.61 | (14.06) |
| E. Cash and cash equivalents at the beginning of the year | | 24.96 | 40.90 |
| F. Effect of exchange differences on cash and cash equivalents held in foreign currency | | (1.10) | (1.88) |
| G. Cash and cash equivalents at the end of the year (D+E+F) | | 36.47 | 24.96 |
| Reconciliation of the cash and cash equivalents as per the cash flow statement | | | |
| Balances with banks in current accounts | 13 | 34.55 | 23.64 |
| Balances with banks in deposit accounts (original maturity of 3 months or less) | 13 | 0.05 | 1.07 |
| Cash on hand | 13 | 1.87 | 0.25 |
| | | 36.47 | 24.96 |

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

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Whole Time Director & Chief Financial Officer

(DIN: 00513901)

R DILIP KUMAR

Executive Vice President - Finance & Company Secretary

(ACS Membership No: A19802)

Place : Chennai

Date : April 22, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(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 pumps, sintered products, cold extruded components, hot and 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.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The consolidated financial statements for the year ended March 31, 2022 (including comparatives) are authorised by the Board on April 22, 2022.

Details of the Group's accounting policies are included in notes 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 accounting 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.

Judgements

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(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

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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 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 liabilities 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 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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 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. 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 goods and services 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.

2.2 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.

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.

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

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 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 statement of profit and 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 |

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

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

g. On property, plant and equipment added/discharged 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 necessary, for each reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

4.3 Research and development expenditure

Expenditure are mainly on research activities and the same is recognised in the statement of profit and 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 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

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,

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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 the statement of profit and 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

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'.

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 and 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 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 the statement of profit and loss. Any gain or loss on derecognition 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

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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 the statement of profit and 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 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.

c. **Financial assets at Fair Value Through Profit and Loss (FVTPL)**

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or FVTOCI. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in 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 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. 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 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, the same 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 and 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 the statement of profit and 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.

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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 the statement of profit and 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 derecognition 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 and 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 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.

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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 the statement of profit and 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 Group recognises a deferred tax asset only to the extent that it has

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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

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 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.

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

11.3.1 Gratuity/ group terminal benefit plan:

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 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

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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 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.

12.1.1 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 weighing of all possible outcomes by their associated probabilities.

12.1.2 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.

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 maturing within three months from the date of acquisition.

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.

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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 the statement of profit and 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 statement of profit and 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.

4. Recent pronouncements

On March 23, 2022, the Ministry of Corporate Affairs ("MCA") through notifications, amended the existing Ind AS. The same shall come into force from annual reporting period beginning on or after April 01, 2022. Key Amendments relating to the financial statements which are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Ind AS 16 Property, Plant and Equipment (PPE) – For items produced during testing/trail phase, clarification added that revenue generated out of the same shall not be recognised in Statement of profit and loss and considered as part of cost of PPE.
- Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets – Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.
- Ind AS 103 – Business Combination – Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.
- Ind AS 109 Financial Instruments – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

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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, 2020 | 43.18 | 380.94 | 1,911.04 | 11.06 | 30.84 | 9.49 | 2,386.55 |
| Additions | - | 8.85 | 170.84 | 1.54 | 1.77 | 1.59 | 184.59 |
| Disposals | (0.40) | (0.39) | (3.30) | (0.02) | (0.05) | (1.06) | (5.22) |
| Exchange difference on translation of foreign operations | - | 2.19 | 8.94 | 0.11 | 0.17 | 0.01 | 11.42 |
| As at March 31, 2021 | 42.78 | 391.59 | 2,087.52 | 12.69 | 32.73 | 10.03 | 2,577.34 |
| Additions | - | 9.79 | 192.75 | 0.54 | 1.83 | 1.99 | 206.90 |
| Disposals | (0.01) | (0.09) | (7.33) | (0.10) | (0.55) | (0.13) | (8.21) |
| Exchange difference on translation of foreign operations | - | 3.33 | 11.75 | (0.02) | 0.33 | 0.01 | 15.40 |
| As at March 31, 2022 | 42.77 | 404.62 | 2,284.69 | 13.11 | 34.34 | 11.90 | 2,791.43 |
| Accumulated depreciation | | | | | | | |
| As at April 1, 2020 | - | 43.08 | 531.22 | 3.92 | 16.79 | 3.66 | 598.67 |
| For the year | - | 14.68 | 149.74 | 1.08 | 3.80 | 1.09 | 170.39 |
| Disposals | - | (0.16) | (1.55) | (0.02) | (0.04) | (0.64) | (2.41) |
| Exchange difference on translation of foreign operations* | - | 0.32 | 3.23 | 0.06 | 0.06 | 0.00 | 3.67 |
| As at March 31, 2021 | - | 57.92 | 682.64 | 5.04 | 20.61 | 4.11 | 770.32 |
| For the year | - | 14.54 | 160.51 | 1.18 | 3.31 | 1.21 | 180.74 |
| Disposals | - | (0.08) | (4.92) | (0.08) | (0.38) | (0.11) | (5.57) |
| Exchange difference on translation of foreign operations | - | 0.63 | 4.20 | (0.01) | 0.16 | 0.02 | 5.00 |
| As at March 31, 2022 | - | 73.01 | 842.43 | 6.13 | 23.70 | 5.23 | 950.49 |
| Net block | | | | | | | |
| As at March 31, 2021 | 42.78 | 333.67 | 1,404.88 | 7.65 | 12.12 | 5.92 | 1,807.02 |
| As at March 31, 2022 | 42.77 | 331.61 | 1,442.26 | 6.98 | 10.64 | 6.68 | 1,840.94 |

* Amount less than ₹ 0.01

a) Plant and equipment includes net block of assets leased out amounting to ₹ 5.48 (March 31, 2021 : ₹ 6.13).

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

c) Refer note 36(c) for capital commitments.

d) Freehold land pending registration: ₹ 2.56 (March 31, 2021: ₹ 2.56).

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

5 (a)(i) Title deed of Immovable property not held in the name of the group:

| Relevant line item in the Balance sheet | Description of item of property | Gross carrying value | Title deeds held in the name of | Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director | Date since which the property is being held | Reason for not being held in the name of the group |
|---|---------------------------------|----------------------|---------------------------------|---|---|--|
| Property, plant and equipment | Freehold land | 0.05 | J Ashwini Kumar | No | 2-Dec-04 | Refer note below |
| Investment property | Freehold land | 2.51 | M/S UFL Properties Limited | No | 13-Feb-02 | Refer note below |

Note:

The registration of the free hold land in the name of the Group is pending. However, full consideration has been paid to the seller with possession of these properties available with the Group.

5 (b) Capital work-in-progress (CWIP)

| | | | | | | | |
|-----------------------------|----------|--------------|--------------|----------|----------|----------|---------------|
| As at March 31, 2021 | - | 26.86 | 91.98 | - | - | - | 118.84 |
| As at March 31, 2022 | - | 47.82 | 68.88 | - | - | - | 116.70 |

5 (b)(i) Ageing details

As at March 31, 2022

| CWIP | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|--------------|--------------|-------------------|---------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 66.58 | 37.35 | 11.68 | 1.09 | 116.70 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 66.58 | 37.35 | 11.68 | 1.09 | 116.70 |

As at March 31, 2021

| CWIP | Amount in CWIP for a period of | | | | Total |
|--------------------------------|--------------------------------|--------------|-------------|-------------------|---------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 93.41 | 21.04 | 4.24 | 0.15 | 118.84 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 93.41 | 21.04 | 4.24 | 0.15 | 118.84 |

5 (b)(ii) Capital work in progress includes certain projects whose completion is overdue. Expected completion schedule of such projects are as follows :

| CWIP | To be completed in | | | | Total |
|--|--------------------|-----------|-----------|-------------------|--------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| March 31, 2022 | | | | | |
| Projects in progress | | | | | |
| Press line project in Hot Forging Division | 30.50 | - | - | - | 30.50 |
| Sricity project | 10.91 | - | - | - | 10.91 |
| Building at Padi plant | 28.82 | - | - | - | 28.82 |
| Others | 1.81 | - | - | - | 1.81 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 72.04 | - | - | - | 72.04 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

5 (b)(ii) Capital work in progress (Contd.)

| CWIP | To be completed in | | | | Total |
|---|--------------------|-----------|-----------|-------------------|--------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| March 31, 2021 | | | | | |
| Projects in progress | | | | | |
| Press line project in Hot Forging Division | 30.03 | - | - | - | 30.03 |
| Phosphating plant at Padi | 3.73 | - | - | - | 3.73 |
| Shell moulding machine | 6.19 | - | - | - | 6.19 |
| Fasteners/ machining line expansion - SFZL, China | 13.21 | | | | 13.21 |
| Others | 5.88 | - | - | - | 5.88 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 59.04 | - | - | - | 59.04 |

5 (c) Investment property

| Gross block | Land | Building | Total |
|--|-------------|-------------|--------------|
| As at April 1, 2020 | 2.72 | 7.34 | 10.06 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Exchange difference on translation of foreign operations | - | 0.34 | 0.34 |
| As at March 31, 2021 | 2.72 | 7.68 | 10.40 |
| Additions | - | - | - |
| Disposals | (0.04) | (0.27) | (0.31) |
| Exchange difference on translation of foreign operations | - | 0.53 | 0.53 |
| As at March 31, 2022 | 2.68 | 7.94 | 10.62 |

Accumulated depreciation

| | | | |
|--|---|-------------|-------------|
| As at April 1, 2020 | - | 1.79 | 1.79 |
| For the year | - | 0.35 | 0.35 |
| Disposals | - | - | - |
| Exchange difference on translation of foreign operations | - | 0.10 | 0.10 |
| As at March 31, 2021 | - | 2.24 | 2.24 |
| For the year | - | 0.38 | 0.38 |
| Disposals | - | (0.14) | (0.14) |
| Exchange difference on translation of foreign operations | - | 0.16 | 0.16 |
| As at March 31, 2022 | - | 2.64 | 2.64 |

Net block

| | | | |
|-----------------------------|-------------|-------------|-------------|
| As at March 31, 2021 | 2.72 | 5.44 | 8.16 |
| As at March 31, 2022 | 2.68 | 5.30 | 7.98 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

5 (c) Investment property (Contd.)

Notes:

1. Information regarding income and expenditure of investment property

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| Rental income from the investment property | 0.18 | 1.22 |
| Less: Expenses that contribute to the rental income (including repairs and maintenance) | (0.01) | (0.01) |
| Profit before depreciation | 0.17 | 1.21 |
| Less: Depreciation | (0.38) | (0.35) |
| Profit / (loss) | (0.21) | 0.86 |

2. Fair value hierarchy and valuation technique

The fair value of investment properties is ₹ 8.84 Crores as at March 31, 2022 and March 31, 2021. These disclosures are based on external information available with the Group including valuation reports obtained by the Group from an independent valuer specialised in valuing these types of investment properties and registered as valuer as defined under Rule 2 of Companies (registered valuers and valuation) Rules, 2017.

5 (d) Right of use assets

| Gross block | Land under long term lease | Buildings (including land) | Total |
|--|----------------------------------|----------------------------------|---------------|
| As at April 1, 2020 | 76.68 | 37.23 | 113.91 |
| Additions | 0.50 | 0.86 | 1.36 |
| Other adjustments (lease modification) | - | (0.67) | (0.67) |
| Exchange difference on translation of foreign operations | 0.57 | - | 0.57 |
| As at March 31, 2021 | 77.75 | 37.42 | 115.17 |
| Additions | - | 4.27 | 4.27 |
| Disposals | - | (7.10) | (7.10) |
| Exchange difference on translation of foreign operations | 0.87 | 0.03 | 0.90 |
| As at March 31, 2022 | 78.62 | 34.62 | 113.24 |
| Accumulated amortisation | | | |
| As at April 1, 2020 | 0.79 | 7.24 | 8.03 |
| For the year | 1.28 | 6.73 | 8.01 |
| Disposals | - | - | - |
| Exchange difference on translation of foreign operations | 0.02 | 0.05 | 0.07 |
| As at March 31, 2021 | 2.09 | 14.02 | 16.11 |
| For the year | 1.09 | 7.63 | 8.72 |
| Disposals | - | (2.91) | (2.91) |
| Exchange difference on translation of foreign operations | 0.05 | (0.02) | 0.03 |
| As at March 31, 2022 | 3.23 | 18.72 | 21.95 |
| Net block | | | |
| As at March 31, 2021 | 75.66 | 23.40 | 99.06 |
| As at March 31, 2022 | 75.39 | 15.90 | 91.29 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

5 (e) Goodwill and Other Intangible assets

| Gross block | Goodwill | Other intangible assets - Software | Total |
|--|-----------------|---|--------------|
| As at April 1, 2020 | 3.34 | 6.03 | 9.37 |
| Additions | - | 0.10 | 0.10 |
| Disposals | - | (0.01) | (0.01) |
| Exchange difference on translation of foreign operations | - | (0.06) | (0.06) |
| As at March 31, 2021 | 3.34 | 6.06 | 9.40 |
| Additions | - | 1.86 | 1.86 |
| Disposals | - | - | - |
| Exchange difference on translation of foreign operations | - | 0.08 | 0.08 |
| As at March 31, 2022 | 3.34 | 8.00 | 11.34 |
| Accumulated amortisation | | | |
| As at April 1, 2020 | - | 1.88 | 1.88 |
| For the year | - | 0.94 | 0.94 |
| Disposals | - | (0.01) | (0.01) |
| Exchange difference on translation of foreign operations | - | (0.15) | (0.15) |
| As at March 31, 2021 | - | 2.66 | 2.66 |
| For the year | - | 0.90 | 0.90 |
| Disposals | - | - | - |
| Exchange difference on translation of foreign operations | - | 0.12 | 0.12 |
| As at March 31, 2022 | - | 3.68 | 3.68 |
| Net block | | | |
| As at March 31, 2021 | 3.34 | 3.40 | 6.74 |
| As at March 31, 2022 | 3.34 | 4.32 | 7.66 |

5 (f) Intangible assets under development (IAUD)

| Particulars | Software | Total |
|-----------------------------|-----------------|---------------|
| As at April 1, 2020 | - | - |
| Additions | 0.47 | 0.47 |
| Disposal | - | - |
| As at March 31, 2021 | 0.47 | 0.47 |
| Additions | 0.90 | 0.90 |
| Disposal | (1.37) | (1.37) |
| As at March 31, 2022 | - | - |

5 (f)(i) Ageing details

| IAUD | Amount in IAUD for a period of | | | | Total |
|--------------------------------|---------------------------------------|------------------|------------------|--------------------------|--------------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at March 31, 2021 | | | | | |
| Projects in progress | 0.47 | - | - | - | 0.47 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 0.47 | - | - | - | 0.47 |
| As at March 31, 2022 | | | | | |
| IAUD | Amount in IAUD for a period of | | | | Total |
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |
| Total | - | - | - | - | - |

The Group does not have any IAUD which is overdue or has exceeded its cost compared to its original plan and hence IAUD completion schedule is not applicable.

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | As at March 31, 2022 | As at March 31, 2021 |
|--|-------------------------|-------------------------|
| 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, 2021: 75,000) fully paid equity shares of ₹ 2/- each in Housing Development Finance Corporation Limited, Mumbai | 17.93 | 18.74 |
| b) 5,000 (March 31, 2021: 5,000) fully paid equity shares of ₹ 1/- (March 31, 2021: ₹ 1/-) each in HDFC Bank Limited, Mumbai | 0.74 | 0.37 |
| c) 20,439 (March 31, 2021: 20,439) fully paid equity shares of ₹ 10/- each in IDBI Bank Limited, Mumbai | 0.09 | 0.08 |
| d) 6,188 (March 31, 2021: 6,188) fully paid equity shares of ₹ 5/- each in India Nippon Electricals Limited, Chennai | 0.26 | 0.23 |
| e) 7,800 (March 31, 2021: 7,800) fully paid equity shares of ₹ 10/- each in Sundaram Brake Linings Limited, Chennai | 0.27 | 0.27 |
| | 19.29 | 19.69 |
| (ii) Unquoted | | |
| a) 1,25,000 (March 31, 2021: 1,25,000) equity shares of ₹ 10/- each in Madras Engineering Industries Private Limited, Chennai | 38.65 | 25.75 |
| a) 2,777 (March 31, 2021: Nil) equity shares of ₹ 10/- each in Ki Mobility Solutions Private Limited, Chennai | 7.50 | - |
| | 46.15 | 25.75 |
| Total of (I) | 65.44 | 45.44 |
| II) Investments measured at cost | | |
| (A) Investment in venture capital fund | | |
| a) 168 units (March 31, 2021: 168 units) of ₹ 100/- each in the ICICI Emerging Sectors Fund, Bengaluru ** | 0.00 | 0.00 |
| (B) Other investments | | |
| a) 35 (March 31, 2021: 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%) ** | 0.00 | 0.00 |
| b) Capital Contribution in PGSD engineering LLP, New Delhi (extent of holding - 19%)** | 0.00 | 0.00 |
| Total of (II) | 0.00 | 0.00 |
| 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, 2021: 12,935) Class A equity shares of ₹ 10/- each and 2,84,169 (March 31, 2021: 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, 2021: ₹ 1.19) | - | - |
| b) 23,85,762 (March 31, 2021: 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, 2021: 12,28,233) Class A equity shares of ₹ 10/- each in Beta Wind Farm Private Limited, Chennai | 2.33 | 2.33 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | As at March 31, 2022 | As at March 31, 2021 |
|--|-------------------------|-------------------------|
| 6 Non-current Investments (Contd.) | | |
| d) 11,00,000 (March 31, 2021: 11,00,000) equity shares of ₹ 10/- each in Gayatri Green Power Limited, Chennai | 1.10 | 1.10 |
| e) 6,42,306 (March 31, 2021: 6,42,306) equity shares of ₹ 10/- each in Watsun Infra Build Private Limited, Ahmedabad | 0.63 | 0.63 |
| f) 1,70,000 (March 31, 2021: 1,70,000) equity shares of ₹ 10/- each in MMS Steel and Power Private Limited, Chennai | 0.17 | 0.17 |
| g) 1,41,230 (March 31, 2021: 2,13,100) equity shares of ₹ 10/- each in Nagai power Private Limited, Hyderabad | 0.14 | 0.21 |
| h) 31,000 (March 31, 2021: 31,000) equity shares of ₹ 10/- each in Clean Switch India Private Limited, Hyderabad | 0.03 | 0.03 |
| i) 55,000 (March 31, 2021: 55,000) Class B equity shares of ₹ 10/- each in Clean Switch India Private Limited, Hyderabad | 0.06 | 0.06 |
| j) 4,85,574 (March 31, 2021: 4,85,574) Class B equity shares of ₹ 10/- each in 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, 2021: 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, 2021: ₹ 2.37) | 1.14 | 1.14 |
| (iii) Investments in preference shares | | |
| Unquoted | | |
| Nil (March 31, 2021: 2,17,391) Series A compulsorily convertible preference shares of ₹ 345/- each in Ki Mobility Solutions Private Limited | - | 7.50 |
| Total of (III) | 8.48 | 16.05 |
| Total of (I+II+III) | 73.92 | 61.49 |
| ** Amount less than ₹ 0.01 | | |
| Current Investments | | |
| I) Investments measured at fair value through statement of profit or loss | | |
| Investments in equity instruments | | |
| Quoted | | |
| a) 1,320 (March 31, 2021: 1,320) equity shares of ₹ 1/- each fully paid up in State Bank of India | 0.07 | 0.05 |
| b) 1 (March 31, 2021: 1) equity share of ₹ 5/- each fully paid up in Maruti Suzuki India Limited, New Delhi ** | 0.00 | 0.00 |
| c) 1,000 (March 31, 2021: 1,000) equity shares of ₹ 2/- each, fully paid up in Sterling Tools Limited | 0.01 | 0.02 |
| d) 83 (March 31, 2021: 83) equity shares of ₹ 10/- each, fully paid up in Lakshmi Precision Screws Limited ** | 0.00 | 0.00 |
| e) 500 (March 31, 2021: 500) equity shares of ₹ 2/- each, fully paid up in Simmonds-Marshall Limited ** | 0.00 | 0.00 |
| f) 50 (March 31, 2021: 50) equity shares of ₹ 2/- each, fully paid up in Bharat Forge Limited ** | 0.00 | 0.00 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| 6 Current Investments (Contd.) | | |
| g) 13,900 (March 31, 2021: 13,900) equity shares of ₹ 10/- each, fully paid up in Sundaram Brake Linings Limited | 0.48 | 0.49 |
| h) 1,994 (March 31, 2021: 1,994) equity shares of ₹ 5/- each, fully paid up in Sundaram Clayton Limited | 0.71 | 0.61 |
| i) 1,994 (March 31, 2021: 1,994) equity shares of ₹ 5/- each, fully paid up in WABCO-INDIA Limited | 1.52 | 1.32 |
| j) 2,952 (March 31, 2021: 2,952) equity shares of ₹ 10/- each, fully paid up in India Motor Parts and Accessories Limited | 0.22 | 0.20 |
| Total | 3.01 | 2.69 |
| ** Amount less than ₹ 0.01 | | |
| Aggregate amount of quoted investments and market value thereof | 22.30 | 22.38 |
| Aggregate value of unquoted investments | 54.63 | 41.80 |
| Aggregate amount of impairment in value of investments | 3.56 | 3.56 |

| | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|-------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| 7 Loans | | | | |
| (Unsecured considered good, unless otherwise stated) | | | | |
| Loans to employees | 1.34 | 0.47 | 1.51 | 0.45 |
| | 1.34 | 0.47 | 1.51 | 0.45 |

The Group's exposure to credit risk and market risk are disclosed in note 35.

8 Other financial assets

(Unsecured considered good, unless otherwise stated)

| | | | | |
|----------------------|--------------|--------------|-------|------|
| Security deposits | 29.10 | 0.36 | 35.41 | 0.49 |
| Derivative assets* | - | 0.35 | - | 0.09 |
| Advances recoverable | - | 0.11 | 0.03 | 0.03 |
| Unbilled revenue | - | 5.36 | - | 3.94 |
| Other receivables** | 0.00 | 5.32 | 0.00 | 3.45 |
| | 29.10 | 11.50 | 35.44 | 8.00 |

* This represents fair value of forward contracts entered with banks for the purpose of hedging receivable balances from export customers.

** Amount less than ₹ 0.01

The Group's exposure to credit risk and market risk are disclosed in note 35.

9 Other tax assets, net

| | | | | |
|--------------------------------------|--------------|-------------|-------|------|
| Advance income tax, net of provision | 67.27 | 5.50 | 63.85 | 3.96 |
| | 67.27 | 5.50 | 63.85 | 3.96 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|--------------|-----------------------|-----------------------|
| | Non-current | Current | Non-current | Current |
| 10 Other assets | | | | |
| (Unsecured considered good, unless otherwise stated) | | | | |
| Prepaid expenses | 2.57 | 12.90 | 1.25 | 12.41 |
| Capital advance | 28.73 | - | 25.21 | - |
| Balance with statutory / government authorities | 34.09 | 5.51 | 33.93 | 6.93 |
| Export incentives and other receivables | - | 33.44 | - | 23.10 |
| Advances to suppliers | - | 13.38 | - | 9.42 |
| | 65.39 | 65.23 | 60.39 | 51.86 |
| | | | | |
| | | | As at | As at |
| | | | March 31, 2022 | March 31, 2021 |
| 11 Inventories | | | | |
| (Valued at lower of cost and net realisable value) | | | | |
| Raw materials and components (includes goods in transit of ₹ 26.94 (March 31, 2021 : ₹ 15.90)) | | | 237.26 | 217.67 |
| Work-in-progress | | | 198.11 | 163.20 |
| Finished goods (includes goods in transit of ₹ 3.33 (March 31, 2021 : ₹ 2.27)) | | | 310.35 | 230.54 |
| Stores and spares | | | 29.38 | 25.22 |
| Loose tools | | | 44.98 | 37.72 |
| | | | 820.08 | 674.35 |
| For the carrying value of inventories pledged as securities for borrowings, refer note 15 | | | | |
| 12 Trade receivables | | | | |
| Trade receivables considered good - Secured | | | - | - |
| Trade receivables considered good - Unsecured | | | 1,008.71 | 891.08 |
| Trade receivables which have significant increase in credit risk | | | 1.27 | - |
| Trade receivables credit impaired | | | 1.78 | - |
| | | | 1,011.76 | 891.08 |
| Loss allowance | | | | |
| Less: Loss allowance | | | (6.72) | (5.45) |
| Net trade receivables | | | 1,005.04 | 885.63 |
| Of the above, trade receivables from related parties are as below: | | | | |
| Total trade receivables from related parties (refer note 37) | | | 23.35 | 47.62 |
| Loss allowance | | | - | - |
| | | | 23.35 | 47.62 |
| Movement in loss allowance on trade receivables | | | | |
| Opening balance | | | 5.45 | 5.41 |
| Amount written off | | | (1.47) | (0.62) |
| Loss allowance | | | 2.74 | 0.66 |
| Closing balance | | | 6.72 | 5.45 |
| The Group's exposure to credit risks and loss allowance related to trade receivables are disclosed in note 35. | | | | |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

12(a) Ageing schedule

As at March 31, 2022

| Particulars | Outstanding for following periods from the due date of payment | | | | | | Total |
|---|--|--------------------|-------------------|--------------|-------------|-------------------|-----------------|
| | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade receivables | | | | | | | |
| (i) Considered good | 734.64 | 237.59 | 10.31 | 8.82 | 1.62 | 1.31 | 994.29 |
| (ii) Which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Credit impaired | - | - | - | 1.38 | 0.40 | - | 1.78 |
| Disputed Trade receivables | | | | | | | |
| (i) Considered good | - | - | 0.34 | 0.71 | - | - | 1.05 |
| (ii) Which have significant increase in credit risk | - | - | 0.41 | 0.86 | - | - | 1.27 |
| (iii) Credit impaired | - | - | - | - | - | - | - |
| Unbilled dues | 13.37 | - | - | - | - | - | 13.37 |
| Total | 748.01 | 237.59 | 11.06 | 11.78 | 2.02 | 1.31 | 1,011.76 |
| Less: Loss allowance on trade receivables | | | | | | | (6.72) |
| Total trade receivable | | | | | | | 1,005.04 |

As at March 31, 2021

| Particulars | Outstanding for following periods from the due date of payment | | | | | | Total |
|---|--|--------------------|-------------------|-------------|-------------|-------------------|---------------|
| | Not due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade receivables | | | | | | | |
| (i) Considered good | 469.97 | 395.72 | 7.38 | 3.13 | 0.97 | 1.46 | 878.63 |
| (ii) Which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Credit impaired | - | - | - | - | - | - | - |
| Disputed Trade receivables | | | | | | | |
| (i) Considered good | - | - | - | - | - | - | - |
| (ii) Which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Credit impaired | - | - | - | - | - | - | - |
| Unbilled dues | 12.45 | - | - | - | - | - | 12.45 |
| Total | 482.42 | 395.72 | 7.38 | 3.13 | 0.97 | 1.46 | 891.08 |
| Less: Loss allowance on trade receivables | | | | | | | (5.45) |
| Total trade receivable | | | | | | | 885.63 |

13 Cash and cash equivalents

| | As at March 31, 2022 | As at March 31, 2021 |
|---|------------------------|----------------------|
| Balances with banks in current accounts | 34.55 | 23.64 |
| Deposits with maturity less than 3 months | 0.05 | 1.07 |
| Cash on hand | 1.87 | 0.25 |
| Total cash and cash equivalents | (A) 36.47 | 24.96 |
| Other bank balances | | |
| Earmarked balances with banks - dividend warrant accounts | 17.75 | 4.04 |
| Deposits with banks (maturity more than 3 months but less than 12 months) | 17.09 | 10.30 |
| Total bank balance other than cash and cash equivalents | (B) 34.84 | 14.34 |
| Total | (A) + (B) 71.31 | 39.30 |

The Group's exposure to credit risk and market risk are disclosed in note 35.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

14 Share capital and other equity

A Share capital

Authorised

25,00,00,000 (March 31, 2021: 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, 2021: 21,01,28,370) equity shares of ₹ 1/- each fully paid-up **21.01** 21.01

21.01 21.01

| | As at March 31, 2022 | | As at March 31, 2021 | |
|---|-----------------------------|------------------|-----------------------------|------------------|
| | No. of shares | Amount | No. of shares | Amount |
| a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period | | | | |
| 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 TVS Sundram Fasteners Private Limited, Chennai (refer note to section (d) below) | 10,40,85,280 | 10.41 | - | - |
| Equity shares of ₹ 1/- each fully paid up held by T V Sundram Iyengar & Sons Private Limited, Madurai (refer note to section (d) below) | - | - | 5,33,12,000 | 5.33 |
| | | | | |
| | As at March 31, 2022 | | As at March 31, 2021 | |
| | No. of shares | % holding | No. of shares | % holding |
| c) Shareholders holding more than 5% of the aggregate shares in the Company | | | | |
| Equity shares of ₹ 1/- each fully paidup held by | | | | |
| TVS Sundram Fasteners Private Limited, Chennai | 10,40,85,280 | 49.53% | - | - |
| T V Sundram Iyengar & Sons Private Limited, Madurai | - | - | 5,33,12,000 | 25.37% |
| Southern Roadways Private Limited, Madurai | - | - | 5,07,73,280 | 24.16% |
| HDFC Trustee Company Limited, Mumbai | 1,32,86,677 | 6.32% | 1,42,59,000 | 6.79% |
| Amansa Holdings Private Limited | 1,23,13,603 | 5.86% | 1,18,13,069 | 5.62% |
| | 12,96,85,560 | 61.71% | 13,01,57,349 | 61.94% |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

14 Share capital and other equity (Contd.)

d) Shares held by promoters at the end of the year

As at March 31, 2022

| Name of the shareholder | No. of shares held | % of total shares | % of change during the year |
|--|--------------------|-------------------|-----------------------------|
| TVS Sundram Fasteners Private Limited, Chennai | 10,40,85,280 | 49.53% | 100% |
| Suresh Krishna | 36,040 | 0.02% | 0% |
| Usha Krishna | 74,613 | 0.04% | 0% |
| Arathi Krishna | 47,040 | 0.02% | 0% |
| Arundathi Krishna | 51,840 | 0.02% | 0% |
| Suresh Krishna HUF | 6,400 | 0.00% | 0% |
| UFL Properties Private Limited | 100,174 | 0.05% | 0% |
| Lakshminarayana Ancillaries Private Limited | 9,656 | 0.00% | 0% |

As at March 31, 2021

| Name of the shareholder | No. of shares held | % of total shares | % of change during the year |
|---|--------------------|-------------------|-----------------------------|
| T V Sundram Iyengar & Sons Private Limited, Madurai | 5,33,12,000 | 25.37% | 0% |
| Southern Roadways Private Limited, Madurai | 5,07,73,280 | 24.16% | 0% |
| Suresh Krishna* | 36,040 | 0.02% | 0% |
| Usha Krishna* | 74,613 | 0.04% | 0% |
| Arathi Krishna* | 47,040 | 0.02% | 0% |
| Arundathi Krishna* | 51,840 | 0.02% | 0% |
| Suresh Krishna HUF | 6,400 | 0.00% | 0% |
| UFL Properties Private Limited | 1,00,174 | 0.05% | 0% |
| Lakshminarayana Ancillaries Private Limited | 9,656 | 0.00% | 0% |

* Consequent to the Composite Scheme of amalgamation and arrangement, the aforesaid shareholders are part of the promoter group of the company. Their share holding under this clause for the year ended March 31, 2021 has been made for comparative purposes.

Note

The Honourable National Company Law Tribunal, Chennai bench, vide its order dated December 6, 2021, approved the composite scheme of amalgamation and arrangement (demerger) inter-alia amongst T V Sundram Iyengar & Sons Private Limited ("TVSS"), Sundaram Industries Private Limited ("SIPL"), Southern Roadways Private Limited ("SRPL") and TVS Sundram Fasteners Private Limited ("TPL") ("Composite Scheme") in accordance with Sections 230 to 232 and other applicable provisions under the Companies Act, 2013 and rules made thereunder and other applicable laws. The Composite Scheme was made effective on January 6, 2022 ("Effective Date").

Pursuant to the Composite Scheme, SRPL and SIPL merged into TVSS on the Effective date, thereby holding 49.53% of the paid up share capital of the Company. Further, in terms of the Scheme, the Fasteners business undertaking of TVSS, including 49.53% shareholding in the Company was demerged from TVSS and has been vested in / transferred to TPL on February 4, 2022. Consequently, effective February 4, 2022, TPL is the Promoter of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

14 Share capital and other equity (Contd.)**e) Rights, preferences, restrictions****Equity shares**

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

- f) 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, 2022.

g) 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, 2022 | As at March 31, 2021 |
|---|---------------------------------|-------------------------|
| Total debt (bank and other borrowings) (Refer note 15 and 21) | 754.01 | 683.85 |
| Cash and cash equivalents (Refer note 13) | (36.47) | (24.96) |
| Net debt | A 717.54 | 658.89 |
| Equity attributable to equity holders of the parent | 2,621.28 | 2,347.10 |
| Total equity | B 2,621.28 | 2,347.10 |
| Net debt to equity | C = (A/B)*100 27.37% | 28.07% |

B Other equity**a) Dividends**

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|--------------------------------------|------------------------------|
| Attributable to Owners of the Company | | |
| First interim dividend of ₹ 6.45/- (March 31, 2021: ₹ 1.30/-) per equity share for the respective years | 135.54 | 27.32 |
| Second interim dividend of ₹ 3.40/- for the year 2020-21 per equity share | 71.44 | - |
| | 206.98 | 27.32 |
| Attributable to Non-controlling interests | | |
| Dividend of ₹ 30/- (March 31, 2021: ₹ 30/-) per equity share declared by subsidiary Sundram Non-Conventional Energy Systems Limited | 0.71 | 0.71 |
| Dividend of ₹ 0.84/- (March 31, 2021: Nil) per equity share declared by subsidiary TVS Next Limited | 0.81 | - |
| | 1.52 | 0.71 |
| | 208.50 | 28.03 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

14 Share capital and other equity (Contd.)

- b) After the reporting dates the following interim dividend was declared by the directors; this dividend has not been recognised as a liability.

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Second Interim dividend of ₹ Nil (March 31, 2021: ₹ 3.40/-) per equity share | - | 71.44 |
| | - | 71.44 |

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 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

This comprises of exchange differences arising from translation of financial statements/financial information of foreign operations.

| 15 Borrowings | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|---------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| Financial liabilities at amortised cost | | | | |
| a) Secured | | | | |
| Term loans (refer note (i) below) | | | | |
| From banks in local currency | 144.42 | - | 101.77 | - |
| Working capital loans (refer note (ii) below) | | | | |
| Working capital facility from banks | - | 170.04 | - | 107.04 |
| | 144.42 | 170.04 | 101.77 | 107.04 |
| Current maturities of long term borrowings | (21.57) | 21.57 | (19.33) | 19.33 |
| | 122.85 | 191.61 | 82.44 | 126.37 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

15 Borrowings (Contd.)

| | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|---------------|----------------------|---------------|
| | Non-current | Current | Non-current | Current |
| b) Unsecured | | | | |
| Term loan from banks (refer note (i) below) | 189.50 | - | 250.04 | - |
| Working capital facility from banks (refer note (ii) below) | - | 250.05 | - | 225.00 |
| | 189.50 | 250.05 | 250.04 | 225.00 |
| Current maturities of long term borrowings | (75.80) | 75.80 | (67.24) | 67.24 |
| | 113.70 | 325.85 | 182.80 | 292.24 |
| Total | 236.55 | 517.46 | 265.24 | 418.61 |

(i) Term loan from banks include**Secured**

- (a) An outstanding term loan from a bank amounting to ₹ 49.18 (March 31, 2021: ₹ 53.56) is secured by exclusive mortgage on the factory land and building at SIPCOT, Oragadam and first pari passu charge on moveable fixed assets and corporate guarantee given by the Holding Company. The interest rate is linked to MCLR + agreed spread. During the year, the group has availed a Guaranteed Emergency Credit Line (GECL) from HDFC Bank amounting to ₹ 11.79 (March 31, 2021 : ₹ Nil) with a principal repayment moratorium period of 12 months, which is secured by NCGTC Ministry of Finance, Government of India and second charge on current assets.
- (b) An outstanding term loan from a bank amounting to RMB 69.89 million equivalent to ₹ 83.45 (March 31, 2021: RMB 43.29 million equivalent to ₹ 48.21) 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 per annum.

Unsecured

- (c) An outstanding term loan amounting to Nil (March 31, 2021: GBP 3.05 million equivalent to ₹ 30.68), 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 per annum.
- (d) External Commercial Borrowing (ECB) loan from a bank amounting to USD 10 million, equivalent to INR 75.80 (March 31, 2021 - USD 15 million, equivalent to INR 109.68), repayable over 3 equal yearly instalments commencing from July 2021. The loan is unsecured and its interest rate is linked to Libor + agreed spread per annum.
- (e) Another ECB loan from the same bank amounting to USD 15 million, equivalent to INR 113.70 (March 31, 2021 - USD 15 million, equivalent to INR 109.68), repayable over 3 equal yearly instalments commencing from August 2022. The loan is unsecured and its interest rate is linked to Libor + agreed spread per annum.

(ii) Working capital loan from banks include**Secured**

- (a) The Company has various working capital facilities aggregating to ₹ 21.54 (March 31, 2021: ₹ 11.67) carrying interest rate of 9.75% per annum (March 31, 2021 - 7.05% to 8.50%) per annum. These facilities are repayable on demand, partly secured by pari-passu first charge on current assets viz., stocks of raw materials, work in progress and finished goods.
- (b) The outstanding working capital facility amounting to ₹ 25.80 (March 31, 2021: ₹ 27.48) carrying interest rates ranging between 4.50% to 7.80% per annum (March 31, 2021: 5% - 10% per annum). 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) Cash credit facilities of ₹ 1.44 (March 31, 2021: ₹ 1.30) from banks carrying interest rates ranging between of 8% - 10% per annum (March 31, 2021: 8% - 10% per annum). The facility is repayable on demand and is secured by hypothecation of current assets relating to the business for which the loan was taken.

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

15 Borrowings (Contd.)

(d) The outstanding working capital facilities of GBP 2.71 million equivalent to ₹ 26.93 (March 31, 2021: GBP 3.18 million equivalent to ₹ 32.06) carrying interest rate being base rate + agreed spread per annum. These are secured by fixed and floating charges over all the assets and undertaking including all present and future freehold and leasehold property, book and other debts, chattels and goodwill and uncalled capital, both present and future.

(e) The outstanding working capital facilities of RMB 79 million equivalent to ₹ 94.33 (March 31, 2021: RMB 31 million equivalent to ₹ 34.53). The loan is secured by land use right and factory buildings relating to the business for which the loan was taken. The interest rate is linked to base rate + agreed spread per annum.

Unsecured

(f) (f) Preshipment packing credit loan was availed in INR amounting to ₹ 250.00 (March 31, 2021 - ₹ 225.00). The loan is unsecured and is repayable within 360 days and carries interest in the range of 2.10% to 2.75% per annum (March 31, 2021 - 1.50% to 5.04%) per annum.

The Group's exposure to liquidity, interest rate and currency risk related to borrowings are disclosed in note 35.

(iii) Reconciliation of cash flow from financing activities

| | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------|-------------------------|-------------------------|
| Cash and cash equivalents | (36.47) | (24.96) |
| Current borrowings | 420.09 | 332.04 |
| Non-current borrowings | 333.92 | 351.81 |
| Net debt | 717.54 | 658.89 |

| | Other assets | Liabilities from financing activities | | Total |
|--|---------------------------|---------------------------------------|------------------------|---------------|
| | Cash and cash equivalents | Current borrowings | Non-current borrowings | |
| Net debt as at April 1, 2021 | (24.96) | 332.04 | 351.81 | 658.89 |
| Net cash flows | (12.61) | - | - | (12.61) |
| Proceeds from / (Repayment of) borrowings, net | - | 84.31 | (30.92) | 53.39 |
| Foreign exchange adjustments | 1.10 | 3.74 | 13.03 | 17.87 |
| Net debt as at March 31, 2022 | (36.47) | 420.09 | 333.92 | 717.54 |
| Net debt as at April 1, 2020 | (40.90) | 519.39 | 366.07 | 844.56 |
| Net cash flows | 14.06 | - | - | 14.06 |
| Repayment of borrowings, net | - | (188.20) | (14.13) | (202.33) |
| Foreign exchange adjustments | 1.88 | 0.85 | (0.13) | 2.60 |
| Net debt as at March 31, 2021 | (24.96) | 332.04 | 351.81 | 658.89 |

Note:

- 1) Term loans were applied for the purpose they were obtained. Further, short term loans availed have not been utilised for long term purposes by the Group.
- 2) Quarterly returns or statements of current assets filed by the Group for the sanction of working capital loans with banks or financial institutions are in agreement with the books of accounts.
- 3) None of the entities in the Group have been declared as wilful defaulter by any bank or financial institution or government or any government authority.

16 Lease liabilities

| | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|-------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| Lease liabilities (also refer note 39) | 12.48 | 5.19 | 19.28 | 7.07 |
| | 12.48 | 5.19 | 19.28 | 7.07 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| 17 Provisions | As at March 31, 2022 | | As at March 31, 2021 | |
|------------------------------------|----------------------|--------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| Provision for employee benefits | | | | |
| Provision for gratuity* | 4.58 | 6.20 | 4.40 | 7.76 |
| Provision for compensated absences | 6.55 | 1.66 | 6.40 | 1.35 |
| Provision for others | - | 13.45 | - | 13.16 |
| | 11.13 | 21.31 | 10.80 | 22.27 |

* also includes 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.

The post-employment defined benefit plans operated by the Group 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 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.

Based on actuarial valuation obtained, the following table sets out the amounts recognised in the Group's financial statements as at balance sheet date:

| Particulars | Year ended | Year ended |
|---|----------------|----------------|
| | March 31, 2022 | March 31, 2021 |
| Amount recognised in statement of profit and loss | 4.76 | 4.74 |
| Amount recognised in other comprehensive income | (1.54) | (0.49) |
| Total expense | 3.22 | 4.25 |
| Net employee benefit expense | | |
| Recognised in statement of profit and loss | | |
| Current service cost | 4.22 | 4.20 |
| Interest cost on benefit obligation | 0.54 | 0.54 |
| Amount recognised in statement of profit and loss | 4.76 | 4.74 |
| Recognised in other comprehensive income | | |
| Actuarial gain arising from change in financial assumptions | (0.31) | (0.06) |
| Actuarial gain arising from experience adjustments | (1.23) | (0.43) |
| Amount recognised in other comprehensive income | (1.54) | (0.49) |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

17 Provisions (Contd.)

Gratuity (Contd.)

The following table sets out the defined obligation and funded status including that relating to its related entities

| | As at March 31, 2022 | As at March 31, 2021 | | |
|---|----------------------------------|-------------------------|---------------------------|----------------|
| Net defined obligation | | | | |
| Present value of defined benefit obligation | 58.54 | 56.40 | | |
| Fair value of plan assets | (49.45) | (46.14) | | |
| | 9.09 | 10.26 | | |
| Changes in present value of the defined benefit obligation are as follows: | | | | |
| Balance at the beginning of the year | 56.40 | 55.45 | | |
| Interest cost | 3.53 | 3.46 | | |
| Current service cost | 4.22 | 4.20 | | |
| Benefits paid | (4.39) | (6.28) | | |
| Actuarial gain on obligation | (1.23) | (0.43) | | |
| Balance at the end of the year | 58.54 | 56.40 | | |
| Changes in the fair value of plan assets are as follows: | | | | |
| Balance at the beginning of the year | 46.14 | 45.39 | | |
| Expected return on plan assets | 2.99 | 2.92 | | |
| Actuarial gain on asset | 0.31 | 0.06 | | |
| Contribution made by the employer | 4.34 | 3.99 | | |
| Benefits paid | (4.33) | (6.22) | | |
| Balance at the end of the year | 49.45 | 46.14 | | |
| Plan assets comprises of : | | | | |
| % of Investment with insurer | 100.00 | 100.00 | | |
| Principal actuarial assumptions used | | | | |
| Discount rate | 6.80% | 6.60% | | |
| Salary escalation rate | 7.00% | 10.00% | | |
| Attrition rate | 12.00% | 10.00% | | |
| Classification | | | | |
| - Current | 5.68 | 7.33 | | |
| - Non-current | 3.41 | 2.93 | | |
| Sensitivities | | | | |
| | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
| | 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 | (2.67) | 2.93 | (2.86) | 3.17 |
| 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 | 2.36 | (2.20) | 2.43 | (2.22) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

17 Provisions (Contd.)**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, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| Net employee benefit expense | | |
| Recognised in statement of profit and loss | | |
| Current service cost | 0.12 | 0.11 |
| Interest cost on benefit obligation | 0.11 | 0.12 |
| Amount recognised in statement of profit and loss | 0.23 | 0.23 |
| Recognised in other comprehensive income | | |
| Actuarial (gain) / loss arising from change in financial assumptions | (0.01) | 0.02 |
| Actuarial gain arising from demographic assumptions | (0.12) | - |
| Actuarial gain arising from experience adjustments | (0.13) | (0.19) |
| Amount recognised in other comprehensive income | (0.26) | (0.17) |
| Changes in present value of the defined benefit obligation are as follows: | | |
| | As at March 31, 2022 | As at March 31, 2021 |
| Defined benefit obligation at the beginning of the year | 1.90 | 1.99 |
| Interest cost | 0.11 | 0.12 |
| Current service cost | 0.12 | 0.11 |
| Benefits paid | (0.18) | (0.15) |
| Actuarial gain on obligation | (0.26) | (0.17) |
| Defined benefit obligation at the end of the year | 1.69 | 1.90 |
| Principal actuarial assumptions used | | |
| Discount rate | 6.40% | 6.20% |
| Attrition rate | 12.00% | 10.00% |
| Remaining working lives for selected class of employees (in year) | 4.86 | 5.55 |
| Classification | | |
| - Current | 0.52 | 0.43 |
| - Non-current | 1.17 | 1.47 |

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 the applicable domestic subsidiaries.

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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 Group are entitled to receive benefits under 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 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.

| | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| Principal actuarial assumptions used | | |
| Discount rate | 6.80% | 6.60% |
| Interest rate declared by EPFO | 8.10% | 8.50% |
| Remaining working lives (in years) | 6.62 | 7.57 |

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.

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| Recognised in statement of profit and loss: | | |
| Current service cost | 1.07 | 1.22 |
| Interest cost on benefit obligation | 0.48 | 0.53 |
| Net actuarial gain recognised | (0.28) | (1.43) |
| | 1.27 | 0.32 |
| Principal actuarial assumptions used: | | |
| Discount rate | 6.80% - 7.40% | 6.50% - 7.00% |
| Salary escalation rate | 7.00% - 10.00% | 7.00% - 10.00% |
| Attrition rate | 1.00% - 12.00% | 1.00% - 10.00% |
| b) Provision for others (refer note below) | | |
| Movement of Provisions for others as follows: | | |
| Balance at the beginning of the year | 13.16 | 11.97 |
| Provision made during the year, net | 0.29 | 1.19 |
| Balance at the end of the year | 13.45 | 13.16 |

Note: Provision for others includes provision made towards statutory liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| 18 Income tax | | |
| A Amounts recognised in statement of profit and loss | | |
| Current tax (a) | | |
| Current period | 157.35 | 116.96 |
| Deferred tax (b) | | |
| Attributable to - origination and reversal of temporary differences | 2.04 | 6.03 |
| Tax expense (a) + (b) | 159.39 | 122.99 |

B Income tax recognised in other comprehensive income

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|--|----------------------|-------------------------------|--------------|----------------------|-------------------------------|------------|
| | Amount | Tax (expense) / benefit | Net of tax | Amount | Tax (expense) / benefit | Net of tax |
| Fair value gain on equity instruments | 12.49 | (2.11) | 10.38 | 18.18 | (3.04) | 15.14 |
| Re-measurement gain on defined benefit plans | 1.80 | (0.46) | 1.34 | 0.66 | (0.09) | 0.57 |
| Total | 14.29 | (2.57) | 11.72 | 18.84 | (3.13) | 15.71 |

C Reconciliation of effective tax rate

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|--|---------------------------|---------------|---------------------------|--------|
| | % | Amount | % | Amount |
| Profit before tax | | 621.21 | | 485.70 |
| Tax using the Company's domestic tax rate | 25.17% | 156.35 | 25.17% | 122.24 |
| Effect of: | | | | |
| - CSR expenditure disallowance, net of deduction under section 80G of the Income Act, 1961 | 0.42% | 2.58 | - | - |
| - Others | 0.07% | 0.46 | 0.15% | 0.75 |
| Effective tax rate / tax expense | 25.66% | 159.39 | 25.32% | 122.99 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| Property, plant and equipment, intangible assets and investment property | - | - | 125.98 | 122.13 | 125.98 | 122.13 |
| Investments measured at fair value through OCI | - | - | 8.35 | 6.13 | 8.35 | 6.13 |
| Provision for employee benefits | (1.65) | (1.97) | - | - | (1.65) | (1.97) |
| Others | (1.73) | - | - | 0.32 | (1.73) | 0.32 |
| | (3.38) | (1.97) | 134.33 | 128.58 | 130.95 | 126.61 |
| Minimum alternative tax | (3.94) | (3.66) | - | - | (3.94) | (3.66) |
| | (7.32) | (5.63) | 134.33 | 128.58 | 127.01 | 122.95 |

Movement in temporary differences for the year ended March 31, 2022

| Particulars | Balance as at April 1, 2021 | Recognised in profit and loss during 2021-22 | Recognised in OCI during 2021-22 | Other adjustments | Balance as at March 31, 2022 |
|--|-----------------------------|--|----------------------------------|-------------------|------------------------------|
| Property, plant and equipment, intangible assets and investment property | 122.13 | 3.85 | - | - | 125.98 |
| Investments measured at fair value through OCI | 6.13 | 0.11 | 2.11 | - | 8.35 |
| Provision for employee benefits | (1.97) | (0.11) | 0.43 | - | (1.65) |
| Others | 0.32 | (2.05) | - | - | (1.73) |
| | 126.61 | 1.80 | 2.54 | - | 130.95 |
| Minimum alternative tax | (3.66) | - | - | (0.28) | (3.94) |
| | 122.95 | 1.80 | 2.54 | (0.28) | 127.01 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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, 2021

| Particulars | Balance as at April 1, 2020 | Recognised in profit and loss during 2020-21 | Recognised in OCI during 2020-21 | Other adjustments | Balance as at March 31, 2021 |
|--|-----------------------------|--|----------------------------------|-------------------|------------------------------|
| Property, plant and equipment, intangible assets and investment property | 117.28 | 4.85 | - | - | 122.13 |
| Investments measured at fair value through OCI | 3.09 | - | 3.04 | - | 6.13 |
| Provision for employee benefits | (2.15) | 0.11 | 0.07 | - | (1.97) |
| Others | (0.62) | 1.14 | - | (0.20) | 0.32 |
| | 117.60 | 6.10 | 3.11 | (0.20) | 126.61 |
| Minimum alternative tax | (4.28) | - | - | 0.62 | (3.66) |
| | 113.32 | 6.10 | 3.11 | 0.42 | 122.95 |

(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, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2021 |
| Property, plant and equipment and intangible assets | - | - | 0.72 | 0.28 | 0.72 | 0.28 |
| Provision for employee benefits | (0.44) | (0.46) | - | - | (0.44) | (0.46) |
| Others | (0.72) | (0.53) | - | - | (0.72) | (0.53) |
| | (1.16) | (0.99) | 0.72 | 0.28 | (0.44) | (0.71) |

Movement in temporary differences for the year ended March 31, 2022

| Particulars | Balance as at April 1, 2021 | Recognised in profit and loss during 2021-22 | Recognised in OCI during 2021-22 | Other adjustments | Balance as at March 31, 2022 |
|---|-----------------------------|--|----------------------------------|-------------------|------------------------------|
| Property, plant and equipment and intangible assets | 0.28 | 0.44 | - | - | 0.72 |
| Provision for employee benefits | (0.46) | (0.01) | 0.03 | - | (0.44) |
| Others | (0.53) | (0.19) | - | - | (0.72) |
| | (0.71) | 0.24 | 0.03 | - | (0.44) |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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, 2021

| Particulars | Balance as at April 1, 2020 | Recognised in profit and loss during 2020-21 | Recognised in OCI during 2020-21 | Other adjustments | Balance as at March 31, 2021 |
|--|-----------------------------|--|----------------------------------|-------------------|------------------------------|
| Property, plant and equipment, intangible assets and investment property | 0.10 | 0.18 | - | - | 0.28 |
| Provision for employee benefits | (0.32) | (0.16) | 0.02 | - | (0.46) |
| Others | (0.45) | (0.09) | - | 0.01 | (0.53) |
| | (0.67) | (0.07) | 0.02 | 0.01 | (0.71) |
| Minimum alternative tax | (0.76) | - | - | 0.76 | - |
| | (1.43) | (0.07) | 0.02 | 0.77 | (0.71) |

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:

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|-------------------------|----------------------|-------------------------|
| | Gross amount | Unrecognised tax effect | Gross amount | Unrecognised tax effect |
| Long term capital loss * | 5.81 | 1.46 | 6.10 | 1.54 |
| Business loss other than speculative business loss # | 0.61 | 0.16 | 0.61 | 0.16 |

* The long term capital loss expires in Assessment year 2029-30

The business loss will expire in the Assessment year 2028-29

19 Other tax liabilities, net

| | As at March 31, 2022 | | As at March 31, 2021 | |
|---|----------------------|--------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| Provision for taxation, net of advance income tax | 6.97 | 31.03 | 7.84 | 32.95 |
| | 6.97 | 31.03 | 7.84 | 32.95 |

20 Trade payables

| | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|---------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| Total outstanding dues of micro enterprises and small enterprises | - | 67.71 | - | 38.79 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 1.18 | 504.48 | 0.11 | 551.73 |
| | 1.18 | 572.19 | 0.11 | 590.52 |
| Of the above, trade payables to related parties (refer note 37) | - | - | - | 3.16 |

The Group's exposure to currency risks and liquidity risk related to other financial liabilities are disclosed in note 35.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| 20 Trade payables (Contd.) | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| Disclosure required under Section 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 | 67.71 | 38.79 |
| 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 | - | - |
| | 67.71 | 38.79 |

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.

The Group's exposure to currency risks and liquidity risk related to other financial liabilities are disclosed in note 35.

20(a) Ageing schedule

As at March 31, 2022

| Particulars | Outstanding for following periods from the due date of payment | | | | | Total |
|------------------------|--|------------------|-------------|-------------|-------------------|---------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed dues | | | | | | |
| (i) MSME | 55.24 | 12.31 | - | - | - | 67.55 |
| (ii) Others | 316.08 | 142.37 | 4.15 | 1.32 | 2.78 | 466.70 |
| Disputed dues | | | | | | |
| (i) MSME | - | - | 0.01 | - | 0.15 | 0.16 |
| (ii) Others | - | - | 0.05 | - | 0.13 | 0.18 |
| Unbilled dues | 38.78 | - | - | - | - | 38.78 |
| Total | 410.10 | 154.68 | 4.21 | 1.32 | 3.06 | 573.37 |

As at March 31, 2021

| Particulars | Outstanding for following periods from the due date of payment | | | | | Total |
|------------------------|--|------------------|-------------|-------------|-------------------|---------------|
| | Not due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed dues | | | | | | |
| (i) MSME | 28.25 | 8.98 | - | - | - | 37.23 |
| (ii) Others | 303.24 | 189.00 | 6.82 | 4.28 | 4.26 | 507.60 |
| Disputed dues | | | | | | |
| (i) MSME | - | 0.34 | 1.16 | - | 0.06 | 1.56 |
| (ii) Others | - | - | 0.14 | 0.11 | 0.11 | 0.36 |
| Unbilled dues | 43.88 | - | - | - | - | 43.88 |
| Total | 375.37 | 198.32 | 8.12 | 4.39 | 4.43 | 590.63 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| 21 Other financial liabilities | As at March 31, 2022 | | As at March 31, 2021 | |
|--|----------------------|--------------|----------------------|---------|
| | Non-current | Current | Non-current | Current |
| Financial liabilities at amortised cost | | | | |
| Interest accrued but not due on borrowings | - | 1.39 | - | 1.77 |
| Liability towards supplier bills discounted | - | 9.93 | - | 11.27 |
| Unclaimed dividend (refer note 9) | - | 4.55 | - | 4.04 |
| Employee benefits payable | - | 39.40 | - | 32.55 |
| Other payables* | 1.66 | 18.04 | 0.30 | 13.93 |
| | 1.66 | 73.31 | 0.30 | 63.56 |

* includes managerial commission of ₹ 8.41 (March 31, 2021 : Nil) (also refer note 37)

The Group's exposure to currency risks and liquidity risk related to other financial liabilities are disclosed in note 35.

| 22 Other current liabilities | As at | As at |
|------------------------------|----------------|----------------|
| | March 31, 2022 | March 31, 2021 |
| Advance from customers | 10.31 | 2.94 |
| Statutory dues | 20.19 | 7.12 |
| | 30.50 | 10.06 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| 23 Revenue from operations | | |
| (a) Revenue from sale of products | 4,696.18 | 3,498.66 |
| (b) Rendering of services | 71.08 | 47.59 |
| (c) Other operating revenue (refer note (i) below) | 134.80 | 98.04 |
| | 4,902.06 | 3,644.29 |
| Note: | | |
| (i) Other operating revenue | | |
| (i) Scrap sales | 107.74 | 62.79 |
| (ii) Export incentives | 23.54 | 24.14 |
| (iii) Others | 3.52 | 11.11 |
| | 134.80 | 98.04 |
| (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) | 3,057.08 | 2,332.79 |
| (ii) Exports | 1,639.10 | 1,165.87 |
| | 4,696.18 | 3,498.66 |
| b) Rendering of services | 71.08 | 47.59 |
| c) Scrap sales | 107.74 | 62.79 |
| d) Total revenue from contracts with customers (a+b+c) | 4,875.00 | 3,609.04 |
| e) Other operating revenues | | |
| - Export incentives | 23.54 | 24.14 |
| - Others | 3.52 | 11.11 |
| Total other operating revenue (e) | 27.06 | 35.25 |
| Total revenue from operations (d + e) | 4,902.06 | 3,644.29 |
| (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) | 1,005.04 | 885.63 |
| Unbilled revenue (refer note 8) | 5.36 | 3.94 |
| Advance from customers (refer note 22) | 10.31 | 2.94 |
| 24 Other income | | |
| Interest income | 2.27 | 6.17 |
| Net foreign exchange gain | 17.87 | 4.79 |
| Dividend income | 0.69 | 0.41 |
| Fair value gain on financial instruments at fair value through profit or loss | 0.33 | 0.77 |
| Profit on sale of property, plant and equipment, net | 2.04 | 3.87 |
| Gain on sale of investment in mutual funds | 0.74 | 0.97 |
| Other non-operating income | 15.40 | 10.42 |
| | 39.34 | 27.40 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| 25 Cost of materials consumed | | |
| Opening stock of raw materials and components | 217.67 | 160.42 |
| Add: Purchases during the year | 2,191.66 | 1,528.45 |
| Less: Closing stock of raw materials and components | 237.26 | 217.67 |
| | 2,172.08 | 1,471.20 |
| 26 Changes in inventories of finished goods and work-in-progress | | |
| A) Opening stock: | | |
| Work-in-progress | 163.20 | 136.94 |
| Finished goods | 230.54 | 210.77 |
| Exchange rate fluctuation on account of foreign currency translation | 2.39 | 0.76 |
| | 396.13 | 348.47 |
| B) Closing stock: | | |
| Work-in-progress | 198.11 | 163.20 |
| Finished goods | 310.35 | 230.54 |
| Exchange rate fluctuation on account of foreign currency translation | (1.44) | (1.10) |
| | 507.02 | 392.64 |
| Total (A- B) | (110.89) | (44.17) |
| 27 Employee benefits expense | | |
| Salaries and wages | 424.05 | 349.54 |
| Expenses related to post-employment benefit plan (refer note 17) | 4.99 | 4.97 |
| Contribution to provident and other funds (refer note below) | 23.19 | 19.15 |
| Staff welfare expenses | 33.93 | 26.37 |
| | 486.16 | 400.03 |

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".

28 Finance costs

| | | |
|--|--------------|--------------|
| Interest expense | | |
| - on financial liabilities measured at amortised cost | 21.75 | 31.14 |
| - on lease liabilities | 2.18 | 2.52 |
| Exchange differences regarded as an adjustment to borrowing cost | 7.17 | (6.81) |
| Other borrowing costs | 0.10 | 0.26 |
| Less: Borrowing costs capitalised (refer note below) | (2.48) | (0.98) |
| | 28.72 | 26.13 |

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 3.39% per annum (March 31, 2021: 2.07% per annum)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|------------------------------|------------------------------|
| 29 Depreciation and amortisation expense | | |
| Depreciation on property, plant and equipment (refer note 5(a)) | 180.79 | 170.39 |
| Depreciation on investment property (refer note 5(c)) | 0.38 | 0.35 |
| Amortisation on right of use assets (refer note 5(d) and note 40) | 8.72 | 8.01 |
| Amortisation on intangible assets (refer note 5(e)) | 0.90 | 0.94 |
| | 190.79 | 179.69 |
| 30 Other expenses | | |
| Consumption of stores, tools and spares | 488.92 | 368.69 |
| Power and fuel | 207.22 | 163.58 |
| Rent | 6.74 | 7.03 |
| Rates and taxes | 7.84 | 8.77 |
| Repairs and maintenance | | |
| - buildings | 37.68 | 27.26 |
| - plant and equipment | 65.60 | 46.71 |
| - other assets | 7.68 | 7.46 |
| Sub-contract expenses | 456.07 | 328.83 |
| Auditor's remuneration (refer note below) | 2.15 | 2.08 |
| Foreign exchange loss | 0.91 | 0.22 |
| Expenditure on corporate social responsibility (refer note 33) | 10.21 | 11.30 |
| Freight and cartage outward | 160.78 | 94.91 |
| Miscellaneous expenses (Under this head there are no expenditure which is in excess of 1% of revenue from operations.) | 101.52 | 86.27 |
| | 1,553.32 | 1,153.11 |
| Note: | | |
| Auditor's remuneration* | | |
| As auditor | 1.92 | 1.66 |
| Taxation matters | 0.06 | 0.16 |
| Other services | 0.16 | 0.22 |
| Reimbursement of expenses | 0.01 | 0.04 |
| | 2.15 | 2.08 |
| * Comprise of payments made to auditors of subsidiaries | | |
| 31 Earnings per equity share (EPS) | | |
| Net profit attributable to owners of the parent (A) | 456.72 | 359.18 |
| 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) | 21.74 | 17.10 |
| Diluted earnings per share | | |
| The Group does not have any potential equity shares. Accordingly, basic and diluted EPS would remain the same. | | |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

32 Other statutory information

- (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group has not traded or invested in Crypto currency or virtual currency during the financial year.
- (iii) The Group has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (iv) The Group has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (v) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vi) The Group does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond statutory period except the following:

| Chargeholder Name | Registrar location | As at | As at |
|---|--------------------|----------------|----------------|
| | | March 31, 2022 | March 31, 2021 |
| The Hongkong And Shanghai Banking Corporation Limited | Chennai | 50.00 | 50.00 |
| Canara Bank | Chennai | 37.00 | 37.00 |
| Government of Tamilnadu | Chennai | 2.80 | 2.80 |
| Axis Bank | Chennai | 2.50 | 2.50 |
| ANZ Grindlays Bank | Chennai | 1.10 | 1.10 |

* The Group is awaiting for No-objection certificate from concerned chargeholders for filing the requisite satisfaction of charges with ROC.

- (vii) Transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 are as follows:-

| Name of the struck off company & Nature of transaction | Relationship with the Struck off company | As at | As at |
|---|--|----------------|----------------|
| | | March 31, 2022 | March 31, 2021 |
| Resems Instruments Private Limited - Payable for purchase of equipments | Third party supplier | 180,000 | 180,000 |
| Rvee Business Solution Private Limited - Payable for purchase of goods | Third party supplier | 118,185 | 118,185 |
| Sha Hydraulics Private Limited - Payable for purchase of goods | Third party supplier | 82,500 | 82,500 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| 33 Expenditure on corporate social responsibility (CSR) # | | |
| a) Amount required to be spent by the Company during the year | 10.21 | 11.30 |
| b) Amount spent during the year (in cash): | | |
| (i) Construction / acquisition of asset | - | - |
| (ii) On purposes other than (i) above | | |
| a) Education | 2.17 | 4.30 |
| b) Healthcare | 6.17 | 6.00 |
| c) Mental health education | 0.84 | - |
| d) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art | 0.29 | 0.95 |
| d) Others | 0.10 | 0.05 |
| | 9.57 | 11.30 |
| c) Shortfall at the end of the year | 0.64 | - |
| d) Total of previous years shortfall | - | - |
| e) Reason for shortfall | Refer note 1 below | NA |
| f) Details of related party transactions | Refer note 2 below | Refer note 2 below |
| g) The movements in the provision for unspent CSR (relating to ongoing project) is as follows: | | NA |
| Opening balance | - | - |
| Amount required to be spent during the year | 10.21 | - |
| Amount spent during the year | 9.57 | - |
| Closing balance | 0.64 | - |

The above aggregated CSR expenditure disclosed are relating to holding company, TVS Next Limited and TVS Upasana Limited.

Note 1: In view of the impact of Covid-19 Pandemic, certain activities to complete the shooting schedules relating to wildlife photography project were postponed which were originally planned to be completed by January 2022, resulting in postponement of planned spend.

Note 2 : The above expenditure includes contribution to Krishna Educational Society, over which the Company has significant influence (also refer note 37).

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

34 Ratios as per the schedule III requirements:

a) Current ratio = Current assets divided by Current liabilities

| Particulars | March 31, 2022 | March 31, 2021 |
|------------------------------------|----------------|----------------|
| Current assets | 1,982.14 | 1,666.24 |
| Current liabilities | 1,250.99 | 1,145.04 |
| Ratio | 1.58 | 1.46 |
| % change from previous year | 8.88% | |

Reason for change more than 25% : Not applicable

b) Debt-Equity Ratio = Total debt divided by total equity where total debt refers to sum of current and non-current borrowings

| Particulars | March 31, 2022 | March 31, 2021 |
|------------------------------------|----------------|----------------|
| Total debt | 754.01 | 683.86 |
| Total equity | 2,636.20 | 2,358.36 |
| Ratio | 0.29 | 0.29 |
| % change from previous year | (1.36%) | |

Reason for change more than 25% : Not applicable

c) Debt Service Coverage Ratio = Earnings available for debt services divided by total interest and principal repayments

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Profit after tax | 461.83 | 362.71 |
| Add: | | |
| Depreciation and amortisation expense | 190.79 | 179.69 |
| Finance cost | 28.72 | 26.13 |
| Earnings available for debt services | 681.34 | 568.53 |
| Interest payment on borrowings | 21.75 | 31.14 |
| Lease payments | 2.18 | 2.52 |
| Principal repayments | 30.92 | 14.13 |
| Total interest and principal repayments | 54.85 | 47.79 |
| Ratio | 12.42 | 11.90 |
| % change from previous year | 4% | |

Reason for change more than 25% : There was no repayment of long term borrowings in the previous year (which was in accordance with schedule of repayments). Further average funds borrowed for working capital purposes were higher in the previous year.

d) Return on Equity ratio = Profit after tax divided by average shareholder's equity

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| Profit after tax | 461.83 | 362.71 |
| Average shareholder's equity (refer note below) | 2,497.28 | 2,181.34 |
| Ratio | 18.49% | 16.63% |
| % change from previous year | 11.22% | |

Note: Average shareholder's equity = (Total shareholder's equity as at beginning of respective year + total shareholder's equity as at end of respective year) divided by 2.

Reason for change more than 25% : Not applicable

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

34 Ratios as per the schedule III requirements: (Contd.)**e) Inventory turnover ratio = Cost of goods sold divided by average inventory**

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| Cost of goods sold (refer note 1 below) | 3,006.18 | 2,124.56 |
| Average inventory (refer note 2 below) | 747.22 | 621.98 |
| Ratio | 4.02 | 3.42 |
| % change from previous year | 17.78% | |

Note:

1. Cost of goods sold includes cost of materials consumed and changes in inventories of finished goods and work-in-progress, consumption of stores, tools and spares and sub-contract expenses.
2. Average inventory = (Total inventory as at beginning of respective year + total inventory as at end of respective year) divided by 2.

Reason for change more than 25% : Not applicable

f) Trade receivables turnover ratio = Sales divided by average trade receivables

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Turnover (refer note 1 below) | 4,878.52 | 3,620.15 |
| Average trade receivables (refer note 2 below) | 945.34 | 768.33 |
| Ratio | 5.16 | 4.71 |
| % change from previous year | 9.53% | |

Note:

1. Turnover represents revenue from operations excluding export incentives
2. Average trade receivables = (Total trade receivables as at beginning of respective year + total trade receivables as at end of respective year) divided by 2.

Reason for change more than 25% : Not applicable

g) Trade payables turnover ratio = Purchases divided by average trade payables

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| Purchases (refer note 1 below) | 3,136.66 | 2,225.98 |
| Average trade payables (refer note 2 below) | 582.01 | 488.21 |
| Ratio | 5.39 | 4.56 |
| % change from previous year | 18.20% | |

Note:

1. Purchases includes purchase of materials, consumption of stores, tools and spares and sub-contract expenses.
2. Average trade payables = (Total Trade Payables as at beginning of respective year + Total Trade Payables as at end of respective year) divided by 2.

Reason for change more than 25% : Not applicable

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

34 Ratios as per the schedule III requirements: (Contd.)

h) Net capital turnover ratio = Revenue from operations divided by workings capital

| Particulars | March 31, 2022 | March 31, 2021 |
|-------------------------------------|----------------|----------------|
| Revenue from operations | 4,902.06 | 3,644.29 |
| Workings capital (refer note below) | 731.14 | 521.21 |
| Ratio | 6.70 | 6.99 |
| % change from previous year | (4.11%) | |

Note: Working capital = Current assets - Current liabilities

Reason for change more than 25% : Not applicable

i) Net profit ratio = Net profit after tax divided by Revenue from operations

| Particulars | March 31, 2022 | March 31, 2021 |
|------------------------------------|----------------|----------------|
| Net profit after tax | 461.83 | 362.71 |
| Revenue from operations | 4,902.06 | 3,644.29 |
| Ratio | 9.42% | 9.95% |
| % change from previous year | (5.34%) | |

Reason for change more than 25% : Not applicable

j) Return on Capital employed = Earnings before interest and taxes (EBIT) divided by capital employed

| Particulars | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| Earnings before interest and taxes (refer note 1 below) | 649.94 | 511.82 |
| Capital employed (refer note 2 below) | 3,534.89 | 3,191.53 |
| Ratio | 18.39% | 16.04% |
| % change from previous year | 14.65% | |

Note:

1. EBIT = Profit before taxes + finance cost

2. Capital employed = Total equity + total debt + deferred tax liabilities + lease liabilities

Reason for change more than 25% : Not applicable

k) Return on investments = Income generated from invested funds divided by Average invested funds in treasury investments

| Particulars | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Income generated from invested funds | 0.74 | 0.97 |
| Invested funds in treasury investments | 25.55 | 32.95 |
| Ratio | 2.90% | 2.94% |
| % change from previous year | (1.63%) | |

Reason for change more than 25% : Not applicable

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 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, 2022 | | | | March 31, 2021 | | | |
|--|------|----------------|--------------|-----------------|-----------------|----------------|--------------|-----------------|-----------------|
| | | FVTPL | FVOCI | Amortised cost | Total | FVTPL | FVOCI | Amortised cost | Total |
| Financial assets | | | | | | | | | |
| Investments | 6 | 11.49 | 65.44 | - | 76.93 | 18.74 | 45.44 | - | 64.18 |
| Loans | 7 | - | - | 1.81 | 1.81 | - | - | 1.96 | 1.96 |
| Security deposits | 8 | - | - | 29.46 | 29.46 | - | - | 35.90 | 35.90 |
| Derivative assets | 8 | 0.35 | - | - | 0.35 | 0.09 | - | - | 0.09 |
| Advances recoverable | 8 | - | - | 0.11 | 0.11 | - | - | 0.06 | 0.06 |
| Unbilled Revenue | 8 | - | - | 5.36 | 5.36 | - | - | 3.94 | 3.94 |
| Other financial assets | 8 | - | - | 5.32 | 5.32 | - | - | 3.45 | 3.45 |
| Trade receivables | 12 | - | - | 1,005.04 | 1,005.04 | - | - | 885.63 | 885.63 |
| Cash and cash equivalents | 13 | - | - | 36.47 | 36.47 | - | - | 24.96 | 24.96 |
| Bank balance other than cash and cash equivalents | 13 | - | - | 34.84 | 34.84 | - | - | 14.34 | 14.34 |
| Total financial assets | | 11.84 | 65.44 | 1,118.41 | 1,195.69 | 18.83 | 45.44 | 970.24 | 1,034.51 |
| Financial liabilities | | | | | | | | | |
| Borrowings (including current maturities of term loans from banks) | 15 | - | - | 754.01 | 754.01 | - | - | 683.85 | 683.85 |
| Lease liabilities | 16 | - | - | 17.67 | 17.67 | - | - | 26.35 | 26.35 |
| Trade payables | 20 | - | - | 573.37 | 573.37 | - | - | 590.63 | 590.63 |
| Interest accrued but not due on borrowings | 21 | - | - | 1.39 | 1.39 | - | - | 1.77 | 1.77 |
| Liability towards supplier bills discounted | 21 | - | - | 9.93 | 9.93 | - | - | 11.27 | 11.27 |
| Unclaimed dividend | 21 | - | - | 4.55 | 4.55 | - | - | 4.04 | 4.04 |
| Employee benefits payable | 21 | - | - | 39.40 | 39.40 | - | - | 32.55 | 32.55 |
| Other payables | 21 | - | - | 19.70 | 19.70 | - | - | 14.23 | 14.23 |
| Total financial liabilities | | - | - | 1,420.02 | 1,420.02 | - | - | 1,364.69 | 1,364.69 |

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 Financial instruments - fair values and risk management (Contd.)

B 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, 2022 | | | | March 31, 2021 | | | |
|--|------|-----------------|--------------|-------------|--------------|-----------------|--------------|-------------|--------------|
| | | Carrying amount | Fair value | | | Carrying amount | Fair value | | |
| | | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | | | | |
| Investments | 6 | 76.93 | 22.30 | - | 54.63 | 64.18 | 22.38 | - | 41.80 |
| Loans # | 7 | 1.81 | - | - | - | 1.96 | - | - | - |
| Security deposits # | 8 | 29.46 | - | - | - | 35.90 | - | - | - |
| Derivative assets | 8 | 0.35 | - | 0.35 | - | 0.09 | - | 0.09 | - |
| Advances recoverable # | 8 | 0.11 | - | - | - | 0.06 | - | - | - |
| Unbilled revenue # | 8 | 5.36 | - | - | - | 3.94 | - | - | - |
| Other financial assets # | 8 | 5.32 | - | - | - | 3.45 | - | - | - |
| Trade receivables # | 12 | 1,005.04 | - | - | - | 885.63 | - | - | - |
| Cash and cash equivalents # | 13 | 36.47 | - | - | - | 24.96 | - | - | - |
| Bank balance other than cash and cash equivalents # | 13 | 34.84 | - | - | - | 14.34 | - | - | - |
| Total financial assets | | 1,195.69 | 22.30 | 0.35 | 54.63 | 1,034.51 | 22.38 | 0.09 | 41.80 |
| Financial liabilities | | | | | | | | | |
| Borrowings (including current maturities of term loans from banks) # | 15 | 754.01 | - | - | - | 683.85 | - | - | - |
| Lease liabilities # | 16 | 17.67 | - | - | - | 26.35 | - | - | - |
| Trade payables # | 20 | 573.37 | - | - | - | 590.63 | - | - | - |
| Derivative liabilities | 21 | - | - | - | - | - | - | - | - |
| Interest accrued but not due on borrowings # | 21 | 1.39 | - | - | - | 1.77 | - | - | - |
| Liability towards supplier bills discounted # | 21 | 9.93 | - | - | - | 11.27 | - | - | - |
| Unclaimed dividend # | 21 | 4.55 | - | - | - | 4.04 | - | - | - |
| Employee benefits payable # | 21 | 39.40 | - | - | - | 32.55 | - | - | - |
| Other payables # | 21 | 19.70 | - | - | - | 14.23 | - | - | - |
| Total financial liabilities | | 1,420.02 | - | - | - | 1,364.69 | - | - | - |

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, 2022 (Contd.)

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

35 Financial instruments - fair values and risk management (Contd.)

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 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 of 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, 2022 (Contd.)

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

35 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 *Rupees*.

| | Short-term exposure | | | | Long-term exposure | | | |
|-----------------------|---------------------|--------------|----------------|---------------|--------------------|-----|----------------|-----------------|
| | USD | GBP | EUR and others | Total | USD | GBP | EUR and others | Total |
| March 31, 2022 | | | | | | | | |
| Financial assets | 324.75 | 11.41 | 62.52 | 398.68 | 1.96 | - | - | 1.96 |
| Financial liabilities | (88.59) | (0.91) | (6.50) | (96.00) | (113.70) | - | - | (113.70) |
| | 236.16 | 10.50 | 56.02 | 302.68 | (111.74) | - | - | (111.74) |
| March 31, 2021 | | | | | | | | |
| Financial assets | 292.32 | 16.69 | 49.94 | 358.95 | - | - | - | - |
| Financial liabilities | (56.15) | (1.49) | (17.41) | (75.05) | (182.80) | - | - | (182.80) |
| | 236.18 | 15.18 | 32.52 | 283.90 | (182.80) | - | - | (182.80) |

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, 2022 (March 31, 2021: 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, 2022 (Contd.)

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

35 Financial instruments - fair values and risk management (Contd.)

The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

| | Strengthening | | Weakening | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2022 | Year ended March 31, 2021 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| Increase / (decrease) in profit and equity | | | | |
| USD | (6.22) | (2.67) | 6.22 | 2.67 |
| GBP | (0.53) | (0.76) | 0.53 | 0.76 |
| EUR and others | (2.80) | (1.63) | 2.80 | 1.63 |
| | (9.55) | (5.06) | 9.55 | 5.06 |

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 and repayment of External Commercial Borrowings to a foreign bank. 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, 2022 | | Year ended March 31, 2021 | |
|--|---------------------------|-----------------------|---------------------------|-----------------------|
| | Less than 180 days | More than 180 days | Less than 180 days | More than 180 days |
| <i>Receivables</i> | | | | |
| Forward exchange contracts maturing | | | | |
| Net exposure | 34.59 | - | 103.10 | - |
| Average ₹ / USD forward contract rate | 76.86 | - | 73.65 | - |
| <i>External Commercial Borrowings</i> | | | | |
| Forward exchange contracts maturing | | | | |
| Net exposure | 5.68 | - | - | - |
| Average ₹ / USD forward contract rate | 75.74 | - | - | - |

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, 2022, approximately 12% (March 31, 2021: 5%) 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 | 272.81 | 87.00 | 359.81 |
| USD loans | 189.50 | - | 189.50 |
| GBP and other loans | 204.70 | - | 204.70 |
| As at March 31, 2022 | 667.01 | 87.00 | 754.01 |
| INR loans | 282.00 | 37.00 | 319.00 |
| USD loans | 219.36 | - | 219.36 |
| GBP and other loans | 145.49 | - | 145.49 |
| As at March 31, 2021 | 646.85 | 37.00 | 683.85 |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 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, 2022 and March 31, 2021. 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, 2022 | As at March 31, 2021 |
|----------|-----|-------------------------|-------------------------|
| Increase | +1% | (6.67) | (6.47) |
| Decrease | -1% | 6.67 | 6.47 |

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 ₹ 22.30 (March 31, 2021: ₹ 22.38).

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, 2022 | As at March 31, 2021 |
| Trade receivables | (i) | 1,005.04 | 885.63 |
| Unbilled revenue | (i) | 5.36 | 3.94 |
| Investments | (ii) | 76.93 | 64.18 |
| Loans | (iii) | 1.81 | 1.96 |
| Cash and cash equivalents | (iv) | 36.47 | 24.96 |
| Bank balances other than cash and cash equivalents | (iv) | 34.84 | 14.34 |
| Security deposits | (v) | 29.46 | 35.90 |
| Derivative assets | (v) | 0.35 | 0.09 |
| Advances recoverable | (v) | 0.11 | 0.06 |
| Other financial assets | (v) | 5.32 | 3.45 |
| Total | | 1,195.69 | 1,034.51 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

35 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 Group 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 receivables (including unbilled revenue) are as follows:

| | As at March 31, 2022 | As at March 31, 2021 |
|--|-------------------------|-------------------------|
| Not more than 180 days | 990.96 | 882.08 |
| More than 180 days | 26.16 | 12.94 |
| Sub-total | 1,017.12 | 895.02 |
| Less: Loss allowance in accordance with expected credit loss model | (6.72) | (5.45) |
| Total | 1,010.40 | 889.57 |

The Group management also assesses the credit losses on account of the financial guarantees extended by the Group. The Group management evaluates the credit risk associated with these companies, ability of them to repay the debts and probable exposure of the Company in case a group company fails to make payment when due in accordance with the original or modified terms of a debt instrument of such Group Company.

(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, compulsorily convertible preference shares 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

The balance is primarily constituted by loans given to its employees. The Group does not expect any loss from non-performance by these employees.

| | As at March 31, 2022 | As at March 31, 2021 |
|----------------------------|-------------------------|-------------------------|
| Loans to employees | 1.81 | 1.96 |
| Net carrying amount | 1.81 | 1.96 |

(iv) Cash and cash equivalents and bank balances other than 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, 2022 (Contd.)

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

35 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, 2022 | | | As at March 31, 2021 | | |
|---|----------------------|--------------------|--------------------|----------------------|--------------------|--------------------|
| | Carrying amount | Less than 180 days | More than 180 days | Carrying amount | Less than 180 days | More than 180 days |
| Borrowings (including current maturities)* | 754.01 | 551.69 | 202.32 | 683.85 | 408.94 | 274.91 |
| Lease liabilities | 17.67 | 3.01 | 14.66 | 26.35 | 3.95 | 22.40 |
| Trade payables | 573.37 | 551.16 | 22.21 | 590.63 | 590.52 | 0.11 |
| Interest accrued but not due on borrowings | 1.39 | 0.81 | 0.58 | 1.77 | 1.77 | - |
| Liability towards supplier bills discounted | 9.93 | 9.93 | - | 11.27 | 11.27 | - |
| Unclaimed dividend | 4.55 | 0.45 | 4.10 | 4.04 | 4.04 | - |
| Employee benefits payable | 39.40 | 31.28 | 8.12 | 32.55 | 16.71 | 15.84 |
| Other payables | 19.70 | 12.82 | 6.88 | 14.23 | 7.32 | 6.91 |
| Total | 1,420.02 | 1,161.15 | 258.87 | 1,364.69 | 1,044.52 | 320.17 |

* 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, 2022 (Contd.)

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

36 Contingencies and commitments**a) Contingent liabilities****- Claims against the Group not acknowledged as debt****Legal claims:**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| - Sales tax / Entry tax - under appeal | 13.04 | 17.13 |
| - Excise duty / Customs duty / Service tax - under appeal | 4.49 | 3.33 |
| - Income-tax - under appeal | 1.96 | 4.52 |
| - Others | 1.00 | 1.00 |
| | 20.49 | 25.98 |

(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 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.

Including the matters disclosed above, the Group is involved in taxation matters that arise from time to time in the ordinary course of business. Judgement is required in assessing the range of possible outcomes for some of these tax matters, which could change substantially over time as each of the matters progresses depending on experience on actual assessment proceedings by tax authorities and other judicial precedents. Based on its internal assessment supported by external legal counsel views, where the management considered necessary, the Group believes that it will be able to sustain its positions if challenged by the authorities and accordingly no additional provision is required for these matters.

Management is of the view that above matters will not have any material adverse effect on the Group financial position and results of operations.

- Guarantees excluding financial guarantees

| | As at March 31, 2022 | As at March 31, 2021 |
|---------------------------|-------------------------|-------------------------|
| - On letters of guarantee | 0.16 | 0.16 |

- Other money for which the Group is contingently liable

| | | |
|------------------------|------|------|
| - On letters of credit | 3.01 | 5.65 |
|------------------------|------|------|

| | | |
|---|------|------|
| - 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) Commitments

| | | |
|--|-------|-------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 50.16 | 75.65 |
|--|-------|-------|

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

37 Related party disclosures

Related Parties :

(I) Where control exists:

(A) Ultimate holding company

- (1) TVS Sundram Fasteners Private Limited, Chennai, India (from February 4, 2022)
- (2) TV Sundram Iyengar & Sons Private Limited, Madurai, India (upto February 3, 2022)

(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*
- (6) Mr Vinod Krishnan# and
- (7) Mr R Krishnan \$

(B) Non-executive directors

- (1) Mr S Mahalingam
- (2) Mr Heramb R Hajarnavis
- (3) Mr B Muthuraman
- (4) Ms Preethi Krishna
- (5) Dr. Nirmala Lakhsman and
- (6) Mr R Srinivasan (upto 21.09.2021)

(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 (Employees)

Enterprises over which KMP are able to exercise significant influence

- (1) Krishna Educational Society
- (2) Suresh Krishna HUF

* Key Managerial Personnel as per Companies Act, 2013

Key Managerial Personnel of TVS Next Limited

\$ Key Managerial Personnel of TVS Upasana Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

37 Related party disclosures (Contd.)

(III) Subsidiaries / joint ventures / associates of ultimate holding company:

- (1) Southern Roadways Private Limited, Madurai, India (upto January 6, 2022)
- (2) The Associated Auto Parts Private Limited, Mumbai, India (upto February 3, 2022)
- (3) Sundaram-Clayton Limited, Chennai, India (upto February 3, 2022)
- (4) Madurai Trans Carrier Limited, Chennai, India (upto February 3, 2022)
- (5) TVS Electronics Limited, Chennai, India (upto February 3, 2022)
- (6) TVS Motor Company Limited, Chennai, India (upto February 3, 2022)
- (7) Lucas TVS Limited, Chennai, India (upto February 3, 2022)
- (8) TVS Training and Services Limited, Chennai, India (upto February 3, 2022)
- (9) Lucas Indian Services Limited, Mumbai, India (upto February 3, 2022)
- (10) India Motor Parts & Accessories Limited, Chennai, India (upto February 3, 2022)
- (11) Delphi TVS Technologies Limited, Chennai, India (upto February 3, 2022)
- (12) Wheels India Limited, Chennai, India (upto February 3, 2022)
- (13) Brakes India Private Limited, Chennai, India (upto February 3, 2022)
- (14) TVS Supply Chain Solutions Limited, Madurai, India (upto February 3, 2022)
- (15) India Nippon Electricals Limited, Chennai, India (upto February 3, 2022)
- (16) TVS Automobile Solutions Private Limited, Madurai, India (upto February 3, 2022)
- (17) TVS Argomm Private Limited, Madurai, India (upto February 3, 2022)
- (18) Sundaram Industries Private Limited, Madurai, India (upto February 3, 2022) and
- (19) Ki Mobility Solutions Private Limited, Madurai, India (upto February 3, 2022)
- (20) Sundaram Brake Linings Limited, Chennai, India (upto February 3, 2022)
- (21) TVS Educational Society, Chennai, India (upto February 3, 2022)

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

37 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 (including reimbursement of expenses) | - | - | - | - | 2.22 |
| Shares | - | - | - | - | (6.28) |
| Fixed assets | 1.09 | - | - | - | - |
| | (0.81) | - | - | - | - |
| Sales | | | | | |
| Goods and materials | 88.90 | - | - | - | 152.25 |
| Fixed assets | (77.41) | - | - | - | (154.35) |
| | - | - | - | - | - |
| | (0.30) | - | - | - | - |
| Services | | | | | |
| Rendered* | - | - | - | - | 0.00 |
| Received | 0.06 | - | - | 3.42 | 9.73 |
| | (1.78) | - | - | - | (5.42) |
| Finance | | | | | |
| Dividend received* | - | - | - | - | 0.00 |
| Dividend paid | 85.26 | 0.13 | 0.08 | - | 17.97 |
| | (6.93) | (0.02) | (0.01) | - | (7.31) |
| Others | | | | | |
| Leasing inward or outward/ hire purchase arrangements | 0.03 | 1.11 | 0.07 | - | 0.01 |
| Management contracts, including deputation of employees and sitting fees | - | (1.17) | (0.07) | - | (0.09) |
| Freight and cartage | - | 16.69 | 0.03 | - | - |
| | - | (5.45) | (0.03) | - | - |
| Post employee benefit contribution | - | - | - | 8.10 | - |
| Donations | - | - | - | (8.03) | - |
| | - | - | - | 2.16 | - |
| | - | - | - | (3.85) | - |
| Outstanding balances | | | | | |
| Due to the Group | 23.28 | - | - | - | 0.07 |
| Due by the Group | (12.49) | - | - | - | (35.13) |
| | - | - | - | - | - |
| | (0.47) | - | - | - | (2.69) |

(Previous year figures are in brackets)

* Amount less than ₹ 0.01

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

37 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 (a) Particulars of loans, guarantees and investments under Section 186 of the Companies Act, 2013 during the financial year ended March 31, 2022

| Name of the body corporate | Nature of transaction | Amount of transaction | Purpose for which the loan / security / acquisition of shares / guarantee utilised by recipient |
|--|------------------------------|------------------------------|--|
| Sundaram Overnight Fund Direct Growth Scheme of Sundaram Asset Management Co Limited, Chennai | Investment in mutual funds | 2,210.50 | Treasury investments |
| Sundaram Liquid Fund Direct Growth Scheme of Sundaram Asset Management Co Limited, Chennai | Investment in mutual funds | 20.00 | Treasury investments |
| Sundaram Ultra Short Term Fund Direct Growth Scheme of Sundaram Asset Management Co Limited, Chennai | Investment in mutual funds | 35.00 | Treasury investments |

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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, 2022 and March 31, 2021 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, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| 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 | Software services | India | 67.65% | 67.65% | 32.35% | 32.35% |
| TVS Next 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% | 100.00% | 0.00% | 0.00% |
| TVS Engineering Limited, Chennai, India | Manufacture of parts for aerospace and defence. | India | 100.00% | 100.00% | 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% |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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 2022 | 96.55% | 2,545.27 | 88.23% | 407.46 | 47.95% | 11.75 | 86.20% | 419.20 |
| | Balance as at March, 31 2021 | 98.93% | 2,333.04 | 90.47% | 328.14 | 78.90% | 15.28 | 89.88% | 343.42 |
| Indian subsidiaries | | | | | | | | | |
| 2 | Sundram Fasteners Investments Limited, Chennai | | | | | | | | |
| | Balance as at March, 31 2022 | 0.26% | 6.81 | 0.07% | 0.30 | 0.11% | 0.03 | 0.07% | 0.33 |
| | Balance as at March, 31 2022 | 0.27% | 6.48 | 0.00% | 0.01 | 1.35% | 0.26 | 0.07% | 0.27 |
| 3 | TVS Upasana Limited, Chennai | | | | | | | | |
| | Balance as at March, 31 2022 | 3.75% | 98.82 | 1.24% | 5.75 | (0.64%) | (0.16) | 1.15% | 5.59 |
| | Balance as at March, 31 2021 | 3.93% | 92.63 | 3.13% | 11.35 | 0.46% | 0.09 | 2.99% | 11.44 |
| 4 | Sundram Non-Conventional Energy Systems Limited, Chennai | | | | | | | | |
| | Balance as at March, 31 2022 | 0.16% | 4.13 | 0.43% | 2.00 | - | - | 0.41% | 2.00 |
| | Balance as at March, 31 2021 | 0.15% | 3.63 | 0.43% | 1.57 | - | - | 0.41% | 1.57 |
| 5 | TVS Next Limited, Chennai | | | | | | | | |
| | Balance as at March, 31 2022 | 1.40% | 36.88 | 2.72% | 12.56 | 0.38% | 0.09 | 3.31% | 12.65 |
| | Balance as at March, 31 2021 | 1.13% | 26.72 | 2.48% | 8.99 | 0.37% | 0.07 | 2.92% | 9.06 |
| 6 | Sunfast TVS Limited, Chennai | | | | | | | | |
| | Balance as at March, 31 2022 | (0.00%) | (0.02) | (0.00%) | (0.01) | - | - | (0.00%) | (0.01) |
| | Balance as at March, 31 2021 | (0.00%) | (0.01) | 0.00% | 0.00 | - | - | 0.00% | 0.00 |
| 7 | TVS Engineering Limited, Chennai | | | | | | | | |
| | Balance as at March, 31 2022 | 0.01% | 0.32 | (0.21%) | (0.99) | - | - | (0.20%) | (0.99) |
| | Balance as at March, 31 2021 | 0.02% | 0.57 | (0.19%) | (0.68) | - | - | (0.18%) | (0.68) |
| Foreign subsidiaries | | | | | | | | | |
| 8 | Sundram Fasteners (Zhejiang) Limited, China | | | | | | | | |
| | Balance as at March, 31 2022 | 7.85% | 207.26 | 2.09% | 9.63 | (1.88%) | (0.46) | 1.89% | 9.17 |
| | Balance as at March, 31 2021 | 9.09% | 214.52 | 5.81% | 21.09 | (2.31%) | (0.45) | 5.40% | 20.64 |
| 9 | Cramlington Precision Forge Limited, United Kingdom | | | | | | | | |
| | Balance as at March, 31 2022 | (0.68%) | (17.98) | (2.00%) | (9.25) | 1.44% | 0.35 | (1.83%) | (8.90) |
| | Balance as at March, 31 2021 | (0.38%) | (9.02) | (1.40%) | (5.08) | 1.83% | 0.35 | (1.24%) | (4.73) |
| 10 | Sundram International Inc., USA | | | | | | | | |
| | Balance as at March, 31 2022 | (0.00%) | (0.07) | - | - | (0.00%) | (0.00) | (0.00%) | (0.00) |
| | Balance as at March, 31 2021 | (0.00%) | (0.07) | (0.00%) | (0.00) | 0.00% | 0.00 | (0.00%) | (0.00) |
| 11 | TVS Next Inc. USA | | | | | | | | |
| | Balance as at March, 31 2022 | 0.12% | 3.23 | 0.07% | 0.33 | 0.00% | 0.00 | 0.07% | 0.33 |
| | Balance as at March, 31 2021 | 0.12% | 2.80 | (0.10%) | (0.36) | (0.21%) | (0.04) | (0.11%) | (0.40) |
| 12 | Sundram International Limited, United Kingdom | | | | | | | | |
| | Balance as at March, 31 2022 | 9.64% | 254.22 | 6.76% | 31.20 | (3.15%) | (0.77) | 6.26% | 30.43 |
| | Balance as at March, 31 2021 | 9.61% | 226.53 | 1.16% | 4.19 | 6.39% | 1.24 | 1.42% | 5.43 |
| 13 | Non-controlling interests in all subsidiaries | | | | | | | | |
| | Balance as at March, 31 2022 | 0.57% | 14.92 | 1.11% | 5.11 | 0.29% | 0.07 | 1.06% | 5.18 |
| | Balance as at March, 31 2021 | 0.48% | 11.26 | 0.97% | 3.53 | 0.26% | 0.05 | 0.94% | 3.58 |
| 14 | Sub total | | | | | | | | |
| | Balance as at March, 31 2022 | 119.63% | 3,153.79 | 100.49% | 464.08 | 44.50% | 10.91 | 97.67% | 474.99 |
| | Balance as at March, 31 2021 | 123.35% | 2,909.08 | 102.77% | 372.75 | 86.99% | 16.85 | 101.97% | 389.60 |
| 15 | Less : Effect of inter company adjustments / eliminations | | | | | | | | |
| | Balance as at March, 31 2022 | 19.63% | 517.59 | 0.49% | 2.25 | (55.50%) | (13.60) | (2.33%) | (11.35) |
| | Balance as at March, 31 2021 | 23.35% | 550.72 | 2.77% | 10.04 | (13.01%) | (2.52) | 1.97% | 7.52 |
| 16 | Total | | | | | | | | |
| | Balance as at March, 31 2022 | 100.00% | 2,636.20 | 100.00% | 461.83 | 100.00% | 24.51 | 100.00% | 486.34 |
| | Balance as at March, 31 2021 | 100.00% | 2,358.36 | 100.00% | 362.71 | 100.00% | 19.37 | 100.00% | 382.08 |

* Amount less than ₹ 0.01.

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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 for which the lease agreements are generally cancellable in nature and are renewable by mutual consent on agreed upon terms.

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

Not later than one year

Later than one year and not later than five years

More than five years

Total undiscounted lease liabilities

Lease liabilities

Current

Non-current

iii) Amounts recognised in profit or loss

Interest on lease liabilities

Amortisation of right of use assets (refer note 5(d))

Expenses relating to short-term leases

iv) Amounts recognized in the statement of cash flows

Total cash outflow towards lease payments (excluding short-term leases)

| | As at March 31, 2022 | As at March 31, 2021 |
|--|-------------------------|-------------------------|
| | 6.36 | 9.00 |
| | 8.35 | 16.99 |
| | 9.74 | 9.35 |
| | 24.45 | 35.34 |
| | 5.19 | 7.07 |
| | 12.48 | 19.28 |
| | 2.18 | 2.52 |
| | 8.72 | 8.01 |
| | 6.74 | 7.03 |
| | 9.83 | 7.53 |

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.

Information concerning principal geographic areas is as follows

Net sales to external customers by geographic area by location of customers

a) India

b) United States of America

c) United Kingdom

d) China

e) Rest of the World

Total

| | Year ended March 31, 2022 | Year ended March 31, 2021 |
|--|------------------------------|------------------------------|
| | 3,014.56 | 2,191.99 |
| | 1,160.93 | 1,002.26 |
| | 51.48 | 25.16 |
| | 344.33 | 270.71 |
| | 330.76 | 154.17 |
| | 4,902.06 | 3,644.29 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (Contd.)

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

| 40 Segment Reporting (Contd.) | As at March 31, 2022 | As at March 31, 2021 |
|---|-------------------------|-------------------------|
| Non-current assets (Property, plant and equipment, intangible assets, other non-current assets and goodwill) by geographic areas | | |
| a) India | 1,868.46 | 1,866.26 |
| b) United Kingdom | 31.01 | 30.64 |
| c) China | 230.44 | 203.72 |
| d) Rest of the World | 0.05 | 0.06 |
| Total | 2,129.98 | 2,100.68 |

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 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

Whole Time Director & Chief Financial Officer

(DIN: 00513901)

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

Executive Vice President - Finance & Company Secretary

(ACS Membership No: A19802)

Place : Chennai

Date : April 22, 2022

Sundram Fasteners Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022 (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

(₹ 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 | Cramlington Precision Forge Limited | TVS Next Inc | Sundram Fasteners (Zhejiang) Limited | Sundram International Inc | Sundram International Limited | |
| 1 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 01/04/2021 to 31/03/2022 | 01/04/2021 to 31/03/2022 | 01/04/2021 to 31/03/2022 | 01/04/2021 to 31/03/2022 | 01/04/2021 to 31/03/2022 | 01/04/2021 to 31/03/2022 | 01/04/2021 to 31/03/2022 | 01/04/2021 to 31/03/2022 | 01/04/2021 to 31/03/2022 | 01/04/2021 to 31/03/2022 | | |
| 2 | Reporting currency | INR | INR | INR | INR | INR | INR | USD | RMB | USD | GBP | | |
| 3 | Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | | | | | | | | | | | | |
| 4 | Share capital | 11.90 | 0.50 | 2.49 | 0.01 | 2.00 | 29.66 | 13.92 | 191.30 | 1.38 | 0.03 | | |
| 5 | Reserves & surplus | 86.92 | 3.63 | 4.32 | (0.03) | (1.68) | 7.22 | (31.90) | 15.97 | (1.45) | 254.19 | | |
| 6 | Total assets | 224.62 | 4.21 | 6.84 | 0.32 | 2.69 | 49.70 | 70.93 | 458.26 | 0.00* | 262.53 | | |
| 7 | Total liabilities | 125.80 | 0.08 | 0.03 | 0.34 | 2.36 | 12.82 | 88.91 | 251.00 | 0.08 | 8.31 | | |
| 8 | Investments | 3.52 | - | 3.89 | - | - | 1.69 | - | - | - | 254.46 | | |
| 9 | Turnover | 160.85 | 2.62 | 0.00* | 0.24 | - | 70.13 | 155.68 | 359.06 | - | 32.04** | | |
| 10 | Profit / (loss) before taxation | 8.34 | 2.50 | 0.36 | (0.01) | (0.98) | 17.01 | (9.25) | 12.90 | - | 31.20 | | |
| 11 | Provision for taxation | 2.59 | 0.50 | 0.06 | 0.00* | 0.01 | 4.46 | - | 3.27 | - | - | | |
| 12 | Profit / (loss) after taxation | 5.75 | 2.00 | 0.30 | (0.01) | (0.99) | 12.56 | (9.25) | 9.63 | - | 31.20 | | |
| 13 | Proposed dividend | - | - | - | - | - | - | - | - | - | - | | |
| 14 | % of shareholding | 100.00% | 52.94% | 100.00% | 100.00% | 100.00% | 67.65% | 100.00% | 100.00% | 100.00% | 100.00% | | |

Refer Note 3 below

* Amount less than ₹ 0.01

** Other income

Notes:

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil
- | Currency | USD | GBP | RMB |
|--------------|-------|-------|-------|
| Closing Rate | 75.79 | 99.46 | 11.94 |

Part 'B' - Associates and Joint Ventures

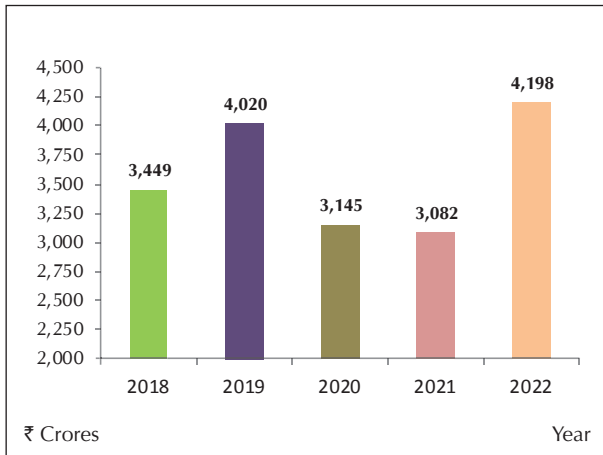
Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

1. There is no associate or joint venture which is yet to commence operations.

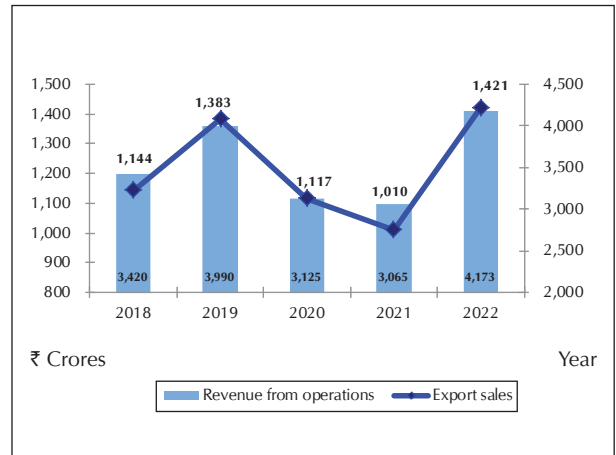
2. There is no associate or joint venture which have been liquidated or sold during the year.

| | |
|---|--|
| <p style="text-align: center;">ARUNDATHI KRISHNA Joint Managing Director (DIN: 00270935)</p> <p style="text-align: center;">S MEENAKSHISUNDARAM Whole Time Director & Chief Financial Officer (DIN: 00513901)</p> | <p style="text-align: center;">ARATHI KRISHNA Managing Director (DIN: 00517456)</p> <p style="text-align: center;">R DILIP KUMAR Executive Vice President - Finance & Company Secretary (ACS Membership No.: A19802)</p> |
|---|--|

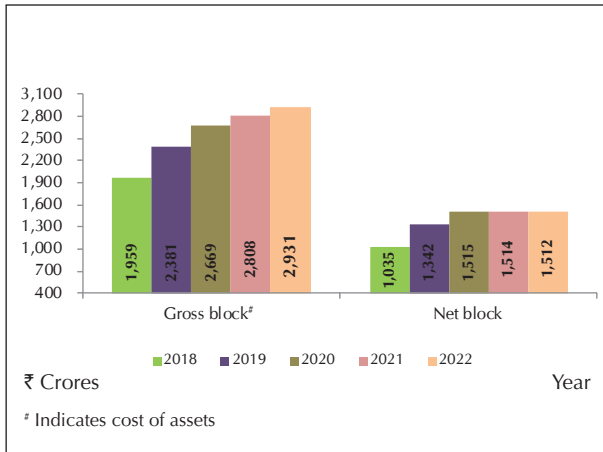
Total Revenue*



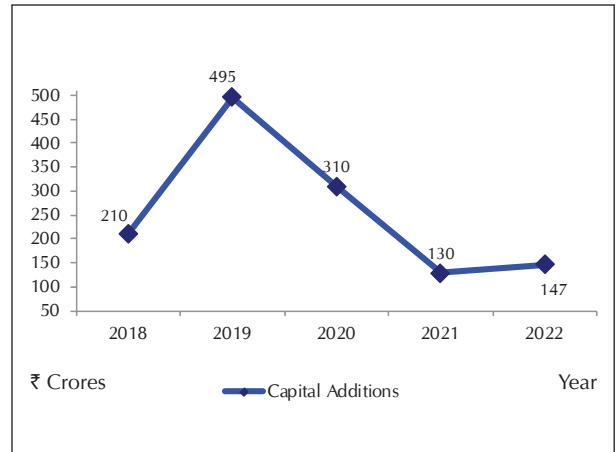
Export sales and revenue from operations*



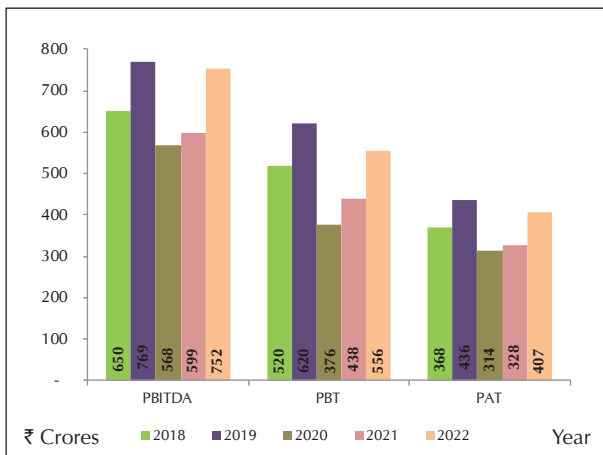
Gross and net block of property, plant and equipment



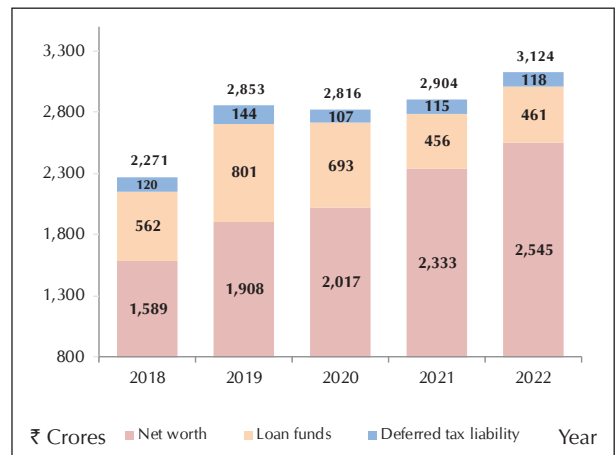
Capital expenditure



Profits



Funds employed



* Revenue from operations and Total revenue are net of excise duty